

**SinoPac Financial Holdings Company  
Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2023 and 2022 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
SinoPac Financial Holdings Company Limited

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of SinoPac Financial Holdings Company Limited and its subsidiaries (collectively referred to as the Group) as of September 30, 2023 and 2022 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 2023 and 2022 and related notes, including a summary of significant accounting policies (collectively referred to as 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 authority, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yi-Chun Wu and Jr-Shian Ke.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 24, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.*

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 45)	\$ 31,804,498	1	\$ 66,231,664	3	\$ 71,433,745	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7 and 45)	174,154,417	6	281,921,054	11	203,044,708	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 14 and 45)	154,122,048	6	91,643,856	4	132,875,452	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9 and 45)	345,622,025	13	336,138,847	13	309,740,640	12
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 46)	302,058,548	11	225,460,151	9	224,577,958	9
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 45)	68,655,912	3	67,873,919	3	59,279,809	2
RECEIVABLES, NET (Notes 4, 12 and 45)	124,550,173	5	90,209,758	3	99,578,470	4
CURRENT INCOME TAX ASSETS (Notes 4, 33 and 45)	581,456	-	125,953	-	233,743	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 45 and 46)	1,436,103,087	52	1,328,702,915	51	1,298,234,416	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 15)	1,130,676	-	1,011,812	-	978,700	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 16, 45 and 46)	46,182,444	2	45,018,164	2	44,386,677	2
INVESTMENT PROPERTY, NET (Notes 4, 17 and 46)	2,271,836	-	2,390,819	-	2,408,284	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 18, 45 and 46)	13,179,873	-	13,287,583	-	13,332,071	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19, 45 and 46)	3,838,766	-	3,646,832	-	3,816,706	-
INTANGIBLE ASSETS, NET (Notes 4, 20 and 45)	2,390,818	-	2,310,197	-	2,292,783	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 33)	2,049,981	-	2,014,238	-	2,171,831	-
OTHER ASSETS, NET (Notes 4, 21 and 45)	<u>26,995,339</u>	<u>1</u>	<u>30,775,495</u>	<u>1</u>	<u>37,534,222</u>	<u>2</u>
<b>TOTAL</b>	<b><u>\$ 2,735,691,897</u></b>	<b><u>100</u></b>	<b><u>\$ 2,588,763,257</u></b>	<b><u>100</u></b>	<b><u>\$ 2,505,920,215</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 45)	\$ 88,617,358	3	\$ 72,477,217	3	\$ 97,112,923	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)	80,082,439	3	59,764,822	2	72,467,147	3
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11, 23 and 45)	81,349,564	3	59,923,315	2	76,118,010	3
COMMERCIAL PAPERS ISSUED, NET (Notes 24 and 45)	47,760,111	2	19,102,966	1	36,460,117	1
PAYABLES (Notes 4, 25, 30, 41 and 45)	65,060,888	2	50,521,956	2	55,083,485	2
CURRENT INCOME TAX LIABILITIES (Notes 4, 33 and 45)	1,825,462	-	1,479,084	-	1,583,641	-
DEPOSITS AND REMITTANCES (Notes 26 and 45)	2,004,085,525	73	2,000,528,731	77	1,843,756,686	74
BONDS PAYABLE (Notes 4, 27 and 45)	73,246,278	3	71,242,261	3	71,688,291	3
SHORT-TERM BORROWINGS (Notes 28, 45 and 46)	5,587,475	-	3,864,926	-	5,803,685	-
LONG-TERM BORROWINGS (Notes 28, 45 and 46)	1,140,999	-	2,480,712	-	2,562,361	-
PREFERRED STOCK LIABILITIES (Notes 4 and 34)	18,437	-	18,437	-	18,437	-
PROVISIONS (Notes 4, 29 and 30)	2,955,411	-	3,099,728	-	3,475,319	-
OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)	84,289,803	3	69,764,427	3	68,685,369	3
LEASE LIABILITIES (Notes 4, 19 and 45)	3,358,274	-	3,132,839	-	3,294,607	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 33)	1,750,130	-	1,668,845	-	1,686,956	-
OTHER LIABILITIES (Notes 4, 32 and 45)	<u>16,340,401</u>	<u>1</u>	<u>15,674,254</u>	<u>1</u>	<u>18,425,600</u>	<u>1</u>
Total liabilities	<u>2,557,468,555</u>	<u>93</u>	<u>2,434,744,520</u>	<u>94</u>	<u>2,358,222,634</u>	<u>94</u>
<b>EQUITY</b>						
Capital stock						
Common stock	<u>123,764,399</u>	<u>5</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	-	483,818	-	483,818	-
Unappropriated earnings	<u>21,056,226</u>	<u>1</u>	<u>29,555,849</u>	<u>1</u>	<u>26,406,187</u>	<u>1</u>
Total retained earnings	<u>59,492,107</u>	<u>2</u>	<u>52,152,522</u>	<u>2</u>	<u>49,002,860</u>	<u>2</u>
Other equity	<u>(11,162,525)</u>	<u>-</u>	<u>(14,200,212)</u>	<u>-</u>	<u>(17,371,706)</u>	<u>(1)</u>
Total equity	<u>178,223,342</u>	<u>7</u>	<u>154,018,737</u>	<u>6</u>	<u>147,697,581</u>	<u>6</u>
<b>TOTAL</b>	<b><u>\$ 2,735,691,897</u></b>	<b><u>100</u></b>	<b><u>\$ 2,588,763,257</u></b>	<b><u>100</u></b>	<b><u>\$ 2,505,920,215</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME	\$ 19,326,390	134	\$ 12,913,932	100	\$ 55,712,376	136	\$ 31,080,172	84
INTEREST EXPENSES	<u>(13,173,975)</u>	<u>(91)</u>	<u>(5,660,278)</u>	<u>(44)</u>	<u>(37,084,513)</u>	<u>(91)</u>	<u>(11,258,676)</u>	<u>(30)</u>
NET INTEREST REVENUE (Notes 4, 35 and 45)	<u>6,152,415</u>	<u>43</u>	<u>7,253,654</u>	<u>56</u>	<u>18,627,863</u>	<u>45</u>	<u>19,821,496</u>	<u>54</u>
NET REVENUES OTHER THAN INTEREST (Note 4)								
Service fee and commissions income, net (Notes 36 and 45)	4,082,644	28	3,141,345	24	11,509,149	28	11,554,485	31
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)	3,165,379	22	24,479	-	8,323,583	20	723,430	2
Gains on investment property	50,096	-	-	-	50,096	-	-	-
Realized gains on financial assets at fair value through other comprehensive income (Notes 38 and 45)	808,801	6	854,876	7	1,646,286	4	1,486,322	4
Gains (losses) arising from derecognition of financial assets measured at amortized cost	14,641	-	16,320	-	37,799	-	(99,182)	-
Foreign exchange (losses) gains	(23,027)	-	1,341,144	10	(25,023)	-	2,596,561	7
(Impairment loss on assets) reversal of impairment loss on assets (Notes 16 and 39)	(43,113)	-	4,552	-	38,420	-	76,009	-
Share of profit of associates for using equity method (Note 15)	32,533	-	49,347	1	120,541	1	168,459	-
Net other revenue other than interest income (Notes 40 and 45)	<u>225,162</u>	<u>1</u>	<u>242,592</u>	<u>2</u>	<u>705,169</u>	<u>2</u>	<u>708,520</u>	<u>2</u>
Net revenues other than interest	<u>8,313,116</u>	<u>57</u>	<u>5,674,655</u>	<u>44</u>	<u>22,406,020</u>	<u>55</u>	<u>17,214,604</u>	<u>46</u>
NET REVENUE	<u>14,465,531</u>	<u>100</u>	<u>12,928,309</u>	<u>100</u>	<u>41,033,883</u>	<u>100</u>	<u>37,036,100</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 16 and 29)	<u>(455,915)</u>	<u>(3)</u>	<u>(637,925)</u>	<u>(5)</u>	<u>(1,366,409)</u>	<u>(4)</u>	<u>(1,904,924)</u>	<u>(5)</u>
OPERATING EXPENSES								
Employee benefits expenses (Notes 4, 30, 41 and 45)	(4,932,169)	(34)	(4,309,303)	(33)	(13,982,273)	(34)	(12,660,270)	(34)
Depreciation and amortization expense (Notes 4, 17, 18, 19, 20 and 42)	(608,666)	(4)	(586,169)	(5)	(1,770,804)	(4)	(1,718,813)	(5)
Other general and administrative expenses (Notes 43 and 45)	<u>(1,948,019)</u>	<u>(14)</u>	<u>(1,751,270)</u>	<u>(14)</u>	<u>(5,672,151)</u>	<u>(14)</u>	<u>(5,093,818)</u>	<u>(14)</u>
Total operating expenses	<u>(7,488,854)</u>	<u>(52)</u>	<u>(6,646,742)</u>	<u>(52)</u>	<u>(21,425,228)</u>	<u>(52)</u>	<u>(19,472,901)</u>	<u>(53)</u>

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# 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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	\$ 6,520,762	45	\$ 5,643,642	43	\$ 18,242,246	44	\$ 15,658,275	42
INCOME TAX EXPENSE (Notes 4 and 33)	<u>(908,521)</u>	<u>(6)</u>	<u>(935,545)</u>	<u>(7)</u>	<u>(2,530,501)</u>	<u>(6)</u>	<u>(2,722,351)</u>	<u>(7)</u>
NET INCOME	<u>5,612,241</u>	<u>39</u>	<u>4,708,097</u>	<u>36</u>	<u>15,711,745</u>	<u>38</u>	<u>12,935,924</u>	<u>35</u>
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)	17,508	-	10,199	-	17,010	-	43,655	-
Revaluation gains (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Note 34)	711,967	5	(2,196,121)	(17)	4,639,015	12	(5,186,043)	(14)
Income tax related to items that will not be reclassified to profit or loss (Notes 33 and 34)	<u>(3,147)</u>	<u>-</u>	<u>2,728</u>	<u>-</u>	<u>(7,543)</u>	<u>-</u>	<u>3,714</u>	<u>-</u>
Items that will not be reclassified to profit or loss	<u>726,328</u>	<u>5</u>	<u>(2,183,194)</u>	<u>(17)</u>	<u>4,648,482</u>	<u>12</u>	<u>(5,138,674)</u>	<u>(14)</u>
Items that will be reclassified to profit or loss								
Exchange differences on translation of foreign operations (Note 34)	633,693	4	541,659	4	333,493	1	1,244,532	3
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 34)	(1,693,680)	(12)	(3,464,530)	(26)	(550,944)	(2)	(14,896,766)	(40)
Share of other comprehensive (loss) income of associates accounted for using equity method (Notes 15 and 34)	(2,353)	-	(5,604)	-	(4,930)	-	(12,178)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 33 and 34)	<u>(87,236)</u>	<u>-</u>	<u>(122,094)</u>	<u>(1)</u>	<u>(53,562)</u>	<u>-</u>	<u>(222,283)</u>	<u>-</u>
Items that will be reclassified to profit or loss	<u>(1,149,576)</u>	<u>(8)</u>	<u>(3,050,569)</u>	<u>(23)</u>	<u>(275,943)</u>	<u>(1)</u>	<u>(13,886,695)</u>	<u>(37)</u>
Other comprehensive income	<u>(423,248)</u>	<u>(3)</u>	<u>(5,233,763)</u>	<u>(40)</u>	<u>4,372,539</u>	<u>11</u>	<u>(19,025,369)</u>	<u>(51)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,188,993</u>	<u>36</u>	<u>\$ (525,666)</u>	<u>(4)</u>	<u>\$ 20,084,284</u>	<u>49</u>	<u>\$ (6,089,445)</u>	<u>(16)</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 44)								
Basic	\$ 0.45		\$ 0.41		\$ 1.29		\$ 1.11	
Diluted	\$ 0.45		\$ 0.41		\$ 1.29		\$ 1.11	

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) Common Stock		Capital Surplus (Notes 4 and 34)	Retained Earnings (Notes 9 and 34)			Other Equity (Notes 4, 9 and 34)			Total	Total Equity	
				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	\$ 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)	-	-	-	-	-	
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 nine months ended September 30, 2022	-	-	-	-	12,935,924	12,935,924	-	-	-	-	12,935,924	
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	985,002	(20,054,026)	43,655	(19,025,369)	(19,025,369)	
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	12,935,924	12,935,924	985,002	(20,054,026)	43,655	(19,025,369)	(6,089,445)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	304,370	304,370	-	(304,370)	-	(304,370)	-	
BALANCE AT SEPTEMBER 30, 2022	<u>\$ 113,837,646</u>	<u>\$ 2,228,781</u>	<u>\$ 22,112,855</u>	<u>\$ 483,818</u>	<u>\$ 26,406,187</u>	<u>\$ 49,002,860</u>	<u>\$ (906,149)</u>	<u>\$ (16,423,330)</u>	<u>\$ (42,227)</u>	<u>\$ (17,371,706)</u>	<u>\$ 147,697,581</u>	
BALANCE AT JANUARY 1, 2023	\$ 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)	-	-	-	-	-	
Net income for the nine months ended September 30, 2023	-	-	-	-	15,711,745	15,711,745	-	-	-	-	15,711,745	
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	258,144	4,097,385	17,010	4,372,539	4,372,539	
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	15,711,745	15,711,745	258,144	4,097,385	17,010	4,372,539	20,084,284	
Issue of common stock	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	-	-	-	-	1,334,852	1,334,852	-	(1,334,852)	-	(1,334,852)	-	
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 123,764,399</u>	<u>\$ 6,129,361</u>	<u>\$ 23,751,851</u>	<u>\$ 14,684,030</u>	<u>\$ 21,056,226</u>	<u>\$ 59,492,107</u>	<u>\$ (932,725)</u>	<u>\$ (10,200,165)</u>	<u>\$ (29,635)</u>	<u>\$ (11,162,525)</u>	<u>\$ 178,223,342</u>	

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 Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 18,242,246	\$ 15,658,275
Adjustments to reconcile profit		
Depreciation expense	1,447,990	1,437,209
Amortization expense	322,814	281,604
Provision for bad debt expense	1,756,598	2,496,604
Interest expenses	37,084,513	11,258,676
Net (gain) loss arising from derecognition of financial assets measured at amortized cost	(37,799)	99,182
Interest income	(55,712,376)	(31,080,172)
Dividend income	(3,124,009)	(2,965,171)
Net change in provisions for guarantee liabilities	(12,384)	(81,412)
Net change in other provisions	22,728	40,153
Share-based payments	150,580	-
Effect of exchange rate changes of corporated bonds payable	-	12,549
Share of profit of associates for using equity method	(120,541)	(168,459)
Losses (gains) on disposal and retirement of property and equipment	1,187	(3,447)
Property and equipment transferred to expenses	462	-
Gain on disposal of investment properties	(50,096)	-
Losses on disposal of intangible assets	-	500
Reversal of impairment loss on financial assets	(38,420)	(48,511)
Reversal of impairment loss on non-financial assets	-	(27,498)
Losses on sale of non-performing loans	5,382	-
Losses on disposal of collaterals	-	5,351
Net losses on changing in leasing contracts	388	980
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to banks	7,364,223	(20,926,665)
Increase in financial assets at fair value through profit or loss	(62,478,192)	(44,859,105)
(Increase) decrease in financial assets at fair value through other comprehensive income	(5,383,037)	68,869,870
Increase in investments in debt instruments at amortized cost	(76,561,318)	(57,290,167)
Decrease (increase) in securities purchased under resell agreements	1,707,068	(331,096)
(Increase) decrease in receivables	(32,080,187)	11,157,652
Increase in discounts and loans	(109,037,307)	(110,159,328)
(Increase) decrease in other financial assets	(1,178,536)	1,408,347
Decrease in other assets	3,735,022	2,618,547
Increase in deposits from the Central Bank and banks	16,140,141	26,847,838
Increase in financial liabilities at fair value through profit or loss	20,334,627	49,326,259
Increase in securities sold under repurchase agreements	21,426,249	38,321,092
Increase (decrease) in payables	10,236,910	(1,263,008)
Increase in deposits and remittances	3,556,794	8,021,447

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Decrease in provisions for employee benefits	\$ (172,726)	\$ (311,459)
Increase in other financial liabilities	14,525,376	21,013,339
Increase (decrease) in other liabilities	<u>666,147</u>	<u>(10,360,301)</u>
Net cash used in operations	(187,259,483)	(21,000,325)
Interest received	55,093,141	29,978,138
Dividends received	3,025,743	2,887,446
Interest paid	(34,539,438)	(9,952,765)
Income tax paid	<u>(2,610,055)</u>	<u>(3,102,784)</u>
Net cash used in operating activities	<u>(166,290,092)</u>	<u>(1,190,290)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(861,220)	(851,988)
Proceeds from disposal of property and equipment	40,181	33,849
Acquisition of intangible assets	(183,156)	(183,905)
Proceeds from disposal of collaterals	-	32,788
Acquisition of right-of-use-assets	(2,168)	(742)
Acquisition of investment properties	(3,031)	(1,098)
Proceeds from disposal of investment properties	<u>160,080</u>	<u>-</u>
Net cash used in investing activities	<u>(849,314)</u>	<u>(971,096)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,520,839	356,898
Decrease in due to the Central Bank and banks	-	(205,030)
Increase (decrease) in commercial papers issued	28,657,145	(3,305,552)
Corporate bonds issued	-	3,000,000
Bank debentures issued	2,000,000	7,000,000
Repayment of bank debentures payable	-	(1,300,000)
Proceeds from long-term borrowings	14,875,209	21,156,971
Repayments of long-term borrowings	(16,071,432)	(21,077,983)
Repayments of lease liabilities	(679,314)	(658,125)
Distribution of cash dividends	(7,280,259)	(9,016,843)
Proceeds from issuing of common stock	<u>11,250,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>34,272,188</u>	<u>(4,049,664)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>522,625</u>	<u>1,964,901</u>
		(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$(132,344,593)	\$ (4,246,149)
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>\$ 194,344,691</u>	<u>\$ 249,274,216</u>

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

	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents in consolidated balance sheets	\$ 31,804,498	\$ 71,433,745
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	95,076,680	119,251,816
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>67,463,513</u>	<u>58,588,655</u>
Cash and cash equivalents at the end of the period	<u>\$ 194,344,691</u>	<u>\$ 249,274,216</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 NINE MONTHS ENDED SEPTEMBER 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 November 24, 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.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of above standards and interpretations will have no material impact on the Group’s financial position and financial performance. 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.

- 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 Company and Subsidiaries 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
			September 30, 2023	December 31, 2022	September 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	
Bank SinoPac	SinoPac Leasing Corporation (“SinoPac Leasing”)	Leasing, installment sales and financing	100	100	100	
	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 the consolidated 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/Nonaccrual 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 for their deposits within a prescribed amount. The preferential rates for employee's deposits in excess of market rate should be treated as employee benefit.

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 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. Income tax expense represents the sum of the tax currently payable 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.

When developing material accounting estimates, the Group considers the possible impact of economic sentiment indicators, inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates and profit abilities, and the management will continue to review the estimates and underlying assumptions.

### 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 6,506,853	\$ 8,050,200	\$ 8,135,560
Notes and checks for clearing	3,944,360	3,718,425	1,071,934
Deposits in banks and due from banks	14,565,470	45,184,778	58,128,629
Short-term bills	4,759,179	9,281,115	4,101,481
Excess futures margin	<u>2,031,308</u>	<u>-</u>	<u>-</u>
	31,807,170	66,234,518	71,437,604
Less: Allowance for credit losses	<u>(2,672)</u>	<u>(2,854)</u>	<u>(3,859)</u>
Net amount	<u>\$ 31,804,498</u>	<u>\$ 66,231,664</u>	<u>\$ 71,433,745</u>

The Group assesses the allowance loss of cash and cash equivalents base on the expected credit loss model. As of September 30, 2023, December 31, 2022 and September 30, 2022, considering the historical experience and forward-looking information, the 12-month expected credit loss allowance were \$2,672, \$2,854 and \$3,859, 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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Short-term bills	1.15%-1.55%	0.45%-1.6%	0.7%-1.38%

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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Call loans to banks	\$ 69,995,900	\$ 170,342,445	\$ 107,503,031
Trade finance advance - interbank	12,827,150	11,051,789	12,219,234
Deposit reserve - checking accounts	24,045,079	43,522,334	29,054,125
Due from the Central Bank - interbank settlement funds	10,045,920	6,000,041	6,042,794
Deposit reserve - demand accounts	51,524,686	44,715,565	41,961,282
Deposit reserve - foreign currencies	645,770	614,471	634,951
Deposit - other	<u>5,070,183</u>	<u>5,678,754</u>	<u>5,632,722</u>
	174,154,688	281,925,399	203,048,139
Less: Allowance for credit losses	<u>(271)</u>	<u>(4,345)</u>	<u>(3,431)</u>
Net amount	<u>\$ 174,154,417</u>	<u>\$ 281,921,054</u>	<u>\$ 203,044,708</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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily classified as at fair value through profit or loss			
Operating securities - proprietary	\$ 47,299,150	\$ 27,976,715	\$ 39,867,555
Government bonds	17,611,626	5,127,237	8,543,545
Corporate bonds	6,803,062	7,060,615	7,181,953
Commercial papers	6,068,960	5,784,949	5,090,908
Certificates of deposits	3,486,013	1,094,691	1,112,024
Operating securities - hedging	2,875,845	1,366,322	1,303,078
Stocks	2,409,175	2,559,700	2,378,030
Bank debentures	1,796,805	219,864	568,622
Operating securities - underwriting	698,125	496,048	535,927
Currency swap contracts	39,209,629	20,202,997	44,153,391
Interest rate swap contracts	17,037,176	11,685,849	12,000,582
Future margin - marketable securities	1,257,346	848,754	-
Future margin - own funds	1,211,829	719,375	1,289,581
Forward contracts	1,107,058	819,409	1,939,594
Asset swap option contracts	801,949	453,594	498,392
Option contracts	306,344	470,665	1,363,583
Others	347,330	430,082	656,583
	<u>150,327,422</u>	<u>87,316,866</u>	<u>128,483,348</u>
Financial assets designated as at fair value through profit or loss			
Corporate bonds	3,794,626	4,326,990	4,392,104
	<u>3,794,626</u>	<u>4,326,990</u>	<u>4,392,104</u>
	<u>\$ 154,122,048</u>	<u>\$ 91,643,856</u>	<u>\$ 132,875,452</u>
Held-for-trading financial liabilities			
Borrowing security payable	\$ 10,619,807	\$ 11,159,808	\$ 6,031,034
Securities purchased under resell agreements - short sales bonds	595	1,059,287	2,174,973
Currency swap contracts	33,033,408	21,410,574	40,757,333
Interest rate swap contracts	13,133,317	7,883,216	7,731,561
Option contracts	2,904,697	2,042,672	2,563,070
Asset swap option contracts	1,924,080	1,042,104	1,179,147
Liabilities for issuance of warrants, net	666,275	299,877	234,159
Forward contracts	572,502	944,878	2,168,531
Others	433,202	491,400	789,645
	<u>63,287,883</u>	<u>46,333,816</u>	<u>63,629,453</u>
Financial liabilities designated as at fair value through profit or loss			
Bank debentures	1,944,781	1,790,442	1,829,803
Liabilities for structured notes	14,849,775	11,640,564	7,007,891
	<u>16,794,556</u>	<u>13,431,006</u>	<u>8,837,694</u>
	<u>\$ 80,082,439</u>	<u>\$ 59,764,822</u>	<u>\$ 72,467,147</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 September 30, 2023, December 31, 2022 and September 30, 2022, the par values of financial assets at FVTPL under repurchase agreements were \$21,604,868, \$14,003,922 and \$13,442,175, respectively.
- c. Information on financial liabilities designated as at fair value through profit or loss were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 1,944,781	\$ 1,790,442	\$ 1,829,803
Amounts due on maturity	<u>(1,977,310)</u>	<u>(1,800,452)</u>	<u>(1,860,461)</u>
	<u>\$ (32,529)</u>	<u>\$ (10,010)</u>	<u>\$ (30,658)</u>
			<b>Changes in Fair Value</b>
			<b>Attributable to Changes in Credit Risk</b>
Change in amount during the period			
For the three months ended September 30, 2023			<u>\$ 17,508</u>
For the three months ended September 30, 2022			<u>\$ 10,199</u>
For the nine months ended September 30, 2023			<u>\$ 17,010</u>
For the nine months ended September 30, 2022			<u>\$ 43,655</u>
Accumulated amount of change			
As of September 30, 2023			<u>\$ (29,635)</u>
As of December 31, 2022			<u>\$ (46,645)</u>
As of September 30, 2022			<u>\$ (42,227)</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 September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Currency swap contracts	\$ 3,289,476,297	\$ 1,664,495,352	\$ 1,987,776,067
Interest rate swap contracts	1,126,830,544	1,221,953,801	1,097,857,244
Forward contracts	117,845,858	102,926,184	120,303,994
Option contracts	49,772,289	142,365,664	185,154,205
Futures contracts	35,504,127	64,041,526	19,687,270
Asset swap contracts	23,912,823	25,264,789	25,507,078
Principal guaranteed contracts	14,140,847	10,916,062	6,417,106
Cross-currency swap contracts	4,245,141	2,402,866	5,075,772
Equity-linked swap contracts	1,774,826	1,962,456	3,393,908
Credit-linked note	607,600	623,000	489,300

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Equity instruments at fair value through other comprehensive income	\$ 25,693,721	\$ 25,576,964	\$ 22,707,189
Debt instruments at fair value through other comprehensive income	<u>319,928,304</u>	<u>310,561,883</u>	<u>287,033,451</u>
	<u>\$ 345,622,025</u>	<u>\$ 336,138,847</u>	<u>\$ 309,740,640</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Stock	\$ 23,667,277	\$ 21,782,968	\$ 18,998,181
Real estate investment trust beneficiary securities	<u>2,026,444</u>	<u>3,793,996</u>	<u>3,709,008</u>
	<u>\$ 25,693,721</u>	<u>\$ 25,576,964</u>	<u>\$ 22,707,189</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 to improve the efficiency of medium and long-term capital utilization and pursue stable investment performance purpose, 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 \$11,636,928 and \$6,050,976, and transferred the income of gain \$1,334,852 and \$304,370 from other equity to retained earnings for the nine months ended September 30, 2023 and 2022, respectively.

b. Debt instruments at fair value through other comprehensive income

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	\$ 93,072,166	\$ 92,060,256	\$ 94,778,955
Certificates of deposits	85,957,765	87,751,306	52,590,955
Corporate bonds	46,539,810	42,417,134	46,786,292
Commercial papers	44,622,782	43,112,630	42,157,542
Government bonds	26,290,453	26,659,866	30,921,995
Asset-based securities	14,347,073	15,311,285	15,937,261
Others	<u>9,098,255</u>	<u>3,249,406</u>	<u>3,860,451</u>
	<u>\$ 319,928,304</u>	<u>\$ 310,561,883</u>	<u>\$ 287,033,451</u>

- 1) Loss allowance of debt instruments at fair value through other comprehensive income were \$40,658, \$51,230 and \$54,343 on September 30, 2023, December 31, 2022 and September 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.
- 2) As of September 30, 2023, December 31, 2022 and September 30, 2022, the par value of debt instruments at FVTOCI under repurchase agreements were \$19,178,970, \$21,529,140 and \$36,053,203, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Certificates of deposits	\$ 93,561,583	\$ 60,038,758	\$ 55,384,447
Government bonds	72,513,843	62,307,008	62,729,921
Bank debentures	66,750,133	50,285,085	51,665,516
Asset-based securities	43,125,653	38,185,507	39,997,748
Corporate bonds	23,387,929	12,551,932	12,717,083
Others	<u>2,743,732</u>	<u>2,108,635</u>	<u>2,099,706</u>
	302,082,873	225,476,925	224,594,421
Less: Impairment loss	<u>(24,325)</u>	<u>(16,774)</u>	<u>(16,463)</u>
Net amount	<u>\$ 302,058,548</u>	<u>\$ 225,460,151</u>	<u>\$ 224,577,958</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 September 30, 2023, December 31, 2022 and September 30, 2022, the par value of investment in debt instruments at amortized cost under repurchase agreements were \$1,268,631, \$1,302,984 and \$1,852,964, respectively.

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds	\$ 28,351,900	\$ 23,570,549	\$ 23,142,266
Commercial papers	25,729,470	31,990,324	24,838,828
Corporate bonds	8,434,666	4,196,355	6,197,294
Bank debentures	4,365,486	1,688,512	3,881,010
Negotiable certificates of deposits	<u>1,774,390</u>	<u>6,428,179</u>	<u>1,220,411</u>
	<u>\$ 68,655,912</u>	<u>\$ 67,873,919</u>	<u>\$ 59,279,809</u>
Agreed-upon resell amount	\$ 68,915,923	\$ 68,133,535	\$ 59,400,724
Par value	\$ 75,390,061	\$ 73,184,746	\$ 64,642,991
Expiry	January 2024	December 2023	February 2023

As of September 30, 2023, December 31, 2022 and September 30, 2022, the par value of securities purchased under resell agreements under repurchase agreements were \$45,907,245, \$27,542,840 and \$31,922,972, respectively.

## 12. RECEIVABLES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Margin loans receivable	\$ 22,442,445	\$ 15,200,052	\$ 17,133,434
Credit card receivables	20,491,621	20,878,070	19,529,875
Accounts receivable - factoring	14,637,593	16,881,776	17,136,306
Accounts receivable - settlement	13,437,365	7,548,441	10,119,831
Securities loan receivable - purpose	11,345,764	3,050,263	3,161,765
Interest and revenue receivables	9,165,293	7,995,083	6,044,267
Accounts receivable - forfaiting	7,863,965	3,345,588	4,895,579
Acceptances	7,712,532	5,951,568	4,822,743
Accounts and notes receivable	6,902,416	3,679,608	6,506,350
Lease receivables and installment	4,939,201	3,603,736	3,908,506
Receivables from securities sale	3,373,562	808,351	4,912,632
Trust administration fee revenue receivable	963,007	795,298	796,582
Others	<u>2,170,391</u>	<u>1,280,487</u>	<u>1,416,771</u>
	125,445,155	91,018,321	100,384,641
Less: Allowance for credit losses	(893,229)	(806,022)	(804,893)
Premium or discount on receivables	<u>(1,753)</u>	<u>(2,541)</u>	<u>(1,278)</u>
Net amount	<u>\$ 124,550,173</u>	<u>\$ 90,209,758</u>	<u>\$ 99,578,470</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 Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 806,022	\$ 873,056
Provision	248,689	13,860
Write-off	(132,690)	(98,647)
Reclassification	(38,013)	(17,857)
Effect of exchange rate changes	<u>9,221</u>	<u>34,481</u>
Balance, September 30	<u>\$ 893,229</u>	<u>\$ 804,893</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 nine months ended September 30, 2023 and 2022 were \$116,838 and \$120,738, respectively.

### 13. DISCOUNTS AND LOANS, NET

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Export negotiation	\$ 1,808,068	\$ 881,123	\$ 1,254,180
Discounts and overdrafts	520,287	37,037	36,653
Accounts receivable - financing	1,878,655	1,544,711	1,899,396
Short-term loans	153,267,664	159,039,843	144,901,523
Secured short-term loans	94,678,022	92,257,054	89,949,687
Medium-term loans	353,679,226	289,379,000	286,106,895
Secured medium-term loans	209,957,638	208,320,581	203,056,166
Long-term loans	17,427,630	14,461,761	14,018,073
Secured long-term loans	620,967,436	579,509,414	573,402,098
Non-performing loans transferred from loans	<u>1,036,661</u>	<u>1,262,288</u>	<u>1,553,854</u>
	1,455,221,287	1,346,692,812	1,316,178,525
Less: Allowance for credit losses	(18,804,736)	(17,612,485)	(17,574,079)
Premium or discount on discounts and loans	<u>(313,464)</u>	<u>(377,412)</u>	<u>(370,030)</u>
Net amount	<u>\$ 1,436,103,087</u>	<u>\$ 1,328,702,915</u>	<u>\$ 1,298,234,416</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 Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 17,612,485	\$ 15,557,839
Provision	1,503,260	2,498,442
Write-off	(433,547)	(881,371)
Effect of exchange rate changes	<u>122,538</u>	<u>399,169</u>
Balance, September 30	<u>\$ 18,804,736</u>	<u>\$ 17,574,079</u>

The Group received payments for loans previously written-off \$276,684 and \$257,357 for the nine months ended September 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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Funds	<u>\$ 83,239,184</u>	<u>\$ 63,394,864</u>	<u>\$ 61,981,596</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Financial assets at fair value through profit or loss	<u>\$ 311,879</u>	<u>\$ 359,235</u>	<u>\$ 475,258</u>

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

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

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Golden Trust SinoPac Fund Management	\$ 1,038,651	\$ 914,748	\$ 881,461
Telexpress	<u>92,025</u>	<u>97,064</u>	<u>97,239</u>
	<u>\$ 1,130,676</u>	<u>\$ 1,011,812</u>	<u>\$ 978,700</u>

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			September 30, 2023	December 31, 2022	September 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 unreviewed financial statements, 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Net income	\$ 32,533	\$ 49,347	\$ 120,541	\$ 168,459
Other comprehensive (loss) income	<u>(2,353)</u>	<u>(5,604)</u>	<u>(4,930)</u>	<u>(12,178)</u>
	<u>\$ 30,180</u>	<u>\$ 43,743</u>	<u>\$ 115,611</u>	<u>\$ 156,281</u>

## 16. OTHER FINANCIAL ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Customer margin deposits	\$ 32,213,165	\$ 32,966,447	\$ 32,838,169
Bank deposits not belonging to cash and cash equivalents	7,611,381	7,111,176	5,889,399
Purchase of the PEM Group's instruments	4,770,604	4,539,144	4,691,110
Long-term lease receivables and installment	3,562,996	2,191,760	2,655,013
Non-performing receivables transferred from other than loans	105,785	117,409	110,718
Others	<u>592,087</u>	<u>665,077</u>	<u>746,467</u>
	48,856,018	47,591,013	46,930,876
Less: Allowance for credit loss	(152,902)	(140,622)	(127,322)
Accumulated impairment	<u>(2,520,672)</u>	<u>(2,432,227)</u>	<u>(2,416,877)</u>
Net amount	<u>\$ 46,182,444</u>	<u>\$ 45,018,164</u>	<u>\$ 44,386,677</u>

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 Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 140,622	\$ 167,568
Provision (reversal of provision)	8,711	(2,509)
Write off	(34,905)	(57,274)
Reclassifications	38,013	17,857
Effect of exchange rate changes	<u>461</u>	<u>1,680</u>
Balance, September 30	<u>\$ 152,902</u>	<u>\$ 127,322</u>

The Group received payments for loans previously written-off \$5,278 and \$22,747 for the nine months ended September 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 September 30, 2023, a reserve of US\$78,067 thousand (NT\$2,520,672) had been set aside to cover the accumulated impairment losses. Bank SinoPac has reversal of impairment loss of \$32,929 and \$45,232 for PEM Group for the nine months ended September 30, 2023 and 2022.

## 17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	<b>For the Nine Months Ended September 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	2,843	3,031
Deductions	(98,258)	-	(30,260)	(128,518)
Reclassifications	<u>7,329</u>	<u>-</u>	<u>(7,896)</u>	<u>(567)</u>
Balance, September 30	<u>1,833,131</u>	<u>7,198</u>	<u>903,325</u>	<u>2,743,654</u>

(Continued)

**For the Nine Months Ended September 30, 2023**

	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation</u>				
Balance, January 1	\$ -	\$ 6,150	\$ 435,435	\$ 441,585
Depreciation	-	359	14,891	15,250
Deductions	-	-	(18,534)	(18,534)
Reclassifications	-	-	(3,787)	(3,787)
Balance, September 30	<u>-</u>	<u>6,509</u>	<u>428,005</u>	<u>434,514</u>
<u>Accumulated impairment</u>				
Balance, January 1	14,532	-	22,772	37,304
Additions	-	-	-	-
Deductions	-	-	-	-
Balance, September 30	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, September 30	<u>\$ 1,818,599</u>	<u>\$ 689</u>	<u>\$ 452,548</u>	<u>\$ 2,271,836</u> (Concluded)

**For the Nine Months Ended September 30, 2022**

	<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	879	1,098
Deductions	-	-	-	-
Reclassifications	-	-	-	-
Balance, September 30	<u>1,936,290</u>	<u>7,009</u>	<u>944,585</u>	<u>2,887,884</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	5,722	421,115	426,837
Depreciation	-	329	15,130	15,459
Deduction	-	-	-	-
Reclassifications	-	-	-	-
Balance, September 30	<u>-</u>	<u>6,051</u>	<u>436,245</u>	<u>442,296</u>
<u>Accumulated impairment</u>				
Balance, January 1	14,532	-	22,772	37,304
Additions	-	-	-	-
Deductions	-	-	-	-
Balance, September 30	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, September 30	<u>\$ 1,921,758</u>	<u>\$ 958</u>	<u>\$ 485,568</u>	<u>\$ 2,408,284</u>



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 September 30, 2023, December 31, 2022 and September 30, 2022 were \$5,522,318, \$5,673,812 and \$5,794,352, 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 September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022 were \$8,328,602-\$8,329,180, \$8,276,739-\$8,277,318 and \$7,010,812-\$7,012,269, 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 September 2023.

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 Nine Months Ended September 30, 2023							Total
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	
<u>Cost</u>								
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
Addition	-	77,045	310,539	6,053	87,622	42,900	337,061	861,220
Deduction	-	(36,698)	(139,565)	(108,809)	(47,203)	(52,117)	-	(384,392)
Reclassifications	(7,329)	57,330	44,645	62,410	(3,291)	28,571	(400,018)	(217,682)
Effect of exchange rate changes	-	33	13,897	55	2,217	5,763	57	22,022
Balance, September 30	<u>7,344,713</u>	<u>8,010,123</u>	<u>3,335,450</u>	<u>540,057</u>	<u>1,866,640</u>	<u>1,797,178</u>	<u>287,628</u>	<u>23,181,789</u>
<u>Accumulated depreciation</u>								
Balance, January 1	84	4,556,743	1,998,470	309,235	1,299,192	1,449,314	-	9,613,038
Depreciation	18	150,007	312,076	70,111	99,584	77,938	-	709,734
Deduction	-	(36,565)	(134,271)	(74,227)	(46,166)	(51,795)	-	(343,024)
Reclassifications	-	3,787	-	-	-	-	-	3,787
Effect of exchange rate changes	-	38	12,125	55	1,695	4,468	-	18,381
Balance, September 30	<u>102</u>	<u>4,674,010</u>	<u>2,188,400</u>	<u>305,174</u>	<u>1,354,305</u>	<u>1,479,925</u>	<u>-</u>	<u>10,001,916</u>
<u>Net amount</u>								
Balance, September 30	<u>\$ 7,344,611</u>	<u>\$ 3,336,113</u>	<u>\$ 1,147,050</u>	<u>\$ 234,883</u>	<u>\$ 512,335</u>	<u>\$ 317,253</u>	<u>\$ 287,628</u>	<u>\$ 13,179,873</u>

For the Nine Months Ended September 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
<u>Cost</u>								
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
Addition	-	45,813	290,038	43,206	124,845	71,413	276,673	851,988
Deduction	-	(8,186)	(71,302)	(77,876)	(42,165)	(35,729)	(1,241)	(236,499)
Reclassifications	-	47,991	101,149	-	24,920	35,538	(374,863)	(165,265)
Effect of exchange rate changes	-	10,595	37,741	148	5,732	17,377	588	72,181
Balance, September 30	<u>7,339,812</u>	<u>7,859,327</u>	<u>3,107,813</u>	<u>643,068</u>	<u>1,834,117</u>	<u>1,778,212</u>	<u>304,975</u>	<u>22,867,324</u>
<u>Accumulated depreciation</u>								
Balance, January 1	61	4,366,285	1,672,766	276,206	1,252,851	1,398,494	-	8,966,663
Depreciation	18	143,077	313,640	100,368	94,988	71,767	-	723,858
Deduction	-	(8,131)	(68,380)	(52,774)	(41,118)	(35,694)	-	(206,097)
Reclassifications	-	-	(349)	-	349	455	-	455
Effect of exchange rate changes	-	1,740	31,096	148	4,182	13,208	-	50,374
Balance, September 30	<u>79</u>	<u>4,502,971</u>	<u>1,948,773</u>	<u>323,948</u>	<u>1,311,252</u>	<u>1,448,230</u>	<u>-</u>	<u>9,535,253</u>
<u>Net amount</u>								
Balance, September 30	<u>\$ 7,339,733</u>	<u>\$ 3,356,356</u>	<u>\$ 1,159,040</u>	<u>\$ 319,120</u>	<u>\$ 522,865</u>	<u>\$ 329,982</u>	<u>\$ 304,975</u>	<u>\$ 13,332,071</u>

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

<u>Category</u>	<u>Useful Lives</u>
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:

	September 30, 2023	December 31, 2022	September 30, 2022
Transportation equipment	\$ 206,255	\$ 241,342	\$ 287,107
Other equipment	<u>1,022</u>	<u>1,209</u>	<u>1,288</u>
	<u>\$ 207,277</u>	<u>\$ 242,551</u>	<u>\$ 288,395</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Land and surface rights	\$ 912,399	\$ 939,537	\$ 948,350
Buildings	2,785,469	2,550,222	2,700,443
Machinery and computer equipment	84,909	110,070	118,561
			(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Transportation equipment	\$ 20,699	\$ 12,476	\$ 12,005
Other equipment	3,653	4,445	4,687
Decommissioning restoration costs	<u>31,637</u>	<u>30,082</u>	<u>32,660</u>
	<u>\$ 3,838,766</u>	<u>\$ 3,646,832</u>	<u>\$ 3,816,706</u> (Concluded)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 392,020</u>	<u>\$ 193,598</u>	<u>\$ 938,805</u>	<u>\$ 770,241</u>
Depreciation charge for right-of-use assets				
Land and surface rights	\$ 9,043	\$ 9,033	\$ 27,138	\$ 27,052
Buildings	228,561	211,018	652,999	630,156
Machinery and computer equipment	8,425	8,413	25,263	25,228
Transportation equipment	2,573	1,986	7,345	5,707
Other equipment	422	441	1,253	1,367
Decommissioning restoration costs	<u>3,318</u>	<u>2,890</u>	<u>9,008</u>	<u>8,382</u>
	<u>\$ 252,342</u>	<u>\$ 233,781</u>	<u>\$ 723,006</u>	<u>\$ 697,892</u>
Right-of-use assets sublease revenue (financing interest revenue)	<u>\$ 243</u>	<u>\$ 261</u>	<u>\$ 743</u>	<u>\$ 799</u>

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

b. Lease liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Carrying amounts	<u>\$ 3,358,274</u>	<u>\$ 3,132,839</u>	<u>\$ 3,294,607</u>

Range of discount rate for lease liabilities were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land and surface rights	1.6391%- 2.1233%	1.0212%- 2.1233%	1.0212%- 1.6391%
Buildings	0.1428%- 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%

(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Transportation equipment	0.1098%- 5.5000%	0.1098%- 5.5000%	0.1098%- 5.5000%
Other equipment	0.1023%- 4.8255%	0.1023%- 5.3290%	0.1023%- 5.3290%

(Concluded)

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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 6,866</u>	<u>\$ 13,965</u>	<u>\$ 19,761</u>	<u>\$ 28,740</u>
Expenses relating to low-value asset leases	<u>\$ 10,765</u>	<u>\$ 10,800</u>	<u>\$ 32,342</u>	<u>\$ 31,805</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,701</u>	<u>\$ 1,511</u>	<u>\$ 4,764</u>	<u>\$ 3,664</u>
Total cash outflow for leases	<u>\$ (258,968)</u>	<u>\$ (259,873)</u>	<u>\$ (783,062)</u>	<u>\$ (763,446)</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:

	<b>Within 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
As of September 30, 2023	\$ 924,281	\$ 1,863,329	\$ 738,401	\$ 3,526,011
As of December 31, 2022	843,601	1,705,807	675,911	3,225,319
As of September 30, 2022	901,608	1,864,016	722,783	3,488,407

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:

September 30, 2023	1 Year	2 Year	3 Year	4 Year	5 Year	Over 5 Years	Total
Operating lease revenue	\$ 154,592	\$ 93,354	\$ 67,120	\$ 43,458	\$ 36,411	\$ 242,927	\$ 637,862
Financial lease revenue	3,449,135	2,032,874	365,097	58,627	146,495	46,872	6,099,100

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

September 30, 2022	1 Year	2 Year	3 Year	4 Year	5 Year	Over 5 Years	Total
Operating lease revenue	\$ 189,847	\$ 126,071	\$ 69,980	\$ 57,052	\$ 42,533	\$ 278,369	\$ 763,852
Financial lease revenue	2,204,054	1,252,663	467,536	146,960	43,518	74,074	4,188,805

## 20. INTANGIBLE ASSETS, NET

Items	September 30, 2023	December 31, 2022	September 30, 2022
Goodwill	\$ 1,088,243	\$ 1,088,243	\$ 1,088,243
Computer software	1,159,455	1,031,354	995,559
Customer relationships	95,169	142,455	160,670
Membership fees	41,413	41,413	41,413
Others	<u>6,538</u>	<u>6,732</u>	<u>6,898</u>
	<u>\$ 2,390,818</u>	<u>\$ 2,310,197</u>	<u>\$ 2,292,783</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	-	183,156	-	-	-	183,156
Amortization	-	(273,291)	(49,330)	-	(193)	(322,814)
Reclassifications	-	217,787	-	-	-	217,787
Effect of exchange rate changes	-	449	2,044	-	(1)	2,492
Balance September 30, 2023	<u>\$ 1,088,243</u>	<u>\$ 1,159,455</u>	<u>\$ 95,169</u>	<u>\$ 41,413</u>	<u>\$ 6,538</u>	<u>\$ 2,390,818</u>
Balance January 1, 2022	\$ 1,088,243	\$ 874,300	\$ 201,651	\$ 41,413	\$ 6,893	\$ 2,212,500
Additions	-	183,905	-	-	-	183,905
Deductions	-	(505)	-	-	-	(505)
Amortization	-	(232,706)	(48,706)	-	(192)	(281,604)
Reclassifications	-	166,162	-	-	-	166,162
Effect of exchange rate changes	-	4,403	7,725	-	197	12,325
Balance September 30, 2022	<u>\$ 1,088,243</u>	<u>\$ 995,559</u>	<u>\$ 160,670</u>	<u>\$ 41,413</u>	<u>\$ 6,898</u>	<u>\$ 2,292,783</u>

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

<u>Items</u>	<u>Years</u>
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:

- a. 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 nine months ended September 30, 2023, for the year ended December 31, 2022 and for the nine months ended September 30, 2022 the amounts of net income affiliated with cash generating units were \$28,718, \$82,059 and \$65,720, 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 September 30, 2023 and 2022.

- b. As of September 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 nine months ended September 30, 2023, for the year ended December 31, 2022 and for the nine months ended September 30, 2022, the amounts of net income which are not included share of profit of associates accounted for using equity method were \$2,298,252, \$1,117,350 and \$776,871, 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 nine months ended September 30, 2023, for the year ended December 31, 2022 and for the nine months ended September 30, 2022, actual net income of SinoPac Futures were \$534,010, \$495,116 and \$370,321, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Securities borrowing margins	\$ 9,134,248	\$ 11,359,773	\$ 11,811,301
Guarantee deposits	7,903,905	9,085,542	14,853,359
Amounts held for settlement	7,256,118	7,074,026	7,245,742
Operating guarantee deposits and settlement fund	1,673,627	1,471,227	1,484,069
Prepayment	763,051	368,961	535,018
Temporary payments and suspense accounts	135,295	221,044	137,791
Receipts under custody from customers' security subscription	6,224	1,086,460	1,362,406
Others	<u>130,806</u>	<u>116,397</u>	<u>112,471</u>
	27,003,274	30,783,430	37,542,157
Less: Accumulated impairment	<u>(7,935)</u>	<u>(7,935)</u>	<u>(7,935)</u>
Net amount	<u>\$ 26,995,339</u>	<u>\$ 30,775,495</u>	<u>\$ 37,534,222</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

	September 30, 2023	December 31, 2022	September 30, 2022
Call loans from banks	\$ 76,903,485	\$ 59,956,018	\$ 84,486,086
Redeposits from Chunghwa Post	10,049,900	10,054,000	10,071,000
Call loans from Central Bank	1,614,426	1,536,178	1,587,378
Due to banks	<u>49,547</u>	<u>931,021</u>	<u>968,459</u>
	<u>\$ 88,617,358</u>	<u>\$ 72,477,217</u>	<u>\$ 97,112,923</u>

### 23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds	\$ 32,861,852	\$ 23,920,054	\$ 26,024,548
Bank debentures	22,007,045	17,979,374	25,828,122
Corporate bonds	20,143,667	12,178,153	22,099,437
Convertible bonds	6,337,000	5,845,734	1,910,419
Negotiable certificates of deposits	<u>-</u>	<u>-</u>	<u>255,484</u>
	<u>\$ 81,349,564</u>	<u>\$ 59,923,315</u>	<u>\$ 76,118,010</u>
Agreed-upon repurchase price	\$ 81,884,922	\$ 60,272,934	\$ 76,437,053
Par value	\$ 87,959,714	\$ 64,378,886	\$ 83,271,314
Expiry	March 2024	November 2023	July 2023

### 24. COMMERCIAL PAPERS ISSUED, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial papers payables	\$ 47,840,000	\$ 19,120,000	\$ 36,490,000
Less: Unamortized discount	<u>(79,889)</u>	<u>(17,034)</u>	<u>(29,883)</u>
Net amount	<u>\$ 47,760,111</u>	<u>\$ 19,102,966</u>	<u>\$ 36,460,117</u>
Maturity date	2023.10-2024.05	2023.01-2023.03	2022.10-2023.03
Discount rate	0.9180%- 1.7580%	0.9080%- 1.6880%	0.9080%- 1.5980%

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

### 25. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable for settlement	\$ 16,869,391	\$ 13,519,230	\$ 16,190,214
Accounts and notes payable	10,954,564	3,012,915	3,457,079
Acceptances payable	7,502,682	5,751,986	4,616,509
Interests payable	7,050,865	4,509,812	2,974,886
Accrued expense	6,015,099	5,469,023	5,326,689
Notes and checks in clearing	3,944,360	3,718,425	1,071,934
Accounts payable - factoring	3,702,836	3,875,519	3,477,993
Financing guarantees payable	2,325,584	3,973,588	3,889,986
Deposits on short sales	2,072,361	4,172,275	3,496,357
Accounts payable for securities purchased	1,937,124	252,632	8,207,923
Others	<u>2,686,022</u>	<u>2,266,551</u>	<u>2,373,915</u>
	<u>\$ 65,060,888</u>	<u>\$ 50,521,956</u>	<u>\$ 55,083,485</u>



## 26. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Checking	\$ 10,365,498	\$ 12,809,645	\$ 10,499,926
Demand	419,534,134	466,425,995	491,015,316
Savings - demand	557,023,856	525,698,441	527,193,511
Time deposits	677,633,193	688,239,431	533,340,423
Negotiable certificates of deposits	13,833,700	16,639,400	2,510,600
Savings - time	324,338,651	289,947,164	278,045,143
Inward remittances	1,169,315	666,295	1,085,821
Outward remittances	152,213	70,920	35,037
Others	<u>34,965</u>	<u>31,440</u>	<u>30,909</u>
	<u>\$ 2,004,085,525</u>	<u>\$ 2,000,528,731</u>	<u>\$ 1,843,756,686</u>

## 27. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	\$ 58,252,126	\$ 56,250,137	\$ 56,249,390
Corporate bonds payable	<u>14,994,152</u>	<u>14,992,124</u>	<u>15,438,901</u>
	<u>\$ 73,246,278</u>	<u>\$ 71,242,261</u>	<u>\$ 71,688,291</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:

	September 30, 2023	December 31, 2022	September 30, 2022	Maturity Date	Rates
Third subordinated bank debentures issued in 2014 (B)	\$ 699,945	\$ 699,904	\$ 699,891	2014.09.30-2024.09.30	Fixed interest rate of 2.05%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,970	1,419,874	1,419,841	2016.12.23-2023.12.23	Fixed interest rate of 1.50%, interest is paid annually.
First subordinated bank debentures issued in 2017 (A)	149,990	149,973	149,967	2017.02.24-2024.02.24	Fixed interest rate of 1.60%, interest is paid annually.
First subordinated bank debentures issued in 2017 (B)	2,099,591	2,099,504	2,099,476	2017.02.24-2027.02.24	Fixed interest rate of 1.90%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (A)	199,985	199,970	199,965	2017.06.28-2024.06.28	Fixed interest rate of 1.70%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (B)	539,859	539,831	539,823	2017.06.28-2027.06.28	Fixed interest rate of 1.95%, interest is paid annually.
Fourth subordinated bank debentures issued in 2017	3,000,000	3,000,000	2,999,911	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)	649,902	649,857	649,842	2018.04.30-2025.04.30	Fixed interest rate of 1.40%, interest is paid annually.
First subordinated bank debentures issued in 2018 (B)	499,847	499,823	499,815	2018.04.30-2028.04.30	Fixed interest rate of 1.65%, interest is paid annually.
First subordinated bank debentures issued in 2019	1,999,812	1,999,649	1,999,596	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)	1,199,772	1,199,700	1,199,676	2019.01.25-2026.01.25	Fixed interest rate of 1.40%, interest is paid annually.
Second subordinated bank debentures issued in 2019 (B)	1,799,452	1,799,377	1,799,353	2019.01.25-2029.01.25	Fixed interest rate of 1.55%, interest is paid annually.
Third senior bank debentures issued in 2019	2,999,939	2,999,877	2,999,857	2019.06.26-2024.06.26	Fixed interest rate of 0.76%, interest is paid annually.
Fourth subordinated bank debentures issued in 2019	1,499,819	1,499,682	1,499,637	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.

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022	Maturity Date	Rates
Fifth subordinated bank debentures issued in 2019 (A)	\$ 1,749,597	\$ 1,749,494	\$ 1,749,461	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)	1,749,424	1,749,354	1,749,330	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	2,999,678	2,999,550	2,999,509	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	1,999,568	1,999,520	1,999,504	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	2,899,757	2,899,659	2,899,628	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	2,599,551	2,599,502	2,599,487	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	2,099,804	2,099,737	2,099,714	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	2,399,602	2,399,562	2,399,547	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	999,849	999,797	999,778	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	999,838	999,793	999,778	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	2,719,667	2,719,575	2,719,545	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	2,299,648	2,299,615	2,299,604	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	3,279,693	3,279,620	3,279,594	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	1,699,507	1,699,464	1,699,448	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	4,999,352	4,999,222	4,999,180	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	1,999,713	1,999,652	1,999,633	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
First senior bank debentures issued in 2023	<u>1,999,995</u>	<u>-</u>	<u>-</u>	2023.09.14-2025.09.14 Principal is repayable on maturity date.	Fixed interest rate of 1.48%, interest is paid annually.
	<u>\$ 58,252,126</u>	<u>\$ 56,250,137</u>	<u>\$ 56,249,390</u>		

(Concluded)

## 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:

	September 30, 2023	December 31, 2022	September 30, 2022	Maturity	Rates
<u>The Company</u>					
First unsecured bonds issued in 2020	\$ 4,998,162	\$ 4,997,104	\$ 4,996,750	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	4,995,990	4,995,020	4,994,694	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)	-	-	447,457	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	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>550,000</u>	2022.08.26-2032.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.50%, interest is paid annually.
	<u>\$ 14,994,152</u>	<u>\$ 14,992,124</u>	<u>\$ 15,438,901</u>		

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

## 28. BORROWINGS

### a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Credit loans	\$ 4,637,475	\$ 3,564,926	\$ 5,078,685
Guaranteed loans	<u>950,000</u>	<u>300,000</u>	<u>725,000</u>
	<u>\$ 5,587,475</u>	<u>\$ 3,864,926</u>	<u>\$ 5,803,685</u>
Maturity date	2023.10-2024.09	2023.01-2023.12	2022.10-2023.9
Range of interest rates per annum	1.63000%- 8.8%	1.33%- 5.98208%	1.20%- 4.75%

### b. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Credit loans	<u>\$ 1,140,999</u>	<u>\$ 2,480,712</u>	<u>\$ 2,562,361</u>
Maturity date	2023.10-2025.06	2023.01-2024.12	2022.10-2024.6
Range of interest rates per annum	4.3250%- 6.48%	4.75%- 5.49210%	3.76%- 4.75000%

#### 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

	September 30, 2023	December 31, 2022	September 30, 2022
Provision for employee benefits	\$ 2,125,828	\$ 2,298,554	\$ 2,772,338
Provision for financing commitment	323,450	287,905	220,847
Provision for guarantee liabilities	327,719	339,536	315,414
Provision for decommissioning liabilities	169,474	157,546	157,515
Other provision	<u>8,940</u>	<u>16,187</u>	<u>9,205</u>
	<u>\$ 2,955,411</u>	<u>\$ 3,099,728</u>	<u>\$ 3,475,319</u>

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

	<u>For the Nine Months Ended September 30, 2023</u>		
	<b>Provision for Financing Commitment</b>	<b>Provision for Guarantee Liabilities</b>	<b>Other Provisions- forfeiting</b>
Balance at January 1	\$ 287,905	\$ 339,536	\$ 16,187
Provision (reversal of provision)	28,871	(12,384)	(7,637)
Effect of exchange rate changes	<u>6,674</u>	<u>567</u>	<u>343</u>
Balance at September 30	<u>\$ 323,450</u>	<u>\$ 327,719</u>	<u>\$ 8,893</u>
	<u>For the Nine Months Ended September 30, 2022</u>		
	<b>Provision for Financing Commitment</b>	<b>Provision for Guarantee Liabilities</b>	<b>Other Provisions- forfeiting</b>
Balance at January 1	\$ 163,432	\$ 395,361	\$ 23,836
Provision (reversal of provision)	44,152	(81,412)	(17,438)
Effect of exchange rate changes	<u>13,263</u>	<u>1,465</u>	<u>2,807</u>
Balance at September 30	<u>\$ 220,847</u>	<u>\$ 315,414</u>	<u>\$ 9,205</u>

### 30. PROVISION FOR EMPLOYEE BENEFITS

	September 30, 2023	December 31, 2022	September 30, 2022
Recognized in the consolidated balance sheets (payables and provisions)			
Defined contribution plans	\$ 77,444	\$ 77,703	\$ 73,458
Defined benefit plans	1,492,471	1,680,397	2,209,296
Preferential interest on employees' deposits	355,516	343,699	354,445
Others	<u>277,841</u>	<u>274,458</u>	<u>208,597</u>
	<u>\$ 2,203,272</u>	<u>\$ 2,376,257</u>	<u>\$ 2,845,796</u>

Others included long-term incentive compensation plans; deferred service leave and termination benefits. On September 30, 2023, December 31, 2022 and September 30, 2022, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$240,159, \$225,708 and \$171,949, 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.

	For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>
Operating expenses	\$ 76,193	\$ 83,425

### 31. OTHER FINANCIAL LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Principal of structured products	\$ 51,407,532	\$ 36,117,641	\$ 35,178,033
Futures trader's equity	32,213,165	32,966,447	32,838,169
Equity for each customer in the account	546,437	525,327	653,350
Others	<u>122,669</u>	<u>155,012</u>	<u>15,817</u>
	<u>\$ 84,289,803</u>	<u>\$ 69,764,427</u>	<u>\$ 68,685,369</u>

### 32. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Securities lending refundable deposits	\$ 8,808,967	\$ 10,452,320	\$ 11,778,082
Guarantee deposits received	6,226,955	2,323,922	3,457,362
Temporary receipts and suspense accounts	825,082	671,652	715,919
Advance revenue	305,996	191,704	171,967
Deferred revenue	89,816	106,494	96,997
Receipts under custody from customers' security subscription	6,224	1,086,460	1,362,406
Receipt sub-brokerage under custody	-	394,676	345,720
Others	<u>77,361</u>	<u>447,026</u>	<u>497,147</u>
	<u>\$ 16,340,401</u>	<u>\$ 15,674,254</u>	<u>\$ 18,425,600</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
Current period	\$ 826,970	\$ 815,758	\$ 2,689,007	\$ 1,949,984
Unappropriated earnings	-	(4)	-	268,225
Prior periods	(8,833)	29,669	(61,716)	8,089
Others	<u>8,887</u>	<u>-</u>	<u>20,034</u>	<u>-</u>
	<u>827,024</u>	<u>845,423</u>	<u>2,647,325</u>	<u>2,226,298</u>
Deferred tax				
Incurrence and reversal of temporary differences	<u>81,497</u>	<u>90,122</u>	<u>(116,824)</u>	<u>496,053</u>
Income tax expenses recognized in profit or loss	<u>\$ 908,521</u>	<u>\$ 935,545</u>	<u>\$ 2,530,501</u>	<u>\$ 2,722,351</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

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	2023	2022	2023	2022
<u>Deferred tax</u>				
Adjustments of current period				
Exchange difference on translation of foreign operations	\$ (130,496)	\$ (109,347)	\$ (71,405)	\$ (249,787)
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	39,642	(11,139)	9,314	28,783
Share of the other comprehensive income of associate	<u>471</u>	<u>1,120</u>	<u>986</u>	<u>2,435</u>
Income tax recognized in other comprehensive income	<u>\$ (90,383)</u>	<u>\$ (119,366)</u>	<u>\$ (61,105)</u>	<u>\$ (218,569)</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 September 30, 2023, preferred Class A shares had been converted into 60,000 thousand common stock.

b. Capital surplus

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 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. 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.

d. 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	333,493	-	-	-	333,493
Related income tax	(71,405)	-	-	-	(71,405)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	4,639,015	(532,731)	-	4,106,284
Adjustment for loss allowance of debt instruments	-	-	(10,572)	-	(10,572)
Current disposal	-	-	(7,641)	-	(7,641)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(1,334,852)	-	-	(1,334,852)
Related income tax	-	(7,543)	16,857	-	9,314
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	(4,930)	-	-	-	(4,930)
Related income tax	986	-	-	-	986
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	17,010	17,010
Balance September 30, 2023	<u>\$ (932,725)</u>	<u>\$ 3,566,202</u>	<u>\$ (13,766,367)</u>	<u>\$ (29,635)</u>	<u>\$ (11,162,525)</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	1,244,532	-	-	-	1,244,532
Related income tax	(249,787)	-	-	-	(249,787)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(5,186,043)	(14,929,864)	-	(20,115,907)
Adjustment for loss allowance of debt instruments	-	-	1,724	-	1,724
Current disposal	-	-	31,374	-	31,374
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(304,370)	-	-	(304,370)
Related income tax	-	3,714	25,069	-	28,783
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	(12,178)	-	-	-	(12,178)
Related income tax	2,435	-	-	-	2,435
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	43,655	43,655
Balance September 30, 2022	<u>\$ (906,149)</u>	<u>\$ (983,291)</u>	<u>\$ (15,440,039)</u>	<u>\$ (42,227)</u>	<u>\$ (17,371,706)</u>

(Concluded)

### 35. NET INTEREST REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest income				
Discounts and loans	\$ 11,922,803	\$ 8,368,370	\$ 33,746,702	\$ 20,862,247
Investment securities interest	3,939,601	2,539,139	10,612,753	6,098,866
Due from the Central Bank and other banks	1,641,432	972,835	6,304,386	1,526,726
Securities purchased under resell agreements	470,316	214,921	1,435,814	341,145
Financing	429,188	343,303	1,094,946	1,124,668
Deposits	288,370	96,658	801,263	188,971
Others	634,680	378,706	1,716,512	937,549
	<u>19,326,390</u>	<u>12,913,932</u>	<u>55,712,376</u>	<u>31,080,172</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest expense				
Deposits	\$ (10,169,401)	\$ (4,132,898)	\$ (28,999,057)	\$ (8,264,891)
Call loans from banks	(917,682)	(499,913)	(2,602,148)	(851,767)
Securities sold under repurchase agreements	(777,448)	(350,568)	(2,019,089)	(548,566)
Interest expense of structured products	(606,545)	(200,362)	(1,570,224)	(399,678)
Borrowing	(261,799)	(167,852)	(656,482)	(367,223)
Bank debentures	(219,274)	(223,032)	(648,730)	(635,569)
Others	(221,826)	(85,653)	(588,783)	(190,982)
	<u>(13,173,975)</u>	<u>(5,660,278)</u>	<u>(37,084,513)</u>	<u>(11,258,676)</u>
Net amount	<u>\$ 6,152,415</u>	<u>\$ 7,253,654</u>	<u>\$ 18,627,863</u>	<u>\$ 19,821,496</u> (Concluded)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Commissions and fee revenue				
Brokerage services	\$ 2,320,751	\$ 1,787,630	\$ 5,945,459	\$ 5,628,527
Trust and related services	912,788	650,250	2,391,178	2,123,599
Loan services	470,338	412,968	2,002,074	1,826,289
Insurance services	574,121	430,204	1,552,261	2,361,560
Credit card services	203,778	184,787	623,442	501,432
Others	453,185	379,890	1,294,785	1,167,937
	<u>4,934,961</u>	<u>3,845,729</u>	<u>13,809,199</u>	<u>13,609,344</u>
Commissions and fee expense				
Credit card services	(218,398)	(180,165)	(620,324)	(493,454)
Brokerage services	(215,309)	(175,438)	(530,122)	(555,237)
Interbank services	(91,644)	(85,298)	(269,062)	(244,746)
Trust services	(69,987)	(56,646)	(189,071)	(166,591)
Settlement and delivery services	(45,202)	(44,880)	(115,594)	(137,110)
Futures commission	(32,507)	(34,980)	(106,749)	(116,070)
Others	(179,270)	(126,977)	(469,128)	(341,651)
	<u>(852,317)</u>	<u>(704,384)</u>	<u>(2,300,050)</u>	<u>(2,054,859)</u>
Net amount	<u>\$ 4,082,644</u>	<u>\$ 3,141,345</u>	<u>\$ 11,509,149</u>	<u>\$ 11,554,485</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss				
Operating securities - proprietary	\$ 1,825,203	\$ (1,193,442)	\$ 3,580,889	\$ (2,018,157)
Stocks	86,852	(1,716)	229,884	78,145
Operating securities - hedging	4,240	(152,821)	212,003	(652,082)
Operating securities - underwriting	68,224	2,760	120,248	56,201
Government bonds	6,520	(179,850)	33,428	(542,010)
Corporate bonds	(177,932)	(166,205)	(429,360)	(773,927)
Securities lending and short sales bonds under resell agreements transactions	(519,600)	711,551	(1,052,181)	1,086,788
Currency swap contracts	1,145,412	(175,641)	2,717,373	(540,114)
Interest rate swap contracts	709,967	429,015	1,440,709	1,354,503
Forward contracts	314,335	86,314	737,932	(29,188)
Issuance of call (put) warrants	77,548	415,755	516,712	(230,371)
Option contracts	15,713	(589,203)	(114,636)	(546,155)
Asset swap contracts	(129,409)	(87,534)	(434,112)	(523,970)
Futures contracts	(1,621,833)	298,373	(2,684,137)	206,949
Others	(83,855)	(19,454)	(147,957)	26,541
	<u>1,721,385</u>	<u>(622,098)</u>	<u>4,726,795</u>	<u>(3,046,847)</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss				
Operating securities - proprietary	(556,331)	(621,478)	1,380,797	(3,316,658)
Corporate bonds	115,075	(104,793)	484,626	(941,932)
Operating securities - hedging	(101,204)	(19,809)	(12,026)	(129,206)
Stocks	(195,237)	(79,208)	(22,454)	(236,248)
Government bonds	(14,716)	121,403	(29,459)	118,815
Bank debentures	(63,046)	(56,154)	(109,086)	(154,300)
Securities lending and short sales bonds under resell agreements transactions	625,786	(506,231)	(711,831)	2,048,029
Currency swap contracts	630,597	(51,837)	1,077,442	(78,729)
Forward contracts	295,311	(309,133)	661,061	(162,171)
Futures contracts	397,884	399,162	47,840	506,576
Interest rate swap contracts	543,105	988,739	46,040	3,161,749
Asset swap contracts	(125,256)	150,528	(478,240)	723,590
Issuance of call (put) warrants	72,754	(271,341)	(478,940)	977,724
Option contracts	(1,069,273)	313,236	(595,791)	(600,477)
Others	(235,730)	(5,148)	40,618	(108,719)
	<u>319,719</u>	<u>(52,064)</u>	<u>1,300,597</u>	<u>1,808,043</u>
Interest income	<u>337,125</u>	<u>189,443</u>	<u>810,827</u>	<u>514,759</u>
Dividend income	<u>787,150</u>	<u>509,198</u>	<u>1,485,364</u>	<u>1,447,475</u>
	<u>\$ 3,165,379</u>	<u>\$ 24,479</u>	<u>\$ 8,323,583</u>	<u>\$ 723,430</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Dividend income				
Held at the end of the reporting period	\$ 707,962	\$ 909,506	\$ 1,416,421	\$ 1,419,998
Disposed in the reporting period	185,375	97,318	222,224	97,698
Gain from disposal of debt instruments	<u>(84,536)</u>	<u>(151,948)</u>	<u>7,641</u>	<u>(31,374)</u>
	<u>\$ 808,801</u>	<u>\$ 854,876</u>	<u>\$ 1,646,286</u>	<u>\$ 1,486,322</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Reversal of impairment losses (impairment losses) on other financial assets	\$ (43,674)	\$ 1,593	\$ 32,929	\$ 45,232
Others	<u>561</u>	<u>2,959</u>	<u>5,491</u>	<u>30,777</u>
	<u>\$ (43,113)</u>	<u>\$ 4,552</u>	<u>\$ 38,420</u>	<u>\$ 76,009</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Securities lending	\$ 141,340	\$ 133,168	\$ 438,970	\$ 402,808
Operating assets rental income	46,218	53,812	141,523	165,376
Stock affairs agent revenue	39,650	39,044	106,679	102,946
Rental income	13,902	11,861	42,796	36,361
Transaction bonus	5,853	7,097	17,640	21,964
Expense arising from issuance of call (put) warrants	(42,499)	(42,107)	(114,324)	(129,612)
Others	<u>20,698</u>	<u>39,717</u>	<u>71,885</u>	<u>108,677</u>
	<u>\$ 225,162</u>	<u>\$ 242,592</u>	<u>\$ 705,169</u>	<u>\$ 708,520</u>



#### 41. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries and wages	\$ 4,291,157	\$ 3,668,036	\$ 11,815,111	\$ 10,725,892
Labor insurance and national health insurance	234,895	218,447	766,749	732,122
Pension costs	128,456	125,136	388,970	381,998
Share-based payment transaction Equity-settled (Note 34)	-	-	150,580	-
Cash-settled	(3,951)	1,558	14,608	(3,430)
Others	<u>281,612</u>	<u>296,126</u>	<u>846,255</u>	<u>823,688</u>
	<u>\$ 4,932,169</u>	<u>\$ 4,309,303</u>	<u>\$ 13,982,273</u>	<u>\$ 12,660,270</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 nine months ended September 30, 2023 and 2022, the compensation were \$1,563 and \$1,302, respectively and the remuneration of directors were \$37,503 and \$32,559, 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Depreciation expense				
Land improvements	\$ 126	\$ 120	\$ 377	\$ 347
Buildings	55,034	53,683	164,898	158,207
Machinery and computer equipment	104,012	108,304	312,076	313,640
Transportation equipment	24,243	33,790	70,111	100,368
Other equipment	33,887	32,516	99,584	94,988
Leasehold improvements	26,256	25,538	77,938	71,767
Right-of-use assets	<u>252,342</u>	<u>233,781</u>	<u>723,006</u>	<u>697,892</u>
	<u>495,900</u>	<u>487,732</u>	<u>1,447,990</u>	<u>1,437,209</u>
Amortization expense	<u>112,766</u>	<u>98,437</u>	<u>322,814</u>	<u>281,604</u>
	<u>\$ 608,666</u>	<u>\$ 586,169</u>	<u>\$ 1,770,804</u>	<u>\$ 1,718,813</u>

#### 43. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Taxation and fees	\$ 614,194	\$ 496,702	\$ 1,750,984	\$ 1,366,994
Automated equipment	294,300	285,954	892,170	829,816
Marketing	166,888	156,725	448,049	419,635
Professional advisory	129,320	162,842	400,684	482,407
Insurance	123,889	116,752	356,159	332,715
Location fee	123,683	121,336	341,674	337,437
Communications expense	103,527	96,622	322,510	305,969
Others	<u>392,218</u>	<u>314,337</u>	<u>1,159,921</u>	<u>1,018,845</u>
	<u>\$ 1,948,019</u>	<u>\$ 1,751,270</u>	<u>\$ 5,672,151</u>	<u>\$ 5,093,818</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.

	Dollars Per Share			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic EPS	<u>\$ 0.45</u>	<u>\$ 0.41</u>	<u>\$ 1.29</u>	<u>\$ 1.11</u>
Diluted EPS	<u>\$ 0.45</u>	<u>\$ 0.41</u>	<u>\$ 1.29</u>	<u>\$ 1.11</u>

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

### Net Income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net income for calculating basic EPS	\$ 5,612,241	\$ 4,708,097	\$ 15,711,745	\$ 12,935,924
Effect of potentially dilutive common stock:				
Preferred shares	348	268	915	730
Employee stock bonus	-	-	-	-
Net income for calculating diluted EPS	<u>\$ 5,612,589</u>	<u>\$ 4,708,365</u>	<u>\$ 15,712,660</u>	<u>\$ 12,936,654</u>

### Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	<b>Shares in Thousands</b>			
The weighted-average number of common stock outstanding in computation of basic EPS	12,376,440	11,611,440	12,171,880	11,611,440
Effect of potentially dilutive common stock:				
Preferred shares	10,000	10,000	10,000	10,000
Employee stock bonus	<u>90</u>	<u>75</u>	<u>95</u>	<u>85</u>
The weighted-average number of common stock outstanding in computation of diluted EPS	<u>12,386,530</u>	<u>11,621,515</u>	<u>12,181,975</u>	<u>11,621,525</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 September 30, 2022 and for the nine months ended September 30, 2022 decrease from NT\$0.41 and NT\$1.14 to NT\$0.41 and NT\$1.11, respectively, diluting earnings per share from NT\$0.41 and NT\$1.14 to NT\$0.41 and NT\$1.11, 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
Taiwan Creative Industry Development Co., Ltd. (Taiwan Creative)	Affiliate of SinoPac Venture Capital's general manager
Micareo Inc.	Affiliate of SinoPac Venture Capital's general manager
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
E Ink Holdings Inc. (E Ink Holdings)	Affiliate of the Company'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
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	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
Ting-Fong Investment Corporation, Ltd.	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
Grand Bills Finance Corp. (Grand Bills Finance)	Affiliate of the Company's manager's spouse
Evercast Precision Industry Corporation (Evercast Precision)	Affiliate of first-degree kin of Bank SinoPac's manager (before July 2023)
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

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
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
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
China Color Printing Co., Ltd. (China Color Printing)	Related party
Dream Universe Limited	Related party
TaiGen Biotechnology Co., Ltd. (TaiGen Biotechnology)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
Beautone Co., Ltd. (Beautone)	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
YFY Packaging (YangZhou) Investment Ltd. (YFY Packaging (YangZhou))	Related party
Winnspec Investment Co., Ltd. (Winnspec Investment)	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
Hoss Investment Inc. (Hoss 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
Supercell Biotechnology Corporation (formerly known as Sino Cell Technologies Co., Ltd. (Sino Cell Technologies))	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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
SinoPac Securities and its subsidiaries			
Bank deposits			
Grand Bills Finance	\$ 918,303	\$ 864,418	\$ -
TAIFEX	477,338	362,323	723,828
Hua Nan Bank	2,920	871,711	2,538
SinoPac Leasing and its subsidiaries			
Bank deposits			
Others	69	69	68

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

	<b>September 30, 2023</b>		<b>For the Nine Months Ended September 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Income</b>
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 2,199,689	0.15-6.8	\$ 45,293
		<b>December 31, 2022</b>	
		<b>Ending Balance</b>	<b>Interest Rate (%)</b>
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank		\$ 1,226,221	0.16-8.5
Others		-	0.59
		<b>September 30, 2022</b>	<b>For the Nine Months Ended September 30, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Income</b>
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 1,506,960	0.16-7	\$ 7,264
Others	-	0.59	68

3) Financial assets at fair value through profit or loss

	September 30, 2023	December 31, 2022	September 30, 2022
SinoPac Securities and its subsidiaries			
TAIFEX	\$ 1,767,234	\$ 1,243,060	\$ 853,772
Elite Material	385,259	172,970	254,007
SinoPac Securities Investment Trust			
Funds	102,563	166,362	193,473
Sinbon Electronics	79,183	11,378	128,659
Others	293,006	145,740	240,781
SinoPac Securities Investment Trust			
Others	8,803	8,424	92,748
SinoPac Venture Capital			
TaiGen Biopharmaceuticals	297,513	347,437	330,882
Others	178,288	210,982	245,836

4) Derivative financial instruments

	September 30, 2023				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Currency swap contracts					
Hua Nan Bank	\$ 645,770	2022.7.13- 2023.10.5	\$ 49,056	Financial assets at fair value through profit or loss	\$ 67,995
Hua Nan Bank	9,363,671	2023.2.13- 2024.8.12	(297,560)	Financial liabilities at fair value through profit or loss	297,560
TGL	21,520,060	2023.6.1- 2024.1.22	606,516	Financial assets at fair value through profit or loss	606,516
TGL	2,809,101	2023.9.21- 2024.2.5	(924)	Financial liabilities at fair value through profit or loss	924
Interest rate swap contracts					
Hua Nan Bank	11,935,614	2020.11.13- 2032.8.22	206,244	Financial assets at fair value through profit or loss	676,431
TAIFEX	44,150,000	2018.10.18- 2032.5.31	441,844	Financial assets at fair value through profit or loss	452,267
TAIFEX	38,465,000	2018.11.16- 2033.5.9	(429,852)	Financial liabilities at fair value through profit or loss	429,852
Forward contracts					
TGL	124,626	2023.8.7- 2023.11.9	7,089	Financial assets at fair value through profit or loss	7,089
TGL	980,621	2023.1.16- 2024.4.18	(35,006)	Financial liabilities at fair value through profit or loss	35,006
YFY International	484,328	2023.1.13- 2024.8.23	(20,174)	Financial liabilities at fair value through profit or loss	20,174
Cross-currency swap contracts					
Hua Nan Bank	2,762,050	2023.2.3- 2024.4.29	(184,678)	Financial liabilities at fair value through profit or loss	184,678
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills Finance	317,500	2021.8.13- 2026.8.17	14,705	Financial assets at fair value through profit or loss	34,357

<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>September 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	\$ 1,904,853	2021.11.11- 2023.10.5	\$ 136,907	Financial assets at fair value through profit or loss	\$ 135,868
Hua Nan Bank	4,127,182	2022.1.5- 2023.4.20	(373,225)	Financial liabilities at fair value through profit or loss	373,225
TGL	11,111,643	2021.1.21- 2023.1.13	601,809	Financial assets at fair value through profit or loss	567,670
TGL	996,328	2022.8.22- 2023.1.10	(2,270)	Financial liabilities at fair value through profit or loss	2,270
SinoPac Securities and its subsidiaries					
Interest rate swap contracts					
Hua Nan Bank	9,672,373	2020.11.13- 2032.3.16	392,605	Financial assets at fair value through profit or loss	468,245
TAIFEX	3,150,000	2022.7.27- 2027.8.11	11,698	Financial assets at fair value through profit or loss	11,698
TAIFEX	2,000,000	2022.7.27- 2023.7.27	(974)	Financial liabilities at fair value through profit or loss	974
Forward contracts					
TGL	793,689	2022.6.20- 2022.12.6	43,648	Financial assets at fair value through profit or loss	43,648
TGL	3,342,984	2022.3.16- 2023.6.16	(254,264)	Financial liabilities at fair value through profit or loss	254,264
Asset exchange option contracts					
Grand Bills Finance	384,600	2020.6.4- 2025.8.29	(49,986)	Financial assets at fair value through profit or loss	44,404



5) Financial assets at fair value through other comprehensive income

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Bank SinoPac and its subsidiaries			
Equity instruments			
TAIFEX	\$ 325,224	\$ 333,886	\$ 328,640
PCSC	-	207,808	215,830
Others	21,808	23,032	21,134
SinoPac Securities and its subsidiaries			
Equity instruments			
TAIFEX	305,710	313,852	308,921
Chunghwa Telecom	-	253,685	255,930
SinoPac Venture Capital			
Equity instruments			
Sun He Energy	118,781	109,690	-
Others	81,921	71,559	64,666

6) Securities purchased under resell agreements

	<b>September 30, 2023</b>		<b>For the Nine Months Ended September 30, 2023</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Income</b>
SinoPac Securities and its subsidiaries			
Grand Bills Finance	\$ 1,146,242	\$ 931,302	\$ 24,486
Others	-	-	103
		<b>December 31, 2022</b>	
		<b>Face Amount</b>	<b>Carrying Amount</b>
SinoPac Securities and its subsidiaries			
Grand Bills Finance		\$ 399,406	\$ 351,154
Others		153,945	85,559
		<b>September 30, 2022</b>	<b>For the Nine Months Ended September 30, 2022</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Income</b>
Bank SinoPac and its subsidiaries			
Others	\$ -	\$ -	\$ 14
SinoPac Securities and its subsidiaries			
Grand Bills Finance	1,450,863	1,150,145	8,033
Others	225,498	120,177	2,325

7) Receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Bank SinoPac and its subsidiaries			
Others	\$ 240,994	\$ 267,276	\$ 235,615
SinoPac Securities and its subsidiaries			
Others	114,040	54,626	54,963
SinoPac Securities Investment Trust			
Others	22,362	18,992	19,122
SinoPac Leasing and its subsidiaries			
Others	-	3	10

8) Loans

**For the Nine Months Ended September 30, 2023**

Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 10,599,412</u>	<u>\$ 11,426,862</u>	0-12.90	<u>\$ 141,635</u>

Category	September 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	197	\$ 274,599	\$ 250,588	V	-	None	Yes
Household mortgage loans	1,172	7,868,173	7,519,771	V	-	Real estate	Yes
Others:							
	Jhong Cing Investment	54,634	52,024	V	-	Real estate	Yes
	Kim Great	40,670	38,518	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	6,191	V	-	Real estate	Yes
	Hotai Investment	1,581	963	V	-	Vehicle	Yes
	Zetai Investment	875	612	V	-	Vehicle	Yes
	Others	3,179,497	2,730,745	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,284,090	2,829,053				
	Total	\$ 11,426,862	\$ 10,599,412				

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

Ending Balance	Highest Balance	Interest/ Fee Rates (%)
<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 Nine Months Ended September 30, 2022**

Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 10,053,440</u>	<u>\$ 11,243,622</u>	0-10.64	<u>\$ 101,519</u>

Category	September 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	237	\$ 395,202	\$ 365,462	V	-	None	Yes
Household mortgage loans	1,136	7,162,748	6,893,690	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	55,509	V	-	Real estate	Yes
	Kim Great	43,566	41,388	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,047	V	-	Real estate	Yes
	Hotai Investment	2,406	1,788	V	-	Vehicle	Yes
	Zetai Investment	1,225	963	V	-	Vehicle	Yes
	Yong, Yu-Kang Construction	131	-	V	-	Certificates of deposits	Yes
	Others	3,161,215	2,687,593	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	3,685,672	2,794,288				
	Total	\$ 11,243,622	\$ 10,053,440				

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

September 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	

September 30, 2022

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

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

10) Other financial assets

	September 30, 2023	December 31, 2022	September 30, 2022
SinoPac Securities and its subsidiaries			
Customer's margin accounts			
TAIFEX	\$ 6,622,069	\$ 7,801,246	\$ 7,005,045

11) Property and equipment

In the nine months ended September 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 nine months ended September 30, 2022: None).

In the nine months ended September 30, 2023 and 2022, Bank SinoPac and its subsidiaries purchased property and equipment from its related parties for a total price of \$12,390 and \$23,076, respectively, recognized as machinery and computer equipment and prepayments for equipment.

In the nine months ended September 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 nine months ended September 30, 2023 and 2022, the Company purchased computer software from its related parties for a total price of \$763 and \$216, respectively.

In the nine months ended September 30, 2023 and 2022, Bank SinoPac and its subsidiaries purchased computer software from its related parties for a total price of \$31,598 and \$19,606, respectively.

In the nine months ended September 30, 2023 and 2022, SinoPac Securities and its subsidiaries purchased computer software from its related parties for a total price of \$4,045 and \$3,819, respectively.

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

13) Other assets

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Bank SinoPac and its subsidiaries			
Guarantee deposits			
Others	\$ 1,706	\$ 1,157	\$ 1,156
Prepayments			
Others	13	17	19
SinoPac Securities and its subsidiaries			
Clearing and settlement fund			
TAIFEX	223,794	224,818	238,238
Guarantee deposits			
Others	2,320	2,330	2,629
Prepayments			
Others	48	573	62
Securities borrowing margins			
Others	1	240	-
SinoPac Securities Investment Trust			
Guarantee deposits			
Others	5	11	11
SinoPac Leasing and its subsidiaries			
Guarantee deposits			
Others	656	640	638
Prepayments			
Others	4	20	22

Bank SinoPac and its subsidiaries signed an agreement with other related parties for the purchase. Bank SinoPac and its subsidiaries paid \$16,231 and \$19,270 for the nine months ended September 30, 2023 and 2022, respectively, which were recognized as prepayments (other assets) or operating expenses.

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

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

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

14) Notes and bonds transaction

	<b>For the Nine Months Ended September 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	113,355,006	113,301,121
Hua Nan Bank	10,144,793	11,685,310
Asia Cement	300,000	-
Others	4,177	-
	<b>For the Nine Months Ended September 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	\$ 19,214,251	\$ 19,214,251
Hua Nan Bank	1,677,233	1,677,233
Chunghwa Telecom	500,000	-
Others	-	5,846

15) Deposits from the Central Bank and banks

	<b>September 30, 2023</b>		<b>For the Nine Months Ended September 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 645,770	0.1-5.68	\$ 25,589
	<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>September 30, 2022</b>		<b>For the Nine Months Ended September 30, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 1,809,610	0.11-3.21	\$ 8,524

16) Securities sold under repurchase agreements

September 30, 2023

None.

	<u>September 30, 2022</u>		<b>For the Nine Months Ended September 30, 2022</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
SinoPac Securities and its subsidiaries			
Others	\$ 55,037	\$ 55,371	\$ 843

17) Commercial papers issued

	<u>September 30, 2023</u>		<b>For the Nine Months Ended September 30, 2023</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
The Company			
Grand Bills Finance	\$ 1,000,000	1.498	\$ 821
SinoPac Securities and its subsidiaries			
Grand Bills Finance	1,900,000	1.38-1.56	6,282
SinoPac Leasing and its subsidiaries			
Grand Bills Finance	150,000	1.488-1.808	795

	<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

	<b>September 30, 2022</b>		<b>For the Nine Months Ended September 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			
Grand Bills Finance	1,050,000	0.36-1.29	7,536
Others	-	0.35-0.39	1,758
SinoPac Leasing and its subsidiaries			
Grand Bills Finance	300,000	0.478-1.538	2,468

18) Payables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Bank SinoPac and its subsidiaries			
Others	\$ 15,126	\$ 13,113	\$ 11,931
SinoPac Securities and its subsidiaries			
Others	33,263	34,874	38,586
SinoPac Leasing and its subsidiaries			
Others	9	-	3

19) Deposits

	<b>September 30, 2023</b>		<b>For the Nine Months Ended September 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 20,373,891	0-13	\$ 274,116

	<b>December 31, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>
Others	\$ 23,404,540	0-13

	<b>September 30, 2022</b>		<b>For the Nine Months Ended September 30, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 26,030,226	0-13	\$ 145,273

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 nine months ended September 30, 2023 and 2022 in the amount of \$30,320 and \$23,493, respectively.

21) Other financial liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
SinoPac Securities and its subsidiaries			
Futures traders' equity			
Others	\$ 23,486	\$ 50,156	\$ 41,836

22) Lease

	<b>For the Nine Months Ended September 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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Bank SinoPac and its subsidiaries as a lessee			
Lease liabilities			
Others	\$ 39,890	\$ 74,670	\$ 86,798
SinoPac Securities and its subsidiaries as a lessee			
Lease liabilities			
Others	3,659	4,399	4,646
SinoPac Leasing and its subsidiaries as a lessee			
Lease liabilities			
Others	1,554	7,362	8,266

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 nine months ended September 30, 2023 and 2022, refer to Notes 45,b. 24, 25 and 30.

23) Other liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 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	-	5	-

24) Interest income

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 4	\$ 4
SinoPac Securities and its subsidiaries		
Others	23,525	5,910
SinoPac Venture Capital		
Others	-	1
SinoPac Leasing and its subsidiaries		
Others	7	8

25) Interest expense

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 544	\$ 778
SinoPac Securities and its subsidiaries		
Others	134	13
SinoPac Leasing and its subsidiaries		
Others	62	164

26) Service fee and commissions income, net

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Fee revenues		
Others	\$ 22,661	\$ 14,066
Fee expenses		
Others	16,993	9,620
SinoPac Securities and its subsidiaries		
Fee revenues		
Others	37,163	27,956
Fee expenses		
TAIFEX	286,566	340,694
TWSE	-	142,605
Others	3,484	13,321
SinoPac Securities Investment Trust		
Fee revenues		
Others	191,105	147,841

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
SinoPac Securities and its subsidiaries		
Others	\$ 27,523	\$ 23,484
SinoPac Securities Investment Trust		
Others	407	(889)
SinoPac Venture Capital		
Others	17,741	19,398

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 19,870	\$ 25,847
SinoPac Securities and its subsidiaries		
Others	31,804	24,809
SinoPac Venture Capital		
Others	4,156	1,799

29) Net other revenue other than interest income

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Operating assets rental revenue		
Others	\$ 4,650	\$ 7,164
Other revenues		
Others	1,190	1,483
SinoPac Securities and its subsidiaries		
Stock affairs agent revenue		
Others	13,856	12,735
Expenses on issuance of call (put) warrants		
Others	-	59,943
Other net revenues		
Others	90,600	99,107
SinoPac Venture Capital		
Other revenues		
Others	210	151
SinoPac Leasing and its subsidiaries		
Other expenses		
Others	72	67

30) Operating expenses

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Donation		
SinoPac Foundation	\$ 30,000	\$ 35,000
Others		
The Company		
Others	4,899	4,439
Bank SinoPac and its subsidiaries		
Others	172,430	128,574
SinoPac Securities and its subsidiaries		
Others	114,891	135,951
SinoPac Securities Investment Trust		
Others	3,430	3,311
SinoPac Venture Capital		
Others	70	45
SinoPac Leasing and its subsidiaries		
Others	5,363	5,046



## 2) Derivative financial instruments

<b>September 30, 2023</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	\$ 645,770	2022.7.13- 2023.10.5	\$ 49,056	Financial assets at fair value through profit or loss	\$ 67,995
Hua Nan Bank	9,363,671	2023.2.13- 2024.8.12	(297,560)	Financial liabilities at fair value through profit or loss	297,560
TGL	21,520,060	2023.6.1- 2024.1.22	606,516	Financial assets at fair value through profit or loss	606,516
TGL	2,809,101	2023.9.21- 2024.2.5	(924)	Financial liabilities at fair value through profit or loss	924
Interest rate swap contracts					
SinoPac Securities	375,000	2020.8.11- 2024.8.12	1,414	Financial liabilities at fair value through profit or loss	3,902
Hua Nan Bank	11,935,614	2020.11.13- 2032.8.22	206,244	Financial assets at fair value through profit or loss	676,431
TAIFEX	44,150,000	2018.10.18- 2032.5.31	441,844	Financial assets at fair value through profit or loss	452,267
TAIFEX	38,465,000	2018.11.16- 2033.5.9	(429,852)	Financial liabilities at fair value through profit or loss	429,852
Forward contracts					
TGL	124,626	2023.8.7- 2023.11.9	7,089	Financial assets at fair value through profit or loss	7,089
TGL	980,621	2023.1.16- 2024.4.18	(35,006)	Financial liabilities at fair value through profit or loss	35,006
YFY International	484,328	2023.1.13- 2024.8.23	(20,174)	Financial liabilities at fair value through profit or loss	20,174
Cross-currency swap contracts					
Hua Nan Bank	2,762,050	2023.2.3- 2024.4.29	(184,678)	Financial liabilities at fair value through profit or loss	184,678
<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

September 30, 2022					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Currency swap contracts					
Hua Nan Bank	\$ 1,904,853	2021.11.11- 2023.10.5	\$ 136,907	Financial assets at fair value through profit or loss	\$ 135,868
Hua Nan Bank	4,127,182	2022.1.5- 2023.4.20	(373,225)	Financial liabilities at fair value through profit or loss	373,225
TGL	11,111,643	2021.1.21- 2023.1.13	601,809	Financial assets at fair value through profit or loss	567,670
TGL	996,328	2022.8.22- 2023.1.10	(2,270)	Financial liabilities at fair value through profit or loss	2,270
Interest rate swap contracts					
SinoPac Securities	675,000	2020.8.3- 2024.8.12	(4,392)	Financial liabilities at fair value through profit or loss	6,947
Hua Nan Bank	9,672,373	2020.11.13- 2032.3.16	392,605	Financial assets at fair value through profit or loss	468,245
TAIFEX	3,150,000	2022.7.27- 2027.8.11	11,698	Financial assets at fair value through profit or loss	11,698
TAIFEX	2,000,000	2022.7.27- 2023.7.27	(974)	Financial liabilities at fair value through profit or loss	974
Forward contracts					
TGL	793,689	2022.6.20- 2022.12.6	43,648	Financial assets at fair value through profit or loss	43,648
TGL	3,342,984	2022.3.16- 2023.6.16	(254,264)	Financial liabilities at fair value through profit or loss	254,264

3) Financial assets at fair value through other comprehensive income

	September 30, 2023	December 31, 2022	September 30, 2022
Equity instruments			
TAIFEX	\$ 325,224	\$ 333,886	\$ 328,640
PCSC	-	207,808	215,830

4) Current income tax assets and liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
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>\$ 1,161,287</u>	<u>\$ 989,706</u>	<u>\$ 1,109,643</u>

5) Loans

For the Nine Months Ended September 30, 2023			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 10,599,412</u>	<u>\$ 11,496,862</u>	0-12.90	<u>\$ 141,826</u>

Category	September 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	197	\$ 274,599	\$ 250,588	V	-	None	Yes
Household mortgage loans	1,172	7,868,173	7,519,771	V	-	Real estate	Yes
Others:							
	SPL	70,000	-	V	-	Real estate	Yes
	Jhong Cing Investment	54,634	52,024	V	-	Real estate	Yes
	Kim Great	40,670	38,518	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	6,191	V	-	Real estate	Yes
	Hotai Investment	1,581	963	V	-	Vehicle	Yes
	Zetai Investment	875	612	V	-	Vehicle	Yes
	Others	3,179,497	2,730,745	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,354,090	2,829,053				
	Total	\$ 11,496,862	\$ 10,599,412				

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

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>
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<u>\$ 10,483,666</u>	<u>\$ 12,182,074</u>	0-10.77
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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 Nine Months Ended September 30, 2022**

Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
\$ <u>10,353,440</u>	\$ <u>11,643,622</u>	0-10.64	\$ <u>103,058</u>

Category	September 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	237	\$ 395,202	\$ 365,462	V	-	None	Yes
Household mortgage loans	1,136	7,162,748	6,893,690	V	-	Real estate	Yes
Others:							
	SPL	400,000	300,000	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	55,509	V	-	Real estate	Yes
	Kim Great	43,566	41,388	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,047	V	-	Real estate	Yes
	Hotai Investment	2,406	1,788	V	-	Vehicle	Yes
	Zetai Investment	1,225	963	V	-	Vehicle	Yes
	Yong, Yu-Kang Construction	131	-	V	-	Certificates of deposits	Yes
	Others	3,161,215	2,687,593	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	4,085,672	3,094,288				
	Total	\$ 11,643,622	\$ 10,353,440				

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

September 30, 2023

None.

December 31, 2022

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

September 30, 2022

Related Party	Highest Balance	Ending Balance	Provision	Rates (%)	Type of Collaterals	Note
Yuanta Securities	\$ 820,000	\$ 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 Nine Months Ended September 30, 2023</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities	\$ -	\$ 1,600,000

	<b>For the Nine Months Ended September 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>September 30, 2023</b>		<b>For the Nine Months Ended September 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>	<b>Interest Expense</b>
Hua Nan Bank	\$ 645,770	0.1-5.68	\$ 25,589

	<b>December 31, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
Hua Nan Bank	\$ 1,228,942	0.11-5.35

	<b>September 30, 2022</b>		<b>For the Nine Months Ended September 30, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>	<b>Interest Expense</b>
Hua Nan Bank	\$ 1,809,610	0.11-3.21	\$ 8,524

9) Payables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 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>September 30, 2023</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
SinoPac Securities	\$ 4,377,835	0-2
TGL	3,980,057	0.2-1.15
E Ink Holdings	1,631,971	0-1.565
Hsin-Yi Foundation	757,851	0.01-1.565
ScinoPharm	531,322	0.53-1.565
SinoPac Securities (Asia)	458,278	0-2.75
TAIFEX	400,456	0.53-1.51
BAROC	396,264	0-1.58
YuanHan Materials	376,230	0.001-1.565
GUC	362,841	0.001-1.51
Rich Optronics (Yangzhou)	313,467	0.05-5.7
Taiwan Riken Industrial	305,337	0.001-1.32
Hsin Yi Recreation	284,210	0.53-1.51
Transyork Technology (Yangzhou)	283,423	0.05-6.15
China Color Printing	271,060	0.53-1.565
Dream Universe Limited	242,459	0.05-5.65
TaiGen Biotechnology	215,005	0-5.6
Hsinex International	211,363	0.2-5.3
SinoPac Securities Venture Capital	168,703	0-5.3
SinoPac Capital International (HK)	161,692	0.125-1.15
Yong Hsin Yi Enterprise	156,395	0.53-5.33
Shin Yuan Investment	149,151	0.001-5.2
Beautone	144,273	0-5.55
YFY Investment	135,324	0.05-5.42
YFY Packaging (Yangzhou)	132,287	0.35-1.55
Ting-Fong Investment Corporation, Ltd.	130,177	0-0.53
SinoPac Securities Venture Capital	124,513	0.53
Taiwan Creative	104,380	0.53
Micareo Inc.	103,770	1.15
Winnspec Investment	101,171	0-5
	<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

(Continued)

	<b>December 31, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
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 Enertech	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 (Concluded)

	<b>September 30, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
TGL	\$ 8,551,041	0.20-0.33
SinoPac Securities	6,660,873	0-4.02
ScinoPharm	1,480,652	0.08-1.315
E Ink Holdings	1,156,468	0.001-1.315
Hsin-Yi Foundation	856,475	0.01-1.9
SinoPac Securities (Asia)	586,945	0-1.45
GUC	567,203	0.001-1.01
Transyork Technology (Yangzhou)	463,620	0.05-3.1
TAIFEX	400,000	0.285-1.135
YuanHan Materials	365,555	0.001-1.315
TaiGen Biotechnology	320,260	0-3.25
Hsin Yi Recreation	285,594	0.2-2.
China Color Printing	275,477	0.28-1.315
SinoPac Securities Venture Capital	261,198	0.28
YFY Biotech Management	194,591	0-1.135
YFY Investment	178,685	0.05-2.1
Sino Cell Technologies	177,692	0-0.33
SinoPac Securities Investment Service	169,676	0-1.315
Yong Hsin Yi Enterprise	156,905	0.28-2.68
SPIL	143,325	0.35-2.025
Effion Enertech	132,261	0.28-0.88
Shin Yuan Investment	119,553	0.001-2.95
SPL	119,316	0-0.33
Hoss Investment	113,307	0.2-1.1
SinoPac Futures	106,627	0.001-1.135
Everterminal	100,160	0.28-0.865

11) Lease

Bank SinoPac and its subsidiaries as a lessee.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Lease liabilities			
SPL	\$ 577,549	\$ 608,016	\$ 618,110

SinoPac Securities and its subsidiaries

1) Cash and cash equivalents

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Bank SinoPac	\$ 2,945,483	\$ 5,098,342	\$ 5,644,368
Grand Bills Finance	918,303	864,418	-
TAIFEX	477,338	362,323	723,828
Hua Nan Bank	<u>2,920</u>	<u>871,711</u>	<u>2,538</u>
	<u>\$ 4,344,044</u>	<u>\$ 7,196,794</u>	<u>\$ 6,370,734</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
2) Customer margin deposits			
TAIFEX	<u>\$ 6,622,069</u>	<u>\$ 7,801,246</u>	<u>\$ 7,005,045</u>
3) Current financial assets at fair value through profit or loss			
Future margin - securities			
TAIFEX	\$ 1,220,551	\$ 848,754	\$ -
Futures margin - own funds			
TAIFEX	546,683	394,306	853,772
Operating securities (non-equity investments)			
Elite Material	150,450	170,573	215,300
Funds managed by SinoPac Securities			
Investment Trust	102,563	166,362	193,473
Sinbon Electronics	53,924	-	104,590
Listed shares			
Elite Material	<u>234,809</u>	<u>2,397</u>	<u>38,707</u>
	<u>\$ 2,308,980</u>	<u>\$ 1,582,392</u>	<u>\$ 1,405,842</u>

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
4) Derivative financial instruments - contract (notional) amount			
Interest rate swap contracts			
Bank SinoPac	<u>\$ 375,000</u>	<u>\$ 675,000</u>	<u>\$ 675,000</u>
Assets swap options			
Grand Bills Finance	<u>\$ 317,500</u>	<u>\$ 421,600</u>	<u>\$ 384,600</u>
5) Securities purchased under resell agreements			
Grand Bills Finance	<u>\$ 931,302</u>	<u>\$ 351,154</u>	<u>\$ 1,150,145</u>
6) Current income tax assets			
SPH	<u>\$ 339,838</u>	<u>\$ 292,326</u>	<u>\$ 323,333</u>
7) Restricted assets - current			
Bank SinoPac	<u>\$ 1,205,560</u>	<u>\$ 1,030,560</u>	<u>\$ 1,030,560</u>
8) Guarantee deposits			
Bank SinoPac	\$ 714,836	\$ 715,626	\$ 715,613
TAIFEX	<u>223,794</u>	<u>224,818</u>	<u>238,238</u>
	<u>\$ 938,630</u>	<u>\$ 940,444</u>	<u>\$ 953,851</u>
9) Financial assets at fair value through other comprehensive income			
TAIFEX	\$ 305,710	\$ 313,852	\$ 308,921
Chunghwa Telecom	<u>-</u>	<u>253,685</u>	<u>255,930</u>
	<u>\$ 305,710</u>	<u>\$ 567,537</u>	<u>\$ 564,851</u>
10) Commercial papers payable - face amount			
Grand Bills Finance	<u>\$ 1,900,000</u>	<u>\$ -</u>	<u>\$ 1,050,000</u>
11) Current income tax liabilities			
SPH	<u>\$ 107,507</u>	<u>\$ 97,457</u>	<u>\$ 97,457</u>

12) Notes and bonds transaction

	<b>For the Nine Months Ended September 30, 2023</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Grand Bills Finance	\$ 113,355,006	\$ 113,301,121
Hua Nan Bank	10,144,793	11,685,310
Bank SinoPac	1,600,000	-
Asia Cement	300,000	-

  

	<b>For the Nine Months Ended September 30, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Grand Bills Finance	\$ 19,214,251	\$ 19,214,251
Bank SinoPac	7,000,000	-
Hua Nan Bank	1,677,233	1,677,233
Chunghwa Telecom	500,000	-

13) Brokerage fee expense

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
TAIFEX	\$ 166,422	\$ 196,978
TWSE	-	135,187
	<u>\$ 166,422</u>	<u>\$ 332,165</u>

14) Settlement and delivery services

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
TAIFEX	<u>\$ 115,594</u>	<u>\$ 138,505</u>

SinoPac Venture Capital

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Financial assets at fair value through profit or loss			
TaiGen Biopharmaceuticals	<u>\$ 297,513</u>	<u>\$ 347,437</u>	<u>\$ 330,882</u>
Financial assets at fair value through comprehensive income			
Sun He Energy	<u>\$ 118,781</u>	<u>\$ 109,690</u>	<u>\$ -</u>

SinoPac Leasing and its subsidiaries

	September 30, 2023	December 31, 2022	September 30, 2022
1) Cash and cash equivalents			
Bank deposits			
Bank SinoPac	\$ 213,254	\$ 355,415	\$ 151,886
Bank SinoPac (China)	<u>73,026</u>	<u>162,673</u>	<u>143,325</u>
	<u>\$ 286,280</u>	<u>\$ 518,088</u>	<u>\$ 295,211</u>
2) Current income tax assets			
SPH	<u>\$ 306,666</u>	<u>\$ 306,570</u>	<u>\$ 303,589</u>
3) Commercial papers payable - face amount			
Grand Bills Finance	<u>\$ 150,000</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 September 30, 2023, December 31, 2022 and September 30, 2022, borrowings and derivative financial instruments from Bank SinoPac for SinoPac Leasing and its subsidiaries totaling \$985,443, \$1,029,618 and \$1,034,738, 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	September 30, 2023	December 31, 2022	September 30, 2022	Remarks
Investment in debt instruments at amortized cost	Certificates of deposits	\$ 8,266,443	\$ 8,153,618	\$ 8,158,738	Note 1
Investment in debt instruments at amortized cost	Government bonds	1,734,922	1,462,398	1,526,012	Note 2
Discounts and loans	Loans	20,917,161	16,610,100	17,508,571	Note 3
Other financial assets	Certificates of deposits and time deposits	440,000	450,000	450,000	Note 4
Investment properties	Land and land improvements and buildings	715,052	716,367	716,844	Note 5
Properties and equipment	Land and buildings	1,023,173	1,036,540	1,040,995	Note 5
Right-of-use assets	Land and surface rights	912,233	939,300	948,321	Note 6

Note 1: 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 2: 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 3: Bank SinoPac pledged in accordance with the Federal Reserve Bank under the discount window program.
- Note 4: 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 5: Assets pledged to financial institutions as guarantees for commercial papers issued and pledged to obtain credit line for borrowings and bank overdraft.
- Note 6: 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 September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Trust assets	\$ 984,646,638	\$ 754,698,688	\$ 763,468,940
Securities under custody	229,564,192	229,382,736	222,026,680
Agent for government bonds	95,216,100	84,867,900	87,531,600
Receipts under custody	25,185,480	24,867,070	24,613,356
Agent for marketable securities under custody	10,916,900	16,758,120	9,195,380
Guarantee notes payable	8,880,243	8,739,018	8,783,438
Appointment of investment	7,640,612	6,434,557	6,525,144
Deposit guarantee promissory notes	1,126,600	500,000	835,000
Goods under custody	951,354	1,083,102	1,077,117
Underwritten securities	845,770	-	-

As of September 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 September 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 \$986,234 and \$834,626, of which \$698,606 and \$529,651 had not been paid as of September 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 High Court ruled in appeal overruled (favor of Bank SinoPac) on May 24, 2023, Bank SinoPac received the certificate of determination of the judgment on August 1, 2023. The case is conviction affirmed.

- 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. The subsequent litigation has been entrusted to an external 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. The case was reopened on October 12, 2023, and the court ruled to dismiss all lawsuits against SinoPac Securities (Asia) brought by plaintiff Mr. Tang.

#### **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	September 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	\$ 14,908,119	\$ 12,890,975	\$ 184,694	\$ 1,832,450
Bonds	55,520,972	45,319,746	9,231,872	969,354
Others	18,865,100	8,837,694	10,027,406	-
Financial assets designated at fair value through profit or loss				
Bonds	3,794,626	3,794,626	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	25,693,721	21,027,936	1,984,954	2,680,831
Debt instruments at fair value through other comprehensive income				
Bonds	168,378,194	72,973,119	93,387,955	2,017,120
Certificates of deposits and others	151,550,110	598,326	150,951,784	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	10,620,402	10,619,807	595	-
Financial liabilities designated at fair value through profit or loss	1,944,781	-	1,944,781	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	61,033,231	2,642,485	53,805,519	4,585,227
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	52,667,481	675,383	49,506,281	2,485,817
Financial liabilities designated as at fair value through profit or loss	14,849,775	-	14,812,263	37,512

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	September 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	\$ 12,506,748	\$ 10,256,409	\$ 82,287	\$ 2,168,052
Bonds	42,990,684	30,267,116	10,802,150	1,921,418
Others	11,192,273	4,653,793	6,538,480	-
Financial assets designated at fair value through profit or loss				
Bonds	4,392,104	4,392,104	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	22,707,189	17,877,476	2,021,297	2,808,416
Debt instruments at fair value through other comprehensive income				
Bonds	176,301,190	89,962,222	84,337,180	2,001,788
Certificates of deposits and others	110,732,261	566,568	110,165,693	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	8,206,007	8,202,812	3,195	-
Financial liabilities designated at fair value through profit or loss	1,829,803	-	1,829,803	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	61,793,643	1,309,067	57,584,654	2,899,922
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	55,423,446	261,538	53,427,414	1,734,494
Financial liabilities designated as at fair value through profit or loss	7,007,891	-	6,981,591	26,300

## 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 nine months ended September 30, 2023, the Group transferred part of the government bonds and bank debentures amounts \$12,511,331 transferred from Levels 1 to 2 because the Group determined these investments were not in an active market.

For the nine months ended September 30, 2022, the Group transferred part of the government bonds, corporate bonds, bank debentures and certificates of deposits amounts \$9,222,908 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 Nine Months Ended September 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	\$ 135,594	\$ -	\$ 285,463	\$ 65,172	\$ (442,883)	\$ (343,542)	\$ 321	\$ 1,832,450
Bonds	1,855,295	9,469	-	34,192	-	(941,372)	(29,374)	41,144	969,354
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	2,759,596	-	(118,239)	44,919	-	(5,445)	-	-	2,680,831
Debt instruments at FVTOCI									
Bonds	1,954,346	-	(5,163)	4,879	-	-	-	63,058	2,017,120
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	2,616,402	1,968,825	-	-	-	-	-	-	4,585,227

For the Nine Months Ended September 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	\$ (191,547)	\$ -	\$ 712,889	\$ 72,438	\$ (387,435)	\$ (150,244)	\$ -	\$ 2,168,052
Bonds	1,300,317	(45,544)	-	664,502	-	(150,187)	-	152,330	1,921,418
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	3,373,295	-	(564,870)	-	-	(9)	-	-	2,808,416
Debt instruments at FVTOCI									
Bonds	1,641,729	-	(10,490)	204,318	-	-	-	166,231	2,001,788
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	2,450,746	-	-	-	-	-	-	2,899,922

Note: Items are transferred to Level 3 for the nine months ended September 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 nine months ended September 30, 2023 and 2022, the gains on valuation included in net income with assets still held were \$2,354,378 and \$2,623,706, respectively.

For the nine months ended September 30, 2023 and 2022, the losses on valuation included in other comprehensive income with assets still held were \$123,402 and \$575,386, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Nine Months Ended September 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	\$ 978,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,485,817
Financial liabilities designated as at fair value through profit or loss	18,035	(902)	211,141	-	(190,762)	-	-	37,512



For the Nine Months Ended September 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	\$ 976,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,734,494
Financial liabilities designated as at fair value through profit or loss	89,753	(19,098)	53,617	-	(97,972)	-	-	26,300

For the nine months ended September 30, 2023 and 2022, the losses on valuation included in net income with liabilities still held were \$1,311,518 and \$1,374,090, 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:

September 30, 2023

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	\$ 4,180,657	\$ 2,081,463	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts - Hybrid FX swap structured instruments	330,266	330,087	Sellers' quote	(Note 1)	-
Others	74,304	74,267	Sellers' quote	(Note 1)	-
	<u>\$ 4,585,227</u>	<u>\$ 2,485,817</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	\$ -	\$ 37,512	Self-built option pricing model	Volatility	3%-45% (Note 4)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	\$ 1,832,450	-	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity (Note 3)	0%-35%
Bonds	969,354	-	Taipei Exchange's quote or Bloomberg's quote or sellers' quote		-
	<u>\$ 2,801,804</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	\$ 2,680,831	\$ -	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	2,017,120	-	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 4,697,951</u>	<u>\$ -</u>			

December 31, 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	\$ 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)
<u>Non-derivative financial instruments</u>					
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 (Note 3)	0%-35%
Bonds	<u>1,855,295</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote		-
	<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>			

September 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	\$ 1,959,338	\$ 794,418	Sellers' quote	(Notes 1 and 2)	
Currency swap contracts - Hybrid FX swap structured instruments	448,194	447,952	Sellers' quote	(Note 1)	-
Others	<u>492,390</u>	<u>492,124</u>	Sellers' quote	(Note 1)	-
	<u>\$ 2,899,922</u>	<u>\$ 1,734,494</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	<u>\$ -</u>	<u>\$ 26,300</u>	Self-built option pricing model	Volatility	3%-44% (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	\$ 2,168,052	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity (Note 3)	0%-35%
Bonds	<u>1,921,418</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote		-
	<u>\$ 4,089,470</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	\$ 2,808,416	\$ -	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>2,001,788</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or Sellers' quote	(Note 3)	-
	<u>\$ 4,810,204</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 45%.

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 44%.

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:

September 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>\$ (79,104)</u>	<u>\$ 79,104</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (34,632)</u>	<u>\$ 34,632</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>

September 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>\$ (96,733)</u>	<u>\$ 96,733</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (35,943)</u>	<u>\$ 35,943</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>September 30, 2023</u>	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 302,058,548	\$ 289,324,000
Bonds payable	73,246,278	72,553,474

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	September 30, 2022	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 224,577,958	\$ 211,942,610
Bonds payable	71,688,291	70,763,302

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 289,324,000	\$ 74,880,389	\$ 214,443,611	\$ -
Bonds payable	72,553,474	1,999,990	44,798,484	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	September 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 211,942,610	\$ 42,100,243	\$ 169,842,367	\$ -
Bonds payable	70,763,302	-	44,560,845	26,202,457

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. Credit-related businesses mainly refer to fund financing/advance payment, loans, credit card-related credit, acceptance, guarantee or commitment, trade financing, foreign exchange transactions, as well as the counterparty and issuer's credit risks related to investing in securities and conducting derivative trading. The issuer's credit risk should be considered as part of the market risk when the investment target is part of 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, nonperforming 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 a credit risk assessment model for corporate banking and retail banking through statistical methods, professional judgment and clients’ information. Each model is regularly monitored for its effectiveness to examine whether the predicted results match the actual conditions, and Bank SinoPac and its subsidiaries will evaluate the suitability of the models accordingly.

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 ratings are 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		
	September 30, 2023	December 31, 2022	September 30, 2022
Undrawn credit card commitments	\$ 228,323,367	\$ 221,832,593	\$ 220,600,133
Undrawn loan commitments	53,661,897	45,067,636	45,012,703
Guarantees	34,102,309	34,537,369	32,259,664
Standby letter of credit	5,529,070	7,978,791	9,294,689

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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 696,982,138	48.06	\$ 641,380,549	47.87	\$ 634,459,337	48.48
Public enterprise	15,616,425	1.08	22,366,382	1.67	14,463,970	1.10
Government sponsored enterprise and business	22,000,000	1.52	12,000,000	0.90	4,000,000	0.31
Nonprofit organization	195,063	0.01	192,340	0.01	193,378	0.01
Private	697,409,193	48.09	651,745,182	48.64	642,940,144	49.13
Financial institutions	18,026,310	1.24	12,262,932	0.91	12,656,408	0.97
Total	\$ 1,450,229,129	100.00	\$ 1,339,947,385	100.00	\$ 1,308,713,237	100.00

### b) By region

Regions	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,176,685,818	81.14	\$ 1,077,234,867	80.39	\$ 1,038,917,254	79.39
Asia	146,944,718	10.13	141,222,369	10.54	145,048,532	11.08
North America	79,936,663	5.51	82,035,723	6.12	89,092,795	6.81
Others	46,661,930	3.22	39,454,426	2.95	35,654,656	2.72
Total	\$ 1,450,229,129	100.00	\$ 1,339,947,385	100.00	\$ 1,308,713,237	100.00

### c) By collateral

Collaterals	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Credit Secured	\$ 504,944,756	34.82	\$ 441,814,944	32.97	\$ 425,481,094	32.51
Stocks	3,787,634	0.26	3,337,185	0.25	3,073,105	0.23
Bonds	12,908,359	0.89	10,871,060	0.81	10,589,579	0.81
Real estate	843,144,266	58.14	801,483,415	59.82	789,943,203	60.36
Movable collaterals	58,046,253	4.00	54,794,521	4.09	53,014,297	4.05
Guarantees	15,464,372	1.07	16,064,270	1.20	15,378,801	1.18
Others	11,933,489	0.82	11,581,990	0.86	11,233,158	0.86
Total	\$ 1,450,229,129	100.00	\$ 1,339,947,385	100.00	\$ 1,308,713,237	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 September 30, 2023, December 31, 2022 and September 30, 2022, the amount of discounts and loans were \$5,236,254, \$4,572,446 and \$4,955,612, with a provision for loss allowance of \$815,436, \$718,288 and \$700,168 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to \$3,707,999, \$3,010,962 and \$3,111,470.

### 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 \$49,247,699, \$48,781,006 and \$48,883,634 on September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 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		September 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	\$ 474,367	\$ 286,518,130	0.17%	\$ 3,695,360	779.01%	
	Unsecured	204,745	445,947,237	0.05%	5,238,092	2,558.35%	
Consumer loan	Mortgage (Note 4)	174,001	377,830,620	0.05%	5,698,891	3,275.21%	
	Cash card	-	1,509	-	212	-	
	Micro credit (Note 5)	137,588	40,371,651	0.34%	718,083	521.91%	
	Others (Note 6)	Secured	188,357	257,254,852	0.07%	2,689,234	1,427.73%
		Unsecured	1,804	1,346,501	0.13%	16,678	924.50%
Total		1,180,862	1,409,270,500	0.08%	18,056,550	1,529.10%	
		<b>Overdue Receivables</b>	<b>Accounts Receivables</b>	<b>Delinquency Ratio</b>	<b>Allowance for Credit Losses</b>	<b>Coverage Ratio</b>	
Credit card		25,098	20,491,621	0.12%	150,513	599.70%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	14,109,858	-	179,713	-	

Date		September 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	\$ 556,175	\$ 270,099,182	0.21%	\$ 3,623,290	651.47%	
	Unsecured	704,925	374,953,119	0.19%	5,007,030	710.29%	
Consumer loan	Mortgage (Note 4)	164,565	346,365,854	0.05%	5,251,612	3,191.21%	
	Cash card	-	2,181	-	285	-	
	Micro credit (Note 5)	83,845	30,363,359	0.28%	526,092	627.46%	
	Others (Note 6)	Secured	260,083	245,493,936	0.11%	2,574,711	989.96%
		Unsecured	2,335	1,970,712	0.12%	22,874	979.61%
Total		1,771,928	1,269,248,343	0.14%	17,005,894	959.74%	
		<b>Overdue Receivables</b>	<b>Accounts Receivables</b>	<b>Delinquency Ratio</b>	<b>Allowance for Credit Losses</b>	<b>Coverage Ratio</b>	
Credit card		23,094	19,529,875	0.12%	171,597	743.04%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	16,105,657	-	203,581	-	

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	September 30, 2023		September 30, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ 226	\$ 11,813	\$ 344	\$ 18,146
As a result of consumer debt clearance (Note 2)	17,834	521,043	16,423	577,742
Total	\$ 18,060	\$ 532,856	\$ 16,767	\$ 595,888

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	September 30, 2023		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (manufacture of panel and components)	\$ 9,681,397	5.91
2	B Group (real estate development activities)	7,296,494	4.46
3	C Group (metal casting)	5,836,600	3.56
4	D Group (real estate development activities)	5,457,000	3.33
5	E Group (other holding companies)	5,236,466	3.20
6	F Company (other metalworking activities)	5,000,000	3.05
7	G Group (manufacture of other electronic parts and components)	4,766,133	2.91
8	H Group (department store)	4,496,792	2.75
9	I Group (wholesale of computer, computer peripheral equipment and software)	4,247,187	2.59
10	J Group (real estate development activities)	3,833,000	2.34

Year	September 30, 2022		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (finance container leasing)	\$ 10,864,845	8.24
2	B Group (real estate development activities)	7,507,462	5.69
3	C Group (other holding companies)	6,875,351	5.21
4	D Group (real estate development activities)	6,294,840	4.77
5	E Group (other holding companies)	5,853,346	4.44
6	F Group (metal casting)	5,635,045	4.27
7	G Group (department store)	4,703,461	3.57
8	H Group (real estate development activities)	3,888,000	2.95
9	I Group (wholesale of computer, computer peripheral equipment and software)	3,277,028	2.49
10	J Company (real estate development activities)	3,005,000	2.28

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

September 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	\$ 32,402,082	\$ 25,537,980	\$ 23,273,843	\$ 1,981,955	\$ -	\$ 83,195,860
Financial liabilities at fair value through profit or loss	-	-	-	1,977,310	-	1,977,310
Securities sold under repurchase agreements	26,239,373	8,748,377	324,641	-	-	35,312,391
Payables	13,460,061	581,662	3,546,427	147,733	1,874,281	19,610,164
Deposits and remittances	1,160,153,362	323,058,224	237,577,131	226,795,665	27,273,915	1,974,858,297
Bank debentures	67,509	1,545,088	336,931	10,097,625	48,823,107	60,870,260
Lease liabilities	61,526	111,114	175,959	305,865	2,155,160	2,809,624

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

September 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	\$ 32,037,800	\$ 30,900,957	\$ 30,886,632	\$ 1,332,976	\$ -	\$ 95,158,365
Financial liabilities at fair value through profit or loss	-	-	-	1,860,461	-	1,860,461
Securities sold under repurchase agreements	28,983,742	13,573,641	2,226,939	888,491	-	45,672,813
Payables	4,563,808	395,628	3,368,383	117,652	2,374,069	10,819,540
Deposits and remittances	1,177,221,773	207,178,851	186,259,270	212,182,613	26,289,047	1,809,131,554
Bank debentures	9,471	3,204,823	189,422	428,046	55,750,057	59,581,819
Lease liabilities	59,465	105,936	169,578	321,100	2,366,171	3,022,250

## Bank SinoPac (China)

(In Thousands of CNY)

September 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	\$ 1,305,263	\$ 254,614	\$ -	\$ 747,938	\$ -	\$ 2,307,815
Payables	827,562	201,870	522,589	-	-	1,552,021
Deposits and remittances	4,939,955	2,431,445	2,583,580	894,244	117	10,849,341
Lease liabilities	1,535	1,842	5,221	11,146	-	19,744

(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)

September 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	\$ 391	\$ 714,729	\$ 200,278	\$ 500	\$ -	\$ 915,898
Payables	227,253	201,830	520,600	-	-	949,683
Deposits and remittances	5,046,425	2,404,895	2,940,295	173,230	-	10,564,845
Lease liabilities	510	935	1,658	154	-	3,257

### 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

September 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	\$ 11,873,050	\$ -	\$ -	\$ -	\$ -	\$ 11,873,050

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

September 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	\$ 8,796,695	\$ -	\$ -	\$ -	\$ -	\$ 8,796,695

Bank SinoPac (China)

(In Thousands of CNY)

September 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	\$ 12,406	\$ -	\$ -	\$ -	\$ -	\$ 12,406

(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)

September 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	\$ 43,017	\$ -	\$ -	\$ -	\$ -	\$ 43,017

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

September 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	\$ 1,220,174,523	\$ 980,311,799	\$ 654,945,238	\$ 256,549,153	\$ 9,425,049	\$ 3,121,405,762
Cash outflow	1,218,356,918	978,701,115	651,532,729	255,116,451	8,566,713	3,112,273,926

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

September 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	\$ 756,139,943	\$ 638,997,493	\$ 327,838,991	\$ 195,940,706	\$ 10,903,896	\$ 1,929,821,029
Cash outflow	755,170,908	637,491,705	328,258,803	196,013,035	10,440,950	1,927,375,401

## Bank SinoPac (China)

(In Thousands of CNY)

September 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	\$ 7,346,740	\$ 6,995,783	\$ 8,809,401	\$ 943,880	\$ -	\$ 24,095,804
Cash outflow	7,307,585	7,151,574	8,857,253	943,648	-	24,260,060

(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)

September 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	\$ 5,976,864	\$ 4,424,079	\$ 5,584,938	\$ 945,035	\$ -	\$ 16,930,916
Cash outflow	5,873,689	4,393,787	5,465,126	946,397	-	16,678,999

#### 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

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 1,312,579	\$ 4,131,248	\$ 4,362,102	\$ 9,135,243	\$ 33,944,107	\$ 52,885,279
Guarantees	7,040,355	7,123,589	3,075,764	4,028,702	11,253,036	32,521,446
Standby letter of credit	849,808	2,699,761	1,170,311	349,382	-	5,069,262

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

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 990,563	\$ 345,665	\$ 774,677	\$ 11,157,654	\$ 31,295,611	\$ 44,564,170
Guarantees	7,356,590	4,346,181	3,596,611	5,177,054	10,666,295	31,142,731
Standby letter of credit	2,037,212	3,644,906	1,276,723	2,238,083	-	9,196,924

### Bank SinoPac (China)

(In Thousands of CNY)

September 30, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loans commitments	\$ -	\$ 50,000	\$ 78,663	\$ 47,462	\$ -	\$ 176,125
Guarantee	37,700	62,000	457,427	172,875	-	730,002
Standby letter of credit	18,313	85,965	-	-	-	104,278



(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
Guarantee	66,129	84,138	519,639	58,790	-	728,696
Standby letter of credit	18,418	38,419	-	-	-	56,837

(In Thousands of CNY)

September 30, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loans commitments	\$ -	\$ 100,036	\$ -	\$ 204	\$ -	\$ 100,240
Guarantee	49,200	290,835	437,126	78,014	-	855,175
Standby letter of credit	-	21,849	-	-	-	21,849

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)

	September 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	\$ 2,261,806,651	\$ 183,011,288	\$ 254,741,354	\$ 367,044,229	\$ 257,995,691	\$ 201,119,775	\$ 997,894,314
Main capital outflow on maturity	2,648,414,387	111,013,628	182,775,317	440,536,995	486,088,825	549,876,454	878,123,168
Gap	(386,607,736)	71,997,660	71,966,037	(73,492,766)	(228,093,134)	(348,756,679)	119,771,146

	September 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	\$ 1,885,665,134	\$ 184,572,067	\$ 219,435,708	\$ 290,212,931	\$ 140,285,581	\$ 137,778,223	\$ 913,380,624
Main capital outflow on maturity	2,260,246,029	86,156,889	175,477,569	365,998,358	299,797,277	440,436,659	892,379,277
Gap	(374,580,895)	98,415,178	43,958,139	(75,785,427)	(159,511,696)	(302,658,436)	21,001,347

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)

	September 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	\$ 70,728,666	\$ 25,552,080	\$ 17,791,415	\$ 12,627,748	\$ 5,623,838	\$ 9,133,585
Main capital outflow on maturity	72,001,238	25,435,426	22,920,528	14,658,798	5,367,285	3,619,201
Gap	(1,272,572)	116,654	(5,129,113)	(2,031,050)	256,553	5,514,384

(In Thousands of U.S. Dollars)

	September 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	\$ 52,181,739	\$ 18,997,834	\$ 12,738,003	\$ 6,708,654	\$ 4,090,636	\$ 9,646,612
Main capital outflow on maturity	53,356,157	18,438,924	15,515,842	9,274,934	5,528,956	4,597,501
Gap	(1,174,418)	558,910	(2,777,839)	(2,566,280)	(1,438,320)	5,049,111

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 risks that 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, internal process, 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 September 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. The correction is expected to be completed by the next tier fixing date.

Interest rate benchmark reform mainly exposes Bank SinoPac to basics 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 September 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	\$ 7,503,352	\$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	\$ 7,503,352	\$ -

Derivatives	Notional Amount
USD LIBOR	\$ -
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	\$ -

## 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 Nine Months Ended September 30, 2023</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	24,207	50,007	11,551
Interest rate risk	39,888	79,439	22,654
Equity risk	7,522	12,376	3,316
Total VaR	47,258	94,964	25,808

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

Note 2: Historical data period: 2023.01.03-2023.09.28.

	<b>For the Nine Months Ended September 30, 2022</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	20,699	33,786	8,748
Interest rate risk	59,274	186,224	30,050
Equity risk	2,877	6,813	488
Total VaR	62,586	188,654	33,149

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

Note 2: Historical data period: 2022.01.03-2022.09.30.

Bank SinoPac (China)'s trading book VaR overview

(In Thousands of CNY)

	<b>For the Nine Months Ended September 30, 2023</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	438	1,200	131
Interest rate risk	204	695	10
Equity risk	-	-	-
Total VaR	483	1,155	198

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

Note 2: Historical data period: 2023.01.01-2023.09.30.

(In Thousands of CNY)

	<b>For the Nine Months Ended September 30, 2022</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	2,725	5,826	1,358
Interest rate risk	144	619	7
Equity risk	-	-	-
Total VaR	761	2,737	324

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

Note 2: Historical data period: 2022.01.01-2022.09.30.



13) Exchange rate risks

Exchange rate risks of holding net positions in foreign currencies are shown as below:

<b>September 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	\$ 15,390,644	32.28852	\$ 496,941,117
CNY	17,100,112	4.40946	75,402,260
AUD	3,967,609	20.55784	81,565,471
Nonmonetary items			
USD	69,682	32.28852	2,249,929
CNY	2,320,051	4.40946	10,230,171
<u>Financial liabilities</u>			
Monetary items			
USD	23,092,631	32.28852	745,626,878
CNY	16,941,454	4.40946	74,702,664
AUD	958,172	20.55784	19,697,947
<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	\$ 18,573,792	30.72355	\$ 570,652,827
CNY	15,476,520	4.40954	68,244,334
AUD	2,839,052	20.83860	59,161,869
Nonmonetary items			
USD	90,867	30.72355	2,791,757
CNY	2,270,498	4.40954	10,011,850
<u>Financial liabilities</u>			
Monetary items			
USD	23,933,822	30.72355	735,331,977
CNY	15,316,877	4.40954	67,540,382
AUD	1,340,499	20.83860	27,934,122

**September 30, 2022**

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<b><u>Financial assets</u></b>			
<b>Monetary items</b>			
USD	\$ 18,846,963	31.74755	\$ 598,344,900
CNY	16,453,419	4.47457	73,621,975
AUD	2,888,929	20.66555	59,701,307
<b>Nonmonetary items</b>			
USD	93,820	31.74755	2,978,555
CNY	2,271,852	4.47457	10,165,560
<b><u>Financial liabilities</u></b>			
<b>Monetary items</b>			
USD	21,496,600	31.74755	682,464,383
CNY	16,626,914	4.47457	74,398,291
AUD	1,488,268	20.66555	30,755,877

14) Compliance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Interest rate sensitivity information (New Taiwan dollars)

**September 30, 2023**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,334,610,861	\$ 36,068,727	\$ 110,200,121	\$ 122,938,924	\$ 1,603,818,633
Interest rate-sensitive liabilities	427,928,162	807,195,022	58,719,055	60,472,939	1,354,315,178
Interest rate-sensitive gap	906,682,699	(771,126,295)	51,481,066	62,465,985	249,503,455
Net worth					173,540,242
Ratio of interest rate-sensitive assets to liabilities (%)					118.42%
Ratio of interest rate-sensitive gap to net worth (%)					143.77%

**September 30, 2022**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,141,241,286	\$ 17,667,918	\$ 78,022,831	\$ 114,469,097	\$ 1,351,401,132
Interest rate-sensitive liabilities	354,727,027	785,616,498	41,605,380	65,704,589	1,247,653,494
Interest rate-sensitive gap	786,514,259	(767,948,580)	36,417,451	48,764,508	103,747,638
Net worth					142,232,595
Ratio of interest rate-sensitive assets to liabilities (%)					108.32%
Ratio of interest rate-sensitive gap to net worth (%)					72.94%

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)

September 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	\$ 8,828,521	\$ 650,072	\$ 335,918	\$ 4,347,276	\$ 14,161,787
Interest rate-sensitive liabilities	11,027,587	8,098,786	697,844	743,064	20,567,281
Interest rate-sensitive gap	(2,199,066)	(7,448,714)	(361,926)	3,604,212	(6,405,494)
Net worth					(223,513)
Ratio of interest rate-sensitive assets to liabilities (%)					68.86%
Ratio of interest rate-sensitive gap to net worth (%)					2,865.83%

September 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	\$ 12,362,165	\$ 862,494	\$ 333,662	\$ 3,956,530	\$ 17,514,851
Interest rate-sensitive liabilities	8,796,331	9,153,987	1,123,294	397,853	19,471,465
Interest rate-sensitive gap	3,565,834	(8,291,493)	(789,632)	3,558,677	(1,956,614)
Net worth					(239,435)
Ratio of interest rate-sensitive assets to liabilities (%)					89.95%
Ratio of interest rate-sensitive gap to net worth (%)					817.18%

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-earnings 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 profit or loss, 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	September 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	\$ 6,327,590	\$ 6,110,833	\$ 6,327,590	\$ 6,110,833	\$ 216,757
Investments in debt instruments at amortized cost Transactions under repurchase agreements	1,199,342	1,127,084	1,156,462	1,127,084	29,378
Securities purchased under resell agreements Transactions under repurchase agreements	26,512,376	27,829,517	26,512,376	27,829,517	(1,317,141)

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	September 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 profit or loss Transactions under repurchase agreements	\$ 133,170	\$ 130,231	\$ 133,170	\$ 130,231	\$ 2,939
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	20,598,714	19,896,190	20,598,714	19,896,190	702,524
Investments in debt instruments at amortized cost Transactions under repurchase agreements	1,814,457	1,681,953	1,778,631	1,681,953	96,678
Securities purchased under resell agreements Transactions under repurchase agreements	22,557,910	23,752,941	22,557,910	23,752,941	(1,195,031)

#### 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:

#### September 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	\$ 49,446,530	\$ -	\$ 49,446,530	\$ 27,154,254	\$ 5,902,889	\$ 16,389,387
Securities purchased under resell agreements	<u>55,253,091</u>	<u>-</u>	<u>55,253,091</u>	<u>55,247,883</u>	<u>-</u>	<u>5,208</u>
	<u>\$ 104,699,621</u>	<u>\$ -</u>	<u>\$ 104,699,621</u>	<u>\$ 82,402,137</u>	<u>\$ 5,902,889</u>	<u>\$ 16,394,595</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	\$ 45,021,927	\$ -	\$ 45,021,927	\$ 27,154,254	\$ 5,299,336	\$ 12,568,337
Securities sold under repurchase agreements	<u>35,067,434</u>	<u>-</u>	<u>35,067,434</u>	<u>34,894,728</u>	<u>112,752</u>	<u>59,954</u>
	<u>\$ 80,089,361</u>	<u>\$ -</u>	<u>\$ 80,089,361</u>	<u>\$ 62,048,982</u>	<u>\$ 5,412,088</u>	<u>\$ 12,628,291</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.

September 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	\$ 53,742,391	\$ -	\$ 53,742,391	\$ 22,154,913	\$ 2,450,675	\$ 29,136,803
Securities purchased under resell agreements	<u>50,213,091</u>	<u>-</u>	<u>50,213,091</u>	<u>50,213,091</u>	<u>-</u>	<u>-</u>
	<u>\$ 103,955,482</u>	<u>\$ -</u>	<u>\$ 103,955,482</u>	<u>\$ 72,368,004</u>	<u>\$ 2,450,675</u>	<u>\$ 29,136,803</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	\$ 50,195,977	\$ -	\$ 50,195,977	\$ 22,154,913	\$ 9,858,172	\$ 18,182,892
Securities sold under repurchase agreements	<u>45,461,315</u>	<u>-</u>	<u>45,461,315</u>	<u>45,270,013</u>	<u>166,068</u>	<u>25,234</u>
	<u>\$ 95,657,292</u>	<u>\$ -</u>	<u>\$ 95,657,292</u>	<u>\$ 67,424,926</u>	<u>\$ 10,024,240</u>	<u>\$ 18,208,126</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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Equities	<u>\$ 40,555</u>	<u>\$ 52,195</u>	<u>\$ 75,108</u>
Interest rate risk	<u>\$ 73,107</u>	<u>\$ 92,445</u>	<u>\$ 139,258</u>
Overall market risk value	<u>\$ 92,511</u>	<u>\$ 127,893</u>	<u>\$ 201,264</u>
Percentage of net value	<u>0.28%</u>	<u>0.43%</u>	<u>0.69%</u>

	<b>For the Three Months Ended September 30</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Equities	\$ 45,339	\$ 33,758	\$ 65,092	\$ 63,529	\$ 25,132	\$ 113,047
Interest rate risk	77,051	57,906	111,599	158,228	108,491	225,323

	<b>For the Nine Months Ended September 30</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Equities	\$ 40,427	\$ 18,736	\$ 65,092	\$ 113,494	\$ 25,132	\$ 265,238
Interest rate risk	75,203	42,596	111,599	182,203	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)

	<u>September 30, 2023</u>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,883,483	32.286	\$ 60,810,986
NTD	901,282	1.000	901,282
HKD	348,896	4.123	1,438,549
CNY	1,215,671	4.405	5,355,385
EUR	108,866	33.924	3,693,256
AUD	29,830	19.776	589,914
JPY	30,585,663	0.216	6,611,780
ZAR	85,482	1.681	143,734
KRW	14,645,142	0.024	348,491
<u>Financial liabilities</u>			
Monetary items			
USD	1,807,769	32.286	58,366,271
NTD	394,681	1.000	394,681
HKD	340,409	4.123	1,403,471
CNY	647,762	4.405	2,856,286
EUR	97,887	33.924	3,320,677
AUD	20,864	19.776	428,911
JPY	30,346,112	0.216	6,560,031



<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>September 30, 2022</b>			
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,732,629	31.747	\$ 55,006,605
NTD	699,099	1.000	699,099
HKD	1,131,430	4.044	4,575,503
CNY	2,465,868	4.473	11,033,698
EUR	138,990	31.250	4,343,389
AUD	40,871	20.665	844,906
JPY	19,321,722	0.220	4,252,044
ZAR	135,164	1.775	239,932
GBP	8,676	35.491	307,918
<u>Financial liabilities</u>			
Monetary items			
USD	1,565,424	31.747	49,698,007
NTD	193,651	1.000	193,651
HKD	1,118,433	4.044	4,522,909
CNY	1,784,764	4.473	7,982,637
EUR	136,794	31.250	4,274,772
AUD	18,102	20.665	374,095
JPY	18,916,521	0.220	4,162,911
GBP	7,367	35.491	261,485

The table below shows the VaR for derivatives owned by SinoPac Securities and its subsidiaries:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Futures and options	\$ 158,384	\$ 150,851	\$ 103,392
Warrants	36,825	40,489	61,718
Interest rate swap contracts	3,253	53,593	41,591
Currency contracts	1,194	1,431	6,441
Asset swap option contracts	88,102	63,635	120,732
Equity-linked note	762	742	1,206
Credit-linked note	12,513	11,800	12,449
Principal-guaranteed note	865	1,362	978
Issuance of ETNs	-	-	13

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, internal processes, 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 September 30, 2023, SinoPac Securities and its subsidiaries have identified all information systems and internal processes that need to be updated and have finished the updating. SinoPac Securities and its subsidiaries have been discussions with financial instrument counterparties on how to amend the affected contracts, and have been amended.

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 September 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:

		<u>Book Value</u>	
<b>Non-derivatives</b>		<b>Financial Assets</b>	<b>Financial Liabilities</b>
USD LIBOR		<u>\$ 1,498,922</u>	<u>\$ -</u>
		<u>Book Value</u>	
<b>Derivatives</b>	<b>Notional Amount</b>	<b>Financial Assets</b>	<b>Financial Liabilities</b>
USD LIBOR	<u>\$ 1,411,008</u>	<u>\$ 2,395</u>	<u>\$ 17,506</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.

	<u>September 30, 2023</u>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Interest rate swap contracts	\$ 5,059,003	\$ 3,910,602
Asset swap option contracts	<u>801,949</u>	<u>998,894</u>
	<u>\$ 5,860,952</u>	<u>\$ 4,909,496</u>

	<u>December 31, 2022</u>	
	Carrying Value	Max. Credit Exposure Amount
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>
	<u>September 30, 2022</u>	
	Carrying Value	Max. Credit Exposure Amount
Interest rate swap contracts	\$ 4,185,157	\$ 2,836,613
Asset swap option contracts	<u>498,392</u>	<u>681,645</u>
	<u>\$ 4,683,549</u>	<u>\$ 3,518,258</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 uses 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 September 30, 2023, were 58% in the financial service sector and 16% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above has a market share of 87%.

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 September 30, 2023, December 31, 2022 and September 30, 2022, the unused credit lines of SinoPac Securities and its subsidiaries were \$74,705,964, \$90,151,809 and \$72,783,721, respectively.

The table below shows the analysis of the remaining contractual maturities for financial liabilities as of September 30, 2023, December 31, 2022 and September 30, 2022:

September 30, 2023	Payment Period				Total
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	
Current borrowings	\$ 361,415	\$ -	\$ -	\$ -	\$ 361,415
Commercial paper payable	21,450,000	2,800,000	-	-	24,250,000
Current financial liabilities at fair value through profit or loss	24,557,325	1,270,886	6,937,842	-	32,766,053
Liabilities for bonds with attached repurchase agreements	46,569,750	2,781	-	-	46,572,531
Securities financing refundable deposits	2,072,361	-	-	-	2,072,361
Deposits payable for securities financing	2,325,584	-	-	-	2,325,584
Securities lending refundable deposits	8,808,967	-	-	-	8,808,967
Futures traders' equity	32,277,955	-	-	-	32,277,955
Equity for each customer in the account	546,437	-	-	-	546,437
Notes and accounts payable	21,974,071	-	-	-	21,974,071
Other payables	2,309,050	-	-	-	2,309,050
Bonds payable	45,358	64,229	2,283,328	3,138,435	5,531,350
Long-term borrowings	973,332	-	-	-	973,332
Lease liabilities	71,572	203,769	417,487	38,039	730,867
	<u>\$ 164,343,177</u>	<u>\$ 4,341,665</u>	<u>\$ 9,638,657</u>	<u>\$ 3,176,474</u>	<u>\$ 181,499,973</u>

December 31, 2022	Payment Period				Total
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	
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>

September 30, 2022	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 318,138	\$ -	\$ -	\$ -	\$ 318,138
Commercial paper payable	19,460,000	-	-	-	19,460,000
Current financial liabilities at fair value through profit or loss	14,009,488	587,976	5,576,891	-	20,174,355
Liabilities for bonds with attached repurchase agreements	30,141,770	622,470	-	-	30,764,240
Securities financing refundable deposits	3,496,357	-	-	-	3,496,357
Deposits payable for securities financing	3,889,986	-	-	-	3,889,986
Securities lending refundable deposits	11,778,082	-	-	-	11,778,082
Futures traders' equity	32,914,373	-	-	-	32,914,373
Equity for each customer in the account	653,350	-	-	-	653,350
Notes and accounts payable	25,851,070	-	-	-	25,851,070
Other payables	1,567,276	-	-	-	1,567,276
Long-term liabilities - current portion	13,966	447,457	-	-	461,423
Bonds payable	45,439	64,103	2,299,340	3,208,218	5,617,100
Long-term borrowings	954,407	-	-	-	954,407
Lease liabilities	64,909	180,319	445,790	30,455	721,473
	<u>\$ 145,158,611</u>	<u>\$ 1,902,325</u>	<u>\$ 8,322,021</u>	<u>\$ 3,238,673</u>	<u>\$ 158,621,630</u>

As of September 30, 2023, December 31, 2022 and September 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	September 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	\$ 22,199,071	\$ 20,857,080	\$ 22,199,071	\$ 20,857,080	\$ 1,341,991
Financial assets at fair value through other comprehensive income	12,332,174	11,612,999	12,332,174	11,612,999	719,175
Bond investments under resale agreements	13,260,913	13,812,051	13,260,913	13,812,051	(551,138)

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	September 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	\$ 10,622,980	\$ 10,268,475	\$ 10,622,980	\$ 10,268,475	\$ 354,505
Financial assets at fair value through other comprehensive income	12,832,982	12,746,137	12,832,982	12,746,137	86,845
Bond investments under resale agreements	6,844,942	7,642,083	6,844,942	7,642,083	(797,141)

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:

September 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	\$ 5,920,697	\$ -	\$ 5,920,697	\$ 4,254,427	\$ -	\$ 1,666,270
Bond investments under resale agreements	13,402,821	-	13,402,821	13,402,821	-	-
Accounts receivable for sale of securities	<u>5,897,885</u>	<u>2,881,719</u>	<u>3,016,166</u>	-	-	<u>3,016,166</u>
	<u>\$ 25,221,403</u>	<u>\$ 2,881,719</u>	<u>\$ 22,339,684</u>	<u>\$ 17,657,248</u>	<u>\$ -</u>	<u>\$ 4,682,436</u>



**Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 6,681,977	\$ -	\$ 6,681,977	\$ 4,254,427	\$ -	\$ 2,427,550
Liabilities for bonds with attached repurchase agreements	46,282,130	-	46,282,130	44,156,144	-	2,125,986
Accounts payable for securities purchased	<u>4,137,979</u>	<u>2,881,719</u>	<u>1,256,260</u>	<u>-</u>	<u>-</u>	<u>1,256,260</u>
	<u>\$ 57,102,086</u>	<u>\$ 2,881,719</u>	<u>\$ 54,220,367</u>	<u>\$ 48,410,571</u>	<u>\$ -</u>	<u>\$ 5,809,796</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	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross 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	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross 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>

September 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	\$ 4,701,886	\$ -	\$ 4,701,886	\$ 3,282,163	\$ -	\$ 1,419,723
Bond investments under resale agreements	9,066,718	-	9,066,718	9,066,718	-	-
Accounts receivable for sale of securities	<u>8,201,424</u>	<u>3,303,302</u>	<u>4,898,122</u>	<u>-</u>	<u>-</u>	<u>4,898,122</u>
	<u>\$ 21,970,028</u>	<u>\$ 3,303,302</u>	<u>\$ 18,666,726</u>	<u>\$ 12,348,881</u>	<u>\$ -</u>	<u>\$ 6,317,845</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	\$ 4,786,013	\$ -	\$ 4,786,013	\$ 3,282,163	\$ -	\$ 1,503,850
Liabilities for bonds with attached repurchase agreements	30,656,695	-	30,656,695	28,306,787	-	2,349,908
Accounts payable for securities purchased	<u>11,502,971</u>	<u>3,303,302</u>	<u>8,199,669</u>	<u>-</u>	<u>-</u>	<u>8,199,669</u>
	<u>\$ 46,945,679</u>	<u>\$ 3,303,302</u>	<u>\$ 43,642,377</u>	<u>\$ 31,588,950</u>	<u>\$ -</u>	<u>\$ 12,053,427</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.

## **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.

## **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.

## 51. CROSS-SELLING INFORMATION

For the nine months ended September 30, 2023 and 2022, Bank SinoPac charged SinoPac Securities for \$6,085 and \$5,448, respectively, as opening accounts.

The bonuses Bank SinoPac paid to SinoPac Securities were \$3,941 and \$3,808 for the nine months ended September 30, 2023 and 2022 as part of the cross-selling agreement.

The bonus payments for the nine months ended September 30, 2023 and 2022 made by Bank SinoPac from SinoPac Leasing were \$74 and \$31 as part of the cross-selling agreement.

The bonus Bank SinoPac paid to SinoPac Leasing was \$14 for the nine months ended September 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 Nine Months Ended September 30, 2023**

**(In Thousands of New Taiwan Dollars)**

Business Segment Item	Banking	Security	Others	Consolidated
Net interest revenue	\$ 17,459,996	\$ 774,144	\$ 393,723	\$ 18,627,863
Net revenues other than interest	13,431,088	8,402,819	572,113	22,406,020
Net revenues	30,891,084	9,176,963	965,836	41,033,883
Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,188,133)	(6,574)	(171,702)	(1,366,409)
Operating expenses	(14,391,387)	(6,099,150)	(934,691)	(21,425,228)
Profit (loss) from continuing operations before tax	15,311,564	3,071,239	(140,557)	18,242,246
Income tax (expense) benefit	(2,568,134)	(40,800)	78,433	(2,530,501)
Net income (loss)	12,743,430	3,030,439	(62,124)	15,711,745

**For the Nine Months Ended September 30, 2022**

**(In Thousands of New Taiwan Dollars)**

Business Segment Item	Banking	Security	Others	Consolidated
Net interest revenue	\$ 18,587,840	\$ 855,062	\$ 378,594	\$ 19,821,496
Net revenues other than interest	10,520,441	6,308,885	385,278	17,214,604
Net revenues	29,108,281	7,163,947	763,872	37,036,100
Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,903,598)	(797)	(529)	(1,904,924)
Operating expenses	(13,100,672)	(5,495,616)	(876,613)	(19,472,901)
Profit (loss) from continuing operations before tax	14,104,011	1,667,534	(113,270)	15,658,275
Income tax expense	(2,022,328)	(537,569)	(162,454)	(2,722,351)
Net income (loss)	12,081,683	1,129,965	(275,724)	12,935,924

## 53. PROFITABILITY

### SinoPac Holdings and Its Subsidiaries

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.69	0.64
	After income tax	0.59	0.53
Return on net worth	Before income tax	10.98	10.09
	After income tax	9.46	8.33
Profit margin		38.29	34.93

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 nine months ended September 30, 2023 and 2022.

### SinoPac Holdings

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	8.09	7.28
	After income tax	8.17	7.25
Return on net worth	Before income tax	9.36	8.37
	After income tax	9.46	8.33
Profit margin		98.63	97.07

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 nine months ended September 30, 2023 and 2022.

### Bank SinoPac

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.64	0.64
	After income tax	0.53	0.56
Return on net worth	Before income tax	10.07	10.20
	After income tax	8.42	8.78
Profit margin		42.14	42.45

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2:  $\text{Return on net worth} = \text{Income before (after) income tax} \div \text{Average net worth}$ .

Note 3:  $\text{Profit margin} = \text{Income after income tax} \div \text{Net revenues}$ .

Note 4: Income before (after) tax represents income for the nine months ended September 30, 2023 and 2022.

### SinoPac Securities

(%)

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	2.05	1.08
	After income tax	2.11	0.77
Return on net worth	Before income tax	9.50	5.02
	After income tax	9.78	3.58
Profit margin		32.50	15.78

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} \div \text{Average total assets}$ .

Note 2:  $\text{Return on net worth} = \text{Income before (after) income tax} \div \text{Average net worth}$ .

Note 3:  $\text{Profit margin} = \text{Income after income tax} \div \text{Net revenues}$ .

Note 4: Income before (after) tax represents income for the nine months ended September 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: Note 6
- 12) The related information and proportionate share in investees: Not required disclosure in quarterly report
- 13) Derivative financial transactions: Note 8
- 14) Other material transactions which will affect the decisions of financial report users: Tables 7 to 17
  - 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: Not required disclosure in quarterly report
  - m) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 18
- 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 nine months ended September 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 Nine Months Ended September 30, 2023					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 17,392,885	\$ 813,943	\$ 547,995	\$ 18,754,823	\$ (126,960)	\$ 18,627,863
	Interest income	52,310,079	2,598,355	847,238	55,755,672	(43,296)	55,712,376
	Interest expenses	(34,917,194)	(1,784,412)	(299,243)	(37,000,849)	(83,664)	(37,084,513)
	Service fee and commissions income, net	5,728,606	5,619,995	168,782	11,517,383	(8,234)	11,509,149
	Others	7,772,984	2,809,118	496,200	11,078,302	(181,431)	10,896,871
	Total net revenue	30,894,475	9,243,056	1,212,977	41,350,508	(316,625)	41,033,883
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,188,133)	(6,574)	(171,702)	(1,366,409)	-	(1,366,409)
	Operating expenses	(14,444,800)	(6,139,192)	(620,977)	(21,204,969)	(220,259)	(21,425,228)
	Depreciation and amortization expense	(1,262,567)	(417,094)	(165,116)	(1,844,777)	73,973	(1,770,804)
	Profit (loss) from continuing operations before tax	15,261,542	3,097,290	420,298	18,779,130	(536,884)	18,242,246
	Income tax (expense) benefit	(2,568,134)	(40,800)	(81,024)	(2,689,958)	159,457	(2,530,501)
	Net income (loss)	12,693,408	3,056,490	339,274	16,089,172	(377,427)	15,711,745
		<b>Banking</b>	<b>Security</b>	<b>Others</b>	<b>Operating Segments</b>	<b>Nonoperating Segments (Including Intercompany Transactions)</b>	<b>Total</b>
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 1,130,676	\$ 1,130,676	\$ -	\$ 1,130,676
	Total assets	2,503,420,922	215,228,086	25,566,259	2,744,215,267	(8,523,370)	2,735,691,897

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Nine Months Ended September 30, 2022					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 18,555,712	\$ 863,790	\$ 456,699	\$ 19,876,201	\$ (54,705)	\$ 19,821,496
	Interest income	29,123,438	1,324,668	645,026	31,093,132	(12,960)	31,080,172
	Interest expenses	(10,567,726)	(460,878)	(188,327)	(11,216,931)	(41,745)	(11,258,676)
	Service fee and commissions income, net	6,271,045	5,150,480	134,532	11,556,057	(1,572)	11,554,485
	Others	4,331,016	1,166,192	342,820	5,840,028	(179,909)	5,660,119
	Total net revenue	29,157,773	7,180,462	934,051	37,272,286	(236,186)	37,036,100
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,903,598)	(797)	(529)	(1,904,924)	-	(1,904,924)
	Operating expenses	(13,154,066)	(5,535,174)	(606,625)	(19,295,865)	(177,036)	(19,472,901)
	Depreciation and amortization expense	(1,199,937)	(401,167)	(193,726)	(1,794,830)	76,017	(1,718,813)
	Profit (loss) from continuing operations before tax	14,100,109	1,644,491	326,897	16,071,497	(413,222)	15,658,275
	Income tax expense	(2,022,328)	(537,569)	(104,765)	(2,664,662)	(57,689)	(2,722,351)
	Net income (loss)	12,077,781	1,106,922	222,132	13,406,835	(470,911)	12,935,924
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 978,700	\$ 978,700	\$ -	\$ 978,700
	Total assets	2,299,425,230	190,191,287	26,252,773	2,515,869,290	(9,949,075)	2,505,920,215

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

FINANCING PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 45,428	\$ 45,428	2.00-15.90	Short-term financing	\$ -	Operating use	\$ 88	-	\$ -	\$ 1,421,267 (Note 2)	\$ 1,895,023 (Note 2)
		Hsiang-Ming Fishery Co., Ltd.	Other receivable	No	233,333	163,333	113,333	2.00-15.90	Short-term financing	-	Operating use	2,145	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		ET New Media Holding Co., Ltd.	Other receivable	No	102,174	16,081	16,081	2.00-15.90	Short-term financing	-	Operating use	30	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		Fengxin Development and Investment Co., Ltd.	Other receivable	No	41,984	23,490	23,490	2.00-15.90	Short-term financing	-	Operating use	50	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		Xinyi Construction Co., Ltd.	Other receivable	No	75,200	60,800	60,800	2.00-15.90	Short-term financing	-	Operating use	128	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		TCHING YE FISHERY CO., Ltd.	Other receivable	No	64,500	49,000	49,000	2.00-15.90	Short-term financing	-	Operating use	830	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		Yuanli Engineering Co., Ltd.	Other receivable	No	107,000	66,875	66,875	2.00-15.90	Short-term financing	-	Operating use	1,422	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		HOME-CHAIN FOODS, Ltd.	Other receivable	No	70,000	70,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		Liwei Wind Solar Energy Co., Ltd.	Other receivable	No	60,000	30,000	30,000	2.00-15.90	Short-term financing	-	Operating use	60	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		Taiwan Star Telecom Corporation Limited	Other receivable	No	200,000	200,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		First Flight Frozen Food Co., Ltd.	Other receivable	No	70,000	70,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
		Shin Rong Business Co., Ltd.	Other receivable	No	50,000	46,250	46,250	2.00-15.90	Short-term financing	-	Operating use	1,093	Margin	2,000	1,421,267 (Note 2)	1,895,023 (Note 2)
		LAI-I Metal Industrial Co., Ltd.	Other receivable	No	10,000	9,444	9,444	2.00-15.90	Short-term financing	-	Operating use	228	-	-	1,421,267 (Note 2)	1,895,023 (Note 2)
2	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Other receivable	Yes	2,768,175 (Note 3)	968,656 (Note 3)	968,656 (Note 3)	6.90	Short-term financing	-	Operating use	-	-	-	3,762,338 (Note 3)	3,762,338 (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 \$4,737,558 of SinoPac Leasing as of September 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 2021, and June 2019, the board of directors of SinoPac Securities (Cayman) processed the credit line of US\$30,000 thousand, 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\$30,000 thousand (NT\$968,656), respectively. The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) as of September 30, 2023 was equal to US\$116,522 thousand (NT\$3,762,338). As of September 30, 2023, SinoPac Securities (Cayman) to SinoPac Securities (Asia) the credit line of US\$30,000 thousand, the actual balance of US\$30,000 thousand (NT\$968,656) 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 37,900,462	\$ 4,896,771	\$ 4,896,771	\$ 2,039,234	\$ -	103.36	\$ 37,900,462 (Note 1)	Y	N	Y
		SinoPac Capital International (HK)	Subsidiary	37,900,462	17,629,532	17,597,243	1,559,253	-	371.44	37,900,462 (Note 1)	Y	N	N
2	SinoPac Venture Capital	SinoPac Leasing	Affiliate	1,431,373	407,174	407,174	-	-	14.22	2,862,748 (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 reviewed net worth of SinoPac Leasing as of September 30, 2023 was \$4,737,558.

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 reviewed net worth as of September 30, 2023 was \$2,862,748.

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

SEPTEMBER 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	September 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	543	\$ 33,132	0.08	\$ 33,132	
SinoPac Futures	<u>Stock</u> Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director	Financial assets at fair value through other comprehensive income	1,362	75,526	0.25	75,526	
	GME Group Inc.	-	Financial assets at fair value through other comprehensive income	20	129,222	0.01	129,222	
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at fair value through other comprehensive income	240	24,960	-	24,960	
	GIGA-BYTE Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	80	22,520	0.01	22,520	
	Micro-Star International Co., Ltd.	-	Financial assets at fair value through other comprehensive income	92	15,088	0.01	15,088	
	Realtek Semiconductor Corp.	-	Financial assets at fair value through other comprehensive income	60	23,700	0.01	23,700	
	Everlight Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	316	14,820	0.07	14,820	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income	416	23,046	0.07	23,046	
	Mediatek Inc.	-	Financial assets at fair value through other comprehensive income	35	25,725	-	25,725	
	Huaku Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	161	14,458	0.06	14,458	
	WT Microelectronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	221	24,642	0.02	24,642	
	Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income	41	14,555	0.05	14,555	
	Arcadyan Technology Corporation	-	Financial assets at fair value through other comprehensive income	116	18,734	0.05	18,734	
	Wpg Holdings Limited	-	Financial assets at fair value through other comprehensive income	506	30,664	0.03	30,664	
	Continental Holdings Corporation	-	Financial assets at fair value through other comprehensive income	335	8,978	0.44	8,978	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	190	\$ 20,805	-	\$ 20,805	
	Taidoc Technology Corporation	-	Financial assets at fair value through other comprehensive income	67	9,983	0.07	9,983	
	Far Eastone Telecommunications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	229	16,648	0.01	16,648	
	Primax Electronics Ltd.	-	Financial assets at fair value through other comprehensive income	202	13,978	0.04	13,978	
	Simplo Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	48	16,080	0.03	16,080	
	Powertech Technology Inc.	-	Financial assets at fair value through other comprehensive income	151	15,327	0.02	15,327	
	Sitronix Technology Corp.	-	Financial assets at fair value through other comprehensive income	61	16,989	0.05	16,989	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income	387	15,267	0.05	15,267	
	<u>Fund</u>							
	Yuanta Global Leaders Balanced Fund - TWD (A)	-	Financial assets at fair value through profit or loss	977	11,250	-	11,250	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,210	-	20,210	
	Yuanta Japan Leaders Equity Fund - TWD (A)	-	Financial assets at fair value through profit or loss	2,500	24,375	-	24,375	
	Fubon US Treasury Inflation-Linked Bond Index Fund (A)	-	Financial assets at fair value through profit or loss	1,945	20,163	-	20,163	
	Cathay 3-Year Maturity Global Market Investment Grade Bond Fund A	-	Financial assets at fair value through profit or loss	500	5,145	-	5,145	
	Cathay 15+ Year Technology Bond Select ETF	-	Financial assets at fair value through profit or loss	250	7,813	-	7,813	
	Cathay FTSE Emerging Markets ETF	-	Financial assets at fair value through profit or loss	500	9,950	-	9,950	
	Cathay Korea/Taiwan IT Premier ETF	-	Financial assets at fair value through profit or loss	300	8,334	-	8,334	
SinoPac Venture Capital	<u>Stock</u>							
	Taigen Biopharmaceuticals Holdings Limited	Related party	Financial assets at fair value through profit or loss	20,589	297,513	2.87	297,513	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,222	39,104	1.28	39,104	
	Kuang Hong Arts Management Incorporation	-	Financial assets at fair value through profit or loss	238	12,306	0.79	12,306	
	3S Silicon Tech, Inc.	-	Financial assets at fair value through profit or loss	1,992	22,707	5.36	22,707	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Centera Photonics Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,342	\$ 16,879	3.43	\$ 16,879	
	M2 Communication Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	99	352	0.99	352	
	Protectlife International Biomedical Inc.	Affiliate of SinoPac Venture Capital's manager	Financial assets at fair value through profit or loss	600	6,000	3.09	6,000	
	Andros Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	515	14,394	1.48	14,394	
	J-metrics Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	8,136	4.30	8,136	
	Taisys Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	380	3,203	1.66	3,203	
	DA HO Marketing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,050	16,475	12.20	16,475	
	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	85,653	3.24	85,653	
	Global Investment Holdings	-	Financial assets at fair value through profit or loss	261	2,226	2.50	2,226	
	Boston Life Science Venture Co.	-	Financial assets at fair value through profit or loss	3,690	812	5.00	812	
	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	29,664	4.84	29,664	
	Taiwania Capital Buffalo II Bioventures, LP	-	Financial assets at fair value through profit or loss	-	81,158	-	81,158	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	716	40,740	2.98	40,740	
	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	4.53	120,000	
	Evergreen Steel Corporation	-	Financial assets at fair value through profit or loss	1,200	85,200	0.29	85,200	
	Active Technology Engineering Inc.	Affiliate of SinoPac Venture Capital's manager	Financial assets at fair value through profit or loss	1,637	34,962	9.99	34,962	
	Lian Hong Art CO., Ltd.	-	Financial assets at fair value through profit or loss	126	3,025	0.33	3,025	
	Infinity Communication Tech. Inc. (Preferred stock A)	Affiliate of Bank SinoPac's directors	Financial assets at fair value through profit or loss	2,000	23,660	2.64	23,660	
	Morrison Opto-Electronics Ltd.	-	Financial assets at fair value through profit or loss	682	58,056	2.98	58,056	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Biogen Therapeutics Co., Ltd.	-	Financial assets at fair value through profit or loss	849	\$ 30,564	0.69	\$ 30,564	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	1,000	47,120	2.84	47,120	
	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	-	44,909	-	44,909	
	GE Technology Inc.	-	Financial assets at fair value through profit or loss	479	17,036	2.01	17,036	
	High Entropy Materials, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	2,500	17,975	5.25	17,975	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	1,027	108,862	0.27	108,862	
	Mega Union Technology Inc.	-	Financial assets at fair value through profit or loss	755	104,568	1.24	104,568	
	Medeon Biodesign Inc.	Related party	Financial assets at fair value through profit or loss	458	23,796	0.50	23,796	
	Phoenix Pioneer Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,051	47,840	1.03	47,840	
	PharmaEssentia Corp.	-	Financial assets at fair value through profit or loss	405	118,102	0.12	118,102	
	Airoha Technology Corp.	-	Financial assets at fair value through profit or loss	60	32,433	0.04	32,433	
	Mercuries F&B Co., Ltd.	-	Financial assets at fair value through profit or loss	350	31,500	0.58	31,500	
	Asia Best Life Care Co., Ltd.	-	Financial assets at fair value through profit or loss	2,748	45,229	1.60	45,229	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	4	39,142	1.57	39,142	
	CGK International Co., Ltd.	-	Financial assets at fair value through profit or loss	1,800	23,778	4.12	23,778	
	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	21,060	4.58	21,060	
	Apollo Medical Optics Inc.	-	Financial assets at fair value through profit or loss	1,667	13,183	3.48	13,183	
	Telexpress Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	542	5,822	3.39	5,822	
	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	27,846	8.50	27,846	

(Continued)



Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Lian An Services Co., Ltd.	Affiliate of Bank SinoPac's manager	Financial assets at fair value through other comprehensive income	125	\$ 1,906	5.00	\$ 1,906	
	Ecrowd Media Inc.	Affiliate of SPH board of director	Financial assets at fair value through other comprehensive income	1,863	46,347	9.19	46,347	
	Mei Ta Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income	212	165,785	0.49	165,785	
	Sheng Ho Energy Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income	9,990	118,781	9.99	118,781	
	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	854	6,279	11.69	6,279	
	Neutron Innovation (BVI) Limited	-	Financial assets at fair value through other comprehensive income	1,569	56,184	6.02	56,184	
	Mozido C-1	-	Financial assets at fair value through other comprehensive income	60	405	0.01	405	
	Mozido C-2	-	Financial assets at fair value through other comprehensive income	259	1,753	0.05	1,753	
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	7	614	-	614	
	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	8,189	-	8,189	
SinoPac Securities Venture Capital	<u>Stock</u> Greenfiltec Ltd.	-	Financial assets at fair value through profit or loss	128	7,586	0.58	7,586	
	SunWay Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	121	9,595	0.36	9,595	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	601	56,545	1.00	56,545	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	260	27,560	0.07	27,560	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	500	23,560	1.42	23,560	
	Green Shepherd Corporation	-	Financial assets at fair value through profit or loss	392	6,668	2.77	6,668	
	Tantti Laboratory Inc.	-	Financial assets at fair value through profit or loss	300	6,021	0.85	6,021	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Capital (Asia)	Chenfeng Optronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500	\$ 44,025	1.60	\$ 44,025	
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	800	32,856	2.16	32,856	
	Taiwan Web Service Corporation	-	Financial assets at fair value through profit or loss	5,000	57,900	7.46	57,900	
	Horizon Fixture Group Co., Ltd.	-	Financial assets at fair value through profit or loss	550	38,775	1.13	38,775	
	Techzone Technology Materials Co., Ltd.	-	Financial assets at fair value through profit or loss	900	52,470	1.05	52,470	
	<u>Bond</u>							
	SOCGEN 3.5 07/09/26 EMTN	-	Financial assets at fair value through profit or loss	10,000	42,599	-	42,599	
	QNB FINANCE LTD 2.8% 24FEB2028	-	Financial assets at fair value through profit or loss	30	125	-	125	
	COFCO 4.625 11/12/23	-	Financial assets at fair value through profit or loss	400	12,891	-	12,891	
	SOCGEN 4.25 04/14/25 REGS	-	Financial assets at fair value through profit or loss	200	6,204	-	6,204	
	SAIL 2004-10 M1	-	Financial assets at fair value through profit or loss	5,000	21,519	-	21,519	
	KSA 3.25 10/26/26 REGS	-	Financial assets at fair value through profit or loss	10	303	-	303	
	BOCAVI F 05/21/25 GMTN	-	Financial assets at fair value through profit or loss	500	16,099	-	16,099	
	WB 3.5 07/05/24	-	Financial assets at fair value through profit or loss	2,000	63,108	-	63,108	
	ABIBB 4.7 02/01/36 REGS	-	Financial assets at fair value through profit or loss	150	4,453	-	4,453	
	CSSSHI 2.5 02/13/25	-	Financial assets at fair value through profit or loss	2,000	61,454	-	61,454	
	MAYMK F 08/16/24 EMTN	-	Financial assets at fair value through profit or loss	3,000	97,101	-	97,101	
	CHLEAS 3.75 10/22/23 EMTN	-	Financial assets at fair value through profit or loss	300	9,608	-	9,608	
	SINO TRENDY INVST 2.95% 30OCT2025	-	Financial assets at fair value through profit or loss	300	8,973	-	8,973	
	SAUDI ARABIAN OIL CO 1.625% 24NOV2025	-	Financial assets at fair value through profit or loss	600	17,673	-	17,673	
MIZUHO FIN GRP CAYMAN 3 4.6% 27MAR2024	-	Financial assets at fair value through profit or loss	400	12,793	-	12,793		
SK BATTERY AMERICA INC 1.625% 26JAN2024	-	Financial assets at fair value through profit or loss	200	6,351	-	6,351		

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	LEVC FINANCE LTD 1.375% 25MAR2024	-	Financial assets at fair value through profit or loss	200	\$ 6,308	-	\$ 6,308	
	TALENT YIELD INTNTNL 2% 06MAY2026	-	Financial assets at fair value through profit or loss	1,000	29,362	-	29,362	
	ZHEJIANG EXPRESSWAY CO 1.638% 14JUL2026	-	Financial assets at fair value through profit or loss	1,000	28,784	-	28,784	
	KOREA INV & SECS CO LTD 1.375% 19JUL2024	-	Financial assets at fair value through profit or loss	1,000	30,956	-	30,956	
	ANHUI TRANSPORTATION HK 1.618% 26AUG2026	-	Financial assets at fair value through profit or loss	1,400	40,011	-	40,011	
	BOC AVIATION LTD 4% 25JAN2024	-	Financial assets at fair value through profit or loss	200	6,412	-	6,412	
	ZHENGZHOU METRO GROUP 1.915% 15NOV2024	-	Financial assets at fair value through profit or loss	3,700	113,333	-	113,333	
	NATIONAL AUSTRALIA BANK 0.700003% 12JAN2027	-	Financial assets at fair value through profit or loss	500	16,030	-	16,030	
	NATIONAL AUSTRALIA BANK 0.430003% 12JAN2025	-	Financial assets at fair value through profit or loss	500	16,104	-	16,104	
	QIB SUKUK LTD 3.982% 26MAR2024	-	Financial assets at fair value through profit or loss	500	15,951	-	15,951	
	MORGAN STANLEY 0.67433% 24JAN2025	-	Financial assets at fair value through profit or loss	1,000	32,198	-	32,198	
	CREDIT SUISSE AG LONDON 7.73% 15JUN2028	-	Financial assets at fair value through profit or loss	7,000	11,770	-	11,770	
	SUNNY OPTICAL TECH 5.95% 17JUL2026	-	Financial assets at fair value through profit or loss	1,000	32,075	-	32,075	
	SK HYNIX INC 6.25% 17JAN2026	-	Financial assets at fair value through profit or loss	500	16,126	-	16,126	
	MERCEDES-BENZ FIN NA 4.95% 30MAR2025	-	Financial assets at fair value through profit or loss	1,000	31,981	-	31,981	
	JPMORGAN CHASE & CO 4.323% 26APR2028	-	Financial assets at fair value through profit or loss	1,000	30,596	-	30,596	
	FORCAY 3.375 04/22/25	-	Financial assets at fair value through profit or loss	200	6,211	-	6,211	
	STANLN 4.3 02/19/27 REGS	-	Financial assets at fair value through profit or loss	150	4,527	-	4,527	
	MITSUBISHI UFJ FINANCIAL GROUP, INC. (MUG) 5.719% 20FEB2026	-	Financial assets at fair value through profit or loss	500	16,055	-	16,055	
	VOLKSWAGEN GROUP AMERICA 3.95% 06JUN2025	-	Financial assets at fair value through profit or loss	780	24,352	-	24,352	
	STANLN 5.2 01/26/24 REGS	-	Financial assets at fair value through profit or loss	1,800	57,782	-	57,782	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	NATIXIS/SINGAPORE 0% 16NOV2023	-	Financial assets at fair value through profit or loss	2,000	\$ 64,055	-	\$ 64,055	
	ELECTRICITE DE FRANCE SA 5.7% 23MAY2028	-	Financial assets at fair value through profit or loss	1,000	31,934	-	31,934	
	BLACKROCK INC 4.75% 25MAY2033	-	Financial assets at fair value through profit or loss	1,000	30,322	-	30,322	
	NIPLIF V5.1 10/16/44 REGS	-	Financial assets at fair value through profit or loss	1,100	34,889	-	34,889	
	XIAOMI BEST TIME INTL 2.875% 14JUL2031	-	Financial assets at fair value through profit or loss	1,000	23,960	-	23,960	
	EMIRATES NBD BANK PJSC 3.6% 09NOV2031	-	Financial assets at fair value through profit or loss	300	5,165	-	5,165	
	CHINA LIFE INSU OVERS/HK 5.35% 15AUG2033	-	Financial assets at fair value through profit or loss	1,000	31,534	-	31,534	
	MASQUH 4 08/06/25 EMTN	-	Financial assets at fair value through profit or loss	9,760	43,231	-	43,231	
	C 4.4 06/10/25	-	Financial assets at fair value through profit or loss	270	8,455	-	8,455	
	SOCGEN 4.75 11/24/25 REGS	-	Financial assets at fair value through profit or loss	350	10,798	-	10,798	
	STANLN 4.05 04/12/26 REGS	-	Financial assets at fair value through profit or loss	200	6,162	-	6,162	
	ABNANV 4.75 07/28/25 REGS	-	Financial assets at fair value through profit or loss	350	10,939	-	10,939	
	GS 4.25 10/21/25	-	Financial assets at fair value through profit or loss	240	7,463	-	7,463	
	DAIGR 8.5 01/18/31	-	Financial assets at fair value through profit or loss	500	19,117	-	19,117	
	MITSUBISHI HC CAPITAL 5.08% 15SEP2027	-	Financial assets at fair value through profit or loss	280	8,784	-	8,784	
	RBS 6 12/19/23	-	Financial assets at fair value through profit or loss	107	3,450	-	3,450	
	C 3.3 05/22/24 GMTN	-	Financial assets at fair value through profit or loss	40,260	176,427	-	176,427	
	EMIRATES NBD BANK PJSC 3.76% 24NOV2027	-	Financial assets at fair value through profit or loss	10,100	44,367	-	44,367	
	ADCBUH F 06/20/24 EMTN	-	Financial assets at fair value through other comprehensive income	5,000	161,399	-	161,399	
	QIBKQD F 02/07/25 EMTN	-	Financial assets at fair value through other comprehensive income	6,000	195,254	-	195,254	
	TAISEM 1 09/28/27	-	Financial assets at fair value through other comprehensive income	3,000	81,524	-	81,524	
	SINOPE 1.45 01/08/26	-	Financial assets at fair value through other comprehensive income	4,000	118,034	-	118,034	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	HYNMTR 1.3 01/08/26	-	Financial assets at fair value through other comprehensive income	1,000	\$ 29,093	-	\$ 29,093	
	HYNMTR 1.8 01/08/28	-	Financial assets at fair value through other comprehensive income	1,000	26,997	-	26,997	
	QNBK 1 3/8 01/26/26	-	Financial assets at fair value through other comprehensive income	3,000	87,429	-	87,429	
	CNOOC 4 1/2 10/03/23	-	Financial assets at fair value through other comprehensive income	4,000	129,141	-	129,141	
	FORCAY 3 3/8 04/22/25	-	Financial assets at fair value through other comprehensive income	6,720	208,699	-	208,699	
	BOCAVI 1 5/8 04/29/24	-	Financial assets at fair value through other comprehensive income	5,000	157,287	-	157,287	
	SANUK 1.673 06/14/27	-	Financial assets at fair value through other comprehensive income	2,000	56,508	-	56,508	
	SMBCAC 2.3 06/15/28	-	Financial assets at fair value through other comprehensive income	3,000	81,394	-	81,394	
	HPQ 1.45 06/17/26	-	Financial assets at fair value through other comprehensive income	1,000	28,902	-	28,902	
	ARAMCO 1.602 06/17/26	-	Financial assets at fair value through other comprehensive income	2,000	58,092	-	58,092	
	HYNMTR 2 06/15/28	-	Financial assets at fair value through other comprehensive income	500	13,401	-	13,401	
	HYNMTR 1 1/2 06/15/26	-	Financial assets at fair value through other comprehensive income	500	14,346	-	14,346	
	NOMURA 1.653 07/14/26	-	Financial assets at fair value through other comprehensive income	3,000	85,494	-	85,494	
	MIZUHO 1.554 07/09/27	-	Financial assets at fair value through other comprehensive income	1,000	28,532	-	28,532	
	CJIANT 1 3/8 08/25/24	-	Financial assets at fair value through other comprehensive income	5,000	154,536	-	154,536	
	CMINLE 1 1/4 09/16/24	-	Financial assets at fair value through other comprehensive income	5,000	154,113	-	154,113	
	ICBCIL 1 5/8 11/02/24	-	Financial assets at fair value through other comprehensive income	4,000	123,112	-	123,112	
	FUBBAN 4.08 01/09/25	-	Financial assets at fair value through other comprehensive income	25,000	110,237	-	110,237	
	NOMURA 3.25 09/15/25 EMTN	-	Financial assets at fair value through other comprehensive income	10,000	44,095	-	44,095	
	<u>Stock</u>							
	Power Assets Holdings Ltd.	-	Financial assets at fair value through other comprehensive income	270	42,153	0.01	42,153	
	PCCW Solutions Limited	-	Financial assets at fair value through other comprehensive income	1,747	25,739	0.02	25,739	
	China Construction Bank Corporation	-	Financial assets at fair value through other comprehensive income	2,458	44,837	-	44,837	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Lenovo Group Limited	-	Financial assets at fair value through other comprehensive income	1,568	\$ 52,222	0.01	\$ 52,222	
	CK Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income	252	38,532	0.01	38,532	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through other comprehensive income	2,706	42,102	-	42,102	
	BOC Hong Kong (Holdings) Limited	-	Financial assets at fair value through other comprehensive income	456	40,367	-	40,367	
	Bank of Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,996	39,046	0.01	39,046	
	Far East Horizon Limited	-	Financial assets at fair value through other comprehensive income	959	22,322	0.02	22,322	
	Bank of China Limited	-	Financial assets at fair value through other comprehensive income	3,234	36,570	-	36,570	
	China Galaxy Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,025	33,755	0.05	33,755	
	<u>Fund</u>							
	FA CSOP BTC	-	Financial assets at fair value through other comprehensive income	500	23,916	-	23,916	
	FA CSOP ETH	-	Financial assets at fair value through other comprehensive income	500	20,779	-	20,779	
	SAMSUNG NYSE FANG+ ETF	-	Financial assets at fair value through other comprehensive income	200	17,812	-	17,812	
	FA SAMSUNG BTC	-	Financial assets at fair value through other comprehensive income	1,000	46,305	-	46,305	

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of Dollars or Shares, Currency is New Taiwan Dollar, Unless Otherwise Stated)

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units	Amount	Units	Amount	Carrying Value	Gain (Loss) on Disposal	Units	Amount
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 nine months ended September 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**

**SEPTEMBER 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	\$ 2,596,397 (Note 1)	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SPH	Parent company of Bank SinoPac	1,055,666 (Note 1)	-	-	-	-	-
SinoPac Securities	SPH	Parent company of SinoPac Securities	339,838 (Note 1)	-	-	-	-	-
SinoPac Leasing	SPH	Parent company of SPL	306,666 (Note 1)	-	-	-	-	-
SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiary of SinoPac Securities (Cayman)	968,656 (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 INVESTEES**

**TRADING INFORMATION - SALE OF NONPERFORMING LOANS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)**

<b>Date</b>	<b>Counterparty</b>	<b>Loans</b>	<b>Carrying Amount (Note)</b>	<b>Selling Price</b>	<b>Gain (Loss) on Disposal</b>	<b>Attachment</b>	<b>Relation</b>
<u>Bank SinoPac</u> July 25, 2023	Deutsche Bank AG New York Branch	Corporate banking unsecured (Syndicated loan)	\$ 249,675	\$ 244,293	\$ (5,382)	No	Not related to the company and its subsidiaries

Note: Carrying amounts were original credit amount net of doubtful account.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

## TOTAL BOOK VALUE OF MAXIMUM CREDIT RISK EXPOSURES FINANCIAL ASSETS

SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

September 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	\$ 773,400,574	\$ 757,881	\$ 4,257,699	\$ 778,416,154	\$ 2,597,855	\$ 377,257	\$ 689,847	\$ 6,016,679	\$ 9,681,638	
Consumer banking	671,521,544	4,146,036	1,137,553	676,805,133	115,228	157,987	226,628	8,623,255	9,123,098	
Receivables										
Credit card receivable	19,586,513	275,153	629,955	20,491,621	3,010	4,613	23,557	119,333	150,513	
Net accounts receivable - factoring (Note 1)	10,934,757	-	-	10,934,757	9,143	-	-	179,541	188,684	
Other receivable	86,125,850	157,490	4,032,601	90,315,941	89,005	11,628	320,521	132,878	554,032	
Other financial assets (Note 2)	3,521,277	21,471	135,104	3,677,852	31,405	5,666	115,831	-	152,902	
Debt instrument at fair value through other comprehensive income	319,928,304	-	-	319,928,304	40,658	-	-	-	40,658	
Investments in debt instruments at amortized cost	302,082,873	-	-	302,082,873	24,325	-	-	-	24,325	

(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	52,761,352	116,768	380,355	53,258,475	66,607	7,372	288,849	59,686	422,514
Other financial assets (Note 2)	2,157,959	21,573	137,736	2,317,268	18,587	2,747	119,288	-	140,622
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

September 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	\$ 687,946,430	\$ 198,417	\$ 3,837,636	\$ 691,982,483	\$ 1,655,684	\$ 47,938	\$ 523,094	\$ 6,971,789	\$ 9,198,505
Consumer banking	619,023,558	4,054,508	1,117,976	624,196,042	111,860	168,443	177,074	7,918,197	8,375,574
Receivables									
Credit card receivable	18,607,716	227,257	694,902	19,529,875	3,497	4,634	23,584	139,882	171,597
Net accounts receivable - factoring (Note 1)	13,658,313	-	-	13,658,313	16,185	-	-	203,423	219,608
Other receivable	62,335,960	1,033,625	348,875	63,718,460	57,743	9,221	262,588	84,136	413,688
Other financial assets (Note 2)	2,650,646	292	122,273	2,773,211	20,131	-	107,191	-	127,322
Debt instrument at fair value through other comprehensive income	287,033,451	-	-	287,033,451	54,343	-	-	-	54,343
Investments in debt instruments at amortized cost	224,594,421	-	-	224,594,421	16,463	-	-	-	16,463

(Continued)

Note 1: Accounts receivable - factoring and accounts payable - factoring are offset and presented net.

Note 2: The amounts of other financial assets include short advances and non-performing receivables transferred other than loans, long-term lease receivables and installment.

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

CHANGE IN ALLOWANCE FOR DISCOUNTS AND LOANS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

For the Nine Months Ended September 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	(12,512)	962,095	(18,372)	931,211	-	931,211
From conversion to credit-impaired financial assets	(170,704)	(214,102)	604,259	219,453	-	219,453
To 12-month ECL	3,223	(182,837)	(40,522)	(220,136)	-	(220,136)
Derecognizing financial assets during the current period	(2,744,845)	(298,872)	(115,421)	(3,159,138)	-	(3,159,138)
Purchased or originated new financial assets	3,054,291	7,834	75,432	3,137,557	-	3,137,557
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	468,548	468,548
Write-off	-	-	(391,803)	(391,803)	(41,744)	(433,547)
Change in model/risk parameters	84,489	(26,070)	(1,389)	57,030	-	57,030
Effect of exchange rate changes and others	42,570	(2)	80,800	123,368	67,905	191,273
Balance, September 30	<u>\$ 2,713,083</u>	<u>\$ 535,244</u>	<u>\$ 916,475</u>	<u>\$ 4,164,802</u>	<u>\$ 14,639,934</u>	<u>\$ 18,804,736</u>

(Continued)

For the Nine Months Ended September 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	(9,376)	561,023	(27,802)	523,845	-	523,845
From conversion to credit-impaired financial assets	(904)	(313,913)	259,202	(55,615)	-	(55,615)
To 12-month ECL	4,849	(457,011)	(80,009)	(532,171)	-	(532,171)
Derecognizing financial assets during the current period	(2,003,460)	(137,104)	(349,981)	(2,490,545)	-	(2,490,545)
Purchased or originated new financial assets	1,941,726	6,077	95,068	2,042,871	-	2,042,871
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	2,658,785	2,658,785
Write-off	-	-	(667,675)	(667,675)	(213,696)	(881,371)
Change in model/risk parameters	(25,183)	(5,642)	(25,028)	(55,853)	-	(55,853)
Effect of exchange rate changes and others	98,973	209	468,270	567,452	238,842	806,294
Balance, September 30	<u>\$ 1,767,544</u>	<u>\$ 216,381</u>	<u>\$ 700,168</u>	<u>\$ 2,684,093</u>	<u>\$ 14,889,986</u>	<u>\$ 17,574,079</u>

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

CHANGES IN ALLOWANCE FOR RECEIVABLES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

For the Nine Months Ended September 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	\$ 431,538	\$ 552,693	\$ 393,951	\$ 946,644
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(1,187)	15,076	(5,902)	7,987	-	7,987
From conversion to credit-impaired financial assets	(150)	(22,314)	98,864	76,400	-	76,400
To 12-month ECL	1,114	(3,352)	(339)	(2,577)	-	(2,577)
Derecognizing financial assets during the current period	(70,184)	(16,917)	(23,960)	(111,061)	-	(111,061)
Purchased or originated new financial assets	93,763	26,779	44,919	165,461	-	165,461
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	109,224	109,224
Write-off	(1)	(296)	(88,819)	(89,116)	(78,479)	(167,595)
Change in model/risk parameters	(1,763)	5,027	(790)	2,474	-	2,474
Effect of exchange rate changes and others	5,825	1,895	4,398	12,118	7,056	19,174
Balance, September 30	<u>\$ 132,563</u>	<u>\$ 21,907</u>	<u>\$ 459,909</u>	<u>\$ 614,379</u>	<u>\$ 431,752</u>	<u>\$ 1,046,131</u>

Note: The amounts of receivable include receivable and other financial assets.

(Continued)

For the Nine Months Ended September 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	\$ 441,608	\$ 562,465	\$ 478,159	\$ 1,040,624
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(4,358)	23,520	(8,874)	10,288	-	10,288
From conversion to credit-impaired financial assets	(354)	(14,170)	54,080	39,556	-	39,556
To 12-month ECL	221	(2,612)	(171)	(2,562)	-	(2,562)
Derecognizing financial assets during the current period	(68,607)	(11,101)	(32,257)	(111,965)	-	(111,965)
Purchased or originated new financial assets	63,863	85	15,341	79,289	-	79,289
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(17,699)	(17,699)
Write-off	(1)	(198)	(99,709)	(99,908)	(56,013)	(155,921)
Change in model/risk parameters	2,505	(2,934)	(1,690)	(2,119)	-	(2,119)
Effect of exchange rate changes and others	3,200	1,495	25,035	29,730	22,994	52,724
Balance, September 30	<u>\$ 97,556</u>	<u>\$ 13,855</u>	<u>\$ 393,363</u>	<u>\$ 504,774</u>	<u>\$ 427,441</u>	<u>\$ 932,215</u>

Note: The amounts of receivable include receivables and other financial assets.

(Concluded)



**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES**

**CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

For the Nine Months Ended September 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	4,437	-	-	4,437
Derecognized	(6,567)	-	-	(6,567)
Change in model/risk parameters	(9,957)	-	-	(9,957)
Effect of exchange rate changes and others	1,515	-	-	1,515
Balance September 30	<u>\$ 40,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,658</u>

For the Nine Months Ended September 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	14,024	-	-	14,024
Derecognized	(10,509)	-	-	(10,509)
Change in model/risk parameters	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	2,025	-	-	2,025
Balance September 30	<u>\$ 54,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,343</u>

**TABLE 11****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT AMORTIZED COST  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

For the Nine Months Ended September 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	9,257	-	-	9,257
Derecognized	(1,289)	-	-	(1,289)
Change in model/risk parameters	(1,302)	-	-	(1,302)
Effect of exchange rate changes and others	885	-	-	885
Balance September 30	<u>\$ 24,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,325</u>

For the Nine Months Ended September 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	3,567	-	-	3,567
Derecognized	(40)	-	-	(40)
Change in model/risk parameters	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	670	-	-	670
Balance September 30	<u>\$ 16,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,463</u>

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

RELATED-PARTY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 549,681	Note 4	0.02
		Bank SinoPac	a	Receivables, net	1,435,025	Note 4	0.05
		Bank SinoPac	a	Current income tax assets	1,161,287	Note 4	0.04
		Bank SinoPac	a	Payables	646	Note 4	-
		Bank SinoPac	a	Current income tax liabilities	1,055,020	Note 4	0.04
		SinoPac Securities	a	Current income tax assets	57,038	Note 4	-
		SinoPac Securities	a	Current income tax liabilities	332,557	Note 4	0.01
		SinoPac Securities	a	Other liabilities	251	Note 4	-
		SinoPac Leasing	a	Current income tax assets	12,058	Note 4	-
		SinoPac Leasing	a	Investments accounted for using equity method	47,463	Note 4	-
		SinoPac Leasing	a	Right-of-use assets, net	558,357	Note 4	0.02
		SinoPac Leasing	a	Current income tax liabilities	306,666	Note 4	0.01
		SinoPac Leasing	a	Lease liabilities	613,224	Note 4	0.02
		SinoPac Leasing	a	Interest expenses	22,063	Note 4	0.05
		SinoPac Leasing	a	Depreciation and amortization expense	34,753	Note 4	0.08
1	Bank SinoPac	SinoPac Financial Holdings	b	Receivables, net	646	Note 4	-
		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	1,161,287	Note 4	0.04
		SinoPac Financial Holdings	b	Deposits and remittances	549,681	Note 4	0.02
		Bank SinoPac (China) Ltd.	c-1	Due from the Central Bank and call loans to other banks, net	2,532,723	Note 4	0.09
		Bank SinoPac (China) Ltd.	c-1	Receivables, net	111,581	Note 4	-
		SinoPac Securities	c-1	Deposits and remittances	2,903,917	Note 4	0.11
		SinoPac Securities	c-1	Net other revenue other than interest income	22,840	Note 4	0.06
		SinoPac Securities Investment Service	c-1	Deposits and remittances	118,703	Note 4	-
		SinoPac Securities Venture Capital	c-1	Deposits and remittances	124,513	Note 4	-
		SinoPac Leasing	c-1	Investments accounted for using equity method	37,661	Note 4	-
		SinoPac Leasing	c-1	Right-of-use assets, net	518,879	Note 4	0.02
		SinoPac Leasing	c-1	Lease liabilities	563,730	Note 4	0.02
		SinoPac Leasing	c-1	Interest expenses	20,281	Note 4	0.05
SinoPac Leasing	c-1	Depreciation and amortization expense	32,278	Note 4	0.08		
SinoPac Capital International (HK)	c-1	Deposits and remittances	161,688	Note 4	0.01		

(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	\$ 2,532,723 111,581	Note 4 Note 4	0.09 -
3	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	b b b c-2 c-2 c-2 c-2 c-2 c-2 c-2 c-2 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 Other financial assets, net	320,559 12,249 57,038 1,698,357 1,121 1,205,560 29,406 30,090 286 148 22,265 320,655	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 - - 0.06 - 0.04 - - - - - 0.05 0.01
4	SinoPac Futures	SinoPac Securities SinoPac Securities (Asia)	c-2 c-1	Other financial liabilities Other financial assets, net	320,655 2,181,743	Note 4 Note 4	0.01 0.08
5	SinoPac Securities Investment Service	Bank SinoPac Bank SinoPac	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	53,703 65,000	Note 4 Note 4	- -
6	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	c-1	Receivables, net	968,656	Note 4	0.04
7	SinoPac Securities Venture Capital	Bank SinoPac	c-2	Cash and cash equivalents, net	124,513	Note 4	-
8	SinoPac Securities (Asia)	SinoPac Futures SinoPac Securities (Cayman)	c-2 c-2	Other financial liabilities Long-term borrowings	2,181,743 968,656	Note 4 Note 4	0.08 0.04
9	SinoPac Leasing	SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings Bank SinoPac	b b b c-2	Current income tax assets Current income tax liabilities Net other revenue other than interest income Net other revenue other than interest income	306,666 12,058 49,412 45,369	Note 4 Note 4 Note 4 Note 4	0.01 - 0.12 0.11
10	SinoPac Capital International (HK)	Bank SinoPac	c-2	Cash and cash equivalents, net	161,688	Note 4	0.01

Note 1: The parent company and subsidiaries are identified as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered in sequence from 1.

(Continued)

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

SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023	December 31, 2022	September 30, 2022	LIABILITIES AND EQUITY	September 30, 2023	December 31, 2022	September 30, 2022
CASH AND CASH EQUIVALENTS	\$ 549,683	\$ 52,710	\$ 70,509	COMMERCIAL PAPERS ISSUED, NET	\$ 14,858,080	\$ 9,412,734	\$ 9,269,502
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	33,132	33,822	35,430	PAYABLES	259,009	198,834	237,123
RECEIVABLES, NET	1,435,253	1,435,123	1,435,132	CURRENT INCOME TAX LIABILITIES	3,223,519	2,845,516	2,886,398
CURRENT INCOME TAX ASSETS	1,271,175	1,060,291	1,180,229	CORPORATE BONDS PAYABLE	9,994,152	9,992,124	9,991,444
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	203,372,021	173,951,963	167,430,986	PREFERRED STOCK LIABILITIES	18,437	18,437	18,437
PROPERTY AND EQUIPMENT, NET	22,681	23,227	23,403	PROVISIONS	63,150	60,169	45,458
RIGHT-OF-USE ASSETS, NET	572,031	614,054	628,518	LEASE LIABILITIES	627,085	661,836	673,465
INTANGIBLE ASSETS, NET	6,106	4,229	4,549	OTHER LIABILITIES	<u>25,464</u>	<u>22,404</u>	<u>22,404</u>
DEFERRED INCOME TAX ASSETS	12,399	11,790	8,843	Total liabilities	<u>29,068,896</u>	<u>23,212,054</u>	<u>23,144,231</u>
OTHER ASSETS, NET	<u>17,757</u>	<u>43,582</u>	<u>24,213</u>	EQUITY			
				Capital stock			
				Common 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>21,056,226</u>	<u>29,555,849</u>	<u>26,406,187</u>
				Total retained earnings	<u>59,492,107</u>	<u>52,152,522</u>	<u>49,002,860</u>
				Other equity	<u>(11,162,525)</u>	<u>(14,200,212)</u>	<u>(17,371,706)</u>
				Total equity	<u>178,223,342</u>	<u>154,018,737</u>	<u>147,697,581</u>
TOTAL	<u>\$ 207,292,238</u>	<u>\$ 177,230,791</u>	<u>\$ 170,841,812</u>	TOTAL	<u>\$ 207,292,238</u>	<u>\$ 177,230,791</u>	<u>\$ 170,841,812</u>

**TABLE 14****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
REVENUES				
Share of profit of subsidiaries for using equity method	\$ 5,751,972	\$ 4,815,849	\$ 16,102,962	\$ 13,424,868
Others	15,476	27,555	53,295	54,819
EXPENSES AND LOSSES				
Operating expenses	(118,984)	(118,137)	(377,916)	(332,549)
Others	<u>(72,025)</u>	<u>(57,859)</u>	<u>(226,054)</u>	<u>(153,525)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	5,576,439	4,667,408	15,552,287	12,993,613
INCOME TAX BENEFIT (EXPENSE)	<u>35,802</u>	<u>40,689</u>	<u>159,458</u>	<u>(57,689)</u>
NET INCOME	5,612,241	4,708,097	15,711,745	12,935,924
OTHER COMPREHENSIVE INCOME	<u>(423,248)</u>	<u>(5,233,763)</u>	<u>4,372,539</u>	<u>(19,025,369)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,188,993</u>	<u>\$ (525,666)</u>	<u>\$ 20,084,284</u>	<u>\$ (6,089,445)</u>
BASIC EARNINGS PER SHARE	<u>\$0.45</u>	<u>\$0.41</u>	<u>\$1.29</u>	<u>\$1.11</u>
DILUTED EARNINGS PER SHARE	<u>\$0.45</u>	<u>\$0.41</u>	<u>\$1.29</u>	<u>\$1.11</u>

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity			Total	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Changes in Fair Value of Financial Liability Attributable to Charge in Credit Risk of Liability		
BALANCE AT JANUARY 1, 2022	\$ 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)	-	-	-	-	-
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 nine months ended September 30, 2022	-	-	-	-	12,935,924	12,935,924	-	-	-	-	12,935,924
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	985,002	(20,054,026)	43,655	(19,025,369)	(19,025,369)
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	12,935,924	12,935,924	985,002	(20,054,026)	43,655	(19,025,369)	(6,089,445)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	304,370	304,370	-	(304,370)	-	(304,370)	-
BALANCE AT SEPTEMBER 30, 2022	<u>\$ 113,837,646</u>	<u>\$ 2,228,781</u>	<u>\$ 22,112,855</u>	<u>\$ 483,818</u>	<u>\$ 26,406,187</u>	<u>\$ 49,002,860</u>	<u>\$ (906,149)</u>	<u>\$ (16,423,330)</u>	<u>\$ (42,227)</u>	<u>\$ (17,371,706)</u>	<u>\$ 147,697,581</u>
BALANCE AT JANUARY 1, 2023	\$ 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)	-	-	-	-	-
Net income for the nine months ended September 30, 2023	-	-	-	-	15,711,745	15,711,745	-	-	-	-	15,711,745
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	258,144	4,097,385	17,010	4,372,539	4,372,539
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	15,711,745	15,711,745	258,144	4,097,385	17,010	4,372,539	20,084,284
Issuance of common stocks for cash	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	-	-	-	-	1,334,852	1,334,852	-	(1,334,852)	-	(1,334,852)	-
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 123,764,399</u>	<u>\$ 6,129,361</u>	<u>\$ 23,751,851</u>	<u>\$ 14,684,030</u>	<u>\$ 21,056,226</u>	<u>\$ 59,492,107</u>	<u>\$ (932,725)</u>	<u>\$ (10,200,165)</u>	<u>\$ (29,635)</u>	<u>\$ (11,162,525)</u>	<u>\$ 178,223,342</u>



**TABLE 16****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF CASH FLOWS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 15,552,287	\$ 12,993,613
Adjustments for:		
Depreciation expense	47,863	47,941
Amortization expense	1,041	695
Interest expenses	174,640	101,323
Interest income	(4,476)	(402)
Dividend revenue	(1,405)	(1,519)
Net change in other provisions	3	2
Share-based payments	424	-
Share of profit of subsidiaries for using equity method	(16,102,962)	(13,424,868)
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(50)	28
Decrease in other assets	26,117	14,278
Increase in payables	49,268	27,908
Increase (decrease) in provisions for employee benefits	2,978	(4,198)
Increase in other liabilities	3,061	-
Interest received	4,104	69
Dividend received	1,207,694	9,018,362
Interest paid	(161,705)	(88,478)
Income tax refunded	<u>325,967</u>	<u>28,993</u>
Net cash generated from operating activities	<u>1,124,849</u>	<u>8,713,747</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(4,700)	(9,363)
Acquisition of investments accounted for using equity method	(10,000,000)	-
Acquisition of intangible assets	<u>(2,274)</u>	<u>(1,726)</u>
Net cash used in investing activities	<u>(10,006,974)</u>	<u>(11,089)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in commercial papers issued	5,445,346	364,246
Issuance of common stock for cash	11,250,000	-
Cash dividend paid	(7,280,259)	(9,016,843)
Payments of lease liabilities	<u>(35,989)</u>	<u>(34,315)</u>
Net cash generated from (used in) financing activities	<u>9,379,098</u>	<u>(8,686,912)</u>

(Continued)

**For the Nine Months Ended  
September 30**

	<u>2023</u>	<u>2022</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 496,973	\$ 15,746
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>\$ 549,683</u>	<u>\$ 70,509</u>

(Concluded)

**Bank SinoPac**  
**Balance Sheets**  
**September 30, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>September 30</b>		<b>Liabilities</b>	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>		<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 23,176,935	\$ 59,271,447	Deposits from the Central Bank and banks	\$ 81,464,084	\$ 94,639,565
Due from the Central Bank and call loans to banks	171,175,142	197,906,525	Financial liabilities at fair value through profit or loss	46,353,247	51,307,528
Financial assets at fair value through profit or loss	88,856,203	79,630,495	Securities sold under repurchase agreements	35,067,434	45,461,315
Financial assets at fair value through other comprehensive income	302,719,734	276,794,514	Payables	29,338,563	16,883,445
Investments in debt instruments at amortized cost	302,058,548	224,577,958	Current income tax liabilities	1,439,173	1,367,784
Securities purchased under resell agreements	55,253,091	50,213,091	Deposits and remittances	1,961,593,880	1,801,706,859
Receivables, net	58,463,133	52,222,975	Bank debentures	58,252,126	56,249,390
Current income tax assets	1,575,110	1,248,628	Other financial liabilities	43,763,555	30,110,917
Discounts and loans, net	1,390,927,776	1,251,922,879	Provisions	2,377,844	2,872,853
Investments accounted for using equity method	10,317,969	10,245,441	Lease liabilities	2,560,024	2,737,372
Other financial assets, net	5,156,216	4,554,110	Deferred income tax liabilities	1,191,065	1,039,083
Property and equipment, net	9,476,388	9,514,764	Other liabilities	6,384,680	3,471,403
Right-of-use assets, net	2,474,619	2,682,835	Total liabilities	<u>2,269,785,675</u>	<u>2,107,847,514</u>
Investment property, net	918,691	1,039,018	<b>Equity</b>		
Intangible assets, net	1,728,105	1,608,853	Capital stock	96,992,508	90,325,841
Deferred income tax assets	1,338,275	1,403,867	Capital surplus	15,581,418	12,147,640
Other assets, net	<u>7,927,437</u>	<u>14,860,878</u>	Retained earnings	62,859,640	46,167,061
			Other equity	(11,675,869)	(16,789,778)
			Total equity	<u>163,757,697</u>	<u>131,850,764</u>
<b>Total assets</b>	<u>\$ 2,433,543,372</u>	<u>\$ 2,239,698,278</u>	<b>Total liabilities and equity</b>	<u>\$ 2,433,543,372</u>	<u>\$ 2,239,698,278</u>

**Bank SinoPac**

**Statements of Comprehensive Income**  
**For the Nine Months Ended September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Interest income	\$ 50,561,358	\$ 27,547,854
Interest expenses	<u>(33,202,605)</u>	<u>(9,858,665)</u>
Net interest revenue	17,358,753	17,689,189
Net revenues other than interest	<u>12,760,085</u>	<u>10,761,560</u>
Net revenue	30,118,838	28,450,749
Bad debts expense, commitment and guarantee liability provision	(1,147,886)	(1,877,666)
Operating expenses	<u>(13,789,743)</u>	<u>(12,547,070)</u>
Profit from continuing operations before tax	15,181,209	14,026,013
Income tax expense	<u>(2,487,801)</u>	<u>(1,948,232)</u>
Net income	12,693,408	12,077,781
Other comprehensive income	<u>3,103,244</u>	<u>(18,206,354)</u>
Total comprehensive income	<u>\$ 15,796,652</u>	<u>\$ (6,128,573)</u>
Basic earnings per share	<u>\$1.34</u>	<u>\$1.34</u>

**TABLE 17-2****SinoPac Securities**

**Balance Sheets**  
**September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 83,139,917	\$ 69,953,698
Current financial assets at fair value through profit or loss	54,998,368	45,247,935
Current financial assets at fair value through other comprehensive income	10,170,078	10,771,755
Non-current financial assets at fair value through profit or loss	133,574	139,718
Non-current financial assets at fair value through other comprehensive income	4,746,231	3,163,927
Investments accounted for using equity method	8,847,601	8,033,805
Property and equipment, net	2,003,690	2,010,916
Right-of-use assets, net	543,919	474,227
Investment property, net	275,030	277,751
Intangible assets	380,621	385,016
Deferred income tax assets	385,501	422,152
Other non-current assets	1,535,828	1,374,906
<b>Total assets</b>	<b>\$ 167,160,358</b>	<b>\$ 142,255,806</b>
<b>Liabilities</b>		
Current liabilities	\$ 128,109,231	\$ 106,836,068
Current lease liabilities	177,090	153,061
Bonds payable	5,000,000	5,000,000
Deferred income tax liabilities	152,919	365,938
Non-current lease liabilities	372,487	324,411
Other non-current liabilities	421,989	480,593
<b>Total liabilities</b>	<b>134,233,716</b>	<b>113,160,071</b>
<b>Equity</b>		
Capital stock	16,212,238	16,212,238
Capital surplus	522,986	476,766
Retained earnings	15,596,484	12,785,573
Other equity	594,934	(378,842)
<b>Total equity</b>	<b>32,926,642</b>	<b>29,095,735</b>
<b>Total liabilities and equity</b>	<b>\$ 167,160,358</b>	<b>\$ 142,255,806</b>

**SinoPac Securities**

**Statements of Comprehensive Income**  
**For the Nine Months Ended September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ 9,405,634	\$ 7,012,648
Commission fees	(417,563)	(380,735)
Employee benefits expense	(3,629,437)	(3,169,427)
Share of profit of subsidiaries for using equity method	758,238	330,051
Other operating expenditure	(1,858,891)	(877,924)
Other operating expense	(1,533,188)	(1,516,982)
Other gains and losses	<u>245,781</u>	<u>152,390</u>
Profit from continuing operations before tax	2,970,574	1,550,021
Income tax benefit (expense)	<u>85,916</u>	<u>(443,099)</u>
Net income	3,056,490	1,106,922
Other comprehensive income	<u>1,049,169</u>	<u>(1,218,642)</u>
Total comprehensive income	<u>\$ 4,105,659</u>	<u>\$ (111,720)</u>
Basic earnings per share	<u>\$1.89</u>	<u>\$0.68</u>

**TABLE 17-3****SinoPac Venture Capital Corporation**

**Balance Sheets**  
**September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 397,923	\$ 260,362
Financial assets at fair value through profit or loss	1,826,322	1,867,853
Financial assets at fair value through other comprehensive income	476,027	358,823
Investments accounted for using equity method	92,025	97,239
Property and equipment, net	197	1,551
Right-of-use assets, net	12,385	3,130
Deferred income tax assets	101,090	90,724
Other non-current assets	382	409
Total assets	\$ 2,906,351	\$ 2,680,091
<b>Liabilities</b>		
Payables	\$ 13,538	\$ 16,718
Current income tax liabilities	6,809	-
Deferred income tax liabilities	9,019	11,603
Provisions	1,826	1,442
Lease liabilities	12,411	3,171
Total liabilities	43,603	32,934
<b>Equity</b>		
Capital stock	2,500,000	2,500,000
Capital surplus	2,105	1,902
Retained earnings	456,108	346,529
Other equity	(95,465)	(201,274)
Total equity	2,862,748	2,647,157
Total liabilities and equity	\$ 2,906,351	\$ 2,680,091

**SinoPac Venture Capital Corporation**

**Statements of Comprehensive Income**  
**For the Nine Months Ended September 30, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 133,952	\$ (95,253)
Operating expenses	<u>(23,645)</u>	<u>(24,250)</u>
Operating income (loss)	110,307	(119,503)
Nonoperating income and expenses	<u>2,566</u>	<u>9,628</u>
Profit (loss) from continuing operations before tax	112,873	(109,875)
Income tax (expense) benefit	<u>(5,161)</u>	<u>6,079</u>
Net income (loss)	107,712	(103,796)
Other comprehensive income	<u>78,181</u>	<u>(3,308)</u>
Total comprehensive income	<u>\$ 185,893</u>	<u>\$ (107,104)</u>
Basic earnings per share	<u>\$0.43</u>	<u>\$(0.42)</u>



**TABLE 17-4****SinoPac Securities Investment Trust Co., Ltd.**

**Balance Sheets**  
**September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 658,518	\$ 698,678
Financial assets at fair value through profit or loss	8,803	92,748
Investments accounted for using equity method	1,038,651	881,461
Property and equipment, net	1,013	3,260
Right-of-use assets, net	5,856	13,431
Intangible assets	-	75
Deferred income tax assets	6,677	4,137
Other non-current assets	122,372	125,449
Total assets	\$ 1,841,890	\$ 1,819,239
<b>Liabilities</b>		
Current liabilities	\$ 30,396	\$ 32,013
Lease liabilities	5,965	13,657
Deferred income tax liabilities	122,536	87,645
Other non-current liabilities	4,387	3,775
Total liabilities	163,284	137,090
<b>Equity</b>		
Capital stock	1,420,000	1,420,000
Capital surplus	1,963	844
Retained earnings	279,826	274,621
Other equity	(23,183)	(13,316)
Total equity	1,678,606	1,682,149
Total liabilities and equity	\$ 1,841,890	\$ 1,819,239

**SinoPac Securities Investment Trust Co., Ltd.**

**Statements of Comprehensive Income**  
**For the Nine Months Ended September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 205,610	\$ 161,296
Operating expenses	<u>(193,253)</u>	<u>(172,204)</u>
Operating income (loss)	12,357	(10,908)
Share of profit of associates for using equity method	123,515	168,322
Nonoperating income and expenses, net	<u>7,947</u>	<u>1,997</u>
Profit from continuing operations before tax	143,819	159,411
Income tax expense	<u>(28,688)</u>	<u>(32,064)</u>
Net income	115,131	127,347
Other comprehensive income	<u>311</u>	<u>17,335</u>
 Total comprehensive income	 <u>\$ 115,442</u>	 <u>\$ 144,682</u>
 Basic earnings per share	 <u>\$0.81</u>	 <u>\$0.90</u>

**TABLE 17-5**

**SinoPac Leasing Corporation**  
**Balance Sheets**  
**September 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 2,520,597	\$ 2,463,607
Investments accounted for using equity method	5,759,919	5,507,017
Property and equipment, net	245,626	331,001
Right-of-use assets, net	177,039	40,589
Investment property, net	5,682,629	5,746,545
Intangible assets	2,385	2,519
Deferred income tax assets	103,258	102,614
Other non-current assets	1,053,365	824,406
Total assets	\$ 15,544,818	\$ 15,018,298
<b>Liabilities</b>		
Current liabilities	\$ 9,692,511	\$ 7,827,410
Lease liabilities - current	34,942	27,069
Current income tax liabilities	20,676	8,619
Long-term borrowings	-	1,498,244
Lease liabilities - non-current	517,119	400,640
Deferred income tax liabilities	187,739	154,317
Other non-current liabilities	354,273	336,328
Total liabilities	10,807,260	10,252,627
<b>Equity</b>		
Capital stock	4,681,044	4,681,044
Capital surplus	3,668	1,498
Retained earnings	173,730	231,866
Other equity	(120,884)	(148,737)
Total equity	4,737,558	4,765,671
Total liabilities and equity	\$ 15,544,818	\$ 15,018,298

**SinoPac Leasing Corporation**

**Statements of Comprehensive Income**  
**For the Nine Months Ended September 30, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 365,994	\$ 367,270
Operating costs	(267,340)	(251,249)
Provision of bad debts expenses	(21,674)	(24,363)
Operating expenses	<u>(163,141)</u>	<u>(160,157)</u>
Operating loss	(86,161)	(68,499)
Nonoperating income and expenses	<u>231,587</u>	<u>304,550</u>
Profit for continuing operations before tax	145,426	236,051
Income tax expense	<u>(28,996)</u>	<u>(37,470)</u>
Net income	116,430	198,581
Other comprehensive income	<u>142,325</u>	<u>395,234</u>
Total comprehensive income	<u>\$ 258,755</u>	<u>\$ 593,815</u>
Basic earnings per share	<u>\$0.25</u>	<u>\$0.42</u>

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of Dollars, currency is New Taiwan Dollar unless otherwise stated)

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 September 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	\$ 881,892	a	\$ 432,127	\$ -	\$ -	\$ 432,127	\$ 252,071	49.00	\$ 123,515	\$ 1,038,651	\$ -
Telexpress (Shanghai) Co., Ltd.	Management consultant	45,324	b	15,464	-	-	15,464	(1,560)	34.21	-	15,464	-
Yangzhou Brightman International Co., Ltd.	Panel thinning	626,968	b	75,255	-	-	75,255	-	11.69	-	75,255	-
Zhong Shan Dong Yi Technology Co., Ltd.	Cover glass	258,308	b	12,915	-	-	12,915	(25,624)	4.12	-	12,915	-
Dong Ming Technology Co., Ltd.	Cover glass	20,635	b	1,041	-	-	1,041	1,444	4.12	-	1,041	-
StreetVoice International Ltd.	Design of software and service for computer system integration	100,833	b	1,782	-	-	1,782	15,360	2.51	-	1,782	-
Dong Guan Transound Electronics Co., Ltd.	Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, earphone module, earphone, headphone	229,063	b	46,787	-	-	46,787	3,340	4.58	-	46,787	-
SinoPac International Leasing Corp.	Leasing and financing of machinery equipment	1,752,545	a	1,752,545	-	-	1,752,545	65,871	100	65,871	2,080,662	-
Bank SinoPac (China) Ltd.	Commercial bank	10,457,312	a	10,457,312	-	-	10,457,312	248,159	100	246,825	10,231,762	-
SinoPac Financial Consulting (Shanghai) Ltd.	Business management consulting, investment consulting, business intelligence consulting	64,577	a	64,577	-	-	64,577	(4,007)	100	(4,007)	30,881	-

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 12,859,805 (US\$ 350,617) (CNY 349,000)	\$ 12,859,805 (US\$ 350,617) (CNY 349,000)	\$ 116,348,542

Note 1: The three ways of investment in this form are shown as below:

- Investment in Mainland China directly.
- Reinvests in the Mainland through third-country companies.
- Others.

Note 2: Above figures have not been reviewed by independent certified public accountants, except for SinoPac International Leasing Corp., Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd. which were reviewed by independent certified public accountants and prepared in conformity with IFRSs.

Note 3: Subsidiary invested in Telexpress (Shanghai) Co., Ltd. via Telexpress Corp.

Note 4: Subsidiary invested in Yangzhou Brightman International Co., Ltd. via Brightman Optoelectronics (Cayman) Co., Ltd.

Note 5: Subsidiary invested in CGK Zhongshan Co., Ltd. and CGK Shenzhen Technology Co., Ltd. via CGK International Co., Ltd.

Note 6: Subsidiary invested in StreetVoice International Ltd. via Neutron Innovation (BVI) Limited.

Note 7: Subsidiary invested in Dong Guan Transound Electronics Co., Ltd. via Transound Electronics Co., Ltd.

Note 8: 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 year average rate.