

**SinoPac Financial Holdings Company  
Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

March 8, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
SinoPac Financial Holdings Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of SinoPac Financial Holdings Company Limited and its subsidiaries (collectively referred to as the Group), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

#### Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates the impairment of discounts and loans based on the overdue loans classified by loan term and the situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the consolidated financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the year ended December 31, 2023.

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

Our key audit procedures performed with respect to the above area included the following:

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

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

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

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 45)	\$ 30,644,456	1	\$ 66,231,664	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7 and 45)	184,050,320	7	281,921,054	11
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 14 and 45)	149,883,920	5	91,643,856	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 45 and 46)	374,874,958	14	336,138,847	13
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 46)	303,546,679	11	225,460,151	9
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 45)	77,919,383	3	67,873,919	3
RECEIVABLES, NET (Notes 4, 12 and 45)	128,573,076	5	90,209,758	3
CURRENT INCOME TAX ASSETS (Notes 4, 33 and 45)	269,417	-	125,953	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 45 and 46)	1,423,468,362	51	1,328,702,915	51
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 15)	1,016,351	-	1,011,812	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 16, 45 and 46)	44,463,965	2	45,018,164	2
INVESTMENT PROPERTY, NET (Notes 4, 17, 45 and 46)	2,267,321	-	2,390,819	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 18, 45 and 46)	13,248,648	-	13,287,583	-
RIGHT-OF-USE ASSETS, NET (Notes 4, 19, 45 and 46)	3,720,343	-	3,646,832	-
INTANGIBLE ASSETS, NET (Notes 4, 20 and 45)	2,442,924	-	2,310,197	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 33)	2,404,567	-	2,014,238	-
OTHER ASSETS, NET (Notes 4, 21 and 45)	<u>28,558,041</u>	<u>1</u>	<u>30,775,495</u>	<u>1</u>
<b>TOTAL</b>	<b><u>\$ 2,771,352,731</u></b>	<b><u>100</u></b>	<b><u>\$ 2,588,763,257</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 45)	\$ 115,708,086	4	\$ 72,477,217	3
DUE TO THE CENTRAL BANK AND BANKS	2,760,676	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)	76,270,123	3	59,764,822	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11, 23 and 45)	68,718,702	2	59,923,315	2
COMMERCIAL PAPERS ISSUED, NET (Notes 24 and 45)	54,048,045	2	19,102,966	1
PAYABLES (Notes 4, 25, 30, 41 and 45)	60,041,643	2	50,521,956	2
CURRENT INCOME TAX LIABILITIES (Notes 4, 33 and 45)	1,973,105	-	1,479,084	-
DEPOSITS AND REMITTANCES (Notes 26 and 45)	2,018,978,249	73	2,000,528,731	77
BONDS PAYABLE (Notes 4, 27 and 45)	71,827,113	3	71,242,261	3
SHORT-TERM BORROWINGS (Notes 28, 45 and 46)	7,886,511	-	3,864,926	-
LONG-TERM BORROWINGS (Notes 28, 45 and 46)	122,000	-	2,480,712	-
PREFERRED STOCK LIABILITIES (Notes 4 and 34)	18,437	-	18,437	-
PROVISIONS (Notes 4, 29 and 30)	3,409,253	-	3,099,728	-
OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)	79,418,632	3	69,764,427	3
LEASE LIABILITIES (Notes 4, 19 and 45)	3,243,653	-	3,132,839	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 33)	1,627,403	-	1,668,845	-
OTHER LIABILITIES (Notes 4, 32 and 45)	<u>16,965,144</u>	<u>1</u>	<u>15,674,254</u>	<u>1</u>
Total liabilities	<u>2,583,016,775</u>	<u>93</u>	<u>2,434,744,520</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>
Capital surplus	<u>6,129,361</u>	<u>-</u>	<u>2,228,781</u>	<u>-</u>
Retained earnings				
Legal reserve	23,751,851	1	22,112,855	1
Special reserve	14,684,030	-	483,818	-
Unappropriated earnings	<u>25,164,031</u>	<u>1</u>	<u>29,555,849</u>	<u>1</u>
Total retained earnings	<u>63,599,912</u>	<u>2</u>	<u>52,152,522</u>	<u>2</u>
Other equity	<u>(5,157,716)</u>	<u>-</u>	<u>(14,200,212)</u>	<u>-</u>
Total equity	<u>188,335,956</u>	<u>7</u>	<u>154,018,737</u>	<u>6</u>
<b>TOTAL</b>	<b><u>\$ 2,771,352,731</u></b>	<b><u>100</u></b>	<b><u>\$ 2,588,763,257</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 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	\$ 75,530,795	140	\$ 47,358,582	100	59
INTEREST EXPENSES	<u>(51,087,165)</u>	<u>(95)</u>	<u>(20,455,158)</u>	<u>(43)</u>	150
NET INTEREST REVENUE (Notes 4, 35 and 45)	<u>24,443,630</u>	<u>45</u>	<u>26,903,424</u>	<u>57</u>	(9)
NET REVENUES OTHER THAN INTEREST (Note 4)					
Service fee and commissions income, net (Notes 36 and 45)	14,750,479	28	13,878,860	29	6
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)	10,279,866	19	1,481,963	3	594
Gains on investment property	50,096	-	-	-	-
Realized gains on financial assets at fair value through other comprehensive income (Notes 38 and 45)	1,527,710	3	1,268,186	3	20
Gains (losses) arising from derecognition of financial assets measured at amortized cost	51,591	-	(83,790)	-	162
Foreign exchange gains	1,717,933	3	2,635,522	6	(35)
Reversal of impairment loss (impairment loss) on assets (Notes 9, 10, 16, 21 and 39)	45,754	-	(16,228)	-	382
Share of profit of associates for using equity method (Note 15)	131,295	-	215,053	-	(39)
Net other revenue other than interest income (Notes 40 and 45)	<u>902,658</u>	<u>2</u>	<u>962,766</u>	<u>2</u>	(6)
Net revenues other than interest	<u>29,457,382</u>	<u>55</u>	<u>20,342,332</u>	<u>43</u>	45
NET REVENUE	<u>53,901,012</u>	<u>100</u>	<u>47,245,756</u>	<u>100</u>	14
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 16 and 29)	<u>(2,304,219)</u>	<u>(4)</u>	<u>(2,444,392)</u>	<u>(5)</u>	(6)

(Continued)



# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
<b>OPERATING EXPENSES</b>					
Employee benefits expenses (Notes 4, 30, 41 and 45)	\$ (18,013,266)	(33)	\$ (15,819,509)	(34)	14
Depreciation and amortization expense (Notes 4, 17, 18, 19, 20 and 42)	(2,386,354)	(5)	(2,307,168)	(5)	3
Other general and administrative expenses (Notes 43 and 45)	<u>(8,126,279)</u>	<u>(15)</u>	<u>(7,269,972)</u>	<u>(15)</u>	12
Total operating expenses	<u>(28,525,899)</u>	<u>(53)</u>	<u>(25,396,649)</u>	<u>(54)</u>	12
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAX</b>	23,070,894	43	19,404,715	41	19
<b>INCOME TAX EXPENSE</b> (Notes 4 and 33)	<u>(3,306,504)</u>	<u>(6)</u>	<u>(3,443,715)</u>	<u>(7)</u>	(4)
<b>NET INCOME</b>	<u>19,764,390</u>	<u>37</u>	<u>15,961,000</u>	<u>34</u>	24
<b>OTHER COMPREHENSIVE INCOME</b> (Note 4)					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plans (Note 30)	(566,535)	(1)	510,950	1	(211)
Change in fair value of financial liability attributable to change in credit risk of liability (Note 34)	4,374	-	39,237	-	(89)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income (Note 34)	7,510,700	14	(4,217,479)	(9)	278
Income tax related to items that will not be reclassified to profit or loss (Notes 33 and 34)	<u>103,173</u>	<u>-</u>	<u>(98,341)</u>	<u>-</u>	205
Items that will not be reclassified to profit or loss	<u>7,051,712</u>	<u>13</u>	<u>(3,765,633)</u>	<u>(8)</u>	287

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations (Note 34)	\$ (232,249)	(1)	\$ 881,463	2	(126)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 34)	3,605,164	7	(12,720,706)	(27)	128
Share of other comprehensive loss of associates accounted for using equity method (Notes 15 and 34)	(777)	-	(10,104)	-	(92)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 33 and 34)	<u>8,658</u>	-	<u>(114,309)</u>	<u>(1)</u>	108
Items that will be reclassified to profit or loss	<u>3,380,796</u>	<u>6</u>	<u>(11,963,656)</u>	<u>(26)</u>	128
Other comprehensive income	<u>10,432,508</u>	<u>19</u>	<u>(15,729,289)</u>	<u>(34)</u>	166
TOTAL COMPREHENSIVE INCOME	<u>\$ 30,196,898</u>	<u>56</u>	<u>\$ 231,711</u>	<u>-</u>	12,932
EARNINGS PER SHARE (Note 44)					
Basic	<u>\$ 1.62</u>		<u>\$ 1.37</u>		
Diluted	<u>\$ 1.62</u>		<u>\$ 1.37</u>		

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

(Concluded)

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Capital Stock (Note 34) Common Stock	Capital Surplus (Notes 4 and 34)	Retained Earnings (Notes 9 and 34)				Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Other Equity (Notes 4, 9 and 34)		Total	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	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 year ended December 31, 2022	-	-	-	-	15,961,000	15,961,000	-	-	-	-	15,961,000	
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	408,760	408,760	700,282	(16,877,568)	39,237	(16,138,049)	(15,729,289)	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	16,369,760	16,369,760	700,282	(16,877,568)	39,237	(16,138,049)	231,711	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	20,196	20,196	-	(20,196)	-	(20,196)	-	
BALANCE AT DECEMBER 31, 2022	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 year ended December 31, 2023	-	-	-	-	19,764,390	19,764,390	-	-	-	-	19,764,390	
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	(453,228)	(453,228)	(185,088)	11,066,450	4,374	10,885,736	10,432,508	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	19,311,162	19,311,162	(185,088)	11,066,450	4,374	10,885,736	30,196,898	
Issuance of common stock 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	-	-	-	-	1,843,240	1,843,240	-	(1,843,240)	-	(1,843,240)	-	
BALANCE AT DECEMBER 31, 2023	<u>\$ 123,764,399</u>	<u>\$ 6,129,361</u>	<u>\$ 23,751,851</u>	<u>\$ 14,684,030</u>	<u>\$ 25,164,031</u>	<u>\$ 63,599,912</u>	<u>\$ (1,375,957)</u>	<u>\$ (3,739,488)</u>	<u>\$ (42,271)</u>	<u>\$ (5,157,716)</u>	<u>\$ 188,335,956</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 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 23,070,894	\$ 19,404,715
Adjustments to reconcile profit		
Depreciation expense	1,946,638	1,925,546
Amortization expense	439,716	381,622
Provision for bad debt expense	2,900,821	2,895,586
Interest expenses	51,087,165	20,455,158
Net (gain) loss arising from derecognition of financial assets measured at amortized cost	(51,591)	83,790
Interest income	(75,530,795)	(47,358,582)
Dividend income	(3,243,344)	(3,060,424)
Net change in provisions for guarantee liabilities	(37,637)	(56,689)
Net change in other provisions	(59,312)	117,209
Share-based payments	150,580	-
Share of profit of associates for using equity method	(131,295)	(215,053)
Gains on disposal and retirement of property and equipment	(150)	(6,109)
Property and equipment transferred to expenses	466	1,403
Gain on disposal of investment properties	(50,096)	-
Losses on disposal of intangible assets	-	498
(Reversal of impairment loss) impairment loss on financial assets	(49,384)	43,726
Impairment loss (reversal of impairment loss) on non-financial assets	3,630	(27,498)
Losses on sale of non-performing loans	5,382	-
Losses on disposal of collaterals	-	5,344
Net (gains) losses on changing in leasing contracts	(692)	967
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to banks	11,922,286	(23,572,573)
Increase in financial assets at fair value through profit or loss	(58,240,064)	(3,627,509)
(Increase) decrease in financial assets at fair value through other comprehensive income	(27,611,041)	45,618,081
Increase in investments in debt instruments at amortized cost	(78,035,218)	(58,157,747)
Decrease (increase) in securities purchased under resell agreements	2,886,974	(2,539,409)
(Increase) decrease in receivables	(37,531,890)	22,849,917
Increase in discounts and loans	(97,291,171)	(140,868,430)
Decrease in other financial assets	519,796	669,535
Decrease in other assets	2,155,841	9,335,086
Increase in deposits from the Central Bank and banks	43,230,869	2,212,132
Increase in financial liabilities at fair value through profit or loss	16,509,675	36,619,516
Increase in securities sold under repurchase agreements	8,795,387	22,126,397
Increase (decrease) in payables	6,386,353	(8,488,288)
Increase in deposits and remittances	18,449,518	164,793,492
Decrease in provisions for employee benefits	(65,055)	(274,293)

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other financial liabilities	\$ 9,654,205	\$ 22,092,397
Increase (decrease) in other liabilities	<u>1,290,890</u>	<u>(13,111,647)</u>
Net cash (used in) generated from operations	(176,521,649)	70,267,866
Interest received	74,391,743	44,984,399
Dividends received	3,321,622	3,025,265
Interest paid	(48,014,106)	(17,612,893)
Income tax paid	<u>(3,217,904)</u>	<u>(3,633,322)</u>
Net cash (used in) generated from operating activities	<u>(150,040,294)</u>	<u>97,031,315</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(1,305,312)	(1,128,006)
Proceeds from disposal of property and equipment	67,534	57,469
Acquisition of intangible assets	(258,056)	(249,886)
Proceeds from disposal of collaterals	-	32,795
Acquisition of right-of-use-assets	(3,568)	(739)
Acquisition of investment properties	(3,429)	(1,099)
Proceeds from disposal of investment properties	<u>160,080</u>	<u>-</u>
Net cash used in investing activities	<u>(1,342,751)</u>	<u>(1,289,466)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	3,729,664	(1,581,198)
Increase (decrease) in due to the Central Bank and banks	2,760,676	(205,030)
Increase (decrease) in commercial papers issued	34,945,079	(20,662,703)
Corporate bonds issued	-	3,000,000
Repayment of corporate bonds payable	-	(434,909)
Bank debentures issued	2,000,000	7,000,000
Repayment of bank debentures payable	(1,420,000)	(1,300,000)
Proceeds from long-term borrowings	11,753,146	10,821,832
Repayments of long-term borrowings	(13,842,441)	(10,742,974)
Repayments of lease liabilities	(919,066)	(877,785)
Cash dividends paid	(7,280,259)	(9,016,843)
Issuance of common stock for cash	<u>11,250,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>42,976,799</u>	<u>(23,999,610)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(201,268)</u>	<u>1,426,680</u>

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<b>2023</b>	<b>2022</b>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$(108,607,514)	\$ 73,168,919
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>326,689,284</u>	<u>253,520,365</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 218,081,770</u>	<u>\$ 326,689,284</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2023 and 2022:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents in consolidated balance sheets	\$ 30,644,456	\$ 66,231,664
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	109,530,424	195,483,168
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>77,906,890</u>	<u>64,974,452</u>
Cash and cash equivalents at the end of the year	<u>\$ 218,081,770</u>	<u>\$ 326,689,284</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 YEARS ENDED DECEMBER 31, 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 March 8, 2024.

### 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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

#### Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and qualitative information that helps users of financial

statements understand the Group’s exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards 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 IFRS Accounting Standards 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 the above standards and interpretations will have no material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards 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 IFRS Accounting Standards 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 of the application of other standards and interpretations 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 competent authority, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **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**

The assets and liabilities of this consolidated financial statements were properly classified 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 13.

The consolidated entities were as follows:

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

## Foreign Currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group’s functional currency (i.e., 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 include 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 equity instruments which are neither held for trading nor contingent consideration recognized by an acquirer in a business combination as at FVTOCI.

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

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

b. Impairment of financial assets

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

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

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

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

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

Based on the above Regulations, Bank SinoPac’s the minimum allowance for credit losses and provision for losses on guarantees for assets that are normal excluding claims against the ROC government agencies that require special mentioned, assets that are substandard, assets with doubtful collectability, and assets on which there is loss were 1%, 2%, 10%, 50% and 100%, respectively of outstanding. In addition, under the 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 the cash flows of the financial instrument were renegotiated or 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 and Reverse Repurchase Transactions**

Securities purchased under resell (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 receivable” represents the amount that SinoPac Securities and its subsidiaries finance customers for buying securities, and the securities are then used to secure these loans. The collateral is recorded as “collateral securities” by using memo entries. The collateral securities are returned to the customers when the margin loans are repaid.

When SinoPac Securities needs to refinance the aforementioned margin loans from securities finance companies, the borrowings are recorded as “refinancing borrowings,” which are collateralized by securities bought by customers.

The collateral securities of margin loans are sold when market values of the securities to loans fall below a pre-agreed level. After disposal of collateral securities, if the above level still can’t be met and the customer cannot timely settle the deficiency, the balance of the margin loan is reclassified to “overdue receivables”. If any collateral securities 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 “securities financing refundable deposits”. The securities sold short are recorded as “stock loans” by 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 as “deposits payable for securities financing”. The deposits received and the proceeds of disposal of stock loans are returned to the customers when the stock loans are repaid.

When SinoPac Securities needs to refinance the aforementioned stock loans from securities finance companies, the margins deposited to securities finance companies are recorded as “refinancing margin”. The refinancing securities delivered to SinoPac Securities are recorded as “refinancing stock collaterals” by 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 is recorded as “refinancing deposits receivable”.

## **Money Lending in connection with Securities Business, Non-restricted Purpose Loan, Lending Business, and Securities Borrowing and Lending**

The sources of lending securities for the securities borrowing and lending business of SinoPac Securities are from:

(1) securities owned, (2) securities borrowed from the Taiwan Stock Exchange Corporation (TWSE) through its Securities Borrowing and Lending (SBL) system, (3) collateral securities acquired from margin loans and stock loans, (4) securities borrowed from customers and (5) securities borrowed from other securities firms or securities financing companies. When using its self-owned securities for lending business, SinoPac Securities should reclassify the securities to “lending stock” and measured them at fair value on the valuation date. The gains or losses from valuation are recognized in the valuation account from which the securities are reclassified. When conducting the securities lending business, SinoPac Securities sets up a separate account for each customer and makes daily entries for details of loan balances, details of collateral received (including values), and payments for collateral shortfalls and disposals.



When conducting money lending in connection with securities business, the amount is limited to payables by each customer after netting the prices of securities bought and sold by that customer on that trading day, the related fees and taxes; the amount is recorded as “receivable of securities business money lending.” When conducting Non-restricted Purpose Loan, the amount is limited to the collateral received; the amount is recorded as “receivable of money lending - any use.” The interests and fees earned are recorded as “interest revenue” and “Handling fee revenues from securities business money lending.” In addition, the Corporation sets up a separate account for each customer and makes daily entries for details of money lending balances, details of collateral received and payments for collateral shortfalls and disposals.

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 the SBL system of 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 income from securities lending.

### **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 recorded 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 the same investor. The debit balance of futures traders’ equity, which results from losses on futures transactions in excess of the margin deposited, is recorded as “Futures exchanges margin receivable”.

### **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 separately assesses the classification of each element as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred, and then classifies each element as a finance lease or an operating lease on the basis of the assessment. 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.

Pursuant to the lease agreement, the Group has an obligation, at the end of the respective lease terms, to restore the leased buildings to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation stated on the lease contract.

## **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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

### **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**

The amount recognized as a provision takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. 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 part or all of the expenditures required to settle a provision are expected to be reimbursed from a third party, the reimbursement is almost certain to be received, and the amount can be measured reliably, the reimbursement is recognized as an asset.

## **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 remeasurement) 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 in which they occur. Remeasurement, 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. Remeasurement 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.

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

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

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

### **d. Termination benefits**

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

## **Share-based Payment Transaction**

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

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

b. Cash-settled share-based payment transaction

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

## **Revenue Recognition**

a. Interest income and expense

Except for financial assets and liabilities at fair value through profit or loss, interest income and interest expense of all financial instruments are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and recognized in the 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 such as arrangement fee received by lead arranger in syndicated loan. Any income or expense related to subsequent service of loans on materiality basis 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.

### 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.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

### 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 judgment 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 8 and 9.

## 6. CASH AND CASH EQUIVALENTS, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 6,595,621	\$ 8,050,200
Notes and checks for clearing	3,788,256	3,718,425
Deposits in banks and due from banks	15,422,779	45,184,778
Short-term bills	3,418,058	9,281,115
Excess futures margin	<u>1,420,728</u>	<u>-</u>
	30,645,442	66,234,518
Less: Allowance for credit losses	<u>(986)</u>	<u>(2,854)</u>
Net amount	<u>\$ 30,644,456</u>	<u>\$ 66,231,664</u>



The Group assesses the allowance loss of cash and cash equivalents based on the expected credit loss model. As of December 31, 2023 and 2022, considering the historical experience and forward-looking information, the 12-month expected credit loss allowance were \$986 and \$2,854, 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>December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term bills	1.15%-1.58%	0.45%-1.6%

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>December 31</b>	
	<b>2023</b>	<b>2022</b>
Call loans to banks	\$ 76,415,595	\$ 170,342,445
Trade finance advance - interbank	11,698,728	11,051,789
Deposit reserve - checking accounts	33,670,211	43,522,334
Due from the Central Bank - interbank settlement funds	10,034,761	6,000,041
Deposit reserve - demand accounts	45,165,820	44,715,565
Deposit reserve - foreign currencies	615,049	614,471
Deposit - other	<u>6,450,205</u>	<u>5,678,754</u>
	184,050,369	281,925,399
Less: Allowance for credit losses	<u>(49)</u>	<u>(4,345)</u>
Net amount	<u>\$ 184,050,320</u>	<u>\$ 281,921,054</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 and are paid 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily classified as at fair value through profit or loss		
Operating securities - proprietary	\$ 54,126,130	\$ 27,976,715
Government bonds	19,256,385	5,127,237
Corporate bonds	7,873,733	7,060,615
Certificates of deposits	7,049,421	1,094,691
Commercial papers	4,462,111	5,784,949
Bank debentures	4,236,182	219,864
Operating securities - hedging	3,233,831	1,366,322
Stocks	2,825,628	2,559,700
Lending securities	1,166,414	-
Operating securities - underwriting	451,177	496,048
Currency swap contracts	28,543,371	20,202,997
Interest rate swap contracts	10,370,493	11,685,849
Future margin - marketable securities	1,732,412	848,754
Future margin - own funds	1,218,903	719,375
Asset swap option contracts	818,668	453,594
Forward exchange contracts	450,633	819,409
Option contracts	418,170	470,665
Others	390,422	430,082
	<u>148,624,084</u>	<u>87,316,866</u>
Financial assets designated as at fair value through profit or loss		
Corporate bonds	<u>1,259,836</u>	<u>4,326,990</u>
	<u>\$ 149,883,920</u>	<u>\$ 91,643,856</u>
Held-for-trading financial liabilities		
Borrowing security payable	\$ 14,843,330	\$ 11,159,808
Securities purchased under resell agreements - short sales bonds	-	1,059,287
Currency swap contracts	31,687,170	21,410,574
Interest rate swap contracts	8,179,915	7,883,216
Asset swap option contracts	2,269,307	1,042,104
Option contracts	2,087,752	2,042,672
Forward exchange contracts	1,309,228	944,878
Liabilities for issuance of warrants, net	668,113	299,877
Others	303,240	491,400
	<u>61,348,055</u>	<u>46,333,816</u>
Financial liabilities designated as at fair value through profit or loss		
Bank debentures	1,873,060	1,790,442
Liabilities for structured notes	<u>13,049,008</u>	<u>11,640,564</u>
	<u>14,922,068</u>	<u>13,431,006</u>
	<u>\$ 76,270,123</u>	<u>\$ 59,764,822</u>

- a. The Group's financial assets designated as 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 December 31, 2023 and 2022, the par values of financial assets at FVTPL under repurchase agreements were \$22,712,771 and \$14,003,922, respectively.

- c. Information on financial liabilities designated as at fair value through profit or loss were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Difference between carrying amounts and the amounts due on maturity		
Fair value	\$ 1,873,060	\$ 1,790,442
Amounts due on maturity	<u>(1,883,244)</u>	<u>(1,800,452)</u>
	<u>\$ (10,184)</u>	<u>\$ (10,010)</u>
		<b>Changes in Fair Value Attributable to Changes in Credit Risk</b>
Change in amount during the year		
For the year ended December 31, 2023		<u>\$ 4,374</u>
For the year ended December 31, 2022		<u>\$ 39,237</u>
Accumulated amount of change		
As of December 31, 2023		<u>\$ (42,271)</u>
As of December 31, 2022		<u>\$ (46,645)</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 December 31, 2023 and 2022 were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Currency swap contracts	\$ 3,011,343,846	\$ 1,664,495,352
Interest rate swap contracts	1,192,324,852	1,221,953,801
Forward exchange contracts	123,855,782	102,926,184
Option contracts	62,269,632	142,365,664
Futures contracts	40,333,522	64,041,526
Asset swap contracts	23,534,247	25,264,789
Principal guaranteed contracts	12,221,586	10,916,062
Cross-currency swap contracts	7,154,519	2,402,866
Equity-linked swap contracts	1,300,118	1,962,456
Credit-linked note	698,000	623,000

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Equity instruments at fair value through other comprehensive income	\$ 26,234,174	\$ 25,576,964
Debt instruments at fair value through other comprehensive income	<u>348,640,784</u>	<u>310,561,883</u>
	<u>\$ 374,874,958</u>	<u>\$ 336,138,847</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Stock	\$ 24,696,384	\$ 21,782,968
Real estate investment trust beneficiary securities	<u>1,537,790</u>	<u>3,793,996</u>
	<u>\$ 26,234,174</u>	<u>\$ 25,576,964</u>

The Group holds centralized securities exchange market stocks and real estate investment trust beneficiary securities as medium and long-term strategic investments, or based on the investment principles of improving the efficiency of medium and long-term capital utilization and pursuing stable investment performance, based on the disposal principles of acquiring dividend income while balancing profit and risk, and it is 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, management the risk of investment position, the Group sold the stocks at a fair value of \$17,261,255 and \$7,732,966 and transferred the income of gain \$1,843,240 and \$20,196 from other equity to retained earnings for the years ended December 31, 2023 and 2022, respectively.

### b. Debt instruments at fair value through other comprehensive income

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Certificates of deposits	\$ 111,944,303	\$ 87,751,306
Bank debentures	91,541,206	92,060,256
Corporate bonds	48,860,886	42,417,134
Commercial papers	47,326,356	43,112,630
Government bonds	32,039,499	26,659,866
Asset-based securities	14,489,325	15,311,285
Others	<u>2,439,209</u>	<u>3,249,406</u>
	<u>\$ 348,640,784</u>	<u>\$ 310,561,883</u>

- 1) Please refer to Note 46 for information relating to debt instrument at FVTOCI pledged as security.
- 2) Loss allowance of debt instruments at fair value through other comprehensive income were \$41,996 and \$51,230 on December 31, 2023 and 2022. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 49, Table 8 and 11.

- 3) As of December 31, 2023 and 2022, the par value of debt instruments at FVTOCI under repurchase agreements were \$13,170,390 and \$21,529,140, respectively.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Certificates of deposits	\$ 101,567,426	\$ 60,038,758
Government bonds	69,502,131	62,307,008
Bank debentures	65,680,751	50,285,085
Asset-based securities	40,512,006	38,185,507
Corporate bonds	23,796,228	12,551,932
Others	<u>2,511,944</u>	<u>2,108,635</u>
	303,570,486	225,476,925
Less: Impairment loss	<u>(23,807)</u>	<u>(16,774)</u>
Net amount	<u>\$ 303,546,679</u>	<u>\$ 225,460,151</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 8 and 12.
- c. As of December 31, 2023 and 2022, the par value of investment in debt instruments at amortized cost under repurchase agreements were \$1,029,915 and \$1,302,984, respectively

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Commercial papers	\$ 33,707,421	\$ 31,990,324
Government bonds	21,722,347	23,570,549
Negotiable certificates of deposits	11,210,863	6,428,179
Corporate bonds	7,300,660	4,196,355
Bank debentures	<u>3,978,092</u>	<u>1,688,512</u>
	<u>\$ 77,919,383</u>	<u>\$ 67,873,919</u>
Agreed-upon resell amount	\$ 78,206,886	\$ 68,133,535
Par value	\$ 84,039,303	\$ 73,184,746
Expiry	May 2024	December 2023

As of December 31, 2023 and 2022, the par value of securities purchased under resell agreements under repurchase agreements were \$37,200,847 and \$27,542,840, respectively.

## 12. RECEIVABLES, NET

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Margin loans receivable	\$ 24,855,375	\$ 15,200,052
Credit card receivables	20,807,965	20,878,070
Accounts receivable - settlement	15,592,616	7,548,441
Securities loan receivable - purpose	13,803,408	3,050,263
Accounts receivable - factoring	13,566,034	16,881,776
Interest and revenue receivables	10,350,561	7,995,083
Accounts receivable - forfaiting	8,489,489	3,345,588
Acceptances	5,904,300	5,951,568
Lease receivables and installment	5,551,913	3,603,736
Receivables from securities sale	4,751,296	808,351
Accounts and notes receivable	3,077,280	3,679,608
Trust administration fee revenue receivable	930,635	795,298
Others	<u>1,806,072</u>	<u>1,280,487</u>
	129,486,944	91,018,321
Less: Allowance for credit losses	(912,794)	(806,022)
Premium or discount on receivables	<u>(1,074)</u>	<u>(2,541)</u>
Net amount	<u>\$ 128,573,076</u>	<u>\$ 90,209,758</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 Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 806,022	\$ 873,056
Provision	359,284	66,979
Write-off	(184,418)	(132,373)
Reclassification	(63,682)	(28,225)
Effect of exchange rate changes	<u>(4,412)</u>	<u>26,585</u>
Balance, December 31	<u>\$ 912,794</u>	<u>\$ 806,022</u>

Please refer to Note 49 and Tables 8 and 10 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 years ended December 31, 2023 and 2022 were \$149,549 and \$154,371, respectively.

## 13. DISCOUNTS AND LOANS, NET

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Export negotiation	\$ 1,173,250	\$ 881,123
Discounts and overdrafts	44,084	37,037
Accounts receivable - financing	2,016,186	1,544,711

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term loans	\$ 133,568,625	\$ 159,039,843
Secured short-term loans	89,852,993	92,257,054
Medium-term loans	355,372,430	289,379,000
Secured medium-term loans	208,658,883	208,320,581
Long-term loans	17,874,875	14,461,761
Secured long-term loans	633,526,809	579,509,414
Non-performing loans transferred from loans	<u>1,092,505</u>	<u>1,262,288</u>
	1,443,180,640	1,346,692,812
Less: Allowance for credit losses	(19,431,589)	(17,612,485)
Premium or discount on discounts and loans	<u>(280,689)</u>	<u>(377,412)</u>
Net amount	<u>\$ 1,423,468,362</u>	<u>\$ 1,328,702,915</u> (Concluded)

- a. Please refer to Note 49 and Tables 8 and 9 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 Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 17,612,485	\$ 15,557,839
Provision	2,527,462	2,977,221
Write-off	(694,487)	(1,222,772)
Effect of exchange rate changes	<u>(13,871)</u>	<u>300,197</u>
Balance, December 31	<u>\$ 19,431,589</u>	<u>\$ 17,612,485</u>

The Group received payments for loans previously written-off \$341,923 and \$310,503 for the years ended December 31, 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>December 31</b>	
	<b>2023</b>	<b>2022</b>
Funds	<u>\$ 90,476,899</u>	<u>\$ 63,394,864</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Financial assets at fair value through profit or loss	<u>\$ 341,832</u>	<u>\$ 359,235</u>

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

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

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Golden Trust SinoPac Fund Management	\$ 937,853	\$ 914,748
Telexpress	<u>78,498</u>	<u>97,064</u>
	<u>\$ 1,016,351</u>	<u>\$ 1,011,812</u>

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

The associates' audited financial information is summarized as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
The Group's share of:		
Net income	\$ 131,295	\$ 215,053
Other comprehensive (loss) income	<u>(777)</u>	<u>(10,104)</u>
	<u>\$ 130,518</u>	<u>\$ 204,949</u>



## 16. OTHER FINANCIAL ASSETS, NET

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Customer margin deposits	\$ 30,799,001	\$ 32,966,447
Bank deposits not belonging to cash and cash equivalents	7,567,171	7,111,176
Purchase of the PEM Group's instruments	4,187,286	4,539,144
Long-term lease receivables and installment	3,512,721	2,191,760
Non-performing receivables transferred from other than loans	111,824	117,409
Others	<u>853,539</u>	<u>665,077</u>
	47,031,542	47,591,013
Less: Allowance for credit loss	(181,196)	(140,622)
Accumulated impairment	<u>(2,386,381)</u>	<u>(2,432,227)</u>
Net amount	<u>\$ 44,463,965</u>	<u>\$ 45,018,164</u>

Bank deposits not belonging to cash and cash equivalent mentioned above included bank deposits over three months and no early 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 Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 140,622	\$ 167,568
Provision	18,358	1,585
Write off	(40,944)	(58,047)
Reclassifications	63,682	28,225
Effect of exchange rate changes	<u>(522)</u>	<u>1,291</u>
Balance, December 31	<u>\$ 181,196</u>	<u>\$ 140,622</u>

The Group received payments for loans previously written-off \$7,532 and \$36,055 for the years ended December 31, 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 December 31, 2023, a reserve of US\$77,600 thousand (NT\$2,386,381) had been set aside to cover the accumulated impairment losses. Bank SinoPac has reversal impairment loss of \$47,115 and recognized impairment loss of \$48,020 respectively for PEM Group for the years ended December 31, 2023 and 2022.

## 17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	<b>For the Year Ended December 31, 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	3,241	3,429
Deductions	(98,258)	-	(30,260)	(128,518)
Reclassifications	7,329	-	(7,896)	(567)
Balance, December 31	<u>1,833,131</u>	<u>7,198</u>	<u>903,723</u>	<u>2,744,052</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	6,150	435,435	441,585
Depreciation	-	441	19,722	20,163
Deductions	-	-	(18,534)	(18,534)
Reclassifications	-	-	(3,787)	(3,787)
Balance, December 31	<u>-</u>	<u>6,591</u>	<u>432,836</u>	<u>439,427</u>
<u>Accumulated impairment</u>				
Balance, January 1	14,532	-	22,772	37,304
Additions	-	-	-	-
Deductions	-	-	-	-
Balance, December 31	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, December 31	<u>\$ 1,818,599</u>	<u>\$ 607</u>	<u>\$ 448,115</u>	<u>\$ 2,267,321</u>
	<b>For the Year Ended December 31, 2022</b>			
	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>				
Balance, January 1	\$ 1,936,290	\$ 6,790	\$ 943,706	\$ 2,886,786
Additions	-	220	879	1,099
Deductions	-	-	-	-
Reclassifications	(12,230)	-	(5,947)	(18,177)
Balance, December 31	<u>1,924,060</u>	<u>7,010</u>	<u>938,638</u>	<u>2,869,708</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	5,722	421,115	426,837
Depreciation	-	428	20,189	20,617
Deductions	-	-	-	-
Reclassifications	-	-	(5,869)	(5,869)
Balance, December 31	<u>-</u>	<u>6,150</u>	<u>435,435</u>	<u>441,585</u>

(Continued)

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

	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated impairment</u>				
Balance, January 1	\$ 14,532	\$ -	\$ 22,772	\$ 37,304
Additions	-	-	-	-
Deductions	-	-	-	-
Balance, December 31	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, December 31	<u>\$ 1,909,528</u>	<u>\$ 860</u>	<u>\$ 480,431</u>	<u>\$ 2,390,819</u> (Concluded)

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

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

The investment property of Bank SinoPac was held for earning rentals or for capital appreciation, or both. The fair values of properties used mainly or partially by lease for Bank SinoPac's investment properties as of December 31, 2023 and 2022 were \$5,522,318 and \$5,673,812, 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 December 31, 2023 and 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 December 31, 2023 and 2022 were \$8,329,180-\$8,328,604 and \$8,276,739-\$8,277,318, 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 May 2022 to October 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:

	<b>For the Year Ended December 31, 2023</b>							
	<b>Land and Land Improvements</b>	<b>Buildings</b>	<b>Machinery and Computer Equipment</b>	<b>Transportation Equipment</b>	<b>Other Equipment</b>	<b>Leasehold Improvement</b>	<b>Prepayments for Equipment and Construction in Progress</b>	<b>Total</b>
<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	-	96,993	391,831	7,621	124,207	109,439	575,221	1,305,312
Deduction	-	(59,498)	(222,996)	(174,155)	(73,542)	(82,394)	-	(612,585)
Reclassifications	(7,329)	57,330	55,054	101,149	3,778	21,502	(547,728)	(316,244)
Effect of exchange rate changes	-	(6,873)	(2,142)	(1)	(101)	(678)	(483)	(10,278)
Balance, December 31	<u>7,344,713</u>	<u>8,000,365</u>	<u>3,327,681</u>	<u>514,962</u>	<u>1,881,637</u>	<u>1,819,930</u>	<u>377,538</u>	<u>23,266,826</u>

(Continued)

For the Year Ended December 31, 2023								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<b>Accumulated depreciation</b>								
Balance, January 1	\$ 84	\$ 4,556,743	\$ 1,998,470	\$ 309,235	\$ 1,299,192	\$ 1,449,314	\$ -	\$ 9,613,038
Depreciation	23	198,499	418,050	94,870	133,842	104,856	-	950,140
Deduction	-	(59,248)	(214,545)	(119,459)	(71,416)	(80,533)	-	(545,201)
Reclassifications	-	3,787	-	-	-	-	-	3,787
Effect of exchange rate changes	-	(1,524)	(1,532)	(1)	(98)	(431)	-	(3,586)
Balance, December 31	<u>107</u>	<u>4,698,257</u>	<u>2,200,443</u>	<u>284,645</u>	<u>1,361,520</u>	<u>1,473,206</u>	<u>-</u>	<u>10,018,178</u>
<b>Net amount</b>								
Balance, December 31	<u>\$ 7,344,606</u>	<u>\$ 3,302,108</u>	<u>\$ 1,127,238</u>	<u>\$ 230,317</u>	<u>\$ 520,117</u>	<u>\$ 346,724</u>	<u>\$ 377,538</u>	<u>\$ 13,248,648</u>

(Concluded)

For the Year Ended December 31, 2022								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<b>Cost</b>								
Balance, January 1	\$ 7,339,812	\$ 7,763,114	\$ 2,750,187	\$ 677,590	\$ 1,720,785	\$ 1,689,613	\$ 403,818	\$ 22,344,919
Addition	-	57,776	342,465	45,415	160,264	89,796	432,290	1,128,006
Deduction	-	(8,341)	(121,755)	(145,827)	(86,864)	(58,273)	-	(421,060)
Reclassifications	12,230	94,761	106,358	3,054	28,656	37,574	(486,087)	(203,454)
Effect of exchange rate changes	-	5,103	28,679	116	4,454	13,351	507	52,210
Balance, December 31	<u>7,352,042</u>	<u>7,912,413</u>	<u>3,105,934</u>	<u>580,348</u>	<u>1,827,295</u>	<u>1,772,061</u>	<u>350,528</u>	<u>22,900,621</u>
<b>Accumulated depreciation</b>								
Balance, January 1	61	4,366,285	1,672,766	276,206	1,252,851	1,398,494	-	8,966,663
Depreciation	23	192,133	421,056	132,967	127,885	98,259	-	972,323
Deduction	-	(8,277)	(118,493)	(100,054)	(85,089)	(57,787)	-	(369,700)
Reclassifications	-	5,869	(344)	-	344	446	-	6,315
Effect of exchange rate changes	-	733	23,485	116	3,201	9,902	-	37,437
Balance, December 31	<u>84</u>	<u>4,556,743</u>	<u>1,998,470</u>	<u>309,235</u>	<u>1,299,192</u>	<u>1,449,314</u>	<u>-</u>	<u>9,613,038</u>
<b>Net amount</b>								
Balance, December 31	<u>\$ 7,351,958</u>	<u>\$ 3,355,670</u>	<u>\$ 1,107,464</u>	<u>\$ 271,113</u>	<u>\$ 528,103</u>	<u>\$ 322,747</u>	<u>\$ 350,528</u>	<u>\$ 13,287,583</u>

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

Category	Useful Lives
Land improvements	8-30 years
Buildings	2-60 years
Machinery and computer equipment	0.58-15 years
Transportation equipment	5-6 years
Other equipment	2-15 years
Leasehold improvement	1-15 years

The movements of investment property are operating leases as follows:

	December 31	
	2023	2022
Transportation equipment	\$ 185,096	\$ 241,342
Other equipment	<u>969</u>	<u>1,209</u>
	<u>\$ 186,065</u>	<u>\$ 242,551</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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Land and surface rights	\$ 903,356	\$ 939,537
Buildings	2,686,491	2,550,222
Machinery and computer equipment	76,387	110,070
Transportation equipment	17,609	12,476
Other equipment	3,208	4,445
Decommissioning restoration costs	<u>33,292</u>	<u>30,082</u>
	<u>\$ 3,720,343</u>	<u>\$ 3,646,832</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 1,112,691</u>	<u>\$ 854,612</u>
Depreciation charge for right-of-use assets		
Land and surface rights	\$ 36,181	\$ 36,102
Buildings	882,427	841,893
Machinery and computer equipment	33,687	33,650
Transportation equipment	10,043	7,799
Other equipment	1,676	1,784
Decommissioning restoration costs	<u>12,321</u>	<u>11,378</u>
	<u>\$ 976,335</u>	<u>\$ 932,606</u>
Right-of-use assets sublease revenue (recognized in financing interest revenue)	<u>\$ 982</u>	<u>\$ 971</u>

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

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Carrying amounts	<u>\$ 3,243,653</u>	<u>\$ 3,132,839</u>

Range of discount rate for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	1.6391%-2.1233%	1.0212%-2.1233%
Buildings	0.1428%-8.0000%	0.1553%-6.1000%
Machinery and computer equipment	0.5754%-2.3588%	0.5754%-2.3588%
Transportation equipment	0.1098%-5.5000%	0.1098%-5.5000%
Other equipment	0.1023%-4.8255%	0.1023%-5.3290%

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 Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 25,435</u>	<u>\$ 28,531</u>
Expenses relating to low-value asset leases	<u>\$ 43,739</u>	<u>\$ 42,097</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 6,565</u>	<u>\$ 5,157</u>
Total cash outflow for leases	<u>\$ (1,060,044)</u>	<u>\$ (1,013,611)</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 0.2 year and 30.1 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 December 31, 2023	\$ 903,120	\$ 1,813,767	\$ 693,541	\$ 3,410,428
As of December 31, 2022	843,601	1,705,807	675,911	3,225,319

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:

<b>December 31, 2023</b>	<b>1 Year</b>	<b>2 Year</b>	<b>3 Year</b>	<b>4 Year</b>	<b>5 Year</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 155,820	\$ 99,964	\$ 69,468	\$ 40,856	\$ 37,749	\$ 233,818	\$ 637,675
Financial lease revenue	4,010,951	2,103,530	275,571	59,037	44,548	42,671	6,536,308

  

<b>December 31, 2022</b>	<b>1 Year</b>	<b>2 Year</b>	<b>3 Year</b>	<b>4 Year</b>	<b>5 Year</b>	<b>Over 5 Years</b>	<b>Total</b>
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

## 20. INTANGIBLE ASSETS, NET

Items	December 31	
	2023	2022
Goodwill	\$ 1,088,243	\$ 1,088,243
Computer software	1,228,852	1,031,354
Customer relationships	76,822	142,455
Membership fees	41,413	41,413
Others	7,594	6,732
	<u>\$ 2,442,924</u>	<u>\$ 2,310,197</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	-	256,820	-	-	1,236	258,056
Amortization	-	(373,564)	(65,894)	-	(258)	(439,716)
Reclassifications	-	316,345	-	-	-	316,345
Effect of exchange rate changes	-	(2,103)	261	-	(116)	(1,958)
Balance December 31, 2023	<u>\$ 1,088,243</u>	<u>\$ 1,228,852</u>	<u>\$ 76,822</u>	<u>\$ 41,413</u>	<u>\$ 7,594</u>	<u>\$ 2,442,924</u>
Balance January 1, 2022	\$ 1,088,243	\$ 874,300	\$ 201,651	\$ 41,413	\$ 6,893	\$ 2,212,500
Additions	-	249,886	-	-	-	249,886
Deductions	-	(498)	-	-	-	(498)
Amortization	-	(316,162)	(65,204)	-	(256)	(381,622)
Reclassifications	-	221,112	-	-	-	221,112
Effect of exchange rate changes	-	2,716	6,008	-	95	8,819
Balance December 31, 2022	<u>\$ 1,088,243</u>	<u>\$ 1,031,354</u>	<u>\$ 142,455</u>	<u>\$ 41,413</u>	<u>\$ 6,732</u>	<u>\$ 2,310,197</u>

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

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

Goodwill in each above period will be tested for impairment annually and whenever there is an indication that it may be impaired. In assessing whether goodwill on an equity investment or an unamortized difference between the acquisition cost and the equity is impaired, the Company considered the credit card department of Bank SinoPac or the Company's investee company as a cash generating unit and estimated the recoverable amount of the investee's value in use. The Group used an investee's actual profitability and estimated salvage value in making key assumptions to predict the investee's future cash flows and thus calculate the investee's value in use. Under a going concern assumption, the Group predicted the net cash flows that would be generated from the investee's operating activities in the next 5 years and estimated the salvage value and used the Company's weighted average cost of capital to calculate the value in use. The goodwill had been tested for impairment on October 31, 2023 and 2022 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 years ended December 31, 2023 and 2022, the amounts of net income affiliated with cash generating units were \$28,820 and \$82,059, 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 December 31, 2023 and 2022.

- b. As of December 31, 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 years ended December 31, 2023 and 2022, the amounts of net income which are not included share of profit of associates accounted for using equity method were \$2,928,629 and \$1,117,350, respectively. The amounts of expected net income were \$1,911,782 and \$3,668,182 in 2023 and 2022, respectively. The actual operating results in 2023 were better than expected, the recoverable amount was expected to be higher than the book value, and the Group found no objective evidence that goodwill had been impaired. Affected by the poor investment environment of domestic and foreign financial markets, the actual operating results in 2022 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.

- 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 years ended December 31, 2023 and 2022, actual net income of SinoPac Futures were \$664,582 and \$495,116, 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Guarantee deposits	\$ 9,946,732	\$ 9,085,542
Securities borrowing margins	8,681,272	11,359,773
Amounts held for settlement	7,461,964	7,074,026
Operating guarantee deposits and settlement fund	1,634,320	1,471,227
Prepayment	397,445	368,961
Receipts under custody from customers’ security subscription	184,076	1,086,460

(Continued)



	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Temporary payments and suspense accounts	\$ 147,126	\$ 221,044
Others	<u>116,671</u>	<u>116,397</u>
	28,569,606	30,783,430
Less: Accumulated impairment	<u>(11,565)</u>	<u>(7,935)</u>
Net amount	<u>\$ 28,558,041</u>	<u>\$ 30,775,495</u> (Concluded)

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Call loans from banks	\$ 104,086,286	\$ 59,956,018
Redeposits from Chunghwa Post	10,039,900	10,054,000
Call loans from Central Bank	1,537,624	1,536,178
Due to banks	<u>44,276</u>	<u>931,021</u>
	<u>\$ 115,708,086</u>	<u>\$ 72,477,217</u>

## 23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Government bonds	\$ 23,233,619	\$ 23,920,054
Bank debentures	20,096,128	17,979,374
Corporate bonds	18,895,955	12,178,153
Convertible bonds	<u>6,493,000</u>	<u>5,845,734</u>
	<u>\$ 68,718,702</u>	<u>\$ 59,923,315</u>
Agreed-upon repurchase price	\$ 69,380,502	\$ 60,272,934
Par value	\$ 74,113,923	\$ 64,378,886
Expiry	June 2024	November 2023

## 24. COMMERCIAL PAPERS ISSUED, NET

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Commercial papers payables	\$ 54,140,000	\$ 19,120,000
Less: Unamortized discount	<u>(91,955)</u>	<u>(17,034)</u>
Net amount	<u>\$ 54,048,045</u>	<u>\$ 19,102,966</u>
Maturity date	2024.01-2024.06	2023.01-2023.03
Discount rate	0.9180%- 1.7580%	0.9080%- 1.6880%

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

## 25. PAYABLES

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Accounts payable for settlement	\$ 21,076,527	\$ 13,519,230
Interests payable	7,577,414	4,509,812
Accrued expense	6,793,450	5,469,023
Acceptances payable	5,904,300	5,751,986
Accounts and notes payable	4,057,189	3,012,915
Notes and checks in clearing	3,788,256	3,718,425
Financing guarantees payable	2,545,584	3,973,588
Accounts payable - factoring	2,322,038	3,875,519
Deposits on short sales	2,170,918	4,172,275
Accounts payable for securities purchased	1,076,856	252,632
Others	<u>2,729,111</u>	<u>2,266,551</u>
	<u>\$ 60,041,643</u>	<u>\$ 50,521,956</u>

## 26. DEPOSITS AND REMITTANCES

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Checking	\$ 12,572,966	\$ 12,809,645
Demand	446,729,001	466,425,995
Savings - demand	567,479,994	525,698,441
Time deposits	644,031,106	688,239,431
Negotiable certificates of deposits	11,506,900	16,639,400
Savings - time	331,469,385	289,947,164
Inward remittances	785,047	666,295
Outward remittances	43,521	70,920
Others	<u>4,360,329</u>	<u>31,440</u>
	<u>\$ 2,018,978,249</u>	<u>\$ 2,000,528,731</u>

## 27. BONDS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Bank debentures	\$ 56,832,276	\$ 56,250,137
Corporate bonds payable	<u>14,994,837</u>	<u>14,992,124</u>
	<u>\$ 71,827,113</u>	<u>\$ 71,242,261</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:

	<u>December 31</u>		<u>Issue Period</u>	<u>Rates</u>
	<u>2023</u>	<u>2022</u>		
Third subordinated bank debentures issued in 2014 (B)	\$ 699,958	\$ 699,904	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
Third subordinated bank debentures issued in 2016	-	1,419,874	2016.12.23-2023.12.23 Principal is repayable on maturity date.	Fixed interest rate of 1.50%, interest is paid annually.
First subordinated bank debentures issued in 2017 (A)	149,996	149,973	2017.02.24-2024.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.60%, interest is paid annually.
First subordinated bank debentures issued in 2017 (B)	2,099,619	2,099,504	2017.02.24-2027.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.90%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (A)	199,990	199,970	2017.06.28-2024.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.70%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (B)	539,868	539,831	2017.06.28-2027.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.
Fourth subordinated bank debentures issued in 2017	3,000,000	3,000,000	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)	649,917	649,857	2018.04.30-2025.04.30 Principal is repayable on maturity date.	Fixed interest rate of 1.40%, interest is paid annually.
First subordinated bank debentures issued in 2018 (B)	499,855	499,823	2018.04.30-2028.04.30 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
First subordinated bank debentures issued in 2019	1,999,865	1,999,649	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)	1,199,796	1,199,700	2019.01.25-2026.01.25 Principal is repayable on maturity date.	Fixed interest rate of 1.40%, interest is paid annually.
Second subordinated bank debentures issued in 2019 (B)	1,799,476	1,799,377	2019.01.25-2029.01.25 Principal is repayable on maturity date.	Fixed interest rate of 1.55%, interest is paid annually.
Third senior bank debentures issued in 2019	2,999,959	2,999,877	2019.06.26-2024.06.26 Principal is repayable on maturity date.	Fixed interest rate of 0.76%, interest is paid annually.
Fourth subordinated bank debentures issued in 2019	1,499,864	1,499,682	2019.08.23, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.	Fixed interest rate of 2.00%, interest is paid annually.
Fifth subordinated bank debentures issued in 2019 (A)	1,749,631	1,749,494	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)	1,749,448	1,749,354	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	2,999,720	2,999,550	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	1,999,584	1,999,520	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	2,899,789	2,899,659	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	2,599,567	2,599,502	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	2,099,828	2,099,737	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	2,399,616	2,399,562	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	999,868	999,797	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	999,854	999,793	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	2,719,697	2,719,575	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	2,299,659	2,299,615	2021.05.28-2031.05.28 Principal is repayable on maturity date.	Fixed interest rate of 0.82%, interest is paid annually.

(Continued)

	<u>December 31</u>		<u>Issue Period</u>	<u>Rates</u>
	<u>2023</u>	<u>2022</u>		
Fourth subordinated bank debentures issued in 2021	\$ 3,279,719	\$ 3,279,620	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	1,699,523	1,699,464	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	4,999,394	4,999,222	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	1,999,733	1,999,652	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>1,999,483</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>\$ 56,832,276</u>	<u>\$ 56,250,137</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:

	<u>December 31</u>		<u>Issue Period</u>	<u>Rates</u>
	<u>2023</u>	<u>2022</u>		
<u>The Company</u>				
First unsecured bonds issued in 2020	\$ 4,998,519	\$ 4,997,104	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	4,996,318	4,995,020	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	2020.01.08-2025.01.08 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
First unsecured subordinated bonds issued in 2022 (A)	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	2022.05.27-2032.05.27 Principal is repayable on maturity date.	Fixed interest rate of 2.20%, interest is paid annually.
Second unsecured subordinated bonds issued in 2022 (A)	1,450,000	1,450,000	2022.08.26-2029.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.40%, interest is paid annually.
Second unsecured subordinated bonds issued in 2022 (B)	<u>550,000</u>	<u>550,000</u>	2022.08.26-2032.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.50%, interest is paid annually.
	<u>\$ 14,994,837</u>	<u>\$ 14,992,124</u>		

## 28. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Credit loans	\$ 6,536,511	\$ 3,564,926
Guaranteed loans	<u>1,350,000</u>	<u>300,000</u>
	<u>\$ 7,886,511</u>	<u>\$ 3,864,926</u>
Maturity date	2024.1-2024.12	2023.1-2023.12
Range of interest rates per annum	1.63%- 9.3%	1.33%- 5.98208%

b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Credit loans	\$ <u>122,000</u>	\$ <u>2,480,712</u>
Maturity date	2025.3-2025.9	2023.1-2024.12
Range of interest rates per annum	4.325%-4.55%	4.75%-5.4921%

SinoPac Securities

To meet the funding requirements, SinoPac Securities (Cayman) obtained syndicated loans with financial institutions in 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 of subsidiaries 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. The quota was canceled on November 20 2023.

To raise working capital, SinoPac Capital International (HK) Limited entered into a syndicated loan agreement (“2023 agreement”) of US\$120,000 thousand with a syndicate of 8 banks led by First Commercial Bank in December 2023. The term of the syndicated loan transaction is three years from the first drawdown date. In accordance with the terms of the agreements, the debt ratios and interest coverage multiples in the annual financial statements should be maintained during the loan period, and any violation of the agreements should be rectified in accordance with the agreements.

To raise working capital, SinoPac Capital International Limited entered into a syndicated loan agreement of CNY380,000 thousand with a syndicate of 5 banks led by Mega International Commercial Bank in December 2023. In accordance with the contract, the ratio of own funds, interest coverage multiple, non-performing loan ratio, and tangible net worth in the annual financial report should be maintained during the loan period, and any violation of the agreements should be rectified in accordance with the agreements.

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

**29. PROVISIONS**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Provision for employee benefits	\$ 2,687,639	\$ 2,298,554
Provision for financing commitment	236,520	287,905
Provision for guarantee liabilities	302,018	339,536
Provision for decommissioning liabilities	172,241	157,546
Other provision	<u>10,835</u>	<u>16,187</u>
	<u>\$ 3,409,253</u>	<u>\$ 3,099,728</u>

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

	<b>For the Year Ended December 31, 2023</b>		
	<b>Provision for Financing Commitment</b>	<b>Provision for Guarantee Liabilities</b>	<b>Other Provision</b>
Balance at January 1	\$ 287,905	\$ 339,536	\$ 16,187
(Reversal of provision) provision	(52,909)	(37,637)	(5,190)
Effect of exchange rate changes	<u>1,524</u>	<u>119</u>	<u>(162)</u>
Balance at December 31	<u>\$ 236,520</u>	<u>\$ 302,018</u>	<u>\$ 10,835</u>

  

	<b>For the Year Ended December 31, 2022</b>		
	<b>Provision for Financing Commitment</b>	<b>Provision for Guarantee Liabilities</b>	<b>Other Provision</b>
Balance at January 1	\$ 163,432	\$ 395,361	\$ 23,836
(Reversal of provision) provision	114,169	(56,689)	(9,852)
Effect of exchange rate changes	<u>10,304</u>	<u>864</u>	<u>2,203</u>
Balance at December 31	<u>\$ 287,905</u>	<u>\$ 339,536</u>	<u>\$ 16,187</u>

### 30. PROVISION FOR EMPLOYEE BENEFITS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Recognized in the consolidated balance sheets (payables and provisions)		
Defined contribution plans	\$ 81,358	\$ 77,703
Defined benefit plans	2,015,661	1,680,397
Preferential interest on employees' deposits	366,026	343,699
Others	<u>305,952</u>	<u>274,458</u>
	<u>\$ 2,768,997</u>	<u>\$ 2,376,257</u>

#### a. Defined contribution plans

The Company and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Company and domestic subsidiaries makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Overseas branches and overseas subsidiaries' defined contribution plans are in accordance with local regulations.

The total expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 of \$465,561 and \$443,673, respectively, represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

For the Group employees who adopt for defined benefit plans regulated by the Labor Standards Act, the retirement benefits are paid to employees as follow: (i) a lump sum payment equal to two base units for each year of service; (ii) that each year of service exceeding 15 years is entitled to only one base unit of wage; and (iii) that the maximum payment is for up to 45 base units. Any fraction of a year that is equal to six months or more is counted as one year of service, and any fraction of a year that is less than six months is counted as half a year of service.

SinoPac Securities has a defined benefit pension and severance plans under the LSA for all its regular employees belonging to “Defined Benefit Pension”. Employees are entitled to receive retirement benefits: (i) those who have served either 25 years, or over 10 years and are 60 years old, and were hired after May 19, 1997; or with more than 20 service years on or before May 19, 1997 and; (ii) those who have served 15 years and are 55 years old. In addition, employees hired on or before March 15, 1996 and have served at least five years are eligible to receive severance benefits. The pension and severance benefits are based on seniority and the average basic salary or wage of the one month before retirement or termination. SinoPac Securities makes monthly contributions, equal to 6% of basic salaries and wages (net of bonuses and benefits), to a pension fund. The Fund is administered by the employee’s pension plan supervisory committee and deposited in the committee’s name.

SinoPac Futures Corporation and SinoPac Securities Investment Service have defined benefit pension and severance plans under the LSA for all regular employees. The pension benefits are based on seniority and the average basic salary or wage of the one month before retirement or termination. SinoPac Futures Corporation and SinoPac Securities Investment Service make monthly contributions to a pension fund of amounts based on a fixed ratio of gross salary. The fund is administered by the employee’s pension plan committee and deposited in the committee’s name.

Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 5,705,630	\$ 5,409,589
Fair value of plan assets	<u>(3,744,640)</u>	<u>(3,784,618)</u>
Deficit	1,960,990	1,624,971
Asset ceiling	<u>-</u>	<u>-</u>
Net defined benefit liability	<u>\$ 1,960,990</u>	<u>\$ 1,624,971</u>
Net defined benefit assets (recognized in prepayment)	<u>\$ (54,671)</u>	<u>\$ (55,426)</u>
Net defined benefit liability (recognized in provision for employee benefits)	<u>\$ 2,015,661</u>	<u>\$ 1,680,397</u>

Movements in net defined benefit liability (asset) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2022	<u>\$ 6,056,791</u>	<u>\$ (3,576,465)</u>	<u>\$ 2,480,326</u>
Service cost			
Current service cost	52,383	-	52,383
Past service cost	-	-	-
Net interest expense (income)	<u>35,550</u>	<u>(21,406)</u>	<u>14,144</u>
Recognized in (profit) or loss	<u>87,933</u>	<u>(21,406)</u>	<u>66,527</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(232,416)	(232,416)
Actuarial (gain) loss - changes in demographic assumptions	123	-	123
Actuarial (gain) loss - changes in financial assumptions	(362,886)	-	(362,886)
Actuarial (gain) loss - experience adjustments	<u>94,422</u>	<u>-</u>	<u>94,422</u>
Recognized in other comprehensive (income) loss	<u>(268,341)</u>	<u>(232,416)</u>	<u>(500,757)</u>
Contributions from the employer	-	(414,390)	(414,390)
Benefits paid	<u>(466,794)</u>	<u>460,059</u>	<u>(6,735)</u>
Balance at December 31, 2022	<u>\$ 5,409,589</u>	<u>\$ (3,784,618)</u>	<u>\$ 1,624,971</u>
Balance at January 1, 2023	<u>\$ 5,409,589</u>	<u>\$ (3,784,618)</u>	<u>\$ 1,624,971</u>
Service cost			
Current service cost	39,848	-	39,848
Past service cost	1,569	-	1,569
Net interest expense (income)	<u>68,864</u>	<u>(49,294)</u>	<u>19,570</u>
Recognized in (profit) or loss	<u>110,281</u>	<u>(49,294)</u>	<u>60,987</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,411)	(27,411)
Actuarial (gain) loss - changes in demographic assumptions	215	-	215
Actuarial (gain) loss - changes in financial assumptions	559,169	-	559,169
Actuarial (gain) loss - experience adjustments	<u>28,659</u>	<u>-</u>	<u>28,659</u>
Recognized in other comprehensive (income) loss	<u>588,043</u>	<u>(27,411)</u>	<u>560,632</u>
Contributions from the employer	-	(283,835)	(283,835)
Benefits paid	<u>(399,224)</u>	<u>397,459</u>	<u>(1,765)</u>
Pay off or reduce the payment	<u>(3,059)</u>	<u>3,059</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 5,705,630</u>	<u>\$ (3,744,640)</u>	<u>\$ 1,960,990</u>

The plan assets' actual returns were \$76,705 and \$253,822 for the years ended December 31, 2023 and 2022, respectively.



Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: Bureau of Labor Funds, Ministry of Labor invests plan assets in domestic and foreign securities, debt securities, bank deposits, etc. through self-utilization and entrusted management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.20%	1.30%
Expected rate of salary increase	2%-3%	1.75%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.25% increase	<u>\$ (125,267)</u>	<u>\$ (121,974)</u>
0.25% decrease	<u>\$ 129,281</u>	<u>\$ 125,986</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 127,059</u>	<u>\$ 125,295</u>
0.25% decrease	<u>\$ (123,777)</u>	<u>\$ (121,921)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 229,998</u>	<u>\$ 238,031</u>
The average duration of the defined benefit obligation	3-12 years	3-13 years

c. Preferential interest on employees' deposits

Bank SinoPac offers preferential interest on employees' deposits to both current and retired employees.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	4.00%	4.00%
Expected interest rate on preferential interest on employees' deposits		
Manager	7.59%	7.47%
Staff	13.00%	13.00%
Normal deposit interest rate	1.59%	1.47%
Return on deposits	2.00%	2.00%
Excess preferential interest		
Manager	4.00%	4.00%
Staff	9.41%	9.53%
The probability of preferential interest on employees' deposits is canceled within ten years	50.00%	50.00%

The amounts included in the consolidated balance sheets arising from Bank SinoPac's obligation in respect of its preferential interest on employee's deposits were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 366,026	\$ 343,699
Fair value of plan assets	<u>-</u>	<u>-</u>
Deficit	366,026	343,699
Asset ceiling	<u>-</u>	<u>-</u>
Net defined benefit liability	<u>\$ 366,026</u>	<u>\$ 343,699</u>

Movements in net defined benefit liability (asset) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2022	<u>\$ 340,375</u>	<u>\$ -</u>	<u>\$ 340,375</u>
Service cost			
Past service cost	32,242	-	32,242
Interest expense	<u>7,130</u>	<u>-</u>	<u>7,130</u>
Recognized in (profit) or loss	<u>39,372</u>	<u>-</u>	<u>39,372</u>
Remeasurement			
Actuarial (gain) loss - experience adjustments	8,921	-	8,921
Actuarial (gain) loss - changes in assumptions	<u>(19,114)</u>	<u>-</u>	<u>(19,114)</u>
Recognized in other comprehensive (income) loss	<u>(10,193)</u>	<u>-</u>	<u>(10,193)</u>
Benefits paid	<u>(25,855)</u>	<u>-</u>	<u>(25,855)</u>
Balance at December 31, 2022	<u>\$ 343,699</u>	<u>\$ -</u>	<u>\$ 343,699</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2023	<u>\$ 343,699</u>	<u>\$ -</u>	<u>\$ 343,699</u>
Service cost			
Past service cost	35,235	-	35,235
Interest expense	<u>7,939</u>	<u>-</u>	<u>7,939</u>
Recognized in (profit) or loss	<u>43,174</u>	<u>-</u>	<u>43,174</u>
Remeasurement			
Actuarial (gain) loss - experience adjustments	10,042	-	10,042
Actuarial (gain) loss - changes in assumptions	<u>(4,139)</u>	<u>-</u>	<u>(4,139)</u>
Recognized in other comprehensive (income) loss	<u>5,903</u>	<u>-</u>	<u>5,903</u>
Benefits paid	<u>(26,750)</u>	<u>-</u>	<u>(26,750)</u>
Balance at December 31, 2023	<u>\$ 366,026</u>	<u>\$ -</u>	<u>\$ 366,026</u> (Concluded)

d. Others

Others included long-term incentive compensation plans, deferred service leave and termination benefits. On December 31, 2023 and 2022, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$269,433 and \$225,708, respectively, the acquired total embedded value of which were \$213,908 and \$192,799, respectively.

### 31. OTHER FINANCIAL LIABILITIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Principal of structured products	\$ 47,757,392	\$ 36,117,641
Futures trader's equity	30,799,001	32,966,447
Equity for each customer in the account	765,753	525,327
Others	<u>96,486</u>	<u>155,012</u>
	<u>\$ 79,418,632</u>	<u>\$ 69,764,427</u>

### 32. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Securities lending refundable deposits	\$ 8,083,988	\$ 10,452,320
Guarantee deposits received	6,929,308	2,323,922
Temporary receipts and suspense accounts	1,327,448	671,652
Advance revenue	294,943	191,704
Receipts under custody from customers' security subscription	184,076	1,086,460
Deferred revenue	89,819	106,494
Receipt sub-brokerage under custody	-	394,676
Others	<u>55,562</u>	<u>447,026</u>
	<u>\$ 16,965,144</u>	<u>\$ 15,674,254</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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
Current period	\$ 3,778,806	\$ 2,564,724
Unappropriated earnings	-	268,225
Prior periods	(51,602)	12,727
Others	<u>44,260</u>	<u>-</u>
	3,771,464	2,845,676
Deferred tax		
Incurrence and reversal of temporary differences	(464,150)	579,092
Prior periods	<u>(810)</u>	<u>18,947</u>
Income tax expenses recognized in profit or loss	<u>\$ 3,306,504</u>	<u>\$ 3,443,715</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 23,070,894</u>	<u>\$ 19,404,715</u>
Income tax expense calculated at the statutory rate (20%)	\$ 4,614,179	\$ 3,880,943
Tax effect of adjusting items:		
Tax-exempt income	(1,038,723)	(226,983)
Permanent difference	(375,095)	(664,888)
Unrecognized temporary difference	10,294	15,795
Unrecognized (current period pledged) loss carryforwards	(45,970)	(2,006)
Additional income tax under the Alternative Minimum Tax Act	8,403	6,379
Different income tax rate effects of subsidiaries operating in other area	10,351	23,184
Adjustments for prior years' tax	(52,412)	31,674
Income tax on unappropriated earnings	-	268,225
Others	<u>175,477</u>	<u>111,392</u>
Income tax expense recognized in profit or loss	<u>\$ 3,306,504</u>	<u>\$ 3,443,715</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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
Adjustments of current period		
Defined benefit plans remeasurement	\$ 113,307	\$ (102,190)
Exchange difference on translation of foreign operations	47,783	(173,098)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(49,414)	60,617
Share of the other comprehensive income of associate	<u>155</u>	<u>2,021</u>
Income tax recognized in other comprehensive income	<u>\$ 111,831</u>	<u>\$ (212,650)</u>

c. Current tax assets and liabilities

	<b><u>December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Current tax assets	\$ 269,417	\$ 125,953
Current tax liabilities	1,973,105	1,479,084

d. Deferred tax assets and liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Deferred tax assets</u>		
Bad debt quota	\$ 1,137,524	\$ 953,369
Provision for employee benefit	467,690	393,433
Exchange differences on translation of foreign operations	271,509	230,708
Losses on investments accounted for using the equity method	103,860	100,614
Unrealized losses on foreign exchange and derivative instruments	104,482	83,566
Others	<u>319,502</u>	<u>252,548</u>
	<u>\$ 2,404,567</u>	<u>\$ 2,014,238</u>
<u>Deferred tax liabilities</u>		
Gains on investments accounted for using the equity method	\$ 483,859	\$ 428,430
Land value increment tax	587,038	587,038
Unrealized gains on foreign exchange and derivative instruments	397,920	570,379
Others	<u>158,586</u>	<u>82,998</u>
	<u>\$ 1,627,403</u>	<u>\$ 1,668,845</u>

Deferred tax expenses (income) recognized in profit or loss were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments accounted for using the equity method	\$ 52,183	\$ 152,223
Bad debt quota	(184,593)	(124,804)
Provision for defined benefit	36,315	53,590
Loss carryforwards	(990)	(132,447)
Unrealized gains or losses on foreign exchange and derivative instruments	(193,375)	652,548
Others	<u>(174,500)</u>	<u>(3,071)</u>
	<u>\$ (464,960)</u>	<u>\$ 598,039</u>

As of December 31, 2023 and 2022, the carrying amounts of deferred income tax assets were \$2,404,567 and \$2,014,238, respectively, and the carrying amounts that are not yet classified as deferred income tax assets were \$2,256,314 and \$2,509,716, respectively, because the profit in the future is unpredictable. The realizability of the deferred income tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognized in profit or loss for the period in which the reversal takes place.

- e. The income tax returns of SinoPac Securities through 2017 have 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.

- f. SinoPac Call Center was merged into Bank SinoPac in 2019. The assessed years of profit-seeking enterprise income tax were approved to 2017.
- g. 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	2021
SinoPac Securities Investment Service	2021
SinoPac Securities Venture Capital	2021

- h. Pillar Two Income Tax Legislation

The government of Vietnam, where subsidiary Bank SinoPac's Ho Chi Minh City branch is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

The government of U.K., where subsidiary SinoPac Securities (Europe) is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group will continue to assess the impact of the Pillar Two Income Tax Act on its future financial performance.

### 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 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%. Dividends 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 December 31, 2023, preferred Class A shares had been converted into 60,000 thousand common stock.

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Share premium	\$ 6,083,151	\$ 2,182,571
Conversion rights	41,562	41,562
Others	<u>4,648</u>	<u>4,648</u>
	<u>\$ 6,129,361</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 amount of the Company’s capital surplus - share-based payments was \$150,580, determined on the basis of the grant-date fair value of the employee share options in the first quarter of 2023 and 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 2022 and 2021 had been approved in the shareholder's meetings on May 24, 2023 and May 27, 2022. The appropriation and dividends per share are as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 1,638,996	\$ 1,723,160		
Special reserve	14,200,212	-		
Cash dividends	7,280,259	9,016,843	\$0.6	\$0.8
Reversal of special reserve	2,426,753	1,127,105	0.2	0.1

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	(232,249)	-	-	-	(232,249)
Related income tax	47,783	-	-	-	47,783
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	7,510,700	3,452,956	-	10,963,656
Adjustment for loss allowance of debt instruments	-	-	(9,234)	-	(9,234)
Current disposal	-	-	161,442	-	161,442
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(1,843,240)	-	-	(1,843,240)
Related income tax	-	(10,134)	(39,280)	-	(49,414)

(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		
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	\$ (777)	\$ -	\$ -	\$ -	\$ (777)
Related income tax	155	-	-	-	155
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	4,374	4,374
Balance December 31, 2023	<u>\$ (1,375,957)</u>	<u>\$ 5,926,908</u>	<u>\$ (9,666,396)</u>	<u>\$ (42,271)</u>	<u>\$ (5,157,716)</u>
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	881,463	-	-	-	881,463
Related income tax	(173,098)	-	-	-	(173,098)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(4,217,479)	(13,029,311)	-	(17,246,790)
Adjustment for loss allowance of debt instruments	-	-	(1,389)	-	(1,389)
Current disposal	-	-	309,994	-	309,994
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(20,196)	-	-	(20,196)
Related income tax	-	3,849	56,768	-	60,617
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	(10,104)	-	-	-	(10,104)
Related income tax	2,021	-	-	-	2,021
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	39,237	39,237
Balance December 31, 2022	<u>\$ (1,190,869)</u>	<u>\$ 269,582</u>	<u>\$ (13,232,280)</u>	<u>\$ (46,645)</u>	<u>\$ (14,200,212)</u> (Concluded)

### 35. NET INTEREST REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest income		
Discounts and loans	\$ 45,865,716	\$ 30,654,222
Investment securities interest	14,750,795	9,126,874
Due from the Central Bank and other banks	7,867,951	3,627,285
Securities purchased under resell agreements	2,028,412	684,769
Financing	1,578,098	1,442,387
Deposits	1,082,795	375,762
Credit card revolving interest rate income	523,044	494,766
Others	<u>1,833,984</u>	<u>952,517</u>
	<u>75,530,795</u>	<u>47,358,582</u>
Interest expense		
Deposits	(39,876,426)	(15,301,550)
Call loans from banks	(3,515,057)	(1,558,971)
Securities sold under repurchase agreements	(2,842,340)	(1,117,272)
Interest expense of structured products	(2,193,135)	(727,274)
Borrowing	(937,723)	(584,236)
Bank debentures	(873,532)	(853,945)
Others	<u>(848,952)</u>	<u>(311,910)</u>
	<u>(51,087,165)</u>	<u>(20,455,158)</u>
Net amount	<u>\$ 24,443,630</u>	<u>\$ 26,903,424</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Commissions and fee revenue		
Brokerage services	\$ 8,082,748	\$ 7,322,997
Trust and related services	3,123,132	2,622,719
Loan services	2,252,088	2,028,075
Insurance services	1,865,340	2,438,978
Credit card services	837,094	716,360
Others	<u>1,716,311</u>	<u>1,505,292</u>
	<u>17,876,713</u>	<u>16,634,421</u>
Commissions and fee expense		
Credit card services	(839,053)	(686,704)
Brokerage services	(728,413)	(723,036)
Interbank services	(363,658)	(331,217)
Trust services	(264,378)	(219,614)
Settlement and delivery services	(156,271)	(182,448)
Futures commission	(138,406)	(146,151)
Others	<u>(636,055)</u>	<u>(466,391)</u>
	<u>(3,126,234)</u>	<u>(2,755,561)</u>
Net amount	<u>\$ 14,750,479</u>	<u>\$ 13,878,860</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Operating securities - proprietary	\$ 4,763,737	\$ (2,262,637)
Operating securities - hedging	280,145	(589,538)
Stocks	237,825	108,933
Operating securities - underwriting	157,661	42,162
Government bonds	21,837	(572,879)
Corporate bonds	(771,407)	(774,312)
Securities lending and short sales bonds under resell agreements transactions	(1,078,108)	1,594,816
Currency swap contracts	3,371,985	(221,876)
Interest rate swap contracts	2,139,825	1,901,497
Forward exchange contracts	657,536	(396,365)
Issuance of call (put) warrants	100,288	168,835
Option contracts	(80,104)	(758,933)
Asset swap contracts	(424,739)	(555,418)
Futures contracts	(3,185,467)	345,668
Others	<u>(239,560)</u>	<u>30,890</u>
	<u>5,951,454</u>	<u>(1,939,157)</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Operating securities - proprietary	2,331,053	(2,404,446)
Corporate bonds	917,092	(828,383)
Stocks	78,882	(251,532)
Government bonds	(1,969)	180,034
Bank debentures	(80,393)	(153,991)
Securities lending and short sales bonds under resell agreements transactions	(1,660,728)	1,388,806
Currency swap contracts	2,323,134	341,107
Option contracts	366,280	(889,562)
Future margin - marketable securities	160,279	(21,634)
Issuance of call (put) warrants	15,766	587,605
Futures contracts	(217,072)	(77,328)
Asset swap contracts	(565,374)	811,587
Forward exchange contracts	(729,748)	(48,862)
Interest rate swap contracts	(1,579,138)	2,761,904
Others	<u>171,586</u>	<u>(197,089)</u>
	<u>1,529,650</u>	<u>1,198,216</u>
Interest income	1,244,570	740,660
Dividend income	<u>1,554,192</u>	<u>1,482,244</u>
	<u>\$ 10,279,866</u>	<u>\$ 1,481,963</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividend income		
Held at the end of the reporting period	\$ 1,374,069	\$ 1,455,059
Disposed in the reporting period	315,083	123,121
Gain (loss) from disposal of debt instruments	<u>(161,442)</u>	<u>(309,994)</u>
	<u>\$ 1,527,710</u>	<u>\$ 1,268,186</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Reversal of impairment losses (impairment losses) on other financial assets	\$ 47,115	\$ (48,020)
Others	<u>(1,361)</u>	<u>31,792</u>
	<u>\$ 45,754</u>	<u>\$ (16,228)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Securities lending	\$ 581,688	\$ 553,561
Operating assets rental income	186,625	217,349
Stock affairs agent revenue	136,577	130,681
Rental income	56,109	51,174
Transaction bonus	23,190	28,933
Expense arising from issuance of call (put) warrants	(174,933)	(169,805)
Others	<u>93,402</u>	<u>150,873</u>
	<u>\$ 902,658</u>	<u>\$ 962,766</u>

**41. EMPLOYEE BENEFITS EXPENSES**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and wages	\$ 15,106,939	\$ 13,252,894
Labor insurance and national health insurance	1,007,617	958,052
Pension costs	526,548	510,431
Share-based payment transaction		
Equity-settled (Note 34)	150,580	-
Cash-settled	156,301	50,230
Others	<u>1,065,281</u>	<u>1,047,902</u>
	<u>\$ 18,013,266</u>	<u>\$ 15,819,509</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 years ended December 31, 2023 and 2022, the compensation was \$2,000, and the remuneration of directors were \$43,200 and \$36,000, 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 \$43,200 as remuneration of directors on January 26, 2024 and February 23, 2024, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash.

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 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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Depreciation expense		
Land improvements	\$ 464	\$ 451
Buildings	218,221	212,322
Machinery and computer equipment	418,050	421,056
Transportation equipment	94,870	132,967
Other equipment	133,842	127,885
Leasehold improvements	104,856	98,259
Right-of-use assets	<u>976,335</u>	<u>932,606</u>
	1,946,638	1,925,546
Amortization expense	<u>439,716</u>	<u>381,622</u>
	<u>\$ 2,386,354</u>	<u>\$ 2,307,168</u>



#### 43. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Taxation and fees	\$ 2,427,225	\$ 1,873,430
Automated equipment	1,286,392	1,176,744
Marketing	797,058	684,223
Professional advisory	596,683	753,709
Location fee	479,097	464,104
Insurance	475,377	443,968
Communications expense	443,417	423,087
Borrowing expense	345,071	350,554
Others	<u>1,275,959</u>	<u>1,100,153</u>
	<u>\$ 8,126,279</u>	<u>\$ 7,269,972</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic EPS	<u>\$ 1.62</u>	<u>\$ 1.37</u>
Diluted EPS	<u>\$ 1.62</u>	<u>\$ 1.37</u>

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

#### Net Income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net income for calculating basic EPS	\$ 19,764,390	\$ 15,961,000
Effect of potentially dilutive common stock:		
Preferred shares	<u>1,263</u>	<u>998</u>
Net income for calculating diluted EPS	<u>\$ 19,765,653</u>	<u>\$ 15,961,998</u>

## Shares

	<b>Shares in Thousands</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
The weighted-average number of common stock outstanding in the computation of basic EPS	12,223,440	11,611,440
Effect of potentially dilutive common stock:		
Preferred shares	<u>10,000</u>	<u>10,000</u>
The weighted-average number of common stock outstanding in computation of diluted EPS	<u>12,233,440</u>	<u>11,621,440</u>

When calculating the EPS on the comparable period, the 2022 EPS was retrospectively adjusted for the effects of the bonus stock issuance on August 15, 2023. Thus, the basic EPS for the year ended December 31, 2022 decrease from 1.40 to 1.37, respectively, diluting earnings per share from 1.40 to 1.37, respectively.

If the Company decides to give an employee a bonus in the form of cash or shares, the Company 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 resolves at their meeting in the following year the number of shares to be distributed to employees. Employee compensation did not result in a significant change in the weighted average number of common stocks used in the computation of diluted earnings per stock and diluted earnings per share.

## 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
Chung-Hua Institution for Economic Research 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
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)
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	The Company's corporate director
Hsinex International Corp. (Hsinex International)	The Company's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of the Company's corporate director

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
E Ink Holdings Inc. (E Ink Holdings)	Affiliate of the Company's director
President Chain Store Corporation (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 (ACC)	Affiliate of SinoPac Securities' director
Pegatron Corporation (Pegatron)	Affiliate of SinoPac Securities' director
Ting-Fong Investment Corporation, Ltd. (Ting-Fong Investment)	Affiliate of SinoPac Securities' director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	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 Corporation. (Grand Bills)	Affiliate of the Company's manager's spouse
Evercast Precision Industry Corporation (Evercast Precision Industry)	Affiliate of first-degree kin of Bank SinoPac's manager (before July 2023)
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
Kim Great Co., Ltd. (Kim Great)	Affiliate of second-degree kin of Bank SinoPac's manager (before October 2023)
Yong, Yu-Kang Construction Co., Ltd. (Yong, Yu-Kang Construction)	Affiliate of third-degree kin of Bank SinoPac's manager
Froch Enterprise Co., Ltd. (Froch Enterprise)	Affiliate of second-degree-in-laws of Bank SinoPac's manager
Elite Material Co., Ltd. (EMC)	Related party
Taigen Biopharmaceuticals Holdings Limited (Taigen Biopharmaceuticals)	Related party
TransGlobe Life Insurance Inc. (TGL)	Related party
YFY International B.V. (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
Uni-president Enterprises (China) Investment Co., Ltd. (Uni-president Enterprises (China))	Related party
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Related party
Transcend Optronics (Yangzhou) Co., Ltd. (Transcend Optronics (Yangzhou))	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
Transyork Technology Yangzhou Ltd. (Transyork Technology Yangzhou)	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party

(Continued)

<u>Related Party</u>	<u>Relationship with the Group</u>
E Ink Technology B.V.	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
YuanHan Materials Inc. (YuanHan Materials)	Related party
Shen's Art Printing Co., Ltd. (Shen's Art Printing)	Related party
Foongtone Technology Co., Ltd. (Foongtone Technology)	Related party
Dream Universe Limited	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
Hoss Investment Inc. (Hoss Investment)	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Shin Foong Specialty and Applied Materials Co., Ltd. (Shin Foong Specialty and Applied Materials)	Related party
Everterminal Co., Ltd. (Everterminal)	Related party
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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
SinoPac Securities and its subsidiaries		
Bank deposits		
Grand Bills	\$ 917,576	\$ 864,418
TAIFEX	349,066	362,323
Hua Nan Bank	2,920	871,711
SinoPac Leasing and its subsidiaries		
Bank deposits		
Others	69	69

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

	<u>For the Year Ended December 31, 2023</u>		
	<u>Ending Balance</u>	<u>Interest Rate (%)</u>	<u>Interest Income</u>
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 1,050,408	0.15-6.8	\$ 59,958

<b>For the Year Ended December 31, 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	\$ 1,226,221	0.16-8.5	\$ 13,824
Others	-	0.59	68

3) Financial assets at fair value through profit or loss

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
SinoPac Securities and its subsidiaries		
TAIFEX	\$ 2,247,894	\$ 1,243,060
EMC	95,356	172,970
Others	531,311	323,480
SinoPac Securities Investment Trust		
Others	8,933	8,424
SinoPac Venture Capital		
Taigen Biopharmaceuticals	312,803	347,437
Others	177,225	210,982

4) Derivative financial instruments

	<b>December 31, 2023</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	\$ 12,916,042	2023.8.2- 2024.9.23	\$ 302,294	Financial assets at fair value through profit or loss	\$ 302,294
Hua Nan Bank	1,537,624	2023.5.4- 2024.2.29	(41,652)	Financial liabilities at fair value through profit or loss	41,652
TGL	369,030	2023.11.23- 2024.2.27	1,699	Financial assets at fair value through profit or loss	1,699
TGL	17,416,338	2023.9.19- 2024.3.25	(622,168)	Financial liabilities at fair value through profit or loss	622,168
Interest rate swap contracts					
Hua Nan Bank	10,544,177	2020.11.13- 2032.8.22	(8,133)	Financial assets at fair value through profit or loss	454,822
TAIFEX	81,345,000	2019.1.23- 2032.5.31	291,726	Financial assets at fair value through profit or loss	302,149
TAIFEX	73,870,000	2019.8.2- 2033.5.9	(274,292)	Financial liabilities at fair value through profit or loss	274,292
Forward exchange contracts					
TGL	1,104,942	2023.12.6- 2024.3.8	8,282	Financial assets at fair value through profit or loss	8,282
TGL	1,713,467	2023.1.16- 2024.4.18	(52,602)	Financial liabilities at fair value through profit or loss	52,602
YFY International	307,525	2023.8.10- 2024.8.23	2,744	Financial assets at fair value through profit or loss	2,744
YFY International	153,762	2023.1.13- 2024.1.17	(11,012)	Financial liabilities at fair value through profit or loss	11,012

(Continued)

<b>December 31, 2023</b>					
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Valuation Gains or Losses</b>	<b>Account</b>	<b>Balance</b>
Cross-currency swap contracts					
Hua Nan Bank	\$ 1,253,080	2023.7.28- 2024.4.29	\$ 518	Financial assets at fair value through profit or loss	\$ 518
Hua Nan Bank	610,320	2023.2.24- 2024.2.29	(24,467)	Financial liabilities at fair value through profit or loss	24,467
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills	272,500	2021.8.13- 2026.8.17	8,764	Financial assets at fair value through profit or loss	40,298
					(Concluded)

<b>December 31, 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	\$ 1,843,413	2021.11.11- 2023.10.5	\$ 89,955	Financial assets at fair value through profit or loss	\$ 88,916
Hua Nan Bank	3,686,826	2022.1.12- 2023.4.20	(237,148)	Financial liabilities at fair value through profit or loss	237,148
TGL	7,680,888	2021.1.21- 2023.4.14	78,444	Financial assets at fair value through profit or loss	74,865
TGL	9,038,066	2022.9.27- 2023.3.1	(236,918)	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	398,067	Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27- 2027.8.11	14,033	Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27- 2023.7.27	(3,610)	Financial liabilities at fair value through profit or loss	3,610
Forward exchange contracts					
TGL	772,448	2022.10.17- 2023.7.13	16,430	Financial assets at fair value through profit or loss	16,430
TGL	3,081,540	2022.3.30- 2023.6.16	(128,889)	Financial liabilities at fair value through profit or loss	128,889
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills	421,600	2020.9.14- 2025.8.29	(54,643)	Financial assets at fair value through profit or loss	49,062

5) Financial assets at fair value through other comprehensive income

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Equity instruments		
TAIFEX	\$ 348,266	\$ 333,886
PCSC	-	207,808
Others	21,379	23,032
		(Continued)

	<u>December 31</u>	
	2023	2022
SinoPac Securities and its subsidiaries		
Equity instruments		
Chunghwa Telecom	\$ 517,920	\$ 253,685
TAIFEX	327,369	313,852
SinoPac Venture Capital		
Equity instruments		
Sun He Energy	119,880	109,690
Others	83,785	71,559
		(Concluded)

6) Securities purchased under resell agreements

	<u>December 31, 2023</u>		<b>For the Year Ended December 31, 2023</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Income</b>
SinoPac Securities and its subsidiaries			
Grand Bills	\$ 1,091,713	\$ 932,342	\$ 37,598
Others	-	-	103

	<u>December 31, 2022</u>		<b>For the Year Ended December 31, 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	399,406	351,154	14,681
Others	153,945	85,559	3,226

7) Receivables

	<u>December 31</u>	
	2023	2022
Bank SinoPac and its subsidiaries		
Others	\$ 251,228	\$ 267,276
SinoPac Securities and its subsidiaries		
Others	74,666	54,626
SinoPac Securities Investment Trust		
Others	26,718	18,992
SinoPac Leasing and its subsidiaries		
Others	-	3

## 8) Loans

**For the Year Ended December 31, 2023**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
<u>\$ 10,747,642</u>	<u>\$ 11,709,288</u>	0-12.90	<u>\$ 198,986</u>

Category	December 31, 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	193	\$ 317,565	\$ 287,900	V	-	None	Yes
Household mortgage loans	1,197	8,113,385	7,681,745	V	-	Real estate	Yes
Others:							
	Jhong Cing Investment	54,634	51,147	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	5,975	V	-	Real estate	Yes
	Hotai Investment	1,581	756	V	-	Vehicle	Yes
	Zetai Investment	875	525	V	-	Vehicle	Yes
	Others	3,214,415	2,719,594	V	-	Real estate and vehicle	Yes
	Others subtotal	3,278,338	2,777,997				
	Total	\$ 11,709,288	\$ 10,747,642				

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

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
<u>\$ 10,413,666</u>	<u>\$ 11,782,074</u>	0-10.77	<u>\$ 144,774</u>

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
	JhongCing Investment	58,160	54,634	V	-	Real estate	Yes
	Kim Great	43,566	40,670	V	-	Real estate	Yes
	Evercast Precision Industry	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				

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 IFRS Accounting Standards.

9) Guarantees

December 31, 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	

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

10) Other financial assets

	<u>December 31</u>	
	2023	2022
SinoPac Securities and its subsidiaries		
Customer's margin accounts		
TAIFEX	\$ 8,397,486	\$ 7,801,246

11) Property and equipment

In the years ended December 31, 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 years ended December 31, 2022: None).

In the years ended December 31, 2023 and 2022, Bank SinoPac and its subsidiaries purchased property and equipment from its related parties for a total price of \$14,751 and \$27,473, respectively, recognized as machinery and computer equipment and prepayments for equipment.

In the years ended December 31, 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, and recognized as machinery and computer equipment and prepayments for equipment.

12) Intangible assets

In the years ended December 31, 2023 and 2022, the Company purchased computer software from its related parties for a total price of \$763 and \$216, recognized as intangible assets.

In the years ended December 31, 2023 and 2022, Bank SinoPac and its subsidiaries purchased computer software from its related parties for a total price of \$41,235 and \$36,372, respectively, recognized as intangible assets.

In the years ended December 31, 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, recognized as intangible assets.

In the years ended December 31, 2023, SinoPac Leasing and its subsidiaries purchased computer software from its related parties for a total price of \$265. (In the years ended December 31, 2022: None).

13) Other assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Guarantee deposits		
Others	\$ 1,707	\$ 1,157
Prepayments		
Others	12	17
SinoPac Securities and its subsidiaries		
Clearing and settlement fund		
TAIFEX	235,128	224,818
Guarantee deposits		
Others	2,320	2,330
Prepayment		
Others	1,381	573
Temporary payment		
Others	-	240
SinoPac Securities Investment Trust		
Guarantee deposits		
Others	185	11
SinoPac Leasing and its subsidiaries		
Guarantee deposits		
Others	658	640
Prepayments		
Others	1	20

Bank SinoPac and its subsidiaries signed an agreement with other related parties for the purchase. Bank SinoPac and its subsidiaries paid \$24,036 and \$27,412 for the years ended December 31, 2023 and 2022, respectively, which were recognized as prepayments (other assets) or operating expenses.

On December 31, 2023 and 2022, undiscounted guarantee deposits paid on lease contracts of Bank SinoPac and its subsidiaries were \$1,420 and \$780, respectively.

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

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

14) Notes and bonds transaction

	<b>For the Year Ended December 31, 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	159,973,219	159,920,061
Hua Nan Bank	10,144,793	11,685,310
ACC	300,000	-
Others	4,178	-
	<b>For the Year Ended December 31, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities and its subsidiaries		
Grand Bills	\$ 30,756,599	\$ 29,892,181
Hua Nan Bank	8,615,896	7,746,623
Chunghwa Telecom	500,000	-
Others	13,844	12,145

15) Deposits from the Central Bank and banks

	<b>December 31, 2023</b>		<b>For the Year Ended December 31, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Others	\$ -	0.1-5.68	\$ 48,803
	<b>December 31, 2022</b>		<b>For the Year Ended December 31, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 1,228,942	0.11-5.35	\$ 15,588

16) Securities sold under repurchase agreements

December 31, 2023

None.

	<u>December 31, 2022</u>		<b>For the Year Ended December 31, 2022</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
SinoPac Securities and its subsidiaries			
Others	\$ -	\$ -	\$ 941

17) Commercial papers payable

	<u>December 31, 2023</u>		<b>For the Year Ended December 31, 2023</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
The Company			
Grand Bills	\$ 1,000,000	1.498-1.578	\$ 4,650
SinoPac Securities and its subsidiaries			
Grand Bills	2,500,000	1.38-1.56	15,058
SinoPac Leasing and its subsidiaries			
Others	-	1.488-1.808	1,083

	<u>December 31, 2022</u>		<b>For the Year Ended December 31, 2022</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
The Company			
Others	\$ -	0.7347	\$ 84
SinoPac Securities and its subsidiaries			
Others	-	0.35-1.29	10,628
SinoPac Leasing and its subsidiaries			
Grand Bills	100,000	0.4780-1.588	3,070

18) Payables

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 21,553	\$ 13,113
SinoPac Securities and its subsidiaries		
Others	30,879	34,874

19) Deposits

	<b>December 31, 2023</b>		<b>For the Year Ended December 31, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 27,544,747	0-13	\$ 385,866

  

	<b>December 31, 2022</b>		<b>For the Year Ended December 31, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 23,404,540	0-13	\$ 241,576

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 the years ended December 31, 2023 and 2022 in the amount of \$54,480 and \$47,653, respectively.

21) Other financial liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
SinoPac Securities and its subsidiaries		
Futures traders' equity		
Others	\$ 24,614	\$ 50,156

22) Lease

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries as a lessee		
Acquisition of right-of-use assets		
Others	\$ 4,647	\$ -
SinoPac Securities and its subsidiaries as a lessee		
Acquisition of right-of-use assets		
Others	-	4,971

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries as a lessee		
Lease liabilities		
Others	\$ 28,138	\$ 74,670
SinoPac Securities and its subsidiaries as a lessee		
Lease liabilities		
Others	3,412	4,399
SinoPac Leasing and its subsidiaries as a lessee		
Lease liabilities		
Others	623	7,362

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 years ended December 31, 2023 and 2022, refer to Note 45,b. 24, 25 and 30.

23) Other liabilities

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

24) Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 6	\$ 6
SinoPac Securities and its subsidiaries		
Others	30,746	8,669
SinoPac Venture Capital		
Others	-	1
SinoPac Leasing and its subsidiaries		
Others	10	11

25) Interest expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 666	\$ 977
SinoPac Securities and its subsidiaries		
Others	192	61
SinoPac Leasing and its subsidiaries		
Others	67	197

26) Service fee and commissions income, net

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Fee revenues		
Others	\$ 28,741	\$ 20,117
Fee expenses		
Others	24,520	15,000
SinoPac Securities and its subsidiaries		
Fee revenues		
Others	163,219	148,144
Fee expenses		
TAIFEX	387,342	451,519
TWSE	-	142,605
Others	4,226	8,539
SinoPac Securities Investment Trust		
Fee revenues		
Others	267,843	203,977

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
SinoPac Securities and its subsidiaries		
Others	\$ 29,130	\$ 20,410
SinoPac Securities Investment Trust		
Others	454	(736)
SinoPac Venture Capital		
Others	18,079	22,512

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

	<b><u>For the Year Ended December 31</u></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	28,719
SinoPac Venture Capital		
Others	4,156	1,799

29) Net other revenue other than interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Operating assets rental revenue		
Others	\$ 5,970	\$ 9,552
Other revenues		
Others	1,294	1,777
SinoPac Securities and its subsidiaries		
Stock affairs agent revenue		
Others	17,495	16,272
Expenses on issuance of call (put) warrants		
Others	-	59,943
Other net revenues		
Others	2,025	4,471
SinoPac Venture Capital		
Other revenues		
Others	210	151
SinoPac Leasing and its subsidiaries		
Other expenses		
Others	94	116

30) Operating expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Donation		
SinoPac Foundation	\$ 30,000	\$ 35,000
Others		
The Company		
Others	6,491	6,351
Bank SinoPac and its subsidiaries		
Others	216,187	195,784
SinoPac Securities and its subsidiaries		
Chunghwa Telecom	109,123	104,137
Others	43,836	74,269
SinoPac Securities Investment Trust		
Others	4,610	4,505
SinoPac Venture Capital		
Others	94	59
SinoPac Leasing and its subsidiaries		
Others	6,834	6,547

31) Other transactions

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



32) Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 316,715	\$ 271,784
Share-based payment	55,141	24,653
Post-employment benefits	<u>1,481</u>	<u>15,906</u>
	<u>\$ 373,337</u>	<u>\$ 312,343</u>

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

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

Bank SinoPac and its subsidiaries

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

	<b>For the Year Ended December 31, 2023</b>		
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Income</b>
Call loans to bank Hua Nan Bank	\$ 1,050,408	0.15-6.8	\$ 59,958

	<b>For the Year Ended December 31, 2022</b>		
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Income</b>
Call loans to bank Hua Nan Bank	\$ 1,226,221	0.16-8.5	\$ 13,824

2) Derivative financial instruments

	<b>December 31, 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	\$ 12,916,042	2023.8.2- 2024.9.23	\$ 302,294	Financial assets at fair value through profit or loss	\$ 302,294	
Hua Nan Bank	1,537,624	2023.5.4- 2024.2.29	(41,652)	Financial liabilities at fair value through profit or loss	41,652	
TGL	369,030	2023.11.23- 2024.2.27	1,699	Financial assets at fair value through profit or loss	1,699	
TGL	17,416,338	2023.9.19- 2024.3.25	(622,168)	Financial liabilities at fair value through profit or loss	622,168	
Interest rate swap contracts						
SinoPac Securities	375,000	2020.8.11- 2024.8.12	2,618	Financial liabilities at fair value through profit or loss	2,698	
Hua Nan Bank	10,544,177	2020.11.13- 2032.8.22	(8,133)	Financial assets at fair value through profit or loss	454,822	
TAIFEX	81,345,000	2019.1.23- 2032.5.31	291,726	Financial assets at fair value through profit or loss	302,149	
TAIFEX	73,870,000	2019.8.2- 2033.5.9	(274,292)	Financial liabilities at fair value through profit or loss	274,292	

(Continued)

<b>December 31, 2023</b>					
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Valuation Gains or Losses</b>	<b>Account</b>	<b>Balance</b>
Forward exchange contracts					
TGL	\$ 1,104,942	2023.12.6- 2024.3.8	\$ 8,282	Financial assets at fair value through profit or loss	\$ 8,282
TGL	1,713,467	2023.1.16- 2024.4.18	(52,602)	Financial liabilities at fair value through profit or loss	52,602
YFY International	307,525	2023.8.10- 2024.8.23	2,744	Financial assets at fair value through profit or loss	2,744
YFY International	153,762	2023.1.13- 2024.1.17	(11,012)	Financial liabilities at fair value through profit or loss	11,012
Cross-currency swap contracts					
Hua Nan Bank	1,253,080	2023.7.28- 2024.4.29	518	Financial assets at fair value through profit or loss	518
Hua Nan Bank	610,320	2023.2.24- 2024.2.29	(24,467)	Financial liabilities at fair value through profit or loss	24,467

(Concluded)

<b>December 31, 2022</b>					
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Valuation Gains or Losses</b>	<b>Account</b>	<b>Balance</b>
Currency swap contracts					
Hua Nan Bank	\$ 1,843,413	2021.11.11- 2023.10.5	\$ 89,955	Financial assets at fair value through profit or loss	\$ 88,916
Hua Nan Bank	3,686,826	2022.1.12- 2023.4.20	(237,148)	Financial liabilities at fair value through profit or loss	237,148
TGL	7,680,888	2021.1.21- 2023.4.14	78,444	Financial assets at fair value through profit or loss	74,865
TGL	9,038,066	2022.9.27- 2023.3.1	(236,918)	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	(4,566)	Financial liabilities at fair value through profit or loss	7,122
Hua Nan Bank	11,123,563	2020.11.13- 2032.3.16	398,067	Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27- 2027.8.11	14,033	Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27- 2023.7.27	(3,610)	Financial liabilities at fair value through profit or loss	3,610
Forward exchange contracts					
TGL	772,448	2022.10.17- 2023.7.13	16,430	Financial assets at fair value through profit or loss	16,430
TGL	3,081,540	2022.3.30- 2023.6.16	(128,889)	Financial liabilities at fair value through profit or loss	128,889

### 3) Financial assets at fair value through other comprehensive income

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Equity instruments		
TAIFEX	\$ 348,266	\$ 333,886
PCSC	-	207,808

### 4) Current income tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Receivable from adopting the linked-tax system	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>
Payable from adopting the linked-tax system	<u>\$ 1,170,711</u>	<u>\$ 989,706</u>

5) Loans

**For the Year Ended December 31, 2023**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
<u>\$ 10,747,642</u>	<u>\$ 11,779,288</u>	0-12.90	<u>\$ 199,198</u>

Category	December 31, 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	193	\$ 317,565	\$ 287,900	V	-	None	Yes
Household mortgage loans	1,197	8,113,385	7,681,745	V	-	Real estate	Yes
Others:							
	SPL	70,000	-	V	-	Real estate	Yes
	Jhong Cing Investment	54,634	51,147	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	5,975	V	-	Real estate	Yes
	Hotai Investment	1,581	756	V	-	Vehicle	Yes
	Zetai Investment	875	525	V	-	Vehicle	Yes
	Others	3,214,415	2,719,594	V	-	Real estate and vehicle	Yes
	Others subtotal	3,348,338	2,777,997				
	Total	\$ 11,779,288	\$ 10,747,642				

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

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
<u>\$ 10,483,666</u>	<u>\$ 12,182,074</u>	0-10.77	<u>\$ 146,415</u>

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 Industry	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				

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 IFRS Accounting Standards.

6) Guarantees

December 31, 2022

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

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

7) Notes and bonds transaction

	<b>For the Year Ended December 31, 2023</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities	\$ -	\$ 1,600,000

	<b>For the Year Ended December 31, 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>December 31, 2022</b>		<b>For the Year Ended December 31, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>	<b>Interest Expense</b>
Hua Nan Bank	<u>\$ 1,228,942</u>	0.11-5.35	<u>\$ 15,588</u>

9) Payables

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



	<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)

11) Lease

Bank SinoPac and its subsidiaries as a lessee.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Lease liabilities		
SPL	\$ 570,871	608,016

SinoPac Securities and its subsidiaries

1) Cash and cash equivalents

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac	\$ 4,097,754	\$ 5,098,342
Grand Bills	917,576	864,418
TAIFEX	349,066	362,323
Hua Nan Bank	<u>2,920</u>	<u>871,711</u>
	<u>\$ 5,367,316</u>	<u>\$ 7,196,794</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
2) Customer margin deposits		
TAIFEX	<u>\$ 8,397,486</u>	<u>\$ 7,801,246</u>
3) Current financial assets at fair value through profit or loss		
Futures margin-securities		
TAIFEX	\$ 1,691,777	\$ 848,754
Futures margin-own funds		
TAIFEX	556,117	394,306
Operating securities (non-equity investments)		
EMC	<u>68,000</u>	<u>170,573</u>
	<u>\$ 2,315,894</u>	<u>\$ 1,413,633</u>
4) Derivative financial instruments - contract (notional) amount		
Interest rate swap contracts		
Bank SinoPac	<u>\$ 375,000</u>	<u>\$ 675,000</u>
Assets swap options		
Grand Bills	<u>\$ 272,500</u>	<u>\$ 421,600</u>
5) Securities purchased under resell agreements		
Grand Bills	<u>\$ 932,342</u>	<u>\$ 351,154</u>
6) Current income tax assets		
SPH	<u>\$ 300,406</u>	<u>\$ 292,326</u>
7) Restricted assets - current		
Bank SinoPac	<u>\$ 1,205,560</u>	<u>\$ 1,030,560</u>
8) Guarantee deposits		
Bank SinoPac	\$ 683,215	\$ 715,626
TAIFEX	<u>235,128</u>	<u>224,818</u>
	<u>\$ 918,343</u>	<u>\$ 940,444</u>
9) Financial assets at fair value through other comprehensive income		
Chunghwa Telecom	\$ 517,920	\$ 253,685
TAIFEX	<u>327,369</u>	<u>313,852</u>
	<u>\$ 845,289</u>	<u>\$ 567,537</u>

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
10) Commercial papers payable - face amount		
Grand Bills	<u>\$ 2,500,000</u>	<u>\$ -</u>
11) Current income tax liabilities		
SPH	<u>\$ 166,033</u>	<u>\$ 97,457</u>
12) Notes and bonds transaction		
	<b>For the Year Ended December 31, 2023</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Grand Bills	\$ 159,973,219	\$ 159,920,061
Hua Nan Bank	10,144,793	11,685,310
Bank SinoPac	1,600,000	-
ACC	300,000	-
	<b>For the Year Ended December 31, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Grand Bills	\$ 30,756,599	\$ 29,892,181
Hua Nan Bank	8,615,896	7,746,623
Bank SinoPac	7,000,000	-
Chunghwa Telecom	500,000	-
13) Brokerage fee expense		
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
TAIFEX	\$ 224,942	\$ 262,715
TWSE	<u>-</u>	<u>135,187</u>
	<u>\$ 224,942</u>	<u>\$ 397,902</u>
14) Settlement and delivery services		
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
TAIFEX	<u>\$ 156,271</u>	<u>\$ 182,449</u>



SinoPac Venture Capital

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
1) Financial assets at fair value through profit or loss		
Taigen Biopharmaceuticals	\$ <u>312,803</u>	\$ <u>347,437</u>
2) Financial assets at fair value through other comprehensive income		
Sun He Energy	\$ <u>119,880</u>	\$ <u>109,690</u>

SinoPac Leasing and its subsidiaries

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
1) Cash and cash equivalents		
Bank deposits		
Bank SinoPac	\$ 138,674	\$ 355,415
Bank SinoPac (China)	<u>91,787</u>	<u>162,673</u>
	<u>\$ 230,461</u>	<u>\$ 518,088</u>
2) Current income tax assets		
SPH	\$ <u>306,666</u>	\$ <u>306,570</u>
3) Commercial papers issued - face amount		
Grand Bills	\$ <u>-</u>	\$ <u>100,000</u>
4) As of December 31, 2023 and 2022, borrowings and derivative financial instruments from Bank SinoPac for SinoPac Leasing and its subsidiaries totaling \$977,762 and \$1,029,618, 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 ended in December 31, 2023 and 2022:

Restricted Assets	Object	December 31		Remarks
		2023	2022	
Financial assets at fair value through other comprehensive income	Bank debentures	\$ 1,429,184	\$ -	Note 1
Investment in debt instruments at amortized cost	Certificates of deposits	5,153,762	8,153,618	Note 2
Investment in debt instruments at amortized cost	Government bonds	1,495,035	1,462,398	Note 3
Discounts and loans	Loans	18,924,490	16,610,100	Note 4
Other financial assets	Certificates of deposits and time deposits	440,000	450,000	Note 5
Investment properties	Land and land improvements and buildings	714,590	716,367	Note 6
Properties and equipment	Land and buildings	1,018,718	1,036,540	Note 6
Right-of-use assets	Land and surface rights	903,211	939,300	Note 7

Note 1: Pledged with repurchase agreement.

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

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

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

Note 5: Assets pledged to financial institutions as guarantees for commercial papers issued and pledged to obtain credit line for short-term borrowings and bank overdraft.

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

Note 7: Loan collateral.

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

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

	December 31	
	2023	2022
Trust assets	\$ 1,012,540,113	\$ 754,698,688
Securities under custody	225,139,963	229,382,736
Agent for government bonds	91,850,400	84,867,900
Receipts under custody	24,180,694	24,867,070
Agent for short-term securities under custody	10,614,800	16,758,120
Appointment of investment	7,698,253	6,434,557
Guarantee notes payable	5,764,662	8,739,018
Goods under custody	899,254	1,083,102
Deposit guarantee promissory notes	500,000	500,000

As of December 31, 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 a total budget of \$30,000 for enterprise and industry cooperation and a donation agreement effective from July 1, 2023 through June 30, 2026 in May 2023. As of December 31, 2023, Bank SinoPac recognized operating expenses in the amount of \$17,500.

- b. The Group entered into contracts to buy computers and office equipment were for \$1,091,709 and \$930,402 of which \$714,171 and \$579,874 had not been paid as of December 31, 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 courts 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 concealing 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 on September 19, 2018, and once again reduced their declaration to \$4,161,219 on November 30, 2018.

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. On December 28, 2023, Bank SinoPac and the SFIPC mediated and established an agreement at the Taiwan High Court. Bank SinoPac paid \$3,650 as a settlement with the SFIPC.

- 2) Bank SinoPac dealt with Skwentex International Corporation (Skwentex) regarding Skwentex's receivables from Siltrontechnics Electronics Corporation. The relevant accounts receivable transaction involved suspected false cycle trading and was investigated by the Taiwan New Taipei District Prosecutors and was under process by the Criminal Court in 2015. 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 overruled the appeal in favor of Bank SinoPac on May 24, 2023, and Bank SinoPac received the certificate of determination of the judgment on August 1, 2023. The conviction is affirmed in this case.

- 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, the Company had appealed to the Supreme Court in November 14, 2022, the the Supreme Court rendered a judgment on December 26, 2023, overturning the award of \$3,000 thousand in principal and interest to Mr. Chen and remanding the case to the High Court. Subsequent litigation has been entrusted to external lawyer to handle the case.
- 4) Plaintiff Mr. Tang filed a civil complaint against SinoPac Securities (Asia) in January 2018. The plaintiff claimed that the Company committed a breach of obligation and liable for HK\$59,670 thousand for his loss in stock transfer. However, the Company transferred the stocks based on stock purchase and sale agreement and Mr. Tang's order; therefore, no breach of fiduciary duties was found. SinoPac Securities (Asia) entrusted an external lawyer to handle the case and would take all necessary actions to defend the company against the claim. The case was re-heard on October 12, 2023, and the court ruled to dismiss all claims brought by the plaintiff, Mr. Tang's, against SinoPac Securities (Asia) and the case was confirmed as closed.

## 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	December 31, 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	\$ 15,292,958	\$ 12,940,280	\$ 139,924	\$ 2,212,754
Bonds	64,955,736	49,417,434	13,670,710	1,867,592
Others	24,666,035	12,656,232	12,009,803	-
Financial assets designated at fair value through profit or loss				
Bonds	1,259,836	1,259,836	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	26,234,174	21,793,601	1,537,790	2,902,783
Debt instruments at fair value through other comprehensive income				
Bonds	174,843,289	82,825,617	90,074,111	1,943,561
Certificates of deposits and others	173,797,495	849,315	172,948,180	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	14,843,330	14,843,330	-	-
Financial liabilities designated at fair value through profit or loss	1,873,060	-	1,873,060	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	43,709,355	3,120,914	37,848,712	2,739,729
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	46,504,725	681,466	44,178,820	1,644,439
Financial liabilities designated as at fair value through profit or loss	13,049,008	-	12,982,220	66,788

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

## 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 exchange contracts, 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 exchange 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 approach, income approach and asset approach. 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 is adopted for derivative contracts trading in other than exchange markets, over-the-counter and reflects the non-performance risk of the counterparty on fair value.

Debit valuation adjustment is adopted for derivative contracts trading in other than exchange markets, 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 year ended December 31, 2023, the Group transferred part of the government bonds and bank debentures amounts \$10,093,249 transferred from Levels 1 to 2 because the Group determined these investments were not in an active market.

For the year ended December 31, 2022, the Group transferred part of the government bonds, corporate bonds, bank debentures and certificates of deposits amounts \$9,156,054 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

Items	Beginning Balance	For the Year Ended December 31, 2023						Effects of Changes in Exchange Rate	Ending Balance
		Gains (Losses) on Valuation		Increase		Decrease			
		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	\$ 210,760	\$ -	\$ 614,443	183,600	\$ (529,877)	\$ (398,582)	\$ 85	\$ 2,212,754
Bonds	1,855,295	24,090	-	960,514	-	(938,759)	(25,281)	(8,267)	1,867,592
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	2,759,596	-	103,713	44,919	-	(5,445)	-	-	2,902,783
Debt instruments at FVTOCI									
Bonds	1,954,346	-	(15,718)	6,568	-	-	-	(1,635)	1,943,561
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	2,616,402	123,327	-	-	-	-	-	-	2,739,729

Items	Beginning Balance	For the Year Ended December 31, 2022						Effects of Changes in Exchange Rate	Ending Balance
		Gains (Losses) on Valuation		Increase		Decrease			
		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	\$ (207,970)	\$ -	\$ 841,419	\$ 137,108	\$ (564,828)	\$ (185,355)	\$ -	\$ 2,132,325
Bonds	1,300,317	6,143	-	733,694	-	(260,476)	-	75,617	1,855,295
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	3,373,295	-	(595,523)	-	-	(18,176)	-	-	2,759,596
Debt instruments at FVTOCI									
Bonds	1,641,729	-	(16,102)	205,868	-	-	-	122,851	1,954,346
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	2,167,226	-	-	-	-	-	-	2,616,402

Note: Items are transferred to Level 3 for the years ended December 31, 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 years ended December 31, 2023 and 2022, the gains on valuation included in net income with assets still held were \$605,831 and \$2,417,963, respectively.

For the years ended December 31, 2023 and 2022, the gain or loss on valuation included in other comprehensive income with assets still held were gain \$87,995 and loss \$616,907, respectively.

b) Reconciliation of Level 3 items of financial liabilities

Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	For the Year Ended December 31, 2023				Effect of Changes in Exchange Rate	Ending Balance
			Increase		Decrease			
			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	\$ 137,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,644,439
Financial liabilities designated as at fair value through profit or loss	18,035	1,292	327,738	-	(280,277)	-	-	66,788

For the Year Ended December 31, 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		
<b>Derivative financial instruments</b>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 757,540	\$ 749,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,507,083
Financial liabilities designated as at fair value through profit or loss	89,753	(4,401)	53,617	-	(120,934)	-	-	18,035

For the years ended December 31, 2023 and 2022, the losses on valuation included in net income with liabilities still held were \$488,158 and \$1,200,706, 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:

December 31, 2023

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<b>Derivative financial instruments</b>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL and held-for-trading					
financial liabilities					
Interest rate swap contracts	\$ 2,431,654	\$ 1,336,524	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	250,670	250,534	Sellers' quote	(Note 1)	-
Others	57,405	57,381	Sellers' quote	(Note 1)	-
	<u>\$ 2,739,729</u>	<u>\$ 1,644,439</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	\$ -	\$ 66,788	Self-built option pricing model	Volatility	3%-34% (Note 4)
<b>Non-derivative financial instruments</b>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	\$ 2,212,754	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	1,867,592	-	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 4,080,346</u>	<u>\$ -</u>			

(Continued)

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
Financial assets at fair value through other comprehensive income Equity instruments at FVTOCI Stock	\$ 2,902,783	\$ -	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>1,943,561</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or Sellers' quote	(Note 3)	-
	<u>\$ 4,846,344</u>	<u>\$ -</u>			

(Concluded)

## December 31, 2022

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
Derivative financial instruments					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL and held-for-trading financial liabilities					
Interest rate swap contracts	\$ 1,928,089	\$ 819,142	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	379,401	379,196	Sellers' quote	(Note 1)	-
Others	<u>308,912</u>	<u>308,745</u>	Sellers' quote	(Note 1)	-
	<u>\$ 2,616,402</u>	<u>\$ 1,507,083</u>			
Financial instruments designated as at fair value through profit or loss Liabilities for structured note	<u>\$ -</u>	<u>\$ 18,035</u>	Self-built option pricing model	Volatility	3%-33% (Note 6)
Non-derivative financial instruments					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL					
Stock	\$ 2,132,325	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	<u>1,855,295</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 3,987,620</u>	<u>\$ -</u>			

(Continued)

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
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>	-	Taipei Exchange's quote or Bloomberg's quote or Sellers' quote	(Note 3)	-
	<u>\$ 4,713,942</u>	<u>\$ -</u>			

(Concluded)

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 34%.

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

#### 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:

December 31, 2023

Item	Changes in the Fair Value Reflected in Profit or Loss		Changes in the Fair Value Reflected in Other Comprehensive Income	
	Unfavorable Change	Favorable Change	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	\$ (103,217)	\$ 103,217	\$ _____ -	\$ _____ -
Financial assets at fair value through other comprehensive income				
Debt instruments at fair value through other comprehensive income	\$ _____ -	\$ _____ -	\$ (36,714)	\$ 36,714

December 31, 2022

Item	Changes in the Fair Value Reflected in Profit or Loss		Changes in the Fair Value Reflected in Other Comprehensive Income	
	Unfavorable Change	Favorable Change	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	\$ (94,250)	\$ 94,250	\$ _____ -	\$ _____ -
Financial assets at fair value through other comprehensive income				
Debt instruments at fair value through other comprehensive income	\$ _____ -	\$ _____ -	\$ (37,145)	\$ 37,145

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 agreements, receivables, discounts and loans, some other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers payables, payables, deposits and remittances, short-term and long-term borrowings, liability component of preferred stock and other financial liabilities.

Items	December 31, 2023	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 303,546,679	\$ 295,595,153
Bonds payable	71,827,113	71,151,976

  

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

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 295,595,153	\$ 64,972,418	\$ 230,622,735	\$ -
Bonds payable	71,151,976	-	45,396,976	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

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 agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, commercial papers payables, securities sold under repurchase agreements, short-term borrowings, payables and other financial liabilities approximate 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 the Group, 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, non-performing assets and every kind of assets' credit risk.

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



Credit risk management procedures and measurements are as follows:

a) Loan business (includes loan commitment and guarantee)

Loan business classification and qualities are as follows:

i. Classification

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

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

ii. Credit quality level

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

In order to measure clients’ credit risks, Bank SinoPac and its subsidiaries established 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 carries 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 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 supervises and manages 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 adopts the change in external credit rating scales determined by international credit rating agencies as one of the quantitative indicators to measure whether the credit risk is significantly increased for debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The credit risk is considered to have significantly increased if the instrument's credit rating falls from an investment grade to a non-investment grade or if there is a downgrade within non-investment grade categories. The measurement of expected credit loss is based on the PD and LGD information of the rating.

#### 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 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 PD for the next 12 months and for the period of existence, and includes LGD, and 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) considers prospective information when calculating expected credit losses, frameworks a prospective information forecast performance of model to ensure prospective factor and frameworks a conduction model transfer prospective factor to expected credit losses, conducts prospective adjustment about parameter correlation of expected credit losses, evaluates model and evaluates 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 shall 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	
	December 31, 2023	December 31, 2022
Undrawn credit card commitments	\$ 230,289,636	\$ 221,832,593
Undrawn loan commitments	48,377,846	45,067,636
Guarantees	31,015,776	34,537,369
Standby letter of credit	4,013,033	7,978,791

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 counterparty or several counterparties, 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	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Private enterprise	\$ 680,594,557	47.31	\$ 641,380,549	47.87
Public enterprise	4,310,264	0.30	22,366,382	1.67
Government sponsored enterprise and business	22,000,000	1.53	12,000,000	0.90
Nonprofit organization	187,720	0.01	192,340	0.01
Private	713,683,200	49.61	651,745,182	48.64
Financial institutions	17,778,569	1.24	12,262,932	0.91
Total	\$1,438,554,310	100.00	\$1,339,947,385	100.00

##### b) By region

Regions	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Domestic	\$1,171,933,921	81.47	\$1,077,234,867	80.39
Asia	138,006,276	9.59	141,222,369	10.54
North America	76,803,429	5.34	82,035,723	6.12
Others	51,810,684	3.60	39,454,426	2.95
Total	\$1,438,554,310	100.00	\$1,339,947,385	100.00

##### c) By collateral

Collaterals	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Credit Secured	\$ 486,869,700	33.85	\$ 441,814,944	32.97
Stocks	3,911,115	0.27	3,337,185	0.25
Bonds	10,234,498	0.71	10,871,060	0.81
Real estate	852,815,502	59.28	801,483,415	59.82
Movable collaterals	57,658,479	4.01	54,794,521	4.09
Guarantees	15,814,892	1.10	16,064,270	1.20
Others	11,250,124	0.78	11,581,990	0.86
Total	\$1,438,554,310	100.00	\$1,339,947,385	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 to 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 December 31, 2023 and 2022, the amount of discounts and loans were \$4,185,914 and \$4,572,446, with a provision for loss allowance of \$700,573 and \$718,288 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to \$2,801,569 and \$3,010,962.

### 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 \$48,803,521 and \$48,781,006 on December 31, 2023 and 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 December 31, 2023 and 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		December 31, 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	\$ 528,014	\$ 280,196,530	0.19%	\$ 4,006,559	758.80%	
	Unsecured	187,086	426,106,268	0.04%	5,259,004	2,811.01%	
Consumer loan	Mortgage (Note 4)	199,131	386,735,640	0.05%	5,835,995	2,930.73%	
	Cash card	-	1,400	-	197	-	
	Micro credit (Note 5)	162,047	43,417,155	0.37%	806,214	497.52%	
	Others (Note 6)	Secured	236,091	260,834,854	0.09%	2,726,348	1,154.79%
		Unsecured	1,432	1,182,253	0.12%	14,722	1,028.07%
<b>Total</b>		<b>1,313,801</b>	<b>1,398,474,100</b>	<b>0.09%</b>	<b>18,649,039</b>	<b>1,419.47%</b>	
		<b>Overdue Receivables</b>	<b>Accounts Receivables</b>	<b>Delinquency Ratio</b>	<b>Allowance for Credit Losses</b>	<b>Coverage Ratio</b>	
Credit card		25,910	20,807,965	0.12%	148,362	572.61%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	13,029,858	-	174,294	-	

Date		December 31, 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	\$ 538,157	\$ 277,018,665	0.19%	\$ 3,624,654	673.53%	
	Unsecured	390,080	388,551,125	0.10%	4,884,097	1,252.08%	
Consumer loan	Mortgage (Note 4)	197,174	350,109,424	0.06%	5,309,215	2,692.65%	
	Cash card	-	1,986	-	262	-	
	Micro credit (Note 5)	91,927	32,040,000	0.29%	581,299	632.35%	
	Others (Note 6)	Secured	237,400	248,337,134	0.10%	2,603,880	1,096.83%
		Unsecured	2,595	1,859,469	0.14%	21,309	821.16%
<b>Total</b>		<b>1,457,333</b>	<b>1,297,917,803</b>	<b>0.11%</b>	<b>17,024,716</b>	<b>1,168.21%</b>	
		<b>Overdue Receivables</b>	<b>Accounts Receivables</b>	<b>Delinquency Ratio</b>	<b>Allowance for Credit Losses</b>	<b>Coverage Ratio</b>	
Credit card		24,302	20,878,070	0.12%	166,519	685.21%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	15,882,597	-	201,452	-	

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 was included.

b) Excluded NPLs and excluded overdue receivables

Date	December 31, 2023		December 31, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ 205	\$ 10,353	\$ 1,446	\$ 16,422
As a result of consumer debt clearance (Note 2)	18,967	508,569	17,755	565,939
Total	\$ 19,172	\$ 518,922	\$ 19,201	\$ 582,361

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	December 31, 2023		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (manufacture of other communication equipment)	\$ 12,142,277	7.03
2	B Group (manufacture of panel and components)	9,259,398	5.36
3	C Group (real estate development activities)	7,395,994	4.28
4	D Group (real estate development activities)	5,490,020	3.18
5	E Group (real estate development activities)	5,457,000	3.16
6	F Group (metal casting)	5,287,620	3.06
7	G Group (wholesale of computer, computer peripheral equipment and software)	5,269,950	3.05
8	H Company (other metalworking activities)	5,000,000	2.89
9	I Group (department store)	4,498,500	2.60
10	J Group (real estate development activities)	3,833,000	2.22

Year	December 31, 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)	\$ 11,722,101	8.50
2	B Group (real estate development activities)	7,336,962	5.32
3	C Group (other holding companies)	6,571,801	4.77
4	D Group (metal casting)	6,351,463	4.61
5	E Group (real estate development activities)	5,457,000	3.96
6	F Group (manufacture of computers)	4,928,816	3.58
7	G Group (department store)	4,510,025	3.27
8	H Group (manufacture of computers)	4,375,837	3.17
9	I Group (computer, peripheral equipment and software retail activities)	3,809,720	2.76
10	J Company (real estate development activities)	3,803,000	2.76

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

December 31, 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	\$ 64,927,102	\$ 30,400,700	\$ 5,138,825	\$ 11,652,263	\$ -	\$ 112,118,890
Financial liabilities at fair value through profit or loss	-	-	1,883,244	-	-	1,883,244
Securities sold under repurchase agreements	17,235,916	7,105,226	603,473	-	-	24,944,615
Payables	10,568,404	603,949	156,884	121,322	2,034,122	13,484,681
Deposits and remittances	1,220,403,012	302,515,304	203,595,943	233,495,447	27,078,825	1,987,088,531
Bank debentures	69,797	274,511	3,182,649	7,764,855	47,965,851	59,257,663
Lease liabilities	70,669	106,600	168,496	272,330	2,082,070	2,700,165

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

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 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	\$ 599,709	\$ 620,057	\$ -	\$ -	\$ -	\$ 1,219,766
Due to the Central Bank and Banks	-	-	-	756,408	-	756,408
Securities sold under repurchase agreements	330,363	-	-	-	-	330,363
Payables	522,585	202,728	525,360	-	-	1,250,673
Deposits and remittances	5,489,746	2,357,443	2,573,302	1,301,520	236	11,722,247
Lease liabilities	1,240	2,304	8,343	17,116	-	29,003

(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

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

December 31, 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	\$ 7,361,043	\$ -	\$ -	\$ -	\$ -	\$ 7,361,043

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

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 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	\$ 11,516	\$ -	\$ -	\$ -	\$ -	\$ 11,516

(In Thousands of CNY)

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	\$ 14,794	\$ -	\$ -	\$ -	\$ -	\$ 14,794

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

December 31, 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	\$ 1,225,738,415	\$ 989,228,145	\$ 539,644,265	\$ 198,861,831	\$ 20,309,084	\$ 2,973,781,740
Cash outflow	1,227,556,706	989,295,077	540,004,847	198,672,968	19,705,830	2,975,235,428

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

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 3,917,717	\$ 5,367,683	\$ 14,910,665	\$ 85,552	\$ -	\$ 24,281,617
Cash outflow	3,924,909	5,292,282	14,731,253	85,842	-	24,034,286

(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

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

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 806,085	\$ 1,673,934	\$ 5,877,280	\$ 5,284,404	\$ 34,100,740	\$ 47,742,443
Guarantees	7,638,355	3,546,302	3,198,648	4,063,994	11,267,072	29,714,371
Standby letter of credit	828,564	2,086,851	527,861	216,090	-	3,659,366

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

### Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ -	\$ 200	\$ 74,488	\$ 72,027	\$ -	\$ 146,715
Guarantees	7,335	70,908	478,532	79,928	-	636,703
Standby letter of credit	7,851	50,869	22,942	-	-	81,662

(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 loan commitments	\$ -	\$ -	\$ -	\$ 6,885	\$ -	\$ 6,885
Guarantees	66,129	84,138	519,639	58,790	-	728,696
Standby letter of credit	18,418	38,419	-	-	-	56,837

## 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)

	December 31, 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	\$ 2,395,045,349	\$ 243,190,428	\$ 278,018,189	\$ 449,188,407	\$ 234,625,097	\$ 175,387,496	\$ 1,014,635,732
Main capital outflow on maturity	2,799,665,925	152,160,967	231,132,682	561,138,990	455,802,331	487,299,005	912,131,950
Gap	(404,620,576)	91,029,461	46,885,507	(111,950,583)	(221,177,234)	(311,911,509)	102,503,782

	December 31, 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	\$ 1,962,049,134	\$ 215,968,005	\$ 211,811,856	\$ 340,804,761	\$ 130,210,767	\$ 124,488,093	\$ 938,765,652
Main capital outflow on maturity	2,334,228,600	119,987,873	200,152,007	452,181,604	271,894,034	459,487,766	830,525,316
Gap	(372,179,466)	95,980,132	11,659,849	(111,376,843)	(141,683,267)	(334,999,673)	108,240,336

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)

	December 31, 2023					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 68,868,092	\$ 24,132,406	\$ 20,206,008	\$ 10,540,407	\$ 4,673,979	\$ 9,315,292
Main capital outflow on maturity	70,075,636	24,968,543	23,503,381	12,034,665	5,331,630	4,237,417
Gap	(1,207,544)	(836,137)	(3,297,373)	(1,494,258)	(657,651)	5,077,875

(In Thousands of U.S. Dollars)

	December 31, 2022					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 48,267,319	\$ 16,947,913	\$ 14,853,061	\$ 4,267,290	\$ 3,094,700	\$ 9,104,355
Main capital outflow on maturity	49,386,396	15,548,360	16,816,058	8,268,149	4,487,089	4,266,740
Gap	(1,119,077)	1,399,553	(1,962,997)	(4,000,859)	(1,392,389)	4,837,615

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 exchange contracts, 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 exchange contracts, and FX option.

b) Policies and procedures

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

c) Measurements

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

8) Trading book equity risk management

a) Definitions

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

b) Procedures

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

c) Measurements

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

9) Banking book interest rate risk management

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

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

a) Strategies

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

b) Risk measurement

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

c) Risk monitoring

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

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

#### 10) Banking book equity risk management

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

##### a) Strategies

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

##### b) Risk measurement

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

##### c) Risk monitoring

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

#### 11) Impact of interest rate benchmark reform

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

Bank SinoPac has formulated a LIBOR conversion plan to deal with product business strategy adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of the interest rate benchmark. As of December 31, 2023, Bank SinoPac has identified all information systems and internal processes that need to be updated and has finished the updating, and has discussed with the financial instrument counterparty how to amend the affected contract. Currently, only three bonds are subject to Synthetic LIBOR, with a maturity date no later than October 9, 2024. The Synthetic LIBOR quotations will still be available for the final interest rate pricing, and there is no need for further negotiation on conversion terms.

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

As of December 31, 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	\$ 2,904,701	\$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	\$ 2,904,701	\$ -

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 Year Ended December 31, 2023</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	22,427	50,007	11,551
Interest rate risk	43,579	81,270	20,810
Equity risk	8,229	16,841	3,316
Total VaR	50,898	94,964	23,951

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

Note 2: Historical data period: 2023.01.03-2023.12.29.

	<b>For the Year Ended December 31, 2022</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	25,101	56,748	8,748
Interest rate risk	56,053	186,224	30,050
Equity risk	3,644	10,552	290
Total VaR	61,581	188,654	33,149

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

Note 2: Historical data period: 2022.01.03-2022.12.30.

Bank SinoPac (China)'s trading book VaR overview

**(In Thousands of CNY)**

	<b>For the Year Ended December 31, 2023</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	410	1,183	129
Interest rate risk	232	686	10
Equity risk	-	-	-
Total VaR	461	1,140	195

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

Note 2: Historical data period: 2023.01.01-2023.12.31.

**(In Thousands of CNY)**

	<b>For the Year Ended December 31, 2022</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	2,263	5,715	400
Interest rate risk	129	607	7
Equity risk	-	-	-
Total VaR	789	2,685	318

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

Note 2: Historical data period: 2022.01.01-2022.12.31.

13) Exchange rate risks

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

	<b>December 31, 2023</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,826,009	30.75248	\$ 486,689,025
CNY	19,369,398	4.33086	83,886,151
AUD	3,735,340	21.00815	78,472,583
Nonmonetary items			
USD	58,561	30.75248	1,800,896
CNY	2,324,328	4.33086	10,066,341
<u>Financial liabilities</u>			
Monetary items			
USD	24,278,169	30.75248	746,613,907
CNY	17,991,552	4.33086	77,918,893
AUD	763,651	21.00815	16,042,895
	<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

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

a) Interest rate sensitivity information (New Taiwan dollars)

December 31, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,380,324,851	\$ 36,786,628	\$ 102,089,127	\$ 124,669,281	\$ 1,643,869,887
Interest rate-sensitive liabilities	444,744,882	822,761,434	58,198,114	60,243,617	1,385,948,047
Interest rate-sensitive gap	935,579,969	(785,974,806)	43,891,013	64,425,664	257,921,840
Net worth					178,819,929
Ratio of interest rate-sensitive assets to liabilities (%)					118.61%
Ratio of interest rate-sensitive gap to net worth (%)					144.24%

December 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,212,633,457	\$ 45,024,272	\$ 76,136,267	\$ 118,128,023	\$ 1,451,922,019
Interest rate-sensitive liabilities	418,838,176	767,184,003	42,765,975	67,118,476	1,295,906,630
Interest rate-sensitive gap	793,795,281	(722,159,731)	33,370,292	51,009,547	156,015,389
Net worth					147,660,651
Ratio of interest rate-sensitive assets to liabilities (%)					112.04%
Ratio of interest rate-sensitive gap to net worth (%)					105.66%

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)

December 31, 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	\$ 9,192,383	\$ 464,923	\$ 259,241	\$ 4,458,916	\$ 14,375,463
Interest rate-sensitive liabilities	11,500,079	8,329,098	925,336	757,842	21,512,355
Interest rate-sensitive gap	(2,307,696)	(7,864,175)	(666,095)	3,701,074	(7,136,892)
Net worth					(142,268)
Ratio of interest rate-sensitive assets to liabilities (%)					66.82%
Ratio of interest rate-sensitive gap to net worth (%)					5,016.51%

December 31, 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	\$ 13,471,296	\$ 312,485	\$ 331,336	\$ 3,802,954	\$ 17,918,071
Interest rate-sensitive liabilities	10,624,243	10,099,552	1,236,351	410,769	22,370,915
Interest rate-sensitive gap	2,847,053	(9,787,067)	(905,015)	3,392,185	(4,452,844)
Net worth					(228,746)
Ratio of interest rate-sensitive assets to liabilities (%)					80.10%
Ratio of interest rate-sensitive gap to net worth (%)					1,946.63%

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 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	December 31, 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	\$ 2,146,223	\$ 1,991,570	\$ 2,146,223	\$ 1,991,570	\$ 154,653
Investments in debt instruments at amortized cost Transactions under repurchase agreements	1,001,154	957,633	1,000,611	957,633	42,978
Securities purchased under resell agreements Transactions under repurchase agreements	20,727,388	21,795,201	20,727,388	21,795,201	(1,067,813)

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)

## 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:

### December 31, 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	\$ 34,061,255	\$ -	\$ 34,061,255	\$ 18,901,365	\$ 5,007,622	\$ 10,152,268
Securities purchased under resell agreements	66,804,814	-	66,804,814	66,793,010	-	11,804
	<u>\$ 100,866,069</u>	<u>\$ -</u>	<u>\$ 100,866,069</u>	<u>\$ 85,694,375</u>	<u>\$ 5,007,622</u>	<u>\$ 10,164,072</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	\$ 39,953,077	\$ -	\$ 39,953,077	\$ 18,901,365	\$ 7,114,337	\$ 13,937,375
Securities sold under repurchase agreements	26,173,587	-	26,173,587	26,169,014	4,573	-
	<u>\$ 66,126,664</u>	<u>\$ -</u>	<u>\$ 66,126,664</u>	<u>\$ 45,070,379</u>	<u>\$ 7,118,910</u>	<u>\$ 13,937,375</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	60,264,108	-	60,264,108	60,260,606	-	3,502
	<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.

### 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 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 and its subsidiaries 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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Equities	<u>\$ 65,609</u>	<u>\$ 52,195</u>
Interest rate	<u>\$ 57,492</u>	<u>\$ 92,445</u>
Overall market risk value	<u>\$ 63,595</u>	<u>\$ 127,893</u>
Percentage of net value	<u>0.19%</u>	<u>0.43%</u>

	<u>For the Year Ended December 31</u>					
	<u>2023</u>			<u>2022</u>		
	<u>Average</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	\$ 45,417	\$ 18,736	\$ 105,317	\$ 99,845	\$ 25,132	\$ 265,238
Interest rate	72,844	42,596	111,599	168,185	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>December 31, 2023</u>		
	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,910,879	30.746	\$ 58,753,314
NTD	742,074	1.000	742,074
HKD	235,963	3.929	927,283
CNY	1,407,064	4.331	6,093,797
EUR	109,145	34.017	3,713,086
AUD	29,273	21.008	614,972
JPY	34,309,560	0.217	7,452,031
ZAR	95,990	1.660	159,318
GBP	5,452	39.217	213,816

(Continued)

	<b>December 31, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 1,723,436	30.746	\$ 52,989,298
NTD	236,494	1.000	236,494
HKD	222,335	3.929	873,614
CNY	650,752	4.331	2,818,313
EUR	97,130	34.017	3,304,042
AUD	16,449	21.008	345,556
JPY	33,940,298	0.217	7,371,832
GBP	4,530	39.217	177,672
			(Concluded)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,653,019	30.721	\$ 50,784,103
NTD	752,789	1.000	752,789
HKD	638,238	3.938	2,513,423
CNY	1,555,618	4.406	6,859,568
EUR	103,576	32.725	3,389,547
AUD	40,489	20.839	844,019
JPY	25,361,842	0.232	5,893,589
ZAR	81,112	1.880	152,520
GBP	2,954	37.059	109,469

<u>Financial liabilities</u>			
Monetary items			
USD	1,513,334	30.721	46,490,891
NTD	247,258	1.000	247,258
HKD	625,338	3.938	2,462,580
CNY	826,644	4.406	3,642,302
EUR	100,977	32.725	3,304,487
AUD	19,629	20.839	409,048
JPY	24,950,513	0.232	5,798,036

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Futures and options	\$ 109,111	\$ 150,851
Warrants	26,444	40,489
Interest rate swaps	9,913	53,593
Currency swaps	669	1,431
Asset swap options	81,945	63,635
Equity-linked notes	686	742
Credit-linked notes	16,342	11,800
Principal-guaranteed notes	707	1,362

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 Inter Bank 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 commodity business strategy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and response to related accounting or tax issues required to meet the reform of interest rate benchmark. As of December 30, 2023, SinoPac Securities and its subsidiaries have identified all information systems and internal processes that need to be updated, and these updates have been completed. SinoPac Securities and its subsidiaries have started discussions with financial instrument counterparties on how to amend the affected contracts, and the revisions have been completed.

Interest rate benchmark reform mainly expose the basic interest rate risk to SinoPac Securities and its subsidiaries. If SinoPac Securities and its subsidiaries are 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 December 31, 2023, the financial instruments of SinoPac Securities and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

<b>Non-derivatives</b>	<b>Book Value</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
USD LIBOR	<u>\$ 1,845,079</u>	<u>\$ -</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 their caps for total credit risk exposure. Through risk diversification, they monitor and manage 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. They also set 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 statistical table daily and regularly prepare credit risk reports for the managerial level and board of directors' review.

The maximum credit risk exposures to financial loss arises principally from the financial assets recognized in the consolidated balance sheets. Except those listed below, the credit risk amounts of financial assets held by SinoPac Securities and its subsidiaries approximated their carrying values.

	<b>December 31, 2023</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Interest rate swaps	\$ 3,623,472	\$ 3,217,749
Asset swap options	<u>818,668</u>	<u>1,043,675</u>
	<u>\$ 4,442,140</u>	<u>\$ 4,261,424</u>
	<b>December 31, 2022</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Interest rate swaps	\$ 3,929,411	\$ 3,018,312
Asset swap options	<u>453,594</u>	<u>645,950</u>
	<u>\$ 4,383,005</u>	<u>\$ 3,664,262</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 their 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 a provisional policy for impaired assets, and for receivable overdue for more than 6 months, except for those that have been paid in accordance with the agreement, that debt recovery should be conducted one by one, and be recognized as appropriate expected credit losses.

c) Debt instruments and derivatives instruments trading

Of the overall transactions of SinoPac Securities and its subsidiaries as of December 31, 2023, were 54% in the financial service sector and 20% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above has a market share of 85%.

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 hold a immediately meeting to discuss the emergency plan for cash flow gap. If there will be 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 December 31, 2023 and 2022, the credit lines unused were \$15,619,593 thousand and \$18,051,809 thousand, respectively.

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

December 31, 2023	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 1,351,515	\$ -	\$ -	\$ -	\$ 1,351,515
Commercial paper payable	30,900,000	200,000	-	-	31,100,000
Current financial liabilities at fair value through profit or loss	26,596,478	1,259,000	6,234,193	-	34,089,671
Liabilities for bonds with attached repurchase agreements	42,907,695	97,436	-	-	43,005,131
Securities financing refundable deposits	2,170,918	-	-	-	2,170,918
Deposits payable for securities financing	2,545,584	-	-	-	2,545,584
Securities lending refundable deposits	8,083,988	-	-	-	8,083,988
Futures traders' equity	30,870,290	-	-	-	30,870,290
Equity for each customer in the account	765,753	-	-	-	765,753
Notes and accounts payable	24,126,938	-	-	-	24,126,938
Other payables	2,802,163	-	-	-	2,802,163
Long-term liabilities - current portion	926,952	-	-	-	926,952
Bonds payable	66,679	64,511	2,279,306	3,120,854	5,531,350
Lease liabilities	67,032	189,765	369,365	30,919	657,081
	<u>\$ 174,181,985</u>	<u>\$ 1,810,712</u>	<u>\$ 8,882,864</u>	<u>\$ 3,151,773</u>	<u>\$ 188,027,334</u>

December 31, 2022	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 309,456	\$ -	\$ -	\$ -	\$ 309,456
Commercial paper payable	900,000	-	-	-	900,000
Current financial liabilities at fair value through profit or loss	22,568,176	889,816	5,356,889	-	28,814,881
Liabilities for bonds with attached repurchase agreements	31,330,766	369,073	-	-	31,699,839
Securities financing refundable deposits	4,172,275	-	-	-	4,172,275
Deposits payable for securities financing	3,973,588	-	-	-	3,973,588
Securities lending refundable deposits	10,452,320	-	-	-	10,452,320
Futures traders' equity	33,036,135	-	-	-	33,036,135
Equity for each customer in the account	525,327	-	-	-	525,327
Notes and accounts payable	15,621,550	-	-	-	15,621,550
Other payables	1,797,525	-	-	-	1,797,525
Bonds payable	66,583	64,525	2,295,306	3,190,686	5,617,100
Long-term borrowings	923,878	-	-	-	923,878
Lease liabilities	61,985	178,386	398,808	26,879	666,058
	<u>\$ 125,739,564</u>	<u>\$ 1,501,800</u>	<u>\$ 8,051,003</u>	<u>\$ 3,217,565</u>	<u>\$ 138,509,932</u>

As of December 31, 2023 and 2022, none of 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	December 31, 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	\$ 23,608,002	\$ 22,169,636	\$ 23,608,002	\$ 22,169,636	\$ 1,438,366
Financial assets at fair value through other comprehensive income	9,160,649	8,847,364	9,160,649	8,847,364	313,285
Bond investments under resale agreements	10,976,521	11,528,115	10,976,521	11,528,115	(551,594)

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)

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:

December 31, 2023

<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	\$ 4,553,568	\$ -	\$ 4,553,568	\$ 2,985,547	\$ -	\$ 1,568,021
Bond investments under resale agreements	11,114,568	-	11,114,568	11,114,568	-	-
Accounts receivable for sale of securities	<u>7,646,058</u>	<u>3,009,816</u>	<u>4,636,242</u>	<u>-</u>	<u>-</u>	<u>4,636,242</u>
	<u>\$ 23,314,194</u>	<u>\$ 3,009,816</u>	<u>\$ 20,304,378</u>	<u>\$ 14,100,115</u>	<u>\$ -</u>	<u>\$ 6,204,263</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	\$ 5,576,063	\$ -	\$ 5,576,063	\$ 2,985,547	\$ -	\$ 2,590,516
Liabilities for bonds with attached repurchase agreements	42,545,115	-	42,545,115	39,075,225	-	3,469,890
Accounts payable for securities purchased	<u>4,035,744</u>	<u>3,009,816</u>	<u>1,025,928</u>	<u>-</u>	<u>-</u>	<u>1,025,928</u>
	<u>\$ 52,156,922</u>	<u>\$ 3,009,816</u>	<u>\$ 49,147,106</u>	<u>\$ 42,060,772</u>	<u>\$ -</u>	<u>\$ 7,086,334</u>

December 31, 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	\$ 4,385,357	\$ -	\$ 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>

<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	\$ 4,730,422	\$ -	\$ 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>

## 50. CAPITAL MANAGEMENT

### SinoPac Financial Holdings

#### a. Overview

The Group's capital management goals are as follows:

As a basic target, the Group's eligible capital should be sufficient to meet their operating needs and should be higher than the required minimum capital adequacy ratio. Eligible capital and legal capital are calculated under regulations pronounced by the authorities.

The Group's should also have adequate capital to bear its risks, should measure capital demand on the basis of risk combinations and risk characteristics, and should optimize resource and capital allocation through risk management.

#### b. Capital management procedure

The Group's capital adequacy ratio should meet the regulations set by the authorities. Also, the Group's should maintain capital adequacy ratio by considering the business scale, major operating strategy, risk conditions, eligible capital structure, future capital increase plan, etc. The Group's reports to the authorities regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

The Group's capital maintenance is in accordance with the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies", "Regulations Governing the Capital Adequacy and Capital Category of Banks", "Regulations Governing Securities Firms" etc., and is managed by the Group's risk management and financing divisions.

#### c. Capital adequacy ratio

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. Under certain conditions, the authorities may impose other penalties on the Company. The Group's capital adequacy ratio information for December 31, 2023 and 2022 are shown as follow:

1) Consolidated capital adequacy ratio

December 31, 2023

(In Thousands of New Taiwan Dollars, %)

Item	Percentage of Ownership	Group's Net Eligible Capital	Group's Statutory Capital Requirement
<b>Entities</b>			
SPH	100%	\$ 188,342,217	\$ 215,752,950
Bank SinoPac	100%	225,369,375	146,628,298
SinoPac Securities	100%	25,046,483	11,105,899
SinoPac Leasing	100%	4,534,742	1,518,187
SinoPac Venture Capital	100%	2,948,859	1,478,486
SinoPac Securities Investment Trust	100%	1,683,760	939,424
Deduction		(227,802,397)	(213,649,133)
Subtotal		220,123,039 (A)	163,774,111 (B)
Consolidated CARs of SPH (C)=(A)÷(B)			134.41% (C)

December 31, 2022

(In Thousands of New Taiwan Dollars, %)

Item	Percentage of Ownership	Group's Net Eligible Capital	Group's Statutory Capital Requirement
<b>Entities</b>			
SPH	100%	\$ 154,025,385	\$ 176,106,000
Bank SinoPac	100%	193,856,991	141,968,613
SinoPac Securities	100%	22,095,786	8,541,770
SinoPac Leasing	100%	4,692,767	1,469,223
SinoPac Venture Capital	100%	2,676,652	1,335,706
SinoPac Securities Investment Trust	100%	1,718,840	923,278
Deduction		(189,013,015)	(173,951,962)
Subtotal		190,053,406 (A)	156,392,628 (B)
Consolidated CARs of SPH (C)=(A)÷(B)			121.52% (C)

2) Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

Item	December 31, 2023	December 31, 2022
Common stock	\$ 123,764,399	\$ 113,837,646
Capital Instruments that comply with the Tier 1 capital requirement	-	-
Other preferred stock and subordinated bank debentures	60,000	60,000
Capital collected in advance	-	-
Capital surplus	6,087,799	2,187,219
Legal reserve	23,751,851	22,112,855
Special reserve	14,684,030	483,818
Retained earnings	25,164,031	29,555,849
Equity adjustment	(5,157,716)	(14,200,212)
Deduction: Goodwill and other intangible assets	494	-
Deduction: Deferred assets	(12,671)	(11,790)
Total	188,342,217	154,025,385

## 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 the 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 the "Regulations Governing the Capital Adequacy and Capital Category of Banks", etc., and is managed by Bank SinoPac and its subsidiaries' risk management and financing divisions.

### c. Statement of capital adequacy

Analysis Items		Year	December 31, 2023	
			Standalone	Consolidation
Eligible capital	Common stock equity		\$ 162,540,791	\$ 162,423,235
	Other Tier 1 capital		25,500,000	25,500,000
	Tier 2 capital		37,328,584	37,843,929
	Eligible capital		225,369,375	225,767,164
Risk-weighted assets	Credit risk	Standardized approach	1,271,881,587	1,313,109,210
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	88,870,463	91,062,950
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	35,707,933	42,526,215
		Internal model approach	-	-
Total risk-weighted assets		1,396,459,983	1,446,698,375	
Capital adequacy ratio		16.14%	15.61%	
Common stock equity risk - based capital ratio		11.64%	11.23%	
Tier 1 risk - based capital ratio		13.47%	12.99%	
Leverage ratio		7.20%	7.00%	

Analysis Items		Year	December 31, 2022	
			Standalone	Consolidation
Eligible capital	Common stock equity		\$ 131,763,470	\$ 131,649,588
	Other Tier 1 capital		25,500,000	25,500,000
	Tier 2 capital		36,593,521	37,257,388
	Eligible capital		193,856,991	194,406,976
Risk-weighted assets	Credit risk	Standardized approach	1,233,811,625	1,286,920,928
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	78,079,609	80,281,805
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	40,190,797	41,473,770
		Internal model approach	-	-
Total risk-weighted assets		1,352,082,031	1,408,676,503	
Capital adequacy ratio		14.34%	13.80%	
Common stock equity risk - based capital ratio		9.75%	9.35%	
Tier 1 risk - based capital ratio		11.63%	11.16%	
Leverage ratio		6.32%	6.14%	

Note 1: These tables were filled according to “Regulations Governing the Capital Adequacy Ratio of Banks” and related calculation tables.

Note 2: Bank SinoPac shall disclose the capital adequacy ratio for the current and previous years in annual financial reports. For semiannual financial report, Bank SinoPac shall disclose the capital adequacy ratio for the current period, previous period, and previous year-end.

Note 3: The formula is as follows:

- 1) Eligible capital = Common stock equity + Other Tier 1 capital + Tier 2 capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.
- 3) Ratio of capital adequacy = Eligible capital ÷ Total risk-weighted assets.
- 4) Common stock equity risk-based capital ratio = Common stock equity ÷ Total risk-weighted assets.
- 5) Tier 1 risk - based capital ratio = (Common stock equity + Other Tier 1 capital) ÷ Total risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Total exposure risk.

Note 4: In accordance with Financial Supervisory Commission Guideline No. 09900146911, gains from the sale of idle assets are not to be included in Bank SinoPac’s capital adequacy ratio calculation until disposed outside the Group.



## SinoPac Securities

As part of coping with its business scale requirements, key operational plans, risk conditions, eligible capital structure and future capital projects, SinoPac Securities complies with the Regulations Governing Securities Firms on the calculation of a capital adequacy ratio and sets up management procedure. Thus, for maintaining stable operations, SinoPac Securities' capital adequacy ratio, in principle, is at least 250% for its capital adequacy management objectives.

SinoPac Securities' capital adequacy management procedures are as follows:

- a. The risk management division should calculate, monitor and analyze its capital adequacy ratio regular monthly basis, and be approval by the general manager and chairman of the Board.
- b. The risk management division simulates the capital adequacy ratio based on SinoPac Securities' business plan, policy direction, investment strategy, important event, and provide to the relevant units.
- c. If SinoPac Securities' capital adequacy ratio seems to be falling below the target, the risk management division should put forward to the management echelon in order to adopt the response manner as the follows, and execute after the board's approve.
  - 1) Issuance of financial bonds that can be included in eligible capital.
  - 2) Capital increase.
  - 3) Adjustment of business strategies.

As of December 31, 2023 and 2022, SinoPac Securities' capital adequacy ratio were as follows:

Items	December 31	
	2023	2022
Net eligible capital		
Tier 1 Capital	\$ 32,819,534	\$ 29,447,705
Tier 2 Capital	3,637,883	3,072,188
Tier 3 Capital	-	-
Deductible assets	<u>(11,410,934)</u>	<u>(10,424,107)</u>
	<u>\$ 25,046,483</u>	<u>\$ 22,095,786</u>
Equivalent operating risk		
Market risk equivalent	\$ 4,872,450	\$ 3,454,287
Credit risk equivalent	883,102	661,245
Operating risk equivalent	<u>1,648,381</u>	<u>1,578,981</u>
	<u>\$ 7,403,933</u>	<u>\$ 5,694,513</u>
Capital adequacy ratio	338%	388%

Note 1: Capital adequacy ratio = Net eligible capital ÷ Equivalent operating risk.

Note 2: Net eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - Deductible assets.

Note 3: Equivalent operating risk = Market risk equivalent + Credit risk equivalent + Operating risk equivalent.

## 51. CROSS-SELLING INFORMATION

For the years ended December 31, 2023 and 2022, Bank SinoPac charged SinoPac Securities for \$8,305 and \$6,907, respectively, as opening accounts.

The bonuses Bank SinoPac paid to SinoPac Securities were \$5,554 and \$5,059 for the years ended December 31, 2023 and 2022 as part of the cross-selling agreement.

The bonuses payment for the years ended December 31, 2023 and 2022 made by Bank SinoPac from SinoPac Leasing were \$87 and \$31 as part of the cross-selling agreement.

The bonus Bank SinoPac paid to SinoPac Leasing was \$14 for the years ended December 31, 2022 as part of the cross-selling agreement.

For other transactions within the Group, please refer to Note 45 and Table 13.

## 52. BUSINESS SEGMENT FINANCIAL INFORMATION

**For the Year Ended December 31, 2023**

(In Thousands of New Taiwan Dollars)

<b>Business Segment</b>	<b>Banking</b>	<b>Security</b>	<b>Others</b>	<b>Consolidated</b>
<b>Item</b>				
Net interest revenue	\$ 22,919,230	\$ 996,258	\$ 528,142	\$ 24,443,630
Net revenues other than interest	17,446,663	11,234,329	776,390	29,457,382
Net revenues	40,365,893	12,230,587	1,304,532	53,901,012
Bad debts expense, commitment and guarantee liability provision	(1,999,747)	(229)	(304,243)	(2,304,219)
Operating expenses	(18,996,772)	(8,248,768)	(1,280,359)	(28,525,899)
Profit (loss) from continuing operations before tax	19,369,374	3,981,590	(280,070)	23,070,894
Income tax expense	(3,249,912)	(171,325)	114,733	(3,306,504)
Net income (loss)	16,119,462	3,810,265	(165,337)	19,764,390

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

(In Thousands of New Taiwan Dollars)

<b>Business Segment</b>	<b>Banking</b>	<b>Security</b>	<b>Others</b>	<b>Consolidated</b>
<b>Item</b>				
Net interest revenue	\$ 25,320,452	\$ 1,094,954	\$ 488,018	\$ 26,903,424
Net revenues other than interest	11,408,700	8,387,126	546,506	20,342,332
Net revenues	36,729,152	9,482,080	1,034,524	47,245,756
Bad debts expense, commitment and guarantee liability provision	(2,425,955)	(1,173)	(17,264)	(2,444,392)
Operating expenses	(16,902,827)	(7,365,386)	(1,128,436)	(25,396,649)
Profit (loss) from continuing operations before tax	17,400,370	2,115,521	(111,176)	19,404,715
Income tax expense	(2,659,544)	(526,219)	(257,952)	(3,443,715)
Net income (loss)	14,740,826	1,589,302	(369,128)	15,961,000

## 53. PROFITABILITY

### SinoPac Holdings and Its Subsidiaries

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.86%	0.78%
	After income tax	0.74%	0.64%
Return on net worth	Before income tax	13.48%	12.25%
	After income tax	11.55%	10.08%
Profit margin		36.67%	33.78%

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 years ended December 31, 2023 and 2022.

### SinoPac Holdings

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	9.92%	8.86%
	After income tax	10.02%	8.79%
Return on net worth	Before income tax	11.43%	10.16%
	After income tax	11.55%	10.08%
Profit margin		98.52%	96.81%

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 years ended December 31, 2023 and 2022.

### Bank SinoPac

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	0.80%	0.78%
	After income tax	0.67%	0.66%
Return on net worth	Before income tax	12.40%	12.30%
	After income tax	10.34%	10.47%
Profit margin		40.91%	41.12%

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 years ended December 31, 2023 and 2022.

## SinoPac Securities

Items		December 31, 2023	December 31, 2022
Return on total assets	Before income tax	2.56%	1.48%
	After income tax	2.55%	1.18%
Return on net worth	Before income tax	12.06%	6.36%
	After income tax	12.02%	5.08%
Profit margin		30.21%	17.09%

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 years ended December 31, 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: Table 6
- 12) The related information and proportionate share in investees: Table 7
- 13) Derivative financial transactions: Note 8
- 14) Other material transactions which will affect the decisions of financial report users: Tables 8 to 19
  - a) The book value of the maximum credit risk exposure of the financial assets: Table 8
  - b) Allowance for discounts and loans: Table 9
  - c) Allowance for accounts receivables: Table 10
  - d) Change in allowance for debt instrument at fair value through other comprehensive income: Table 11
  - e) Change in allowance for debt instrument at amortized cost: Table 12
  - f) Related party transactions: Table 13
  - g) Balance sheets of SPH: Table 14
  - h) Comprehensive income statements of SPH: Table 15
  - i) Statement of changes in equity of SPH: Table 16
  - j) Statements of cash flows of SPH: Table 17
  - k) Statement of balance sheet and comprehensive income of SPH's subsidiaries: Table 18
  - l) Public announcements prescribed in financial holding company ACT Article 46: Table 19
  - m) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 20
- 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's operating segments for the years ended December 31, 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 Year Ended December 31, 2023					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 22,829,585	\$ 1,051,033	\$ 756,726	\$ 24,637,344	\$ (193,714)	\$ 24,443,630
	Interest income	70,851,480	3,575,788	1,163,085	75,590,353	(59,558)	75,530,795
	Interest expenses	(48,021,895)	(2,524,755)	(406,359)	(50,953,009)	(134,156)	(51,087,165)
	Service fee and commissions income, net	6,959,687	7,569,536	230,563	14,759,786	(9,307)	14,750,479
	Others	10,594,698	3,687,699	677,827	14,960,224	(253,321)	14,706,903
	Total net revenue	40,383,970	12,308,268	1,665,116	54,357,354	(456,342)	53,901,012
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,999,747)	(229)	(304,243)	(2,304,219)	-	(2,304,219)
	Operating expenses	(19,068,808)	(8,301,129)	(869,075)	(28,239,012)	(286,887)	(28,525,899)
	Depreciation and amortization expense	(1,697,359)	(561,646)	(224,417)	(2,483,422)	97,068	(2,386,354)
	Profit (loss) from continuing operations before tax	19,315,415	4,006,910	491,798	23,814,123	(743,229)	23,070,894
	Income tax (expense) benefit	(3,249,912)	(171,325)	(85,088)	(3,506,325)	199,821	(3,306,504)
Net income (loss)	16,065,503	3,835,585	406,710	20,307,798	(543,408)	19,764,390	
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 1,016,351	\$ 1,016,351	\$ -	\$ 1,016,351
	Total assets	2,531,382,486	223,691,667	25,691,825	2,780,765,978	(9,413,247)	2,771,352,731

Segmented by region

		For the Year Ended December 31, 2023				
		Taiwan	United States	Asia	Other Countries	Total
	Net revenue	\$ 44,463,035	\$ 1,359,925	\$ 8,143,260	\$ (65,208)	\$ 53,901,012

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Year Ended December 31, 2022					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 25,267,105	\$ 1,116,852	\$ 618,639	\$ 27,002,596	\$ (99,172)	\$ 26,903,424
	Interest income	44,527,646	1,949,086	909,800	47,386,532	(27,950)	47,358,582
	Interest expenses	(19,260,541)	(832,234)	(291,161)	(20,383,936)	(71,222)	(20,455,158)
	Service fee and commissions income, net	6,990,376	6,707,043	183,282	13,880,701	(1,841)	13,878,860
	Others	4,515,489	1,704,622	487,718	6,707,829	(244,357)	6,463,472
	Total net revenue	36,772,970	9,528,517	1,289,639	47,591,126	(345,370)	47,245,756
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(2,425,955)	(1,173)	(17,264)	(2,444,392)	-	(2,444,392)
	Operating expenses	(16,974,194)	(7,418,630)	(820,751)	(25,213,575)	(183,074)	(25,396,649)
	Depreciation and amortization expense	(1,614,064)	(536,792)	(257,206)	(2,408,062)	100,894	(2,307,168)
	Profit (loss) from continuing operations before tax	17,372,821	2,108,714	451,624	19,933,159	(528,444)	19,404,715
	Income tax (expense) benefit	(2,659,544)	(526,219)	(123,873)	(3,309,636)	(134,079)	(3,443,715)
Net income (loss)	14,713,277	1,582,495	327,751	16,623,523	(662,523)	15,961,000	
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 1,011,812	\$ 1,011,812	\$ -	\$ 1,011,812
	Total assets	2,403,439,669	170,271,841	24,852,292	2,598,563,802	(9,800,545)	2,588,763,257

Segmented by region

		For the Year Ended December 31, 2022				
		Taiwan	United States	Asia	Other Countries	Total
	Net revenue	\$ 39,870,031	\$ 701,355	\$ 6,632,940	\$ (26,375)	\$ 47,245,756



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

FINANCING PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 94,494	\$ 47,319	\$ 47,319	2.00-15.90	Short-term financing	\$ -	Operating use	\$ 1,017	-	\$ -	\$ 1,360,422 (Note 2)	\$ 1,813,896 (Note 2)
		Hsiang-Ming Fishery Co., Ltd.	Other receivable	No	233,333	192,500	82,500	2.00-15.90	Short-term financing	-	Operating use	1,786	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		ET New Media Holding Co., Ltd.	Other receivable	No	105,921	95,975	95,975	2.00-15.90	Short-term financing	-	Operating use	1,910	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Fengxin Development and Investment Co., Ltd.	Other receivable	No	41,984	17,182	17,182	2.00-15.90	Short-term financing	-	Operating use	36	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Xinyi Construction Co., Ltd.	Other receivable	No	75,200	56,000	56,000	2.00-15.90	Short-term financing	-	Operating use	117	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		TCHING YE FISHERY CO., Ltd.	Other receivable	No	64,500	40,500	40,500	2.00-15.90	Short-term financing	-	Operating use	707	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Yuanli Engineering Co., Ltd.	Other receivable	No	107,000	53,500	53,500	2.00-15.90	Short-term financing	-	Operating use	109	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Liwei Wind Solar Energy Co., Ltd.	Other receivable	No	60,000	15,000	15,000	2.00-15.90	Short-term financing	-	Operating use	30	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Taiwan Star Telecom Corporation Limited	Other receivable	No	200,000	200,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		First Flight Frozen Food Co., Ltd.	Other receivable	No	70,000	70,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Shin Rong Business Co., Ltd.	Other receivable	No	50,000	35,000	35,000	2.00-15.90	Short-term financing	-	Operating use	828	Margin	2,000	1,360,422 (Note 2)	1,813,896 (Note 2)
		LAI-I Metal Industrial Co., Ltd.	Other receivable	No	10,000	7,778	7,778	2.00-15.90	Short-term financing	-	Operating use	189	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		WIN-GIANT Investment Co., Ltd.	Other receivable	No	50,000	50,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Shye Yao Steel Co., Ltd.	Other receivable	No	80,000	80,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
		Priority International Finance Co., Ltd.	Other receivable	No	20,000	20,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,360,422 (Note 2)	1,813,896 (Note 2)
2	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Other receivable	Yes	2,768,175 (Note 3)	922,574 (Note 3)	922,574 (Note 3)	7.24	Short-term financing	-	Operating use	-	-	-	3,718,823 (Note 3)	3,718,823 (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 \$4,534,742 of SinoPac Leasing as of December 31, 2023, respectively. The financial limit to each subsidiary of SinoPac Leasing is 40% of its audited 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 thousands (NT\$922,574), respectively. The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) as of December 31, 2023 was equal to US\$120,928 thousand (NT\$3,718,823). As of December 31, 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\$922,574) had been eliminated in consolidated report.

Note 4: Foreign currency amounts (except maximum balance for the year) translated to NTD at spot exchange rate on balance sheet date.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Individual Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Endorsement/Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Asset Value of the Latest Financial Statement (%)	Maximum Endorsement/Guarantee Amounts Allowable	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
1	SinoPac Leasing	SinoPac International Leasing Corp.	Subsidiary	\$ 36,277,937	\$ 7,017,117	\$ 6,497,413	\$ 2,210,591	\$ -	143.28	\$ 36,277,937 (Note 1)	Y	N	Y
		SinoPac Capital International (HK)	Subsidiary	36,277,937	16,790,854	11,101,645	1,172,974	-	244.81	36,277,937 (Note 1)	Y	N	N
2	SinoPac Venture Capital	SinoPac Leasing	Affiliate	1,474,429	407,174	407,174	-	-	13.81	2,948,859 (Note 2)	N	N	N

Note 1: The limit on individual endorsement or guarantee amounts is up to 200% of the net worth of SinoPac Leasing. The maximum amount of endorsement or guarantee is 800% of the net worth of SinoPac Leasing. But the amount of endorsement or guarantee is 800% of the worth of the subsidiaries of SinoPac Leasing, which held by more than 50%. The audited net worth of SinoPac Leasing as of December 31, 2023 was \$4,534,742.

Note 2: Endorsement or guarantee cannot exceed the net worth of SinoPac Venture Capital. The limit on individual endorsement or guarantee cannot exceed one-half of the net worth of SinoPac Venture Capital. The audited net worth as of December 31, 2023 was \$2,948,859.

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 SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 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	\$ 37,093	0.08	\$ 37,093	
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	80,877	0.25	80,877	
	GME Group Inc.	-	Financial assets at fair value through other comprehensive income	20	129,329	0.01	129,329	
	Makalot Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income	86	30,487	0.04	30,487	
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at fair value through other comprehensive income	240	25,080	-	25,080	
	GIGA-BYTE Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	80	21,280	0.01	21,280	
	Micro-Star International Co., Ltd.	-	Financial assets at fair value through other comprehensive income	92	18,768	0.01	18,768	
	Realtek Semiconductor Corp.	-	Financial assets at fair value through other comprehensive income	60	28,290	0.01	28,290	
	Quanta Computer Inc.	-	Financial assets at fair value through other comprehensive income	142	31,879	-	31,879	
	Tsann Kuen Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income	320	12,496	0.27	12,496	
	Mediatek Inc.	-	Financial assets at fair value through other comprehensive income	35	35,525	-	35,525	
	Huaku Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	161	15,504	0.06	15,504	
	Getac Holdings Corporation	-	Financial assets at fair value through other comprehensive income	132	14,652	0.02	14,652	
	WT Microelectronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	221	24,863	0.02	24,863	
	Dynapack International Technology Corporation	-	Financial assets at fair value through other comprehensive income	128	11,507	0.08	11,507	
	Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income	41	16,421	0.05	16,421	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Arcadyan Technology Corporation	-	Financial assets at fair value through other comprehensive income	116	\$ 19,778	0.05	\$ 19,778	
	Wpg Holdings Limited	-	Financial assets at fair value through other comprehensive income	506	41,290	0.03	41,290	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	190	25,650	-	25,650	
	Tty Biopharm Company Limited	-	Financial assets at fair value through other comprehensive income	367	29,507	0.15	29,507	
	Far Eastone Telecommunications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	229	18,274	0.01	18,274	
	Primax Electronics Ltd.	-	Financial assets at fair value through other comprehensive income	202	13,675	0.04	13,675	
	Sino-american Silicon Products Inc.	-	Financial assets at fair value through other comprehensive income	162	31,752	0.03	31,752	
	Simplo Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	48	20,160	0.03	20,160	
	Powertech Technology Inc.	-	Financial assets at fair value through other comprehensive income	151	21,291	0.02	21,291	
	Chicony Power Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	93	13,532	0.02	13,532	
	Sitronix Technology Corp.	-	Financial assets at fair value through other comprehensive income	61	16,958	0.05	16,958	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income	387	16,312	0.05	16,312	
	<u>Fund</u>							
	Yuanta Global Leaders Balanced Fund - TWD (A)	-	Financial assets at fair value through profit or loss	977	11,621	0.30	11,621	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,630	2.32	20,630	
	Yuanta Japan Leaders Equity Fund - TWD (A)	-	Financial assets at fair value through profit or loss	2,500	25,000	0.07	25,000	
	Fubon US Treasury Inflation-Linked Bond Index Fund (A)	-	Financial assets at fair value through profit or loss	1,945	20,016	6.79	20,016	
	Cathay 3-Year Maturity Global Market Investment Grade Bond Fund A	-	Financial assets at fair value through profit or loss	500	5,104	0.23	5,104	
	Fsicc Global Sustainable Impact Investment Multi-asset Fund (A)	-	Financial assets at fair value through profit or loss	1,000	9,971	0.32	9,971	
	Cathay 15+ Year Technology Bond Select ETF	-	Financial assets at fair value through profit or loss	250	8,387	5.17	8,387	
	Cathay FTSE Emerging Markets ETF	-	Financial assets at fair value through profit or loss	500	10,175	7.43	10,175	
	Cathay Korea/Taiwan IT Premier ETF	-	Financial assets at fair value through profit or loss	300	9,360	4.42	9,360	
	Cathay Us Corporate 10+ Years Banking ETF	-	Financial assets at fair value through profit or loss	334	5,568	0.03	5,568	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Venture Capital	<u>Stock</u>							
	Taigen Biopharmaceuticals Holdings Limited	Related party	Financial assets at fair value through profit or loss	20,579	\$ 312,803	2.87	\$ 312,803	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,222	39,471	1.28	39,471	
	Kuang Hong Arts Management Incorporation	-	Financial assets at fair value through profit or loss	237	12,065	0.72	12,065	
	3S Silicon Tech, Inc.	-	Financial assets at fair value through profit or loss	1,992	23,504	5.36	23,504	
	Centera Photonics Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,842	18,417	3.83	18,417	
	M2 Communication Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	99	285	0.98	285	
	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	
	J-metrics Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	2,328	4.30	2,328	
	Taisys Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	380	3,305	1.66	3,305	
	DA HO Marketing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,050	21,011	12.20	21,011	
	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	84,705	3.24	84,705	
	Global Investment Holdings	-	Financial assets at fair value through profit or loss	166	1,600	2.50	1,600	
	Boston Life Science Venture Co.	-	Financial assets at fair value through profit or loss	3,689	702	5.00	702	
	Taiwan Incubator Small & Medium Enterprises Development Corp.	-	Financial assets at fair value through profit or loss	3,417	29,322	4.84	29,322	
	Taiwania Capital Buffalo II Bioventures, LP	-	Financial assets at fair value through profit or loss	-	85,453	-	85,453	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	716	42,101	2.97	42,101	
	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	4.40	120,000	
Evergreen Steel Corporation	-	Financial assets at fair value through profit or loss	1,159	120,536	0.28	120,536		
Active Technology Engineering Inc.	Affiliate of SinoPac Venture Capital's manager	Financial assets at fair value through profit or loss	1,719	35,682	9.99	35,682		
Lian Hong Art CO., Ltd.	-	Financial assets at fair value through profit or loss	126	3,236	0.33	3,236		

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Infinity Communication Tech. Inc. (Preferred stock A)	Affiliate of Bank SinoPac' director	Financial assets at fair value through profit or loss	2,000	\$ 25,280	2.64	\$ 25,280	
	Morrison Opto-Electronics Ltd.	-	Financial assets at fair value through profit or loss	682	59,462	2.98	59,462	
	Biogen Therapeutics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,083	41,425	0.88	41,425	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	1,000	55,100	2.84	55,100	
	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	-	43,864	-	43,864	
	GE Technology Inc.	-	Financial assets at fair value through profit or loss	479	13,609	2.01	13,609	
	High Entropy Materials, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	2,500	15,850	5.25	15,850	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	1,025	111,213	0.27	111,213	
	Mega Union Technology Inc.	-	Financial assets at fair value through profit or loss	728	120,484	1.20	120,484	
	Medeon Biodesign Inc.	Related party	Financial assets at fair value through profit or loss	458	21,389	0.50	21,389	
	Phoenix Pioneer Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,051	50,433	1.03	50,433	
	PharmaEssentia Corp.	-	Financial assets at fair value through profit or loss	406	121,963	0.12	121,963	
	Airoha Technology Corp.	-	Financial assets at fair value through profit or loss	60	34,620	0.04	34,620	
	Mercuries F&B Co., Ltd.	-	Financial assets at fair value through profit or loss	350	31,689	0.58	31,689	
	Asia Best Life Care Co., Ltd.	-	Financial assets at fair value through profit or loss	2,748	48,774	1.60	48,774	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	100	4,460	0.01	4,460	
	Pet Pharm Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	30,000	3.23	30,000	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	4	38,811	1.57	38,811	
	CGK International Co., Ltd.	-	Financial assets at fair value through profit or loss	1,540	20,482	3.52	20,482	
	MiCareo Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	6,033	-	14.49	-	
	Transound Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,800	22,896	4.58	22,896	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Apollo Medical Optics Inc.	-	Financial assets at fair value through profit or loss	1,667	\$ 1,683	3.48	\$ 1,683	
	Stemcyte International Ltd.	-	Financial assets at fair value through profit or loss	720	29,681	0.45	29,681	
	Telexpress Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	542	5,122	3.39	5,122	
	Taiwan Creative Industry Development Co., Ltd.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	1,700	28,135	8.50	28,135	
	Lian An Services Co., Ltd.	Affiliate of Bank SinoPac' manager	Financial assets at fair value through other comprehensive income	125	1,908	5.00	1,908	
	Ecrowd Media Inc.	Affiliate of SPH board of director	Financial assets at fair value through other comprehensive income	1,863	48,620	9.19	48,620	
	Mei Ta Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income	212	174,605	0.49	174,605	
	Sheng Ho Energy Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income	9,990	119,880	9.99	119,880	
	NP Taiwan, Inc.	-	Financial assets at fair value through other comprehensive income	207	44,919	5.88	44,919	
	Brightman Optoelectronics (Cayman) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	855	5,979	11.69	5,979	
	Neutron Innovation (BVI) Limited	-	Financial assets at fair value through other comprehensive income	1,568	54,647	6.02	54,647	
	Mozido C-1	-	Financial assets at fair value through other comprehensive income	60	386	0.01	386	
	Mozido C-2	-	Financial assets at fair value through other comprehensive income	259	1,671	0.05	1,671	
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	9	775	-	775	
	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	8,158	-	8,158	
SinoPac Securities Venture Capital	<u>Stock</u> Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	341	39,313	0.56	39,313	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	260	28,210	0.07	28,210	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	500	27,550	1.42	27,550	
	Green Shepherd Corporation	-	Financial assets at fair value through profit or loss	392	6,880	2.77	6,880	
	Tanti Laboratory Inc.	-	Financial assets at fair value through profit or loss	300	5,265	0.85	5,265	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 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	\$ 42,390	1.49	\$ 42,390		
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	800	34,784	2.16	34,784		
	Taiwan Web Service Corporation	-	Financial assets at fair value through profit or loss	5,000	47,150	7.46	47,150		
	Horizon Fixture Group Co., Ltd.	-	Financial assets at fair value through profit or loss	550	41,497	1.13	41,497		
	Techzone Technology Materials Co., Ltd.	-	Financial assets at fair value through profit or loss	900	50,103	1.05	50,103		
	Hcmed Innovations Co., Ltd.	-	Financial assets at fair value through profit or loss	300	17,100	1.00	17,100		
	Augentix Inc.	-	Financial assets at fair value through profit or loss	500	42,500	2.04	42,500		
	Trio Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	400	26,000	0.91	26,000		
	Greenrock Energy Co., Ltd	-	Financial assets at fair value through profit or loss	1,000	60,000	4.43	60,000		
	Giant Heavy Machinery Service Corporation	-	Financial assets at fair value through profit or loss	300	9,000	0.66	9,000		
	<u>Bond</u>								
	SOCGEN 3.5 07/09/26 EMTN	-	Financial assets at fair value through profit or loss	10,000	41,944	-	41,944		
	QNB FINANCE LTD 2.8% 24FEB2028	-	Financial assets at fair value through profit or loss	30	124	-	124		
	SAIL 2004-10 M1	-	Financial assets at fair value through profit or loss	5,000	19,935	-	19,935		
	KSA 3.25 10/26/26 REGS	-	Financial assets at fair value through profit or loss	10	296	-	296		
	BOCAVI F 05/21/25 GMTN	-	Financial assets at fair value through profit or loss	500	15,359	-	15,359		
	WB 3.5 07/05/24	-	Financial assets at fair value through profit or loss	2,000	60,810	-	60,810		
	ABIBB 4.7 02/01/36 REGS	-	Financial assets at fair value through profit or loss	150	4,611	-	4,611		
	CSSSHI 2.5 02/13/25	-	Financial assets at fair value through profit or loss	2,000	59,604	-	59,604		
	MAYMK F 08/16/24 EMTN	-	Financial assets at fair value through profit or loss	3,000	92,428	-	92,428		
SINO TRENDY INVST 2.95% 30OCT2025	-	Financial assets at fair value through profit or loss	300	8,630	-	8,630			
SAUDI ARABIAN OIL CO 1.625% 24NOV2025	-	Financial assets at fair value through profit or loss	600	17,344	-	17,344			
SK BATTERY AMERICA INC 1.625% 26JAN2024	-	Financial assets at fair value through profit or loss	200	6,130	-	6,130			

(Continued)



Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 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	\$ 6,090	-	\$ 6,090	
	TALENT YIELD INTNTNL 2% 06MAY2026	-	Financial assets at fair value through profit or loss	1,000	28,650	-	28,650	
	ZHEJIANG EXPRESSWAY CO 1.638% 14JUL2026	-	Financial assets at fair value through profit or loss	1,000	28,165	-	28,165	
	KOREA INV & SECS CO LTD 1.375% 19JUL2024	-	Financial assets at fair value through profit or loss	1,000	29,992	-	29,992	
	ANHUI TRANSPORTATION HK 1.618% 26AUG2026	-	Financial assets at fair value through profit or loss	1,400	39,054	-	39,054	
	BOC AVIATION LTD 4% 25JAN2024	-	Financial assets at fair value through profit or loss	200	6,142	-	6,142	
	ZHENGZHOU METRO GROUP 1.915% 15NOV2024	-	Financial assets at fair value through profit or loss	3,700	109,247	-	109,247	
	NATIONAL AUSTRALIA BANK 0.700003% 12JAN2027	-	Financial assets at fair value through profit or loss	500	15,305	-	15,305	
	NATIONAL AUSTRALIA BANK 0.430003% 12JAN2025	-	Financial assets at fair value through profit or loss	500	15,345	-	15,345	
	QIB SUKUK LTD 3.982% 26MAR2024	-	Financial assets at fair value through profit or loss	500	15,282	-	15,282	
	MORGAN STANLEY 0.67433% 24JAN2025	-	Financial assets at fair value through profit or loss	1,000	30,675	-	30,675	
	CREDIT SUISSE AG LONDON 7.73% 15JUN2028	-	Financial assets at fair value through profit or loss	7,000	11,618	-	11,618	
	SUNNY OPTICAL TECH 5.95% 17JUL2026	-	Financial assets at fair value through profit or loss	1,000	31,079	-	31,079	
	SK HYNIX INC 6.25% 17JAN2026	-	Financial assets at fair value through profit or loss	500	15,553	-	15,553	
	MERCEDES-BENZ FIN NA 4.95% 30MAR2025	-	Financial assets at fair value through profit or loss	1,000	30,743	-	30,743	
	JPMORGAN CHASE & CO 4.323% 26APR2028	-	Financial assets at fair value through profit or loss	1,000	30,204	-	30,204	
	FORCAY 3.375 04/22/25	-	Financial assets at fair value through profit or loss	200	6,008	-	6,008	
	STANLN 4.3 02/19/27 REGS	-	Financial assets at fair value through profit or loss	150	4,405	-	4,405	
	MITSUBISHI UFJ FINANCIAL GROUP, INC. (MUG) 5.719% 20FEB2026	-	Financial assets at fair value through profit or loss	500	15,433	-	15,433	
	VOLKSWAGEN GROUP AMERICA 3.95% 06JUN2025	-	Financial assets at fair value through profit or loss	780	23,502	-	23,502	
	STANLN 5.2 01/26/24 REGS	-	Financial assets at fair value through profit or loss	1,800	55,253	-	55,253	
	ELECTRICITE DE FRANCE SA 5.7% 23MAY2028	-	Financial assets at fair value through profit or loss	1,000	31,777	-	31,777	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	NIPLIF V5.1 10/16/44 REGS	-	Financial assets at fair value through profit or loss	1,100	\$ 33,476	-	\$ 33,476	
	XIAOMI BEST TIME INTL 2.875% 14JUL2031	-	Financial assets at fair value through profit or loss	1,000	25,448	-	25,448	
	EMIRATES NBD BANK PJSC 3.6% 09NOV2031	-	Financial assets at fair value through profit or loss	300	5,503	-	5,503	
	CHINA LIFE INSU OVERS/HK 5.35% 15AUG2033	-	Financial assets at fair value through profit or loss	1,000	31,068	-	31,068	
	C 4.4 06/10/25	-	Financial assets at fair value through profit or loss	270	8,185	-	8,185	
	SOCGEN 4.75 11/24/25 REGS	-	Financial assets at fair value through profit or loss	350	10,497	-	10,497	
	STANLN 4.05 04/12/26 REGS	-	Financial assets at fair value through profit or loss	200	5,988	-	5,988	
	ABNANV 4.75 07/28/25 REGS	-	Financial assets at fair value through profit or loss	350	10,552	-	10,552	
	GS 4.25 10/21/25	-	Financial assets at fair value through profit or loss	240	7,235	-	7,235	
	COOPERAT RABOBANK UA/NY FLOAT 05OCT2026	-	Financial assets at fair value through profit or loss	3,000	92,223	-	92,223	
	NATIXIS FLOAT 21NOV2028	-	Financial assets at fair value through profit or loss	3,000	92,257	-	92,257	
	SOCGEN 4.25 04/14/25 REGS	-	Financial assets at fair value through profit or loss	500	15,012	-	15,012	
	C 3.3 05/22/24 GMTN	-	Financial assets at fair value through profit or loss	42,830	185,227	-	185,227	
	MASQUH 4 08/06/25 EMTN	-	Financial assets at fair value through profit or loss	11,760	51,236	-	51,236	
	WOORIB 4.75 04/30/24 REGS	-	Financial assets at fair value through profit or loss	2,000	61,261	-	61,261	
	DB 4.5 04/01/25	-	Financial assets at fair value through profit or loss	400	12,066	-	12,066	
	MARUB 3.56 04/26/24	-	Financial assets at fair value through profit or loss	3,000	91,647	-	91,647	
	PINGIN 2.75 06/02/25 EMTN	-	Financial assets at fair value through profit or loss	500	14,702	-	14,702	
	BANK OF AMERICA CORP 5.202% 25APR2029	-	Financial assets at fair value through profit or loss	500	15,451	-	15,451	
	KUBOTA CREDIT USA 4.958% 31MAY2026	-	Financial assets at fair value through profit or loss	1,000	30,755	-	30,755	
	MACQUARIE BANK LTD FLOAT 07DEC2026	-	Financial assets at fair value through profit or loss	500	15,418	-	15,418	
	MITSUBISHI HC CAPITAL 5.08% 15SEP2027	-	Financial assets at fair value through profit or loss	285	8,781	-	8,781	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	EMIRATES NBD BANK PJSC 3.76% 24NOV2027	-	Financial assets at fair value through profit or loss	10,960	\$ 47,157	-	\$ 47,157	
	ADCBUH F 06/20/24 EMTN	-	Financial assets at fair value through other comprehensive income	5,000	153,882	-	153,882	
	QIBKQD F 02/07/25 EMTN	-	Financial assets at fair value through other comprehensive income	6,000	185,871	-	185,871	
	TAISEM 1 09/28/27	-	Financial assets at fair value through other comprehensive income	3,000	80,952	-	80,952	
	SINOPE 1.45 01/08/26	-	Financial assets at fair value through other comprehensive income	4,000	115,132	-	115,132	
	HYNMTR 1.3 01/08/26	-	Financial assets at fair value through other comprehensive income	1,000	28,376	-	28,376	
	HYNMTR 1.8 01/08/28	-	Financial assets at fair value through other comprehensive income	1,000	26,931	-	26,931	
	QNBK 1 3/8 01/26/26	-	Financial assets at fair value through other comprehensive income	3,000	85,049	-	85,049	
	FORCAY 3 3/8 04/22/25	-	Financial assets at fair value through other comprehensive income	6,720	201,860	-	201,860	
	BOCAVI 1 5/8 04/29/24	-	Financial assets at fair value through other comprehensive income	5,000	151,808	-	151,808	
	SANUK 1.673 06/14/27	-	Financial assets at fair value through other comprehensive income	2,000	55,816	-	55,816	
	SMBCAC 2.3 06/15/28	-	Financial assets at fair value through other comprehensive income	3,000	80,917	-	80,917	
	HPQ 1.45 06/17/26	-	Financial assets at fair value through other comprehensive income	1,000	28,272	-	28,272	
	ARAMCO 1.602 06/17/26	-	Financial assets at fair value through other comprehensive income	2,000	56,996	-	56,996	
	HYNMTR 2 06/15/28	-	Financial assets at fair value through other comprehensive income	500	13,422	-	13,422	
	HYNMTR 1 1/2 06/15/26	-	Financial assets at fair value through other comprehensive income	500	14,028	-	14,028	
	NOMURA 1.653 07/14/26	-	Financial assets at fair value through other comprehensive income	3,000	84,237	-	84,237	
	MIZUHO 1.554 07/09/27	-	Financial assets at fair value through other comprehensive income	1,000	28,073	-	28,073	
	CJIANT 1 3/8 08/25/24	-	Financial assets at fair value through other comprehensive income	5,000	149,646	-	149,646	
	CMINLE 1 1/4 09/16/24	-	Financial assets at fair value through other comprehensive income	3,000	89,494	-	89,494	
	FUBBAN 4.08 01/09/25	-	Financial assets at fair value through other comprehensive income	25,000	108,271	-	108,271	
	NOMURA 3.25 09/15/25 EMTN	-	Financial assets at fair value through other comprehensive income	10,000	43,309	-	43,309	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	<u>Stock</u>							
	Power Assets Holdings Ltd	-	Financial assets at fair value through other comprehensive income	270	\$ 48,019	0.01	\$ 48,019	
	PCCW Solutions Limited	-	Financial assets at fair value through other comprehensive income	1,747	28,617	0.02	28,617	
	China Construction Bank Corporation	-	Financial assets at fair value through other comprehensive income	2,458	45,006	-	45,006	
	Lenovo Group Limited	-	Financial assets at fair value through other comprehensive income	1,568	67,422	0.01	67,422	
	CK Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income	252	42,866	0.01	42,866	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through other comprehensive income	2,706	40,703	-	40,703	
	BOC Hong Kong (Holdings) Limited	-	Financial assets at fair value through other comprehensive income	456	38,066	-	38,066	
	Bank of Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,996	38,276	0.01	38,276	
	Far East Horizon Limited	-	Financial assets at fair value through other comprehensive income	959	23,186	0.02	23,186	
	Bank of China Limited	-	Financial assets at fair value through other comprehensive income	3,234	37,948	-	37,948	
	China Galaxy Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,025	32,923	0.05	32,923	
	<u>Fund</u>							
	SAMSUNG NYSE FANG+ ETF	-	Financial assets at fair value through profit or loss	200	19,987	-	19,987	
	FA SAMSUNG BTC	-	Financial assets at fair value through profit or loss	1,280	84,674	-	84,674	

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 SUBSIDIARIES

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 YEAR ENDED DECEMBER 31, 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 year ended December 31, 2023.

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL**

**DECEMBER 31, 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	\$ 2,605,737 (Note 1)	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SPH	Parent company of Bank SinoPac	1,055,024 (Note 1)	-	-	-	-	-
SinoPac Securities	SPH	Parent company of SinoPac Securities	300,406 (Note 1)	-	-	-	-	-
SinoPac Leasing	SPH	Parent company of SPL	306,666 (Note 1)	-	-	-	-	-
SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiary of SinoPac Securities (Cayman)	922,574 (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 SUBSIDIARIES**

**TRADING INFORMATION - SALE OF NONPERFORMING LOANS  
FOR THE YEAR ENDED DECEMBER 31, 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 SUBSIDIARIES**

**INFORMATION ON INVESTED ENTERPRISES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Gains	Consolidated Investment				Note
						Shares	Imitated Shares	Total		
								Shares	Percentage of Ownership (%)	
<u>Financial</u> Bank SinoPac	Taiwan	Commercial bank, trust and foreign exchange services	100	\$ 170,186,319	\$ 16,074,666	9,699,251	-	9,699,251	100	Subsidiary
SinoPac Securities Corporation	Taiwan	Brokerage, dealing and underwriting of securities	100	34,237,689	3,834,864	1,621,224	-	1,621,224	100	Subsidiary
SinoPac Leasing Corporation	Taiwan	Leasing, installment sales and financing service	100	4,592,405	95,804	468,104	-	468,104	100	Subsidiary
SinoPac Venture Capital Corporation	Taiwan	Venture capital investment	100	2,948,902	183,634	250,000	-	250,000	100	Subsidiary
SinoPac Securities Investment Trust Co., Ltd	Taiwan	Securities investment trust, discretionary investment and investment consulting service	100	1,683,818	136,927	142,000	-	142,000	100	Subsidiary
Taiwan Depository and Clearing Corporation	Taiwan	Computerized book-entry operation for securities	0.08	37,093	1,405	6,018	-	6,018	0.92	Note 1

Note 1: The investment gains recognized in this year are dividend revenues.

Note 2: The shares held mentioned above are expressed in thousands of shares



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

December 31, 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	\$ 745,247,088	\$ 2,669,069	\$ 3,093,181	\$ 751,009,338	\$ 2,050,693	\$ 483,054	\$ 607,417	\$ 6,906,949	\$ 10,048,113	
Consumer banking	686,755,747	4,178,962	1,236,593	692,171,302	106,478	199,345	244,617	8,833,036	9,383,476	
Receivables										
Credit card receivable	19,894,761	295,572	617,632	20,807,965	3,666	6,806	21,996	115,894	148,362	
Net accounts receivable - factoring (Note 1)	11,243,996	-	-	11,243,996	9,510	-	-	174,113	183,623	
Other receivable	94,453,252	208,053	451,640	95,112,945	90,421	21,119	336,495	132,774	580,809	
Other financial assets (Note 2)	3,385,308	102,880	144,330	3,632,518	24,950	25,379	130,867	-	181,196	
Debt instrument at fair value through other comprehensive income	348,640,784	-	-	348,640,784	41,996	-	-	-	41,996	
Investments in debt instruments at amortized cost	303,570,486	-	-	303,570,486	23,807	-	-	-	23,807	

(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

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 SUBSIDIARIES

CHANGE IN ALLOWANCE FOR DISCOUNTS AND LOANS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

For the Year Ended December 31, 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 year:						
To lifetime ECL	(17,780)	1,242,706	(22,262)	1,202,664	-	1,202,664
From conversion to credit-impaired financial assets	(71,421)	(261,637)	737,940	404,882	-	404,882
To 12-month ECL	4,966	(232,462)	(40,522)	(268,018)	-	(268,018)
Derecognizing financial assets during the current period	(4,104,422)	(338,698)	(174,479)	(4,617,599)	-	(4,617,599)
Purchased or originated new financial assets	3,818,231	11,516	173,247	4,002,994	-	4,002,994
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans (Note)	-	-	-	-	1,676,576	1,676,576
Write-off	-	-	(611,009)	(611,009)	(83,478)	(694,487)
Change in model/risk parameters	84,680	(26,063)	(1,389)	57,228	-	57,228
Effect of exchange rate changes and others	(13,654)	(161)	67,017	53,202	1,662	54,864
Balance, December 31	<u>\$ 2,157,171</u>	<u>\$ 682,399</u>	<u>\$ 852,034</u>	<u>\$ 3,691,604</u>	<u>\$ 15,739,985</u>	<u>\$ 19,431,589</u>

(Continued)

For the Year Ended December 31, 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 year:						
To lifetime ECL	(11,887)	746,263	(30,705)	703,671	-	703,671
From conversion to credit-impaired financial assets	(1,226)	(345,332)	365,430	18,872	-	18,872
To 12-month ECL	5,615	(502,312)	(80,009)	(576,706)	-	(576,706)
Derecognizing financial assets during the current period	(1,969,007)	(178,705)	(400,242)	(2,547,954)	-	(2,547,954)
Purchased or originated new financial assets	2,623,681	10,770	129,879	2,764,330	-	2,764,330
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans (Note)	-	-	-	-	2,131,355	2,131,355
Write-off	-	-	(851,193)	(851,193)	(371,579)	(1,222,772)
Change in model/risk parameters	(25,156)	(5,642)	(25,028)	(55,826)	-	(55,826)
Effect of exchange rate changes and others	73,632	(586)	587,236	660,282	179,394	839,676
Balance, December 31	<u>\$ 2,456,571</u>	<u>\$ 287,198</u>	<u>\$ 723,491</u>	<u>\$ 3,467,260</u>	<u>\$ 14,145,225</u>	<u>\$ 17,612,485</u>

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CHANGES IN ALLOWANCE FOR RECEIVABLES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

For the Year Ended December 31, 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 year:						
To lifetime ECL	(3,391)	45,484	(8,039)	34,054	-	34,054
From conversion to credit-impaired financial assets	(153)	(37,668)	140,824	103,003	-	103,003
To 12-month ECL	1,133	(4,067)	(341)	(3,275)	-	(3,275)
Derecognizing financial assets during the current period	(99,457)	(25,313)	(31,107)	(155,877)	-	(155,877)
Purchased or originated new financial assets	127,669	52,123	74,360	254,152	-	254,152
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	137,229	137,229
Write-off	(1)	(359)	(115,841)	(116,201)	(109,161)	(225,362)
Change in model/risk parameters	(1,753)	5,028	(788)	2,487	-	2,487
Effect of exchange rate changes and others	(646)	2,067	(1,248)	173	762	935
Balance, December 31	<u>\$ 128,547</u>	<u>\$ 53,304</u>	<u>\$ 489,358</u>	<u>\$ 671,209</u>	<u>\$ 422,781</u>	<u>\$ 1,093,990</u>

Note: The amounts of receivable include receivable and other financial assets shown in Table 8.

(Continued)

For the Year Ended December 31, 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 year:						
To lifetime ECL	(5,422)	32,976	(9,957)	17,597	-	17,597
From conversion to credit-impaired financial assets	(622)	(16,387)	88,620	71,611	-	71,611
To 12-month ECL	278	(3,242)	(2,053)	(5,017)	-	(5,017)
Derecognizing financial assets during the current period	(84,362)	(16,018)	(54,959)	(155,339)	-	(155,339)
Purchased or originated new financial assets	82,918	807	67,645	151,370	-	151,370
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(26,157)	(26,157)
Write-off	(1)	(228)	(113,726)	(113,955)	(76,465)	(190,420)
Change in model/risk parameters	2,538	(2,927)	(1,689)	(2,078)	-	(2,078)
Effect of exchange rate changes and others	8,732	1,258	16,049	26,039	18,414	44,453
Balance, December 31	<u>\$ 105,146</u>	<u>\$ 16,009</u>	<u>\$ 431,538</u>	<u>\$ 552,693</u>	<u>\$ 393,951</u>	<u>\$ 946,644</u>

Note: The amounts of receivable include receivable and other financial assets shown in Table 8.

(Concluded)

**TABLE 11**

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES**

**CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

For the Year Ended December 31, 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	9,486	-	-	9,486
Derecognized	(8,751)	-	-	(8,751)
Change in model/risk parameters	(10,038)	-	-	(10,038)
Effect of exchange rate changes and others	69	-	-	69
Balance December 31	<u>\$ 41,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,996</u>

For the Year Ended December 31, 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	15,605	-	-	15,605
Derecognized	(13,737)	-	-	(13,737)
Change in model/risk parameters	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	559	-	-	559
Balance December 31	<u>\$ 51,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,230</u>

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES**

**CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT AMORTIZED COST  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

For the Year Ended December 31, 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	9,324	-	-	9,324
Derecognized	(1,812)	-	-	(1,812)
Change in model/risk parameters	(1,332)	-	-	(1,332)
Effect of exchange rate changes and others	853	-	-	853
Balance December 31	<u>\$ 23,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,807</u>

For the Year Ended December 31, 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	3,568	-	-	3,568
Derecognized	(197)	-	-	(197)
Change in model/risk parameters	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	1,137	-	-	1,137
Balance December 31	<u>\$ 16,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,774</u>



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

RELATED PARTY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 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	Receivables, net	\$ 1,435,025	Note 4	0.05
		Bank SinoPac	a	Current income tax assets	1,170,711	Note 4	0.04
		Bank SinoPac	a	Payables	5	Note 4	-
		Bank SinoPac	a	Current income tax liabilities	1,055,020	Note 4	0.04
		SinoPac Securities	a	Current income tax assets	137,901	Note 4	-
		SinoPac Securities	a	Current income tax liabilities	300,155	Note 4	0.01
		SinoPac Securities	a	Other liabilities	251	Note 4	-
		SinoPac Leasing	a	Current income tax assets	8,254	Note 4	-
		SinoPac Leasing	a	Investments accounted for using equity method	47,463	Note 4	-
		SinoPac Leasing	a	Right-of-use assets, net	545,949	Note 4	0.02
		SinoPac Leasing	a	Current income tax liabilities	306,666	Note 4	0.01
		SinoPac Leasing	a	Lease liabilities	603,051	Note 4	0.02
		SinoPac Leasing	a	Interest expenses	29,184	Note 4	0.05
		SinoPac Leasing	a	Depreciation and amortization expense	46,338	Note 4	0.09
1	Bank SinoPac	SinoPac Financial Holdings	b	Receivables, net	5	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	1,170,711	Note 4	0.04
		Bank SinoPac (China) Ltd.	c-1	Receivables, net	100,233	Note 4	-
		SinoPac Securities	c-1	Receivables, net	6,794	Note 4	-
		SinoPac Securities	c-1	Payables	8,399	Note 4	-
		SinoPac Securities	c-1	Deposits and remittances	3,872,781	Note 4	0.14
		SinoPac Securities	c-1	Service fee and commissions income, net (commissions and fee revenue)	69,615	Note 4	0.13
		SinoPac Securities	c-1	Service fee and commissions income, net (commissions and fee expense)	35,918	Note 4	0.07
		SinoPac Securities	c-1	Net other revenue other than interest income	34,856	Note 4	0.06
		SinoPac Securities	c-1	Other general and administrative expenses	2,801	Note 4	0.01
		SinoPac Securities Investment Service	c-1	Deposits and remittances	125,781	Note 4	-
		SinoPac Securities Investment Trust	c-1	Net other revenue other than interest income	9,699	Note 4	0.02
		SinoPac Leasing	c-1	Investments accounted for using equity method	37,661	Note 4	-
		SinoPac Leasing	c-1	Right-of-use assets, net	507,364	Note 4	0.02
		SinoPac Leasing	c-1	Lease liabilities	554,393	Note 4	0.02
SinoPac Leasing	c-1	Interest expenses	26,827	Note 4	0.05		
SinoPac Leasing	c-1	Depreciation and amortization expense	43,036	Note 4	0.08		
2	Bank SinoPac (China) Ltd.	Bank SinoPac	c-2	Payables	100,233	Note 4	-

(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)
3	SinoPac Securities	SinoPac Financial Holdings	b	Current income tax assets	\$ 300,406	Note 4	0.01
		SinoPac Financial Holdings	b	Current income tax liabilities	137,901	Note 4	-
		Bank SinoPac	c-2	Cash and cash equivalents, net	2,667,221	Note 4	0.10
		Bank SinoPac	c-2	Receivables, net	8,399	Note 4	-
		Bank SinoPac	c-2	Investments accounted for using equity method	1,121	Note 4	-
		Bank SinoPac	c-2	Other financial assets, net	1,205,560	Note 4	0.04
		Bank SinoPac	c-2	Right-of-use assets, net	15,920	Note 4	-
		Bank SinoPac	c-2	Payables	6,794	Note 4	-
		Bank SinoPac	c-2	Lease liabilities	16,228	Note 4	-
		Bank SinoPac	c-2	Interest expenses	337	Note 4	-
		Bank SinoPac	c-2	Service fee and commissions income, net (commissions and fee revenue)	27,736	Note 4	0.05
		Bank SinoPac	c-2	Net other revenue other than interest income	8,511	Note 4	0.02
		Bank SinoPac	c-2	Depreciation and amortization expense	28,483	Note 4	0.05
		Bank SinoPac	c-2	Other general and administrative expenses	16,894	Note 4	0.03
	SinoPac Futures	c-1	Other financial assets, net	486,790	Note 4	0.02	
4	SinoPac Futures	SinoPac Securities	c-2	Other financial liabilities	486,790	Note 4	0.02
		SinoPac Securities (Asia)	c-1	Other financial assets, net	1,544,834	Note 4	0.06
		SinoPac Securities (Asia)	c-1	Other financial liabilities	128,490	Note 4	-
5	SinoPac Securities Investment Service	Bank SinoPac	c-2	Cash and cash equivalents, net	32,514	Note 4	-
		Bank SinoPac	c-2	Other financial assets, net	93,267	Note 4	-
6	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	c-1	Receivables, net	922,574	Note 4	0.03
7	SinoPac Securities (Asia)	SinoPac Futures	c-2	Other financial assets, net	128,490	Note 4	-
		SinoPac Futures	c-2	Other financial liabilities	1,544,834	Note 4	0.06
		SinoPac Securities (Cayman)	c-2	Long-term borrowings	922,574	Note 4	0.03
8	SinoPac Securities Investment Trust	Bank SinoPac	c-2	Investments accounted for using equity method	168	Note 4	-
		Bank SinoPac	c-2	Right-of-use assets, net	46,093	Note 4	-
		Bank SinoPac	c-2	Lease liabilities	46,144	Note 4	-
		Bank SinoPac	c-2	Interest expenses	99	Note 4	-
		Bank SinoPac	c-2	Depreciation and amortization expense	9,483	Note 4	0.02
9	SinoPac Leasing	SinoPac Financial Holdings	b	Current income tax assets	306,666	Note 4	0.01
		SinoPac Financial Holdings	b	Current income tax liabilities	8,254	Note 4	-
		SinoPac Financial Holdings	b	Net other revenue other than interest income	65,883	Note 4	0.12
		Bank SinoPac	c-2	Net other revenue other than interest income	60,495	Note 4	0.11

(Continued)

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

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

Note 2: Flow of transactions with related parties is as follows:

- a. From parent company to subsidiary.
- b. From subsidiary to parent company.
- c-1. Subsidiary A to subsidiary B.
- c-2. Subsidiary B to subsidiary A.

On the above transaction between parent company and subsidiaries, category a and c-1 of the related - party will post on the iXBRL based on the Taiwan Stock Exchange under letter No. 1030005380.

Note 3: In the computation of percentage of net income, if the amount is the ending balance of assets or liabilities, the accounts percentage will be the balance dividing the consolidated assets; if the amount is income or expense, the accounts percentage will be the amount dividing by the consolidated net revenues in the same year.

Note 4: On the transactions between the Company and related parties, the terms were similar to those for unrelated parties.

(Concluded)

**TABLE 14****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****BALANCE SHEETS****DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>	<b>LIABILITIES AND EQUITY</b>	<b>2023</b>	<b>2022</b>
CASH AND CASH EQUIVALENTS	\$ 27,341	\$ 52,710	COMMERCIAL PAPERS ISSUED, NET	\$ 14,533,175	\$ 9,412,734
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	37,093	33,822	PAYABLES	290,288	198,834
RECEIVABLES, NET	1,435,124	1,435,123	CURRENT INCOME TAX LIABILITIES	3,271,659	2,845,516
CURRENT INCOME TAX ASSETS	1,358,867	1,060,291	CORPORATE BONDS PAYABLE	9,994,837	9,992,124
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	213,649,133	173,951,963	PREFERRED STOCK LIABILITIES	18,437	18,437
PROPERTY AND EQUIPMENT, NET	23,328	23,227	PROVISIONS	64,484	60,169
RIGHT-OF-USE ASSETS, NET	560,680	614,054	LEASE LIABILITIES	618,066	661,836
INTANGIBLE ASSETS, NET	6,177	4,229	OTHER LIABILITIES	<u>25,421</u>	<u>22,404</u>
DEFERRED INCOME TAX ASSETS	12,671	11,790	Total liabilities	<u>28,816,367</u>	<u>23,212,054</u>
OTHER ASSETS, NET	<u>41,909</u>	<u>43,582</u>	EQUITY		
			Capital stock		
			Common stock	<u>123,764,399</u>	<u>113,837,646</u>
			Capital surplus	<u>6,129,361</u>	<u>2,228,781</u>
			Retained earnings		
			Legal reserve	23,751,851	22,112,855
			Special reserve	14,684,030	483,818
			Unappropriated earnings	<u>25,164,031</u>	<u>29,555,849</u>
			Total retained earnings	<u>63,599,912</u>	<u>52,152,522</u>
			Other equity	<u>(5,157,716)</u>	<u>(14,200,212)</u>
			Total equity	<u>188,335,956</u>	<u>154,018,737</u>
TOTAL	<u>\$ 217,152,323</u>	<u>\$ 177,230,791</u>	TOTAL	<u>\$ 217,152,323</u>	<u>\$ 177,230,791</u>

**TABLE 15****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>	<b>2022</b>
REVENUES		
Share of profit of subsidiaries for using equity method	\$ 20,325,895	\$ 16,647,027
Others	53,500	54,978
EXPENSES AND LOSSES		
Operating expenses	(497,744)	(392,252)
Others	<u>(317,082)</u>	<u>(214,674)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	19,564,569	16,095,079
INCOME TAX BENEFIT (EXPENSE)	<u>199,821</u>	<u>(134,079)</u>
NET INCOME	19,764,390	15,961,000
OTHER COMPREHENSIVE INCOME	<u>10,432,508</u>	<u>(15,729,289)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 30,196,898</u>	<u>\$ 231,711</u>
BASIC EARNINGS PER SHARE	<u>\$1.62</u>	<u>\$1.37</u>
DILUTED EARNINGS PER SHARE	<u>\$1.62</u>	<u>\$1.37</u>

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 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 Gains (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 year ended December 31, 2022	-	-	-	-	15,961,000	15,961,000	-	-	-	-	15,961,000
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	408,760	408,760	700,282	(16,877,568)	39,237	(16,138,049)	(15,729,289)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	16,369,760	16,369,760	700,282	(16,877,568)	39,237	(16,138,049)	231,711
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	20,196	20,196	-	(20,196)	-	(20,196)	-
BALANCE AT DECEMBER 31, 2022	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 year ended December 31, 2023	-	-	-	-	19,764,390	19,764,390	-	-	-	-	19,764,390
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	(453,228)	(453,228)	(185,088)	11,066,450	4,374	10,885,736	10,432,508
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	19,311,162	19,311,162	(185,088)	11,066,450	4,374	10,885,736	30,196,898
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	-	-	-	-	1,843,240	1,843,240	-	(1,843,240)	-	(1,843,240)	-
BALANCE AT DECEMBER 31, 2023	\$ 123,764,399	\$ 6,129,361	\$ 23,751,851	\$ 14,684,030	\$ 25,164,031	\$ 63,599,912	\$ (1,375,957)	\$ (3,739,488)	\$ (42,271)	\$ (5,157,716)	\$ 188,335,956

**TABLE 17****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 19,564,569	\$ 16,095,079
Adjustments for:		
Depreciation expense	63,937	64,019
Amortization expense	1,465	1,015
Interest expense	255,517	160,848
Interest income	(4,681)	(548)
Dividend income	(1,405)	(1,519)
Net change in other provisions	3	3
Share-based payments	424	-
Share of profit of subsidiaries for using equity method	(20,325,895)	(16,647,027)
Losses on disposal and retirement of property and equipment	10	7
Losses on changing in leasing contracts	22	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(4)	29
Decrease (increase) in other assets	2,056	(4,982)
Increase in payables	69,556	337
Increase in provisions for employee benefits	28,241	9,101
Increase in other liabilities	3,017	-
Interest received	4,302	113
Dividend received	1,207,694	9,018,362
Interest paid	(252,551)	(158,040)
Income tax refunded	<u>326,051</u>	<u>28,993</u>
Net cash generated from operating activities	<u>942,328</u>	<u>8,565,790</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(6,940)	(10,808)
Acquisition of investments accounted for using equity method	(10,000,000)	-
Acquisition of intangible assets	<u>(2,769)</u>	<u>(1,726)</u>
Net cash used in investing activities	<u>(10,009,709)</u>	<u>(12,534)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in commercial papers issued	5,120,441	507,478
Issuance of common stock for cash	11,250,000	-
Distribution of cash dividends	(7,280,259)	(9,016,843)
Payments of lease liabilities	<u>(48,170)</u>	<u>(45,944)</u>
Net cash generated from (used in) financing activities	<u>9,042,012</u>	<u>(8,555,309)</u>

(Continued)

	<b>2023</b>	<b>2022</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (25,369)	\$ (2,053)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>52,710</u>	<u>54,763</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 27,341</u>	<u>\$ 52,710</u>

(Concluded)



**Bank SinoPac**  
**Balance Sheets**  
**December 31, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

Assets	December 31		Liabilities	December 31	
	2023	2022		2023	2022
Cash and cash equivalents	\$ 24,685,352	\$ 51,449,457	Deposits from the Central Bank and banks	\$ 110,483,351	\$ 70,286,599
Due from the Central Bank and call loans to banks	177,446,793	276,872,760	Financial liabilities at fair value through profit or loss	41,189,433	30,191,306
Financial assets at fair value through profit or loss	76,855,063	51,971,954	Securities sold under repurchase agreements	24,744,404	28,310,978
Financial assets at fair value through other comprehensive income	334,176,930	301,671,750	Payables	22,132,393	20,396,752
Investments in debt instruments at amortized cost	303,546,679	225,460,151	Current income tax liabilities	1,519,235	1,212,298
Securities purchased under resell agreements	66,804,814	60,264,108	Deposits and remittances	1,974,068,722	1,956,478,218
Receivables, net	54,891,017	50,122,188	Bank debentures	56,832,276	56,250,137
Current income tax assets	1,266,206	1,138,146	Other financial liabilities	42,104,402	29,467,278
Discounts and loans, net	1,379,568,022	1,280,566,011	Provisions	2,803,164	2,499,880
Investments accounted for using equity method	10,146,851	10,086,279	Lease liabilities	2,460,524	2,625,615
Other financial assets, net	4,657,337	4,354,809	Deferred income tax liabilities	1,050,774	1,128,363
Property and equipment, net	9,547,667	9,526,380	Other liabilities	7,471,059	2,443,446
Right-of-use assets, net	2,369,228	2,563,465	Total liabilities	<u>2,286,859,737</u>	<u>2,201,290,870</u>
Investment property, net	851,351	1,025,508			
Intangible assets, net	1,792,495	1,641,345	<b>Equity</b>		
Deferred income tax assets	1,536,899	1,297,694	Capital stock	96,992,508	90,325,841
Other assets, net	<u>9,548,674</u>	<u>9,139,465</u>	Capital surplus	15,581,418	12,147,640
			Retained earnings	66,212,070	49,074,070
			Other equity	(5,954,355)	(13,686,951)
			Total equity	<u>172,831,641</u>	<u>137,860,600</u>
Total assets	<u>\$ 2,459,691,378</u>	<u>\$ 2,339,151,470</u>	Total liabilities and equity	<u>\$ 2,459,691,378</u>	<u>\$ 2,339,151,470</u>

**Bank SinoPac**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>	<b>2022</b>
Interest income	\$ 68,485,906	\$ 42,379,409
Interest expenses	<u>(45,686,942)</u>	<u>(18,153,646)</u>
Net interest revenue	22,798,964	24,225,763
Net revenues other than interest	<u>16,471,922</u>	<u>11,555,493</u>
Net revenue	39,270,886	35,781,256
Bad debts expense, commitment and guarantee liability provision	(1,839,733)	(2,380,745)
Operating expenses	<u>(18,173,258)</u>	<u>(16,117,288)</u>
Profit from continuing operations before tax	19,257,895	17,283,223
Income tax expense	<u>(3,192,392)</u>	<u>(2,569,946)</u>
Net income	16,065,503	14,713,277
Other comprehensive income	<u>8,805,093</u>	<u>(14,832,014)</u>
Total comprehensive income	<u>\$ 24,870,596</u>	<u>\$ (118,737)</u>
Basic earnings per share	<u>\$1.68</u>	<u>\$1.63</u>

**TABLE 18-2****SinoPac Securities**

**Balance Sheets**  
**December 31, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 88,690,814	\$ 62,755,498
Current financial assets at fair value through profit or loss	62,467,265	33,355,714
Current financial assets at fair value through other comprehensive income	7,434,770	10,387,013
Non-current financial assets at fair value through profit or loss	132,962	139,578
Non-current financial assets at fair value through other comprehensive income	5,294,822	2,952,686
Investments accounted for using equity method	8,983,583	8,146,252
Property and equipment, net	2,000,688	1,994,734
Right-of-use assets, net	491,515	444,251
Investment property, net	274,349	277,071
Intangible assets	366,315	374,092
Deferred income tax assets	455,430	427,901
Other non-current assets	<u>1,464,541</u>	<u>1,333,266</u>
Total assets	<u>\$ 178,057,054</u>	<u>\$ 122,588,056</u>
 <b>Liabilities</b>		
Current liabilities	\$ 137,712,365	\$ 86,790,846
Current lease liabilities	161,800	150,196
Bonds payable	5,000,000	5,000,000
Deferred income tax liabilities	171,770	276,987
Non-current lease liabilities	335,613	297,326
Other non-current liabilities	<u>438,454</u>	<u>464,577</u>
Total liabilities	<u>143,820,002</u>	<u>92,979,932</u>
 <b>Equity</b>		
Capital stock	16,212,238	16,212,238
Capital surplus	522,986	476,766
Retained earnings	16,453,180	13,130,665
Other equity	<u>1,048,648</u>	<u>(211,545)</u>
Total equity	<u>34,237,052</u>	<u>29,608,124</u>
Total liabilities and equity	<u>\$ 178,057,054</u>	<u>\$ 122,588,056</u>

**SinoPac Securities**

**Statements of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>	<b>2022</b>
Revenue	\$ 12,697,978	\$ 9,258,624
Commission fees	(567,408)	(486,159)
Employee benefits expense	(4,737,469)	(4,147,231)
Share of profit of subsidiaries for using equity method	906,956	465,145
Other operating expenditure	(2,572,257)	(1,238,361)
Other operating expense	(2,192,319)	(2,084,421)
Other gains and losses	<u>312,943</u>	<u>212,917</u>
Profit from continuing operations before tax	3,848,424	1,980,514
Income tax expense	<u>(12,839)</u>	<u>(398,019)</u>
Net income	3,835,585	1,582,495
Other comprehensive income	<u>1,580,484</u>	<u>(1,181,826)</u>
 Total comprehensive income	 <u>\$ 5,416,069</u>	 <u>\$ 400,669</u>
 Basic earnings per share	 <u>\$2.37</u>	 <u>\$0.98</u>

**TABLE 18-3****SinoPac Venture Capital Corporation**

**Balance Sheets**  
**December 31, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 348,257	\$ 245,633
Financial assets at fair value through profit or loss	1,962,694	1,905,511
Financial assets at fair value through other comprehensive income	485,872	350,247
Investments accounted for using equity method	78,498	97,064
Property and equipment, net	187	1,154
Right-of-use assets, net	11,653	2,668
Deferred income tax assets	104,868	104,164
Other non-current assets	384	410
Total assets	\$ 2,992,413	\$ 2,706,851
<b>Liabilities</b>		
Payables	\$ 16,374	\$ 14,072
Current income tax liabilities	7,392	-
Deferred income tax liabilities	6,288	11,559
Provisions	1,798	1,866
Lease liabilities	11,702	2,702
Total liabilities	43,554	30,199
<b>Equity</b>		
Capital stock	2,500,000	2,500,000
Capital surplus	2,105	1,902
Retained earnings	532,018	348,396
Other equity	(85,264)	(173,646)
Total equity	2,948,859	2,676,652
Total liabilities and equity	\$ 2,992,413	\$ 2,706,851

**SinoPac Venture Capital Corporation**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>	<b>2022</b>
Operating revenues (losses)	\$ 212,728	\$ (83,237)
Operating expenses	<u>(32,851)</u>	<u>(29,706)</u>
Operating income (loss)	179,877	(112,943)
Nonoperating income and expenses	<u>3,438</u>	<u>10,245</u>
Profit (loss) from continuing operations before tax	183,315	(102,698)
Income tax benefit	<u>307</u>	<u>21,115</u>
Net income (loss)	183,622	(81,583)
Other comprehensive income	<u>88,383</u>	<u>3,973</u>
Total comprehensive income	<u>\$ 272,005</u>	<u>\$ (77,610)</u>
Basic earnings per share	<u>\$0.73</u>	<u>\$(0.33)</u>

**TABLE 18-4****SinoPac Securities Investment Trust Co., Ltd.**

**Balance Sheets**  
**December 31, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 776,003	\$ 790,768
Financial assets at fair value through profit or loss	8,933	8,424
Investments accounted for using equity method	937,853	914,748
Property and equipment, net	880	2,659
Right-of-use assets, net	47,072	13,414
Intangible assets	-	34
Deferred income tax assets	10,482	6,737
Other non-current assets	119,650	131,797
Total assets	\$ 1,900,873	\$ 1,868,581
<b>Liabilities</b>		
Current liabilities	\$ 58,374	\$ 34,050
Lease liabilities	47,140	13,607
Deferred income tax liabilities	105,234	97,785
Other non-current liabilities	6,365	4,299
Total liabilities	217,113	149,741
<b>Equity</b>		
Capital stock	1,420,000	1,420,000
Capital surplus	1,963	844
Retained earnings	299,050	321,490
Other equity	(37,253)	(23,494)
Total equity	1,683,760	1,718,840
Total liabilities and equity	\$ 1,900,873	\$ 1,868,581

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

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 286,406	\$ 221,044
Operating expenses	<u>(271,171)</u>	<u>(226,557)</u>
Operating income (loss)	15,235	(5,513)
Share of profit of associates for using equity method	147,758	214,332
Nonoperating income and expenses, net	<u>8,223</u>	<u>4,510</u>
Profit from continuing operations before tax	171,216	213,329
Income tax expense	<u>(34,159)</u>	<u>(42,817)</u>
Net income	137,057	170,512
Other comprehensive income	<u>(16,461)</u>	<u>10,860</u>
Total comprehensive income	<u>\$ 120,596</u>	<u>\$ 181,372</u>
Basic earnings per share	<u>\$0.97</u>	<u>\$1.20</u>



**TABLE 18-5**

**SinoPac Leasing Corporation**  
**Balance Sheets**  
**December 31, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 2,588,903	\$ 2,689,114
Investments accounted for using equity method	5,569,449	5,430,254
Property and equipment, net	259,373	283,523
Right-of-use assets, net	169,686	37,446
Investment property, net	5,667,023	5,730,537
Intangible assets	2,238	2,317
Deferred income tax assets	112,089	103,306
Other non-current assets	1,119,777	722,298
Total assets	\$ 15,488,538	\$ 14,998,795
<b>Liabilities</b>		
Current liabilities	\$ 9,372,721	\$ 7,938,015
Lease liabilities - current	35,690	27,221
Current income tax liabilities	16,873	8,619
Long-term borrowings	499,849	1,498,986
Lease liabilities - non-current	507,925	393,156
Deferred income tax liabilities	149,150	139,339
Other non-current liabilities	371,588	300,692
Total liabilities	10,953,796	10,306,028
<b>Equity</b>		
Capital stock	4,681,044	4,681,044
Capital surplus	3,668	1,498
Retained earnings	141,426	273,434
Other equity	(291,396)	(263,209)
Total equity	4,534,742	4,692,767
Total liabilities and equity	\$ 15,488,538	\$ 14,998,795

**SinoPac Leasing Corporation**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 492,091	\$ 486,616
Operating costs	(363,096)	(352,296)
Provision of bad debts expenses	(72,171)	(26,771)
Operating expenses	<u>(231,774)</u>	<u>(221,309)</u>
Operating loss	(174,950)	(113,760)
Nonoperating income and expenses	<u>282,392</u>	<u>400,117</u>
Profit for continuing operations before tax	107,442	286,357
Income tax expense	<u>(21,413)</u>	<u>(47,534)</u>
Net income	86,029	238,823
Other comprehensive income	<u>(30,090)</u>	<u>282,088</u>
Total comprehensive income	<u>\$ 55,939</u>	<u>\$ 520,911</u>
Basic earnings per share	<u>\$0.18</u>	<u>\$0.51</u>

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES**

**PUBLIC ANNOUNCEMENTS PRESCRIBED IN ARTICLE 46 OF THE FINANCIAL HOLDING  
COMPANY ACT  
DECEMBER 31, 2023 AND 2022**

Credit extensions, guarantees or other transactions made by the Company and its subsidiaries with the same person, the same related person or the same affiliate as of December 31, 2023 and 2022 are summarized as follows:

Name	December 31, 2023	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
1. With the same person:		
Central Bank of the Republic of China (Taiwan)	\$ 302,784,363	160.77
FANNIE MAE	26,653,543	14.15
FREDDIE MAC	25,833,977	13.72
National Treasury Administration, Ministry of Finance	22,000,000	11.68
International Bills Finance Corporation	18,861,457	10.01
Union Bank of Taiwan	14,516,088	7.71
Mega Bills Finance Co., Ltd.	13,558,465	7.20
Agricultural Bank of Taiwan	13,504,759	7.17
REPUBLIC OF JAPAN	12,271,012	6.52
China Development Bank	11,217,515	5.96
Cathay Financial Holdings Co., Ltd.	10,176,682	5.40
Taiwan Cooperative Financial Holding Co., Ltd.	8,969,287	4.76
Taiwan Semiconductor Manufacturing Company Limited	8,796,169	4.67
Hua Nan Financial Holdings Co., Ltd.	8,171,706	4.34
BPCE	7,984,083	4.24
USA	7,825,646	4.16
COMMONWEALTH BANK OF AUSTRALIA	7,723,637	4.10
Westpac Banking Corporation	7,206,120	3.83
First Abu Dhabi Bank	7,013,494	3.72
National Australia Bank Limited	6,928,885	3.68
China Bills Finance Corporation	6,721,037	3.57
MACQUARIE GROUP LTD	6,270,366	3.33
Bank of Panhsin	6,175,618	3.28
Mega Financial Holding Company Ltd.	5,978,014	3.17
Yuanta Securities Investment Trust Co., Ltd.	5,900,472	3.13
Fubon Financial Holdings Co., Ltd.	5,730,388	3.04
Taiwan Power Company	5,511,430	2.93
Australia and New Zealand Banking Group Limited	5,487,047	2.91

(Continued)

	<b>December 31, 2023</b>	
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
Export-Import Bank of Korea	\$ 5,426,723	2.88
Catcher Technology Co., LTD.	5,191,295	2.76
The Shanghai Commercial & Savings Bank, Ltd.	5,117,532	2.72
GINNIE MAE	5,107,954	2.71
Macquarie Bank Ltd.	5,077,381	2.70
Emirates NBD Bank PJSC	4,832,143	2.57
The Hongkong and Shanghai Banking Corporation Limited	4,798,862	2.55
HONG KONG	4,631,221	2.46
BARCLAYS BANK PLC	4,495,368	2.39
PAO SHIN GARDEN TOOLS CO., LTD.	4,487,000	2.38
WELLS FARGO & COMPANY	4,320,233	2.29
Goldman Sachs Group Inc.	4,270,059	2.27
ABU DHABI COMMERCIAL BANK P.J.S.C.	4,171,240	2.21
Yuan Lih Constructions Co., Ltd.	3,803,000	2.02
Sales Platform Linked Deposit	3,794,342	2.01
Agricultural Development Bank of China	3,774,474	2.00
The Export-Import Bank of China	3,626,284	1.93
Synnex Technology International Corporation	3,503,451	1.86
CITIBANK NATIONAL ASSOCIATION	3,487,137	1.85
Cathay Securities Investment Trust Co., LTD.	3,311,998	1.76
China Metal Products Co., Ltd.	3,309,682	1.76
King's Town Construction Co., Ltd.	3,299,750	1.75
Korea Development Bank	3,284,468	1.74
Taishin International Bank Co., Ltd.	3,158,069	1.68
MALAYAN BANKING BHD	3,157,131	1.68
AUO Corporation	3,148,209	1.67
CK HUTCHISON INTERNATIONAL 17 II LTD	3,112,137	1.65
The Hong Kong Mortgage Corporation Limited	3,088,136	1.64
YAGEO Corporation	3,079,708	1.64
KEB HANA BANK	3,077,602	1.63
Chailease Finance Co., Ltd.	3,034,063	1.61
2. With the same related person:		
XX Tsai	7,499,415	3.98
XX Chung	6,801,766	3.61
XX Tsai	5,556,403	2.95
XX Cheng	4,983,922	2.65
XX Chen	4,059,057	2.16
XX Tsai	3,331,407	1.77
XX Wang	3,306,724	1.76

(Continued)

	<b>December 31, 2023</b>	
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
3. With the same affiliate:		
IBF Financial Holdings Group	\$ 20,859,818	11.08
Mega Holdings Group	20,343,436	10.80
Cathay Financial Holdings Group	17,107,775	9.08
Union Group	15,048,073	7.99
Chailease Group	14,946,714	7.94
Fubon Group	14,680,941	7.80
Kinpo Group	13,007,916	6.91
China Development Bank Group	11,615,606	6.17
Far Eastern Group	11,398,931	6.05
Macquarie Group	11,348,937	6.03
TSMC Group	10,574,697	5.61
Taiwan Cooperative Financial Holding Group	10,120,113	5.37
AUO Group	9,402,116	4.99
Taishin Financial Holding Group	9,385,308	4.98
Hua Nan Financial Holdings Group	9,229,567	4.90
BPCE Group	9,100,586	4.83
Hon Hai Group	8,752,510	4.65
King's Town Group	8,621,954	4.58
Phoenix Property Group	8,594,896	4.56
Yulon Motor Group	7,581,719	4.03
Yuanta Financial Holding Group	7,417,196	3.94
CTBC Financial Holding Group	7,356,511	3.91
HSBC Group	7,268,174	3.86
O-Bank Group	6,754,314	3.59
MiTAC-SYNNEX Group	6,658,529	3.54
Bank of Panhsin Group	6,653,424	3.53
Formosa Plastics Group	6,512,494	3.46
SanDi Group	6,504,200	3.45
ANZ Group	6,171,134	3.28
BPEA FUND VII & VIII Group	6,030,668	3.20
Hiyes International Group	5,782,764	3.07
Charoen Pokphand Group	5,648,427	3.00
Baolu Construction Group	5,457,000	2.90
LUXSHARE-ICT Group	5,311,226	2.82
CMP Group	5,306,498	2.82
Gaw Capital Partners Group	5,181,577	2.75
Barclay Group	5,172,397	2.75
CITIC Fund III & IV Group	5,030,213	2.67
China Development Financial Holding Group	4,731,135	2.51
Citigroup Inc.,	4,726,060	2.51
TA YA ELECTRIC WIRE & CABLE Group	4,709,455	2.50
HD Renewable Energy Group	4,611,295	2.45

(Continued)

	<b>December 31, 2023</b>	
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
Wells Fargo & Company Group	\$ 4,548,915	2.42
YAGEO Group	4,533,618	2.41
Chengyou Group	4,498,500	2.39
UNI-PRESIDENT Group	4,433,433	2.35
Hotai Motor Group	4,344,139	2.31
GOLDMAN SACHS Group	4,277,178	2.27
Highwealth Group	4,168,770	2.21
Standard Chartered Group	4,113,434	2.18
J&V Energy Group	4,047,057	2.15
CTCI Group	4,020,495	2.13
CHING JIA CONSTRUCTION Group	3,857,500	2.05
YUANLIH Group	3,833,000	2.04
Ruentex Financial Group	3,720,778	1.98
Banco Santander SA Group	3,719,117	1.97
WPG Holdings Group	3,685,646	1.96
Wisdom Marine Group	3,599,221	1.91
Walsin Lihwa Group	3,569,171	1.90
FOXLINK Group	3,524,816	1.87
Industrial and Commercial Bank of China Group	3,450,842	1.83
Jihsunlease Group	3,385,311	1.80
Grand River D. Group	3,375,744	1.79
RGE Group	3,365,898	1.79
BCP Group	3,181,111	1.69
BNP Group	3,070,659	1.63
CLEVO Group	3,027,882	1.61
Taiwan Cement Group	3,021,514	1.60

(Concluded)

	<b>December 31, 2022</b>	
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
1. With the same person:		
Central Bank of the Republic of China (Taiwan)	\$ 227,514,870	147.72
FANNIE MAE	26,659,501	17.31
FREDDIE MAC	26,048,950	16.91
Agricultural Bank of Taiwan	16,310,214	10.59
International Bills Finance Corporation	15,750,864	10.23
Taiwan Power Company	13,517,588	8.78
National Treasury Administration, Ministry of Finance	12,000,000	7.79
China Bills Finance Corporation	11,289,138	7.33
Cathay Financial Holdings Co., Ltd.	10,207,402	6.63
CPC Corporation, Taiwan	9,109,743	5.91
China Development Bank	8,412,413	5.46
BPCE	7,852,059	5.10
Hua Nan Financial Holdings Co., Ltd.	7,478,473	4.86
COMMONWEALTH BANK OF AUSTRALIA	7,160,491	4.65
First Abu Dhabi Bank	6,884,042	4.47
Westpac Banking Corporation	6,397,850	4.15
MACQUARIE GROUP LTD	6,317,183	4.10
Export-Import Bank of Korea	6,283,746	4.08
National Australia Bank Limited	5,715,823	3.71
USA	5,536,661	3.59
Macquarie Bank Ltd.	5,228,402	3.39
China Development Financial Holding Corporation	5,204,446	3.38
Emirates NBD Bank PJSC	5,116,695	3.32
Taiwan Cooperative Financial Holding Co., Ltd.	5,045,649	3.28
The Shanghai Commercial & Savings Bank, Ltd.	5,006,111	3.25
Fubon Financial Holdings Co., Ltd.	4,996,881	3.24
Dah Chung Bills Finance Corp.	4,993,211	3.24
BARCLAYS BANK PLC	4,682,551	3.04
HONG KONG	4,517,236	2.93
Union Bank of Taiwan	4,491,750	2.92
PAO SHIN GARDEN TOOLS CO., LTD.	4,487,000	2.91
Korea Development Bank	4,331,255	2.81
Wistron Corporation	4,206,381	2.73
ABU DHABI COMMERCIAL BANK P.J.S.C.	4,146,346	2.69
Taiwan Semiconductor Manufacturing Company Limited	4,126,463	2.68
Australia and New Zealand Banking Group Limited	3,886,807	2.52
MALAYAN BANKING BHD	3,881,126	2.52
The Hong Kong Mortgage Corporation Limited	3,839,984	2.49
Yuan Lih Constructions Co., Ltd.	3,803,000	2.47
Standard Chartered Bank	3,542,489	2.30
GINNIE MAE	3,528,174	2.29
Hotai Finance Co., Ltd.	3,516,935	2.28

(Continued)

			<b>December 31, 2022</b>	
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>		
WELLS FARGO & COMPANY	\$ 3,315,868	2.15		
Chailease Finance Co., Ltd.	3,293,635	2.14		
Goldman Sachs Group Inc.	3,232,232	2.10		
China Metal Products Co., Ltd.	3,229,288	2.10		
2. With the same related person:				
XX Tsai	7,009,962	4.55		
XX Tsai	6,557,825	4.26		
XX Chung	5,322,000	3.46		
XX Chen	4,348,620	2.82		
XX Wang	3,632,824	2.36		
3. With the same affiliate:				
IBF Financial Holdings Group	17,326,891	11.25		
Cathay Financial Holdings Group	14,630,879	9.50		
Fubon Group	14,325,075	9.30		
Far Eastern Group	14,295,859	9.28		
Chailease Group	13,655,437	8.87		
O-Bank Group	12,537,731	8.14		
Hon Hai Group	12,464,136	8.09		
Macquarie Group	11,559,525	7.51		
Kinpo Group	11,397,228	7.40		
King's Town Group	9,644,183	6.26		
Phoenix Property Group	9,009,509	5.85		
China Development Bank Group	8,863,728	5.75		
BPCE Group	8,281,330	5.38		
Hua Nan Financial Holdings Group	8,251,265	5.36		
Formosa Plastics Group	8,236,454	5.35		
Taishin Financial Holding Group	7,971,600	5.18		
Charoen Pokphand Group	7,606,537	4.94		
AUO Group	7,465,334	4.85		
Ruentex Financial Group	7,336,824	4.76		
Taiwan Cooperative Financial Holding Group	6,916,812	4.49		
Wistron Group	6,692,594	4.35		
CMP Group	6,375,248	4.14		
Mega Holdings Group	6,301,735	4.09		
Hiyes International Group	6,279,864	4.08		
China Development Financial Holding Group	6,139,625	3.99		
Yulon Motor Group	6,048,652	3.93		
NAB Group	5,746,546	3.73		
Quanta Group	5,460,048	3.55		
Baolu Construction Group	5,457,000	3.54		

(Continued)



	<b>December 31, 2022</b>	
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
TSMC Group	\$ 5,367,370	3.48
CTBC Financial Holding Group	5,261,946	3.42
North-Star Group	4,915,320	3.19
Union Group	4,797,836	3.12
BPEA FUND VII&VIII Group	4,739,384	3.08
Standard Chartered Group	4,282,312	2.78
CITIC Fund III & IV Group	4,236,480	2.75
ANZ Group	4,218,818	2.74
Hotai Motor Group	4,194,145	2.72
CTCI Group	4,087,598	2.65
Highwealth Group	4,007,329	2.60
Taiwan Cement Group	4,000,404	2.60
TA YA ELECTRIC WIRE & CABLE Group	3,988,323	2.59
HD Renewable Energy Group	3,956,644	2.57
Wells Fargo & Company Group	3,868,033	2.51
Kingston Group	3,826,364	2.48
J&V Energy Group	3,548,271	2.30
Shin Kong Group	3,501,380	2.27
Wisdom Marine Group	3,486,084	2.26
Agricultural Development Bank of China Group	3,405,747	2.21
WPG Holdings Group	3,385,329	2.20
Grand River D. Group	3,334,826	2.17
Banco Santander SA Group	3,232,760	2.10
GOLDMAN SACHS Group	3,232,543	2.10
Formosa Solar Group	3,219,747	2.09
Continental Holdings Corporation	3,204,173	2.08
SoftBank Group	3,116,798	2.02
Yong Jing Group	3,075,870	2.00
Ting Hsin Group	3,062,658	1.99
LCY Chemical Group	3,058,917	1.99
Chenya Energy Group	3,047,863	1.98
Yuanta Financial Holding Group	3,033,465	1.97

(Concluded)

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 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	\$ 866,172	a	\$ 424,424	\$ -	\$ -	\$ 424,424	\$ 301,547	49.00	\$ 147,758	\$ 937,853	\$ 106,106
Telexpress (Shanghai) Co., Ltd.	Management consultant	44,516	b	14,729	-	-	14,729	(42,456)	34.21	-	14,729	-
Yangzhou Brightman International Co., Ltd.	Panel thinning	615,792	b	71,675	-	-	71,675	-	11.69	-	71,675	-
Zhong Shan Dong Yi Technology Co., Ltd.	Cover glass	246,020	b	12,301	-	-	12,301	(31,253)	3.52	-	12,301	-
Dong Ming Technology Co., Ltd.	Cover glass	19,688	b	992	-	-	992	(7,473)	3.52	-	992	-
StreetVoice International Ltd.	Design of software and service for computer system integration	99,035	b	1,698	-	-	1,698	16,499	2.64	-	1,698	-
Dong Guan Transound Electronics Co., Ltd.	Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, earphone module, earphone, headphone	224,980	b	44,562	-	-	44,562	10,474	4.58	-	44,562	-
SinoPac International Leasing Corp.	Leasing and financing of machinery equipment	1,702,095	a	1,702,095	-	-	1,702,095	85,851	100.00	85,851	2,063,223	-
Bank SinoPac (China) Ltd.	Commercial bank	9,959,834	a	9,959,834	-	-	9,959,834	161,741	100.00	159,761	10,067,287	-
SinoPac Financial Consulting (Shanghai) Ltd.	Business management consulting, investment consulting, business intelligence consulting	61,505	a	61,505	-	-	61,505	(6,747)	100.00	(6,747)	27,634	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 12,293,815 (US\$ 350,617) (CNY 349,000)	\$ 12,293,815 (US\$ 350,617) (CNY 349,000)	\$ 122,894,223

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 audited by independent certified public accountants, except for Golden Trust Sinopac Fund Management Co., Ltd., SinoPac International Leasing Corp., Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd. which were audited by independent certified public accountants and prepared in conformity with IFRS Accounting Standards.

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.

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

### STATEMENT OF CASH AND CASH EQUIVALENTS DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 6,595,621
Notes and checks for clearing		3,788,256
Deposits in banks and due from other banks		15,422,779
Short-term bills	Annual interest rate: 1.15%-1.58%; maturity date: February 2024	3,418,058
Excess futures margin		1,420,728
Less: Allowance for credit losses		(986)
		<u>\$ 30,644,456</u>

Note: Foreign currency included in cash and cash equivalents of main subsidiary Bank SinoPac is as follows:

Item	Description			Amount (In Thousands)
	Currency	Exchange Rate	Foreign Currency (In Thousands)	
<u>Cash on hand</u>				
NTD				\$ 5,048,573
Foreign currency	JPY	0.2172	\$ 2,798,941	607,930
	Others		-	<u>937,564</u>
				<u>6,594,067</u>
<u>Due from other banks</u>				
NTD			-	428,304
Foreign currency	USD	30.75248	130,657	4,018,019
	CNY	4.33086	721,055	3,122,789
	JPY	0.2172	6,872,812	1,492,775
	AUD	21.00815	56,911	1,195,596
	GBP	39.21831	23,229	911,011
	EUR	34.04779	21,547	733,644
	Others		-	<u>2,139,286</u>
				<u>14,041,424</u>
<u>Notes and checks for clearing</u>				
NTD				3,781,497
Foreign currency	Others		-	<u>6,759</u>
				<u>3,788,256</u>

(Continued)

Item	Description			Amount (In Thousands)
	Currency	Exchange Rate	Foreign Currency (In Thousands)	
<u>Excess futures margin</u>				
NTD				\$ 66,735
Foreign currency	USD	30.75248	5,610	172,531
	EUR	34.04779	430	14,633
	Others			<u>7,706</u>
				<u>261,605</u>
				<u>\$ 24,685,352</u>
				(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars/Thousand Shares or Thousand Units, Unless Stated Otherwise)

Items	Description	Shares/Units	Par Value	Interest Rates (%)	Cost	Fair Value		The Change in Fair Value Attributable to Changes in Credit Risk	Note
						Price (Dollars)	Total		
Financial assets mandatorily classified as at fair value through profit or loss									
Operating securities - dealing			\$ -		\$ 53,292,147		\$ 54,126,130	\$ -	
Government bonds	2024/07/17-2033/10/05 maturity		19,301,287	0.005-5.5	19,239,177		19,256,385	-	
Corporate bonds	2024/01/03-2034/06/15 maturity		7,809,352	0-7.89	7,805,518		7,873,733	-	
Certificates of deposits	2024/01/08-2024/11/21 maturity		706,614,317		7,037,683		7,049,421	-	
Commercial paper	2024/01/08-2024/01/31 maturity		4,470,000	1.49-1.9297	4,462,277		4,462,111	-	
Bank debentures	2024/04/13-2028/11/21 maturity		4,227,903	1.55-6.79678764	4,230,394		4,236,182	-	
Operating securities - hedging			-		3,232,983		3,233,831	-	
Stocks		101,556	-		2,663,144		2,825,628	-	
Lending stock		47,104	-		1,124,622		1,166,414	-	
Operating securities - underwriting			-		426,449		451,177	-	
Currency swap contracts			-		-		28,543,371	-	
Interest swap contracts			-		-		10,370,493	-	
Future margin-marketable securities			-		-		1,732,412	-	
Future margin-own funds			-		-		1,218,903	-	
Asset exchange option contracts			-		-		818,668	-	
Forward exchange contracts			-		-		450,633	-	
Option contracts			-		-		418,170	-	
Others (Note)			-		-		390,422	-	
							<u>148,624,084</u>		
Financial assets designated as at fair value through profit or loss									
Corporate bonds	2030/03/31-2033/04/21 maturity		1,447,519	1.875-4.875	1,289,206		<u>1,259,836</u>	360	
							<u>\$ 149,883,920</u>		

Note: The amount of each individual item does not exceed 5% of the account balance.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Items	Description	Par Value/ Thousand Shares	Interest Rate (%)	Cost	Loss Allowance	Fair Value	Note
Equity instruments at fair value through other comprehensive income							
Stocks		235,874		\$ 18,808,926		\$ 24,696,384	
Real estate investment trust beneficiary securities		134,661		<u>1,634,909</u>		<u>1,537,790</u>	
				<u>20,443,835</u>		<u>26,234,174</u>	
Debt instruments at fair value through other comprehensive income							
Certificates of deposits	2024/01/02-2024/06/24 maturity	\$ 111,966,274	0.68-1.51	111,966,808	\$ 549	111,944,303	
Bank debentures	2024/01/08-2052/03/18 maturity	92,151,428	0-8.32	92,753,829	20,887	91,541,206	Note
Corporate bonds	2024/01/26-2033/04/21 maturity	51,726,944	0.6-7.5	51,902,490	20,496	48,860,886	
Commercial paper	2024/01/05-2024/03/28 maturity	47,495,000	1.4537-1.535	47,334,112	-	47,326,356	
Government bonds	2025/06/01-2051/12/23 maturity	34,922,800	0.005-5.26	34,926,076	64	32,039,499	
Asset-based securities	2051/01/01-2052/09/01 maturity	17,299,899	1.5-4	17,083,467	-	14,489,325	
Government agency bonds	2024/04/30-2028/08/10 maturity	2,401,891	0.7-5.61988	2,401,891	-	2,401,696	
Acceptances	2024/01/05-2024/06/06 maturity	37,875	2.162	<u>37,479</u>	<u>-</u>	<u>37,513</u>	
				<u>358,406,152</u>	<u>41,996</u>	<u>348,640,784</u>	
				<u>\$ 378,849,987</u>	<u>\$ 41,996</u>	<u>\$ 374,874,958</u>	

Note: Refer to Note 46 for information on assets pledged as security.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Items	Description	Par Value	Interest Rate (%)	Loss Allowance	Unamortized Premium (Discount)	Book Value	Note
Certificates of deposits	2024/01/03-2025/12/20 maturity	\$ 101,593,762	0.533-4.74	\$ -	\$ (26,336)	\$ 101,567,426	Note
Government bonds	2024/01/04-2050/11/27 maturity	68,210,286	0-5.30002	-	1,291,845	69,502,131	Note
Bank debentures	2024/01/22-2032/02/22 maturity	65,837,939	1.125-8.37	(16,409)	(157,188)	65,664,342	
Asset-based securities	2035/03/01-2053/05/20 maturity	40,802,200	1.5-5	-	(290,194)	40,512,006	
Corporate bonds	2024/01/23-2031/05/03 maturity	24,005,068	0.58-6.379881	(7,398)	(208,840)	23,788,830	
Government agency bonds	2024/03/08-2031/12/01 maturity	2,208,211	0.25-7.885	-	(2,543)	2,205,668	
Treasury Bills	2024/01/11-2024/02/15 maturity	<u>307,525</u>	-	<u>-</u>	<u>(1,249)</u>	<u>306,276</u>	
		<u>\$ 302,964,991</u>		<u>\$ (23,807)</u>	<u>\$ 605,495</u>	<u>\$ 303,546,679</u>	

Note: Refer to Note 46 for information on assets pledged as security.



**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF SECURITIES PURCHASED UNDER RESELL AGREEMENTS  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Par Value</b>	<b>Book Value</b>	<b>Note</b>
Commercial paper	\$ 33,813,400	\$ 33,707,421	
Government bonds	25,331,005	21,722,347	
Negotiable certificates of deposits	11,208,200	11,210,863	
Corporate bonds	8,975,418	7,300,660	
Bank debentures	<u>4,711,280</u>	<u>3,978,092</u>	
	<u>\$ 84,039,303</u>	<u>\$ 77,919,383</u>	

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Balance, January 1, 2023		Additions in Investment (Note)		Decrease in Investment (Note)		Ending Balance			Market Value or Net Assets Value		Collateral	Note
	Units (In Thousands of Shares)	Amount	Units (In Thousands of Shares)	Amount	Units (In Thousands of Shares)	Amount	Units (In Thousands of Shares)	Percentage of Ownership (%)	Amount	Price (Dollars)	Amount		
Golden Trust SinoPac Fund Management	-	\$ 914,748	-	\$ 147,758	-	\$ (124,653)	-	49.00	\$ 937,853	-	\$ 937,853	-	
Telexpress	4,969	<u>97,064</u>	-	<u>-</u>	-	<u>(18,566)</u>	4,969	34.21	<u>78,498</u>	15.80	<u>78,498</u>	-	
		<u>\$ 1,011,812</u>		<u>\$ 147,758</u>		<u>\$ (143,219)</u>			<u>\$ 1,016,351</u>		<u>\$ 1,016,351</u>		

Note: The increase (decrease) in the current year includes the share of profit (loss) of associates, the exchange differences on translation of foreign operations and cash dividends paid.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

	Land and Superficies	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Decommissioning Restoration Costs	Total
Cost							
Balance, January 1	\$ 1,081,986	\$ 5,469,776	\$ 229,331	\$ 30,760	\$ 7,870	\$ 147,261	\$ 6,966,984
Addition	-	1,080,392	-	15,942	449	15,908	1,112,691
Deduction	(117)	(262,523)	-	(5,857)	(266)	(6,108)	(274,871)
Effect of exchange rate changes	-	(9,053)	(2)	(591)	(21)	(255)	(9,922)
Balance, December 31	<u>1,081,869</u>	<u>6,278,592</u>	<u>229,329</u>	<u>40,254</u>	<u>8,032</u>	<u>156,806</u>	<u>7,794,882</u>
Accumulated depreciation							
Balance, January 1	142,449	2,919,554	119,261	18,284	3,425	117,179	3,320,152
Addition	36,181	882,427	33,687	10,043	1,676	12,321	976,335
Deduction	(117)	(204,896)	-	(5,430)	(266)	(5,878)	(216,587)
Effect of exchange rate changes	-	(4,984)	(6)	(252)	(11)	(108)	(5,361)
Balance, December 31	<u>178,513</u>	<u>3,592,101</u>	<u>152,942</u>	<u>22,645</u>	<u>4,824</u>	<u>123,514</u>	<u>4,074,539</u>
Balance, December 31	<u>\$ 903,356</u>	<u>\$ 2,686,491</u>	<u>\$ 76,387</u>	<u>\$ 17,609</u>	<u>\$ 3,208</u>	<u>\$ 33,292</u>	<u>\$ 3,720,343</u>

Note Refer to Note 46 for information on assets pledged as security.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF COMMERCIAL PAPER PAYABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Guarantee Agency	Maturity	Interest Rate (%)	Pair Value	Unamortized Discount	Carrying Value	Note
SinoPac Financial Holdings Commercial paper payables	Free-guarantee items	2024/1/16-2024/3/12	1.5380-1.5780	\$ 14,565,000	\$ 31,825	\$ 14,533,175	
SinoPac Securities and its subsidiaries Commercial paper payables	Free-guarantee items	2024/1/2-2024/4/1	1.4500-1.5500	31,100,000	45,866	31,054,134	
SinoPac Leasing and its subsidiaries Commercial paper payables	Free-guarantee items	2024/1/4-2024/6/5	0.9180-1.7580	<u>8,475,000</u>	<u>14,264</u>	<u>8,460,736</u>	
				<u>\$ 54,140,000</u>	<u>\$ 91,955</u>	<u>\$ 54,048,045</u>	

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Items	Trust	Period	Interest Payment Date	Rates (%)	Amount			Unamortized at December 31	Carrying Amount	Repayment Method	Secured Status
					Issuance Amount	Repaid Amount	Balance at December 31				
Bank debentures											
Third subordinated bank debentures issued in 2014 (B)	None	2014.09.30-2024.09.30	Interest is paid annually	Fixed interest rate 2.05%	\$ 700,000	\$ -	\$ 700,000	\$ (42)	\$ 699,958	On maturity date	Unsecured and subordinated
First subordinated bank debentures issued in 2017 (A)	None	2017.02.24-2024.02.24	Interest is paid annually	Fixed interest rate 1.60%	150,000	-	150,000	(4)	149,996	On maturity date	Unsecured and subordinated
First subordinated bank debentures issued in 2017 (B)	None	2017.02.24-2027.02.24	Interest is paid annually	Fixed interest rate 1.90%	2,100,000	-	2,100,000	(381)	2,099,619	On maturity date	Unsecured and subordinated
Third subordinated bank debentures issued in 2017 (A)	None	2017.06.28-2024.06.28	Interest is paid annually	Fixed interest rate 1.70%	200,000	-	200,000	(10)	199,990	On maturity date	Unsecured and subordinated
Third subordinated bank debentures issued in 2017 (B)	None	2017.06.28-2027.06.28	Interest is paid annually	Fixed interest rate 1.95%	540,000	-	540,000	(132)	539,868	On maturity date	Unsecured and subordinated
Fourth subordinated bank debentures issued in 2017	None	2017.06.28, no maturity date	Interest is paid annually	Fixed interest rate 4.00%	3,000,000	-	3,000,000	-	3,000,000	Has the right to call or buy back from the market after five and a half years.	Unsecured and subordinated
First subordinated bank debentures issued in 2018 (A)	None	2018.04.30-2025.04.30	Interest is paid annually	Fixed interest rate 1.40%	650,000	-	650,000	(83)	649,917	On maturity date	Unsecured and subordinated
First subordinated bank debentures issued in 2018 (B)	None	2018.04.30-2028.04.30	Interest is paid annually	Fixed interest rate 1.65%	500,000	-	500,000	(145)	499,855	On maturity date	Unsecured and subordinated
First subordinated bank debentures issued in 2019	None	2019.01.25, no maturity date	Interest is paid annually	Fixed interest rate 2.40%	2,000,000	-	2,000,000	(135)	1,999,865	Has the right to call or buy back from the market after five and a half years.	Unsecured and subordinated
Second subordinated bank debentures issued in 2019 (A)	None	2019.01.25-2026.01.25	Interest is paid annually	Fixed interest rate 1.40%	1,200,000	-	1,200,000	(204)	1,199,796	On maturity date	Unsecured and subordinated
Second subordinated bank debentures issued in 2019 (B)	None	2019.01.25-2029.01.25	Interest is paid annually	Fixed interest rate 1.55%	1,800,000	-	1,800,000	(524)	1,799,476	On maturity date	Unsecured and subordinated
Third senior bank debentures issued in 2019	None	2019.06.26-2024.06.26	Interest is paid annually	Fixed interest rate 0.76%	3,000,000	-	3,000,000	(41)	2,999,959	On maturity date	Unsecured and senior
Fourth subordinated bank debentures issued in 2019	None	2019.08.23, no maturity date	Interest is paid annually	Fixed interest rate 2.00%	1,500,000	-	1,500,000	(136)	1,499,864	Has the right to call or buy back from the market after five years and a month.	Unsecured and subordinated
Fifth subordinated bank debentures issued in 2019 (A)	None	2019.08.23-2026.08.23	Interest is paid annually	Fixed interest rate 1.03%	1,750,000	-	1,750,000	(369)	1,749,631	On maturity date	Unsecured and subordinated
Fifth subordinated bank debentures issued in 2019 (B)	None	2019.08.23-2029.08.23	Interest is paid annually	Fixed interest rate 1.13%	1,750,000	-	1,750,000	(552)	1,749,448	On maturity date	Unsecured and subordinated
First subordinated bank debentures issued in 2020	None	2020.03.31, no maturity date	Interest is paid annually	Fixed interest rate 1.35%	3,000,000	-	3,000,000	(280)	2,999,720	Has the right to call or buy back from the market after five years and four months.	Unsecured and subordinated
Second subordinated bank debentures issued in 2020	None	2020.03.31-2030.03.31	Interest is paid annually	Fixed interest rate 0.75%	2,000,000	-	2,000,000	(416)	1,999,584	On maturity date	Unsecured and subordinated
Third subordinated bank debentures issued in 2020	None	2020.06.30, no maturity date	Interest is paid annually	Fixed interest rate 1.85%	2,900,000	-	2,900,000	(211)	2,899,789	Has the right to call or buy back from the market after five years and a month.	Unsecured and subordinated
Fourth subordinated bank debentures issued in 2020	None	2020.06.30-2030.06.30	Interest is paid annually	Fixed interest rate 1.00%	2,600,000	-	2,600,000	(433)	2,599,567	On maturity date	Unsecured and subordinated

(Continued)

Items	Trust	Period	Interest Payment Date	Rates (%)	Amount					Repayment Method	Secured Status
					Issuance Amount	Repaid Amount	Balance at December 31	Unamortized at December 31	Carrying Amount		
Fifth subordinated bank debentures issued in 2020	None	2020.10.29, no maturity date	Interest is paid annually	Fixed interest rate 1.70%	\$ 2,100,000	\$ -	\$ 2,100,000	\$ (172)	\$ 2,099,828	Has the right to call or buy back from the market after five years and a month.	Unsecured and subordinated
Sixth subordinated bank debentures issued in 2020	None	2020.10.29-2030.10.29	Interest is paid annually	Fixed interest rate 0.87%	2,400,000	-	2,400,000	(384)	2,399,616	On maturity date	Unsecured and subordinated
Seventh subordinated bank debentures issued in 2020	None	2020.11.06-2025.11.06	Interest is paid annually	Fixed interest rate 0.46%	1,000,000	-	1,000,000	(132)	999,868	On maturity date	Unsecured and senior
First senior bank debentures issued in 2021	None	2021.05.18-2026.05.18	Interest is paid annually	Fixed interest rate 0.45%	1,000,000	-	1,000,000	(146)	999,854	On maturity date	Unsecured and senior
Second subordinated bank debentures issued in 2021	None	2021.05.28, no maturity date	Interest is paid annually	Fixed interest rate 1.70%	2,720,000	-	2,720,000	(303)	2,719,697	Has the right to call or buy back from the market after five years and two months.	Unsecured and subordinated
Third subordinated bank debentures issued in 2021	None	2021.05.28-2031.05.28	Interest is paid annually	Fixed interest rate 0.82%	2,300,000	-	2,300,000	(341)	2,299,659	On maturity date	Unsecured and subordinated
Fourth subordinated bank debentures issued in 2021	None	2021.10.28, no maturity date	Interest is paid annually	Fixed interest rate 1.70%	3,280,000	-	3,280,000	(281)	3,279,719	Has the right to call or buy back from the market after five years and a month.	Unsecured and subordinated
Fifth subordinated bank debentures issued in 2021	None	2021.10.28-2031.10.28	Interest is paid annually	Fixed interest rate 0.80%	1,700,000	-	1,700,000	(477)	1,699,523	On maturity date	Unsecured and subordinated
First subordinated bank debentures issued in 2022	None	2022.03.28, no maturity date	Interest is paid annually	Fixed interest rate 2.00%	5,000,000	-	5,000,000	(606)	4,999,394	Has the right to call or buy back from the market after five years and four months.	Unsecured and subordinated
Second senior bank debentures issued in 2022	None	2022.04.08-2027.04.08	Interest is paid annually	Fixed interest rate 0.78%	2,000,000	-	2,000,000	(267)	1,999,733	On maturity date	Unsecured and senior
First senior bank debentures issued in 2023	None	2023.09.14-2025.09.14	Interest is paid annually	Fixed interest rate 1.48%	2,000,000	-	2,000,000	(517)	1,999,483	On maturity date	Unsecured and senior
Corporate bonds											
First unsecured bonds issued in 2020	Taishin International Bank Co., Ltd.	2020.01.08-2025.01.08	Interest is paid annually	Fixed interest rate 0.80%	2,000,000	-	2,000,000	-	2,000,000	On maturity date	Unsecured
First unsecured bonds issued in 2022 (A)	Taishin International Bank Co., Ltd.	2022.05.27-2029.05.27	Interest is paid annually	Fixed interest rate 2.00%	400,000	-	400,000	-	400,000	On maturity date	Unsecured
First unsecured bonds issued in 2022 (B)	Taishin International Bank Co., Ltd.	2022.05.27-2032.05.27	Interest is paid annually	Fixed interest rate 2.20%	600,000	-	600,000	-	600,000	On maturity date	Unsecured
Second unsecured bonds issued in 2022 (A)	Taishin International Bank Co., Ltd.	2022.08.26-2029.08.26	Interest is paid annually	Fixed interest rate 2.40%	1,450,000	-	1,450,000	-	1,450,000	On maturity date	Unsecured
Second unsecured bonds issued in 2022 (B)	Taishin International Bank Co., Ltd.	2022.08.26-2032.08.26	Interest is paid annually	Fixed interest rate 2.50%	550,000	-	550,000	-	550,000	On maturity date	Unsecured
First unsecured bonds issued in 2020	Taishin International Bank Co., Ltd.	2020.01.15-2025.01.15	Interest is paid annually	Fixed interest rate 0.79%	5,000,000	-	5,000,000	(1,481)	4,998,519	On maturity date	Unsecured
First unsecured bonds issued in 2021	Taishin International Bank Co., Ltd.	2021.10.21-2026.10.21	Interest is paid annually	Fixed interest rate 0.56%	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>(3,682)</u>	<u>4,996,318</u>	On maturity date	Unsecured
					<u>\$ 71,840,000</u>	<u>\$ -</u>	<u>\$ 71,840,000</u>	<u>\$ (12,887)</u>	<u>\$ 71,827,113</u>		

Note: The rates of the above bonds cannot be lower than 0%.

(Concluded)

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Lease Period (Year)</b>	<b>Discount Rate (%)</b>	<b>Balance, December 31</b>
Land and superficies	2-30.1	1.6391-2.1233	\$ 313,013
Buildings	0.2-20.1	0.1428-8.0000	2,841,984
Machinery and computer equipment	5-7.3	0.5754-2.3588	67,171
Transportation equipment	1-6.1	0.1098-5.5000	18,253
Other equipment	1-5	0.1023-4.8255	<u>3,232</u>
			<u>\$ 3,243,653</u>

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY  
PROVISION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Provision of bad debt expenses on receivables	\$ 209,735
Provision of bad debt expenses on discounts and loans	2,185,539
Provision of bad debt expenses on other financial assets	10,826
Reversal of provision for losses on guarantee liabilities	(37,637)
Reversal for losses on financing commitment	(52,909)
Reversal of provision for losses on other provision	(5,190)
Others	<u>(6,145)</u>
	<u>\$ 2,304,219</u>



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

### STATEMENT OF EMPLOYEE BENEFITS EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars)

Item	Amount
Salaries and wages	\$ 14,991,033
Labor insurance and national health insurance	1,007,617
Pension costs	526,548
Directors' remuneration	125,529
Equity-settled share-based payment transaction	150,580
Cash-settled share-based payment transaction	156,301
Others employee benefits expense (Note 1)	<u>1,055,658</u>
	<u>\$ 18,013,266</u>

Note 1: The amount of each individual item does not exceed 5% of the account balance.

Note 2: a. The number of employees in 2023 and 2022 were 10,148 and 9,755, respectively. The number of directors who are not employees in 2023 and 2022 were 4 and 5, respectively.

b. The average amount of employee benefit expense was \$1,763. [(Total employee benefit expenses - Total directors' remuneration) ÷ (Number of employees - Number of directors who are not employees)]

The average amount of employee benefit expense was \$1,614 for the last year. [(Total employee benefit expenses for the last year - Total directors' remuneration) ÷ (Number of employees for the last year - Number of directors who are not employees)]

c. The average amount of salaries and wages was \$1,478. [Total salaries and wages ÷ (Number of employees - Number of directors who are not employees)]

The average amount of salaries and wages was \$1,351 for the last year. [Total salaries and wages for the last year ÷ (Number of employees for the last year - Number of directors who are not employees)]

d. The average change in salaries and wages was 9%. [(Average salaries and wages of the year - average salaries and wages of the previous year) ÷ average salaries and wages of the previous year)]

e. According to Securities and Exchange Act, the Company sets up audit committee to replace supervisors, so there's no information about supervisors' compensation provided.

(Continued)

f. The Company's compensation policy:

- 1) Directors: In setting its standards for the emolument of directors, the Company refers to the standards of the same businesses and considers the directors' participation and contribution in operations, overall operational performance and expected or actual risk of the Company.
- 2) Managers and employees: The Group's standards for compensation of managers and employees take into consideration the industry characteristics, overall compensation plan, and market competition. The Group considers the operational performance, risk management, and standards of other entities in the same business in order to prevent manager and sales representatives from only pursuing remuneration and engaging in behaviors that exceed the risk appetite of the Group. To implement a reasonable compensation policy, the Group regularly reviews the link between compensation and performance of employees.

(Concluded)