

**SinoPac Financial Holdings Company  
Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2022 and 2021 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
SinoPac Financial Holdings Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of SinoPac Financial Holdings Company Limited and its subsidiaries (collectively referred to as the Group), which comprise the consolidated balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, and the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021, six months ended June 30, 2022 and 2021, and changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022, December 31, 2021 and June 30, 2021, and its consolidated financial performance for the three months ended June 30, 2022 and 2021, and their consolidated financial performance and cash flows for the six months ended June 30, 2022 and 2021 in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the six months ended June 30, 2022 are stated as follows:

#### Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates impairment of discounts and loans based on the overdue loans classified by loan term and situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the consolidated financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the six months ended June 30, 2022.

Refer to Notes 4, 5 and 50 to the accompanying consolidated financial statements for the relevant accounting policies, judgments for estimations, estimation uncertainty and other related disclosures of the estimated impairment of discounts and loans.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2022 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 Mei-Hui Wu and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 19, 2022

#### Notice to Readers

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

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

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS  
(In Thousands of New Taiwan Dollars)**

ASSETS	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 45)	\$ 51,895,216	2	\$ 48,521,295	2	\$ 26,277,293	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7, 45 and 46)	168,768,203	7	217,618,752	9	153,505,453	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 14 and 45)	102,960,073	4	88,016,347	4	97,065,541	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 45 and 46)	339,324,398	14	398,688,696	17	372,112,782	16
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 46)	198,175,906	8	167,247,985	7	156,322,511	7
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 45)	65,218,336	3	50,591,537	2	74,009,142	3
RECEIVABLES, NET (Notes 4, 12 and 45)	110,106,876	5	110,085,509	5	115,359,648	5
CURRENT INCOME TAX ASSETS (Notes 4, 33 and 45)	170,995	-	87,225	-	311,550	-
DISCOUNTS AND LOANS, NET (Notes 5, 13, 45 and 46)	1,246,036,247	52	1,191,113,031	50	1,201,904,542	53
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 15)	923,378	-	788,932	-	654,395	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 16, 45 and 46)	46,407,558	2	45,766,820	2	42,008,864	2
INVESTMENT PROPERTY, NET (Notes 4, 17, 45 and 46)	2,412,851	-	2,422,645	-	2,457,866	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 18, 45 and 46)	13,358,482	1	13,378,256	-	13,152,946	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19, 45 and 46)	3,820,127	-	3,698,819	-	3,520,569	-
INTANGIBLE ASSETS, NET (Notes 4, 20 and 45)	2,232,921	-	2,212,500	-	2,226,359	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 33)	2,197,112	-	2,274,593	-	2,404,258	-
OTHER ASSETS, NET (Notes 4, 21 and 45)	<u>32,366,953</u>	<u>2</u>	<u>40,161,920</u>	<u>2</u>	<u>18,526,738</u>	<u>1</u>
<b>TOTAL</b>	<b><u>\$ 2,386,375,632</u></b>	<b><u>100</u></b>	<b><u>\$ 2,382,674,862</u></b>	<b><u>100</u></b>	<b><u>\$ 2,281,820,457</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 45)	\$ 84,404,884	4	\$ 70,265,085	3	\$ 79,776,008	4
DUE TO THE CENTRAL BANK AND BANKS	-	-	205,030	-	130,290	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)	59,599,399	2	23,184,543	1	21,547,576	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11, 23 and 45)	70,117,893	3	37,796,918	2	39,744,624	2
COMMERCIAL PAPERS ISSUED, NET (Notes 24 and 45)	30,113,050	1	39,765,669	2	33,605,365	2
PAYABLES (Notes 4, 25, 30, 41 and 45)	70,752,001	3	55,543,537	2	63,567,785	3
CURRENT INCOME TAX LIABILITIES (Notes 4, 33 and 45)	1,813,882	-	2,409,322	-	1,802,127	-
DEPOSITS AND REMITTANCES (Notes 26 and 45)	1,757,779,398	74	1,835,735,239	77	1,742,099,687	76
BONDS PAYABLE (Notes 4, 27 and 45)	70,983,482	3	62,972,832	3	55,994,345	2
SHORT-TERM BORROWINGS (Notes 28, 45 and 46)	6,957,178	-	5,366,505	-	14,401,649	1
LONG-TERM BORROWINGS (Notes 28, 45 and 46)	2,402,568	-	2,239,088	-	4,166,224	-
PREFERRED STOCK LIABILITIES (Notes 4 and 34)	18,437	-	18,437	-	18,437	-
PROVISIONS (Notes 4, 29 and 30)	3,505,792	-	3,802,653	-	3,810,049	-
OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)	59,903,135	3	47,672,030	2	43,376,272	2
LEASE LIABILITIES (Notes 4, 19 and 45)	3,278,530	-	3,129,982	-	2,915,314	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 33)	1,480,004	-	978,239	-	1,157,160	-
OTHER LIABILITIES (Notes 4, 32 and 45)	<u>15,042,752</u>	<u>1</u>	<u>28,785,901</u>	<u>1</u>	<u>9,575,240</u>	<u>-</u>
Total liabilities	<u>2,238,152,385</u>	<u>94</u>	<u>2,219,871,010</u>	<u>93</u>	<u>2,117,688,152</u>	<u>93</u>
<b>EQUITY</b>						
Capital stock						
Common stock	112,710,541	5	112,710,541	5	112,710,541	5
Stock dividends to be distributed	<u>1,127,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital stock	<u>113,837,646</u>	<u>5</u>	<u>112,710,541</u>	<u>5</u>	<u>112,710,541</u>	<u>5</u>
Capital surplus	2,228,781	-	2,228,764	-	2,228,764	-
Retained earnings						
Legal reserve	22,112,855	1	20,389,695	1	19,171,226	1
Special reserve	483,818	-	483,818	-	483,818	-
Unappropriated earnings	21,904,229	1	25,033,001	1	26,035,925	1
Total retained earnings	44,500,902	2	45,906,514	2	45,690,969	2
Other equity	(12,344,082)	(1)	1,958,033	-	3,502,031	-
Total equity	148,223,247	6	162,803,852	7	164,132,305	7
<b>TOTAL</b>	<b><u>\$ 2,386,375,632</u></b>	<b><u>100</u></b>	<b><u>\$ 2,382,674,862</u></b>	<b><u>100</u></b>	<b><u>\$ 2,281,820,457</u></b>	<b><u>100</u></b>

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME	\$ 9,932,283	86	\$ 7,763,556	69	\$ 18,166,240	75	\$ 15,315,878	67
INTEREST EXPENSES	(3,252,384)	(28)	(2,267,665)	(20)	(5,598,398)	(23)	(4,591,220)	(20)
NET INTEREST REVENUE (Notes 4, 35 and 45)	<u>6,679,899</u>	<u>58</u>	<u>5,495,891</u>	<u>49</u>	<u>12,567,842</u>	<u>52</u>	<u>10,724,658</u>	<u>47</u>
NET REVENUES OTHER THAN INTEREST (Note 4)								
Service fee and commissions income, net (Notes 36 and 45)	3,523,693	30	4,302,055	39	8,413,140	35	9,202,438	40
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)	55,095	-	820,687	7	698,951	3	1,543,003	7
Realized gains on financial assets at fair value through other comprehensive income (Notes 38 and 45)	484,539	4	318,115	3	631,446	3	632,619	3
(Losses) gains arising from derecognition of financial assets measured at amortized cost	(123,793)	(1)	14,204	-	(115,502)	-	13,534	-
Foreign exchange gains (losses)	589,004	5	(61,011)	-	1,255,417	5	347,959	2
Reversal of impairment loss on assets (Notes 16 and 39)	55,561	1	39,397	-	71,457	-	26,367	-
Share of profit of associates for using equity method (Note 15)	65,257	1	43,498	-	119,112	-	73,291	-
Net other revenue other than interest income (Notes 40 and 45)	<u>268,456</u>	<u>2</u>	<u>181,309</u>	<u>2</u>	<u>465,928</u>	<u>2</u>	<u>339,492</u>	<u>1</u>
Net revenues other than interest	<u>4,917,812</u>	<u>42</u>	<u>5,658,254</u>	<u>51</u>	<u>11,539,949</u>	<u>48</u>	<u>12,178,703</u>	<u>53</u>
NET REVENUE	<u>11,597,711</u>	<u>100</u>	<u>11,154,145</u>	<u>100</u>	<u>24,107,791</u>	<u>100</u>	<u>22,903,361</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 5, 6, 7, 12, 13, 16 and 29)	(492,769)	(4)	(430,402)	(4)	(1,266,999)	(5)	(807,144)	(4)
OPERATING EXPENSES								
Employee benefits expenses (Notes 4, 30, 41 and 45)	(4,022,856)	(35)	(4,155,855)	(37)	(8,350,967)	(34)	(8,368,295)	(36)
Depreciation and amortization expense (Notes 4, 19, 42 and 45)	(574,346)	(5)	(543,725)	(5)	(1,132,644)	(5)	(1,079,685)	(5)
Other general and administrative expenses (Notes 43 and 45)	(1,751,267)	(15)	(1,535,843)	(14)	(3,342,548)	(14)	(2,926,182)	(13)
Total operating expenses	<u>(6,348,469)</u>	<u>(55)</u>	<u>(6,235,423)</u>	<u>(56)</u>	<u>(12,826,159)</u>	<u>(53)</u>	<u>(12,374,162)</u>	<u>(54)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	4,756,473	41	4,488,320	40	10,014,633	42	9,722,055	42
INCOME TAX EXPENSE (Notes 4 and 33)	(937,606)	(8)	(311,314)	(3)	(1,786,806)	(8)	(1,134,046)	(5)
NET INCOME	<u>3,818,867</u>	<u>33</u>	<u>4,177,006</u>	<u>37</u>	<u>8,227,827</u>	<u>34</u>	<u>8,588,009</u>	<u>37</u>

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**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (Note 4)</b>								
Items that will not be reclassified to profit or loss								
Change in fair value of financial liability attributable to change in credit risk of liability (Note 34)	\$ 21,955	-	\$ (3,398)	-	\$ 33,456	-	\$ (347)	-
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Note 34)	(3,747,341)	(32)	422,927	4	(2,989,922)	(12)	1,806,098	8
Income tax related to items that will not be reclassified to profit or loss (Notes 33 and 34)	3,661	-	3,848	-	986	-	1,297	-
Items that will not be reclassified to profit or loss	(3,721,725)	(32)	423,377	4	(2,955,480)	(12)	1,807,048	8
Items that will be reclassified to profit or loss								
Exchange differences on translation of foreign operations (Note 34)	53,724	-	(315,844)	(3)	702,873	3	(408,983)	(2)
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 34)	(6,243,600)	(54)	1,004,725	9	(11,432,236)	(48)	(1,817,747)	(8)
Share of other comprehensive (loss) income of associates accounted for using equity method (Notes 15 and 34)	(4,934)	-	2,022	-	(6,574)	-	1,433	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 33 and 34)	(7,666)	-	56,632	1	(100,189)	-	92,813	1
Items that will be reclassified to profit or loss	(6,202,476)	(54)	747,535	7	(10,836,126)	(45)	(2,132,484)	(9)
Other comprehensive income	(9,924,201)	(86)	1,170,912	11	(13,791,606)	(57)	(325,436)	(1)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ (6,105,334)</b>	<b>(53)</b>	<b>\$ 5,347,918</b>	<b>48</b>	<b>\$ (5,563,779)</b>	<b>(23)</b>	<b>\$ 8,262,573</b>	<b>36</b>

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# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

For the Three Months Ended June 30				For the Six Months Ended June 30			
2022		2021		2022		2021	
Amount	%	Amount	%	Amount	%	Amount	%
<b>EARNINGS PER SHARE</b>							
(Note 44)							
Basic	\$ 0.34	\$ 0.37		\$ 0.72	\$ 0.75		
Diluted	\$ 0.34	\$ 0.37		\$ 0.72	\$ 0.75		

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

(Concluded)

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

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

	Total Equity Attributable to Owners of Parent										Other Equity (Notes 4, 9 and 34)		
	Capital Stock (Note 34)			Capital Surplus (Note 34)	Retained Earnings (Notes 9 and 34)			Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total	Total Equity	
	Common Stock	Stock Dividends to Be Distributed	Total		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	\$ 112,710,541	\$ -	\$ 112,710,541	\$ 2,228,764	\$ 19,171,226	\$ 483,818	\$ 16,909,609	\$ 36,564,653	\$ (1,593,696)	\$ 6,041,813	\$ (82,343)	\$ 4,365,774	\$ 155,869,732
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	8,588,009	8,588,009	-	-	-	-	8,588,009
Other comprehensive income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	(326,545)	1,456	(347)	(325,436)	(325,436)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	8,588,009	8,588,009	(326,545)	1,456	(347)	(325,436)	8,262,573
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	538,307	538,307	-	(538,307)	-	(538,307)	-
BALANCE AT JUNE 30, 2021	<u>\$ 112,710,541</u>	<u>\$ -</u>	<u>\$ 112,710,541</u>	<u>\$ 2,228,764</u>	<u>\$ 19,171,226</u>	<u>\$ 483,818</u>	<u>\$ 26,035,925</u>	<u>\$ 45,690,969</u>	<u>\$ (1,920,241)</u>	<u>\$ 5,504,962</u>	<u>\$ (82,690)</u>	<u>\$ 3,502,031</u>	<u>\$ 164,132,305</u>
BALANCE AT JANUARY 1, 2022	\$ 112,710,541	\$ -	\$ 112,710,541	\$ 2,228,764	\$ 20,389,695	\$ 483,818	\$ 25,033,001	\$ 45,906,514	\$ (1,891,151)	\$ 3,935,066	\$ (85,882)	\$ 1,958,033	\$ 162,803,852
Appropriation and distribution of retained earnings generated in 2021	-	-	-	-	1,723,160	-	(1,723,160)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	(1,723,160)	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	(9,016,843)	(9,016,843)	-	-	-	-	(9,016,843)
Stock dividends - common stock	-	1,127,105	1,127,105	-	-	-	(1,127,105)	(1,127,105)	-	-	-	-	-
Other changes in capital surplus	-	-	-	17	-	-	-	-	-	-	-	-	17
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	17	-	-	-	-	-	-	-	-	17
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	-	-	-	-	8,227,827
Other comprehensive income for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	557,174	(14,382,236)	33,456	(13,791,606)	(13,791,606)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	557,174	(14,382,236)	33,456	(13,791,606)	(5,563,779)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	510,509	510,509	-	(510,509)	-	(510,509)	-
BALANCE AT JUNE 30, 2022	<u>\$ 112,710,541</u>	<u>\$ 1,127,105</u>	<u>\$ 113,837,646</u>	<u>\$ 2,228,781</u>	<u>\$ 22,112,855</u>	<u>\$ 483,818</u>	<u>\$ 21,904,229</u>	<u>\$ 44,500,902</u>	<u>\$ (1,333,977)</u>	<u>\$ (10,957,679)</u>	<u>\$ (52,426)</u>	<u>\$ (12,344,082)</u>	<u>\$ 148,223,247</u>

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

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES**

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 10,014,633	\$ 9,722,055
Adjustments to reconcile profit		
Depreciation expense	949,477	906,159
Amortization expense	183,167	173,526
Provision for bad debt expense	1,733,262	1,121,304
Interest expenses	5,598,398	4,591,220
Net loss (gain) arising from derecognition of financial assets measured at amortized cost	115,502	(13,534)
Interest income	(18,166,240)	(15,315,878)
Dividend income	(1,449,149)	(259,272)
Net change in provisions for guarantee liabilities	(56,046)	24,705
Net change in other provisions	28,078	(21,608)
Effect of exchange rate changes of corporated bonds payable	9,179	(6,806)
Share of profit of associates for using equity method	(119,112)	(73,291)
Losses (gains) on disposal and retirement of property and equipment	488	(288)
Losses on disposal of intangible assets	-	18
Reversal of impairment loss on financial assets	(43,959)	(26,367)
Reversal of impairment loss on non-financial assets	(27,498)	-
Losses on disposal of collaterals	5,351	-
Net losses on changing in leasing contracts	879	109
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(9,888,121)	(3,650,012)
Increase in financial assets at fair value through profit or loss	(14,943,726)	(8,242,313)
Decrease (increase) in financial assets at fair value through other comprehensive income	44,943,550	(21,904,277)
(Increase) decrease in investments in debt instruments at amortized cost	(30,904,182)	6,065,442
Increase in securities purchased under resell agreements	(524,710)	(62,283)
Decrease (increase) in receivables	1,401,760	(25,533,273)
Increase in discounts and loans	(57,002,860)	(58,079,102)
Increase in other financial assets	(608,163)	(5,802,785)
Decrease in other assets	7,787,626	1,529,964
Increase in deposits from the Central Bank and banks	14,139,799	4,261,638
Increase (decrease) in financial liabilities at fair value through profit or loss	36,448,312	(4,945,845)
Increase in securities sold under repurchase agreements	32,320,975	14,109,283
Increase in payables	5,732,967	14,288,001
(Decrease) increase in deposits and remittances	(77,955,841)	88,629,449
Decrease in provisions for employee benefits	(282,259)	(95,166)

(Continued)

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES**

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Increase in other financial liabilities	\$ 12,231,105	\$ 5,058,243
Decrease in other liabilities	<u>(13,743,149)</u>	<u>(3,091,738)</u>
Cash (used in) generated from operations	<u>(52,070,507)</u>	<u>3,357,278</u>
Interest received	17,843,302	15,295,532
Dividend received	316,403	139,111
Interest paid	<u>(5,118,284)</u>	<u>(4,805,332)</u>
Income tax paid	<u>(1,988,923)</u>	<u>(1,083,434)</u>
Net cash (used in) generated from operating activities	<u>(41,018,009)</u>	<u>12,903,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(539,625)	(546,878)
Proceeds from disposal of property and equipment	14,447	13,093
Acquisition of intangible assets	<u>(112,690)</u>	<u>(77,181)</u>
Proceeds from disposal of collaterals	32,788	-
Acquisition of right-of-use-assets	<u>(291)</u>	<u>(316)</u>
Acquisition of investment properties	<u>(501)</u>	<u>(79)</u>
Net cash used in investing activities	<u>(605,872)</u>	<u>(611,361)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,548,602	2,712,831
(Decrease) increase in due to the Central Bank and banks	<u>(205,030)</u>	<u>49,910</u>
(Decrease) increase in commercial papers payable	<u>(9,652,619)</u>	<u>4,595,608</u>
Corporate bonds issued	1,000,000	-
Bank debentures issued	7,000,000	6,020,000
Repayment of bank debentures payable	-	(2,530,000)
Proceeds from long-term borrowings	13,827,185	9,422,204
Repayments of long-term borrowings	<u>(13,784,915)</u>	<u>(7,280,173)</u>
Repayments of lease liabilities	<u>(437,765)</u>	<u>(484,121)</u>
Net cash (used in) generated from financing activities	<u>(704,542)</u>	<u>12,506,259</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>1,061,738</u>	<u>(498,097)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(41,266,685)</u>	<u>24,299,956</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>253,520,365</u>	<u>166,636,587</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 212,253,680</u>	<u>\$ 190,936,543</u>

(Continued)

# **SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

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

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Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2022 and 2021:

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents in consolidated balance sheets	\$ 51,895,216	\$ 26,277,293
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	96,024,896	90,736,333
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>64,333,568</u>	<u>73,922,917</u>
Cash and cash equivalents at the end of the period	<u><u>\$ 212,253,680</u></u>	<u><u>\$ 190,936,543</u></u>

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

(Concluded)

# **SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. ORGANIZATION AND OPERATIONS**

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

SPH invests and manages financial institutions.

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

The information on consolidated entities is shown in Note 4.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorized for release by the Company's board of directors on August 19, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</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 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

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

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 financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

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

### **Basis of Preparation**

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

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

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

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

Among the entities of consolidated financial statements, the banking industry accounts for a significant percentage. Since the operating cycle in the finance industry cannot be reasonably identified, the accounts included in the Group’s consolidated financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 50 for the maturity analysis of assets and liabilities.

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

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

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

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

The consolidated entities were as follows:

Investor	Investee	Main Business	% of Ownership			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
SinoPac Financial Holdings Company Limited	Bank SinoPac	Commercial bank, trust and foreign exchange services	100	100	100	
	SinoPac Securities Corporation ("SinoPac Securities")	Securities brokering, dealing and underwriting	100	100	100	
	SinoPac Venture Capital Corporation ("SinoPac Venture Capital")	Venture capital investment	100	100	100	
	SinoPac Securities Investment Trust Co., Ltd. ("SinoPac Securities Investment Trust")	Securities investment trust, discretionary investment and investment consulting services	100	100	100	
	SinoPac Leasing Corporation ("SinoPac Leasing")	Leasing, installment sales and financing	100	100	100	
Bank SinoPac	Bank SinoPac (China) Ltd. ("Bank SinoPac (China)")	Commercial bank	100	100	100	
	SinoPac Insurance Brokers Ltd. ("SinoPac Insurance Brokers")	Insurance brokerage business	100	100	100	
	SinoPac Futures Corporation ("SinoPac Futures")	Futures brokering, dealing, advisory, managed enterprise and securities investment consulting services	100	100	100	
SinoPac Securities	SinoPac Securities Investment Service Corporation ("SinoPac Securities Investment Service")	Securities investment consulting and offshore fund distributor business	100	100	100	
	SinoPac Securities Venture Capital Corporation ("SinoPac Securities Venture Capital")	Venture capital investment	100	100	100	
	SinoPac Securities (Cayman) Holdings Ltd. ("SinoPac Securities (Cayman)")	Investment holding company	100	100	100	
	SinoPac Financial Consulting (Shanghai) Ltd. ("SinoPac Financial Consulting (Shanghai)")	Corporation management, investment and business information consulting	100	100	100	
	SinoPac Securities (Europe) Ltd. ("SinoPac Securities (Europe)")	Brokerage agency service	100	100	100	
SinoPac Securities (Cayman)	SinoPac Asset Management (Asia) Ltd. ("SinoPac Asset Management (Asia)")	Asset management and investment consulting	100	100	100	
	SinoPac Securities (Asia) Ltd. ("SinoPac Securities (Asia)")	Brokerage and dealing of stocks and futures	100	100	100	
	SinoPac (Asia) Nominees Ltd. ("SinoPac (Asia) Nominees")	Trust accounts on overseas stocks	100	100	100	
	SinoPac Capital (Asia) Ltd. ("SinoPac Capital (Asia)")	Proprietary trading	100	100	100	
	SinoPac Solutions and Services Ltd. ("SinoPac Solutions and Services")	Fund administration service	100	100	100	
SinoPac Leasing	SinoPac International Leasing Corp. ("SinoPac International Leasing")	Financing and leasing	100	100	100	Note
	SinoPac Capital International (HK) Limited ("SinoPac Capital International (HK)")	Leasing, installment sales and financing	100	100	100	
	SinoPac Leasing (Tianjin) Co., Ltd. ("SinoPac Leasing (Tianjin)")	-	-	-	100	Note

Note: The board of directors of the Company approved to adjust the investment structure in July 2021. SinoPac International Leasing Corp. merged with SinoPac Leasing (Tianjin) Co., Ltd. which is a wholly-owned subsidiary of SPH. The investment structure has been approved by the FSC under letter No. 11000228260 in October 2021. After the merger, SinoPac Leasing (Tianjin) was the dissolved company. SinoPac International Leasing was the surviving company, generally taking SinoPac Leasing (Tianjin)'s all businesses, assets, liabilities and all rights and obligations, the consolidation base date was tentatively set as November 1, 2021.

## Foreign Currencies

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

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

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

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

### **Cash and Cash Equivalents**

Cash and cash equivalent in financial statements includes cash on hand, demand deposits and investments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

For the purposes of presenting cash flows, the cash and cash equivalent includes cash and cash equivalents in balance sheets, due from the Central Bank and call loans to other banks and securities purchased under resell agreements under IAS 7.

### **Financial Instruments**

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

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

#### Financial assets

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

##### a. Measurement category

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

###### 1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 49.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3) Investments in debt instruments at FVTOCI

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

- a) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

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

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

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

SinoPac (China) conforms to the “Guidelines for the Provision of Bank Loan Loss” for the special provisions, issued by the People’s Bank of China. For the special-mentioned loan, substandard loans, doubtful loans and loss loans, recognizing special provisions based on 2%, 20% to 30%, 40% to 60% and 100% of the loan balance, respectively.

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 49.

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

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

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

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Modification of financial instruments

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

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

**Derivative Financial Instruments**

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

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

### **Investment in Associates**

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

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

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

### **Business Combinations**

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Investment Properties**

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

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

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

## **Property and Equipment**

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

Depreciation on property and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

## **Leases**

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

### a. The Group as lessor

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

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

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

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

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

b. The Group as lessee

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

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

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

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

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

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

## **Intangible Assets**

### a. Intangible assets acquired separately

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

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

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

### c. Derecognition of intangible assets

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

## **Goodwill**

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

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

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

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

## **Collaterals Assumed**

Collaterals assumed are recorded at cost and revalued at the lower of cost or net fair value as of the balance sheet date.

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

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

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

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

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

## **Provisions**

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

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

## **Employee Benefits**

### a. Short-term employee benefits

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

### b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and 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 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. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

c. Preferential interest on employees' deposits

Bank SinoPac offers preferential interest rate to its current employees for their deposits within a prescribed amount.

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.

### **Cash-settled Share-based Payment Transaction**

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

### **Revenue Recognition**

a. Interest income and expense

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

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

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

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

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

b. Commission revenue

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

Annual fee income is the membership fee received from card members and is recognized when card members fail to meet the criteria for annual fee exemption; an allowance is estimated using past experience and is recognized as a deduction from annual fee income within the year the annual fee income is recognized.

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**

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

c. Current tax and deferred tax for the period

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

d. Linked-tax system

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

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Estimated Impairment of Discounts and Loans**

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans endorsed by the Financial Supervisory Commission (FSC), for estimate of impairment of discounts and loans, the Group makes judgment to classify loan asset and evaluate credit losses based on the information of loan term and situation of pledged collateral value and financial position of debtor.

According to the International Financial Reporting Standard 9 Financial Instruments (“IFRS 9”), the Group also makes 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 past history, existing market conditions, forward-looking estimates, as well as the economic effects of Covid-19. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties in the 2022 due to impact on credit risk of financial assets arising from the uncertainty on COVID-19 pandemic and volatility in financial markets.

## 6. CASH AND CASH EQUIVALENTS, NET

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Cash on hand	\$ 6,109,331	\$ 7,308,319	\$ 6,861,269
Notes and checks for clearing	861,787	4,178,657	998,432
Deposits in banks and due from banks	43,067,513	35,664,216	17,600,951
Short-term bills	<u>1,858,738</u>	<u>1,379,496</u>	<u>834,881</u>
	51,897,369	48,530,688	26,295,533
Less: Allowance for credit losses	<u>(2,153)</u>	<u>(9,393)</u>	<u>(18,240)</u>
Net amount	<u><u>\$ 51,895,216</u></u>	<u><u>\$ 48,521,295</u></u>	<u><u>\$ 26,277,293</u></u>

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

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Short-term bills	0.62%-0.91%	0.13%-0.33%	0.10%-0.21%

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

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Call loans to banks	\$ 77,401,630	\$ 120,027,269	\$ 54,370,030
Trade finance advance - interbank	9,574,344	8,727,495	8,514,981
Deposit reserve - checking accounts	28,952,124	36,110,430	35,137,393
Due from the Central Bank - interbank settlement funds	6,000,149	6,000,477	6,000,747
Deposit reserve - demand accounts	39,600,969	38,955,034	40,119,209

(Continued)

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Deposit reserve - foreign currencies	\$ 594,580	\$ 553,791	\$ 557,400
Deposit - other	<u>6,658,879</u>	<u>7,262,753</u>	<u>8,810,925</u>
	168,782,675	217,637,249	153,510,685
Less: Allowance for credit losses	<u>(14,472)</u>	<u>(18,497)</u>	<u>(5,232)</u>
Net amount	<u><u>\$ 168,768,203</u></u>	<u><u>\$ 217,618,752</u></u>	<u><u>\$ 153,505,453</u></u>
			(Concluded)

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

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

Please refer to Note 46 for due from the Center Bank and call loans to banks as pledged or mortgaged assets.

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Financial assets mandatorily classified as at fair value through profit or loss			
Operating securities - proprietary	\$ 35,089,548	\$ 34,119,122	\$ 33,119,025
Government bonds	9,145,414	19,499,020	24,824,108
Corporate bonds	5,817,757	1,532,353	1,305,350
Commercial papers	3,896,598	2,698,706	1,499,218
Stocks	2,405,065	2,505,596	2,378,907
Certificates of deposits	1,901,177	2,782,335	1,697,506
Operating securities - hedging	817,683	2,061,231	5,412,904
Operating securities - underwriting	613,633	727,721	861,559
Bank debentures	472,384	814,147	288,839
Currency swap contracts	21,883,055	3,880,296	7,273,706
Interest rate swap contracts	10,380,082	3,654,970	3,572,389
Futures contracts	1,633,839	1,062,157	600,028
Forward contracts	947,163	421,640	361,118
Asset swap option contracts	824,370	1,294,849	1,211,442
Option contracts	785,430	361,485	403,940
Hybrid FX swap structured instruments	380,477	300,992	238,570
Others	<u>717,272</u>	<u>337,915</u>	<u>278,596</u>
	<u><u>97,710,947</u></u>	<u><u>78,054,535</u></u>	<u><u>85,327,205</u></u>
			(Continued)

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Financial assets designated as at fair value through profit or loss			
Corporate bonds	\$ 5,249,126	\$ 8,874,520	\$ 9,533,404
Government bonds	-	1,087,292	2,023,299
Bank debentures	-	-	181,633
	<u>5,249,126</u>	<u>9,961,812</u>	<u>11,738,336</u>
	<u><u>\$ 102,960,073</u></u>	<u><u>\$ 88,016,347</u></u>	<u><u>\$ 97,065,541</u></u>
Held-for-trading financial liabilities			
Borrowing security payable	\$ 11,815,091	\$ 8,394,192	\$ 961,290
Securities purchased under resell agreements -			
short sales bonds	3,063,552	814,736	1,246,112
Currency swap contracts	19,966,343	4,489,768	8,516,277
Interest rate swap contracts	7,836,627	2,636,169	2,494,120
Liabilities for issuance of warrants	3,573,439	8,650,713	8,929,117
Option contracts	2,096,790	500,961	891,462
Asset swap option contracts	1,584,028	2,594,080	2,393,637
Forward contracts	887,465	507,686	332,777
Repurchase of liabilities for issuance of warrants	(3,445,579)	(8,232,742)	(6,863,370)
Hybrid FX swap structured instruments	380,272	300,830	238,428
Others	<u>107,280</u>	<u>467,357</u>	<u>319,943</u>
	<u><u>47,865,308</u></u>	<u><u>21,123,750</u></u>	<u><u>19,459,793</u></u>
Financial liabilities designated as at fair value through profit or loss			
Bank debentures	1,694,445	1,543,747	1,519,704
Liabilities for structured notes	<u>10,039,646</u>	<u>517,046</u>	<u>568,079</u>
	<u><u>11,734,091</u></u>	<u><u>2,060,793</u></u>	<u><u>2,087,783</u></u>
	<u><u>\$ 59,599,399</u></u>	<u><u>\$ 23,184,543</u></u>	<u><u>\$ 21,547,576</u></u>
			(Concluded)

- a. The Group's financial assets at fair value through profit or loss originally maintained the business model by cash flows derived from contracts and the sales of financial assets, and are designated to hedge against the interest rate risk; the financial liabilities at fair value through profit or loss are specified for mixed commodities and for eliminating inconsistencies in accounting recognition.
- b. As of June 30, 2022, December 31, 2021 and June 30, 2021, the par values of financial assets at FVTPL under repurchase agreements were \$7,960,179, \$10,249,026 and \$15,116,979, respectively.
- c. Information on financial liabilities designated as at fair value through profit or loss were as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 1,694,445	\$ 1,543,747	\$ 1,519,704
Amounts due on maturity	<u>(1,742,170)</u>	<u>(1,552,780)</u>	<u>(1,562,900)</u>
	<u><u>\$ (47,725)</u></u>	<u><u>\$ (9,033)</u></u>	<u><u>\$ (43,196)</u></u>

**Changes in Fair  
Value  
Attributable to  
Changes in  
Credit Risk**

Change in amount during the period	
For the three months ended June 30, 2022	\$ 21,955
For the three months ended June 30, 2021	\$ (3,398)
For the six months ended June 30, 2022	\$ 33,456
For the six months ended June 30, 2021	\$ (347)
Accumulated amount of change	
As of June 30, 2022	\$ (52,426)
As of December 31, 2021	\$ (85,882)
As of June 30, 2021	\$ (82,690)

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 and credit risk margin is estimated by obtaining credit default swap spread of the Company with similar credit rating.

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

- d. The Group engages in derivative transactions mainly to accommodate customers' needs and manage its own exposure positions. Outstanding derivative contracts (nominal) as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

	December 31, June 30, 2022	2021	June 30, 2021
Currency swap contracts	\$ 1,765,435,651	\$ 1,138,707,565	\$ 984,293,617
Interest rate swap contracts	956,501,708	919,406,165	824,560,969
Forward contracts	148,206,675	74,694,290	63,099,065
Option contracts	157,140,179	30,043,329	26,420,131
Asset swap contracts	23,852,350	16,803,681	13,167,160
Futures contracts	20,746,068	12,955,748	17,306,004
Principal guaranteed contracts	9,601,645	236,777	303,700
Hybrid FX swap structured instruments	6,179,092	5,838,295	6,516,933
Cross-currency swap contracts	4,092,359	6,270,641	7,236,449
Equity-linked swap contracts	3,457,280	2,269,657	1,066,641
Credit-linked note	318,100	190,000	164,000
Equity derivatives contracts	257,862	323,684	1,554,781
Equity-linked note	83,895	106,311	106,966
Debt-linked note	-	2,769	2,787

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

	<b>December 31, June 30, 2022</b>	<b>2021</b>	<b>June 30, 2021</b>
Equity instruments at fair value through other comprehensive income	\$ 25,740,590	\$ 22,096,702	\$ 19,077,518
Debt instruments at fair value through other comprehensive income	<u>313,583,808</u>	<u>376,591,994</u>	<u>353,035,264</u>
	<u><u>\$ 339,324,398</u></u>	<u><u>\$ 398,688,696</u></u>	<u><u>\$ 372,112,782</u></u>

a. Equity instruments at fair value through other comprehensive income

	<b>December 31, June 30, 2022</b>	<b>2021</b>	<b>June 30, 2021</b>
Stock	\$ 21,740,827	\$ 18,934,370	\$ 17,451,889
Real estate investment trust beneficiary securities	<u>3,999,763</u>	<u>3,162,332</u>	<u>1,625,629</u>
	<u><u>\$ 25,740,590</u></u>	<u><u>\$ 22,096,702</u></u>	<u><u>\$ 19,077,518</u></u>

The Group holds centralized exchange market stocks and real estate investment trust beneficiary securities for long-term strategic investment or for acquiring dividend income to improve the efficiency of medium and long-term capital utilization and pursue stable investment performance purpose. Therefore, the equity instruments are designated as at fair value through other comprehensive income.

Due to management the risk of investment position, the Group sold the stocks at a fair value of \$3,304,206 and \$2,423,743, and transferred the income of gain \$510,509 and \$538,307 from other equity to retained earnings for the six months ended June 30, 2022 and 2021, respectively.

b. Debt instruments at fair value through other comprehensive income

	<b>December 31, June 30, 2022</b>	<b>2021</b>	<b>June 30, 2021</b>
Bank debentures	\$ 98,578,743	\$ 88,664,460	\$ 86,761,036
Certificates of deposits	88,507,742	123,177,595	119,702,027
Corporate bonds	45,214,089	44,314,154	47,608,010
Government bonds	32,108,913	27,144,246	32,421,010
Commercial papers	28,139,561	76,584,814	49,005,053
Asset-based securities	15,967,137	12,321,296	13,044,824
Others	<u>5,067,623</u>	<u>4,385,429</u>	<u>4,493,304</u>
	<u><u>\$ 313,583,808</u></u>	<u><u>\$ 376,591,994</u></u>	<u><u>\$ 353,035,264</u></u>

- 1) Loss allowance of debt instruments at fair value through other comprehensive income were \$54,548, \$52,619 and \$56,491 on June 30, 2022, December 31, 2021 and June 30, 2021. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 50, Table 7 and Table 10.
- 2) Please refer to Note 46 for information relating to debt instrument at FVTOCI pledged as security.

- 3) As of June 30, 2022, December 31, 2021 and June 30, 2021, the par value of debt instruments at FVTOCI under repurchase agreements were \$31,896,130, \$16,230,911 and \$11,932,639, respectively.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Government bonds	\$ 59,191,752	\$ 55,754,680	\$ 56,479,495
Certificates of deposits	54,368,645	48,763,448	42,319,350
Bank debentures	47,852,419	35,908,206	28,344,523
Asset-based securities	21,910,543	12,379,342	14,527,785
Corporate bonds	13,039,733	12,727,316	13,199,746
Others	<u>1,828,130</u>	<u>1,728,307</u>	<u>1,463,010</u>
	198,191,222	167,261,299	156,333,909
Less: Impairment loss	<u>(15,316)</u>	<u>(13,314)</u>	<u>(11,398)</u>
Net amount	<u>\$ 198,175,906</u>	<u>\$ 167,247,985</u>	<u>\$ 156,322,511</u>

- a. Credit risk management and information of impairment valuation of investment in debt instruments at amortized cost are shown in Note 50, Table 7 and Table 11.
- b. Please refer to Note 46 for information relating to investments in debt instruments at amortized cost pledged as security.
- c. As of June 30, 2022 and 2021, the par value of debt instruments at amortized cost under repurchase agreements were \$409,557 and \$63,000, respectively. (December 31, 2021: None)

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Government bonds	\$ 28,034,071	\$ 6,953,129	\$ 7,743,245
Commercial paper	25,565,146	35,734,209	56,119,550
Negotiable certificates of deposits	5,137,301	1,010,467	1,900,009
Corporate bonds	3,938,699	4,194,571	4,532,867
Bank debentures	<u>2,543,119</u>	<u>2,699,161</u>	<u>3,713,471</u>
	<u>\$ 65,218,336</u>	<u>\$ 50,591,537</u>	<u>\$ 74,009,142</u>
Agreed-upon resell amount	\$ 65,401,896	\$ 50,596,630	\$ 74,266,075
Par value	\$ 70,459,717	\$ 52,180,812	\$ 75,781,283
Expiry	December 2022	May 2022	December 2021

As of June 30, 2022, December 31, 2021 and June 30, 2021, the par value of securities purchased under resell agreements under repurchase agreements were \$35,391,564, \$11,742,038 and \$13,301,039, respectively.

## 12. RECEIVABLES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Margin loans receivable	\$ 19,367,317	\$ 24,921,113	\$ 23,578,628
Credit card receivables	18,523,343	20,472,061	17,010,923
Accounts receivable - factoring	15,771,810	14,253,265	11,741,309
Accounts receivable - settlement	14,338,624	13,710,037	34,344,602
Receivables from securities sale	12,257,272	4,423,814	988,261
Accounts receivable - forfaiting	6,558,474	10,030,050	10,263,764
Acceptances	5,302,799	5,322,788	4,606,869
Interest and revenue receivables	4,900,349	4,721,188	4,196,720
Lease receivables and installment	3,734,679	4,095,900	4,070,030
Accounts and notes receivable	3,289,628	3,482,572	2,171,715
Trust administration fee revenue receivable	766,513	694,353	740,703
Settlement price	-	1,080,332	-
Others	<u>6,112,943</u>	<u>3,752,032</u>	<u>2,516,370</u>
Less: Allowance for credit losses	110,923,751	110,959,505	116,229,894
Premium or discount on receivables	<u>(816,478)</u>	<u>(873,056)</u>	<u>(869,499)</u>
Net amount	<u><u>\$ 110,106,876</u></u>	<u><u>\$ 110,085,509</u></u>	<u><u>\$ 115,359,648</u></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:

	For the Six Months Ended June 30	
	2022	2021
Balance, January 1	\$ 873,056	\$ 892,903
Provision	5,278	78,061
Write-off	(69,147)	(106,712)
Reclassification	(14,319)	15,313
Effect of exchange rate changes	<u>21,610</u>	<u>(10,066)</u>
Balance, June 30	<u><u>\$ 816,478</u></u>	<u><u>\$ 869,499</u></u>

Please refer to Note 50 and Tables 7 and 9 for the analysis of receivable impairment loss for information on pledged as security. The recovery of receivables write-off as deduction of provision for the six months ended June 30, 2022 and 2021 were \$79,942 and \$79,805, respectively.

### 13. DISCOUNTS AND LOANS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Export negotiation	\$ 1,087,265	\$ 848,190	\$ 1,371,674
Discounts and overdrafts	51,100	59,445	341,091
Accounts receivable - financing	1,975,738	2,636,695	2,178,932
Short-term loans	139,737,271	120,330,681	134,253,720
Secured short-term loans	94,535,529	106,073,662	106,115,252
Medium-term loans	253,263,586	246,413,654	288,292,007
Secured medium-term loans	187,461,842	166,326,272	151,485,301
Long-term loans	13,626,969	10,487,473	9,699,633
Secured long-term loans	570,319,625	552,730,175	522,398,554
Non-performing loans transferred from loans	<u>1,227,708</u>	<u>1,201,033</u>	<u>1,465,602</u>
	1,263,286,633	1,207,107,280	1,217,601,766
Less: Allowance for credit losses	(16,870,146)	(15,557,839)	(15,243,146)
Less: Premium or discount on discounts and loans	<u>(380,240)</u>	<u>(436,410)</u>	<u>(454,078)</u>
Net amount	<u><u>\$ 1,246,036,247</u></u>	<u><u>\$ 1,191,113,031</u></u>	<u><u>\$ 1,201,904,542</u></u>

- a. Please refer to Note 50 and Tables 7 and 8 for the analysis of impairment loss on discounts and loans. Please refer to Note 46 for information on discounts and loans pledged as security. Except the accounting policy on impairment of financial assets in Note 4, SinoPac (China) also follows the local authority, maintaining an allowance of at least 1.5% of loans and 120% of non-performing loans from April 30, 2022 and December 31, 2021.
- 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:

	For the Six Months Ended June 30	
	2022	2021
Balance, January 1	\$ 15,557,839	\$ 15,065,694
Provision	1,740,674	1,021,055
Write-off	(627,005)	(769,545)
Effect of exchange rate changes	<u>198,638</u>	<u>(74,058)</u>
Balance, June 30	<u><u>\$ 16,870,146</u></u>	<u><u>\$ 15,243,146</u></u>

The Group received payments for loans previously written-off \$187,870 and \$225,997 for the six months ended June 30, 2022 and 2021, 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:

Type of Structured Entity	Nature and Purpose	The Group's Ownership
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:

	December 31, June 30, 2022	2021	June 30, 2021
Funds	<u>\$ 60,727,017</u>	<u>\$ 60,117,374</u>	<u>\$ 54,098,565</u>

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

	December 31, June 30, 2022	2021	June 30, 2021
Financial assets at fair value through profit or loss	<u>\$ 537,865</u>	<u>\$ 381,689</u>	<u>\$ 434,960</u>

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group did not provide any financial support to those unconsolidated structures.

#### 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Name of Associate	Nature of Activities	Principal Place of Business	December 31,		
			June 30, 2022	2021	June 30, 2021
Golden Trust SinoPac Fund Management			\$ 825,021	\$ 691,470	\$ 555,875
Telexpress			<u>98,357</u>	<u>97,462</u>	<u>98,520</u>
			<u><u>\$ 923,378</u></u>	<u><u>\$ 788,932</u></u>	<u><u>\$ 654,395</u></u>
			Proportion of Ownership and Voting Rights		
			December 31, June 30, 2022		
Golden Trust SinoPac Fund Management	Fund raising and sale, asset management business approved by CSRC	China	49.00%	49.00%	49.00%
Telexpress	Stockholding	Cayman Islands/Taiwan	34.21%	34.21%	34.21%

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

The associates' audited financial information is summarized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Group's share of:				
Net income	\$ 65,257	\$ 43,498	\$ 119,112	\$ 73,291
Other comprehensive (loss) income	(4,934)	2,022	(6,574)	1,433
	<u>\$ 60,323</u>	<u>\$ 45,520</u>	<u>\$ 112,538</u>	<u>\$ 74,724</u>

## 16. OTHER FINANCIAL ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Customer margin deposits	\$ 35,384,021	\$ 35,114,017	\$ 30,682,069
Bank deposits not belonging to cash and cash equivalents	5,846,007	5,776,450	6,687,690
Purchase of the PEM Group's instruments	4,392,833	4,091,191	4,117,700
Long-term lease receivables and installment	2,371,596	2,412,585	2,085,324
Non-performing receivables transferred from other than loans	116,212	141,808	200,254
Others	<u>690,450</u>	<u>548,447</u>	<u>587,120</u>
Less: Allowance for credit loss	48,801,119	48,084,498	44,360,157
Accumulated impairment	(128,968)	(167,568)	(165,134)
	<u>(2,264,593)</u>	<u>(2,150,110)</u>	<u>(2,186,159)</u>
Net amount	<u>\$ 46,407,558</u>	<u>\$ 45,766,820</u>	<u>\$ 42,008,864</u>

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

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

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, January 1	\$ 167,568	\$ 201,904
(Reversal of) provision	(4,637)	23,994
Write off	(49,664)	(44,752)
Reclassifications	14,319	(15,313)
Effect of exchange rate changes	<u>1,382</u>	<u>(699)</u>
Balance, June 30	<u><u>\$ 128,968</u></u>	<u><u>\$ 165,134</u></u>

The Group received payments for loans previously written-off \$21,611 and \$12,020 for the six months ended June 30, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

Bank SinoPac was delegated by professional investors to sell the PEM Group's investment products amounting to US\$146,000 thousand through private placement. A U.S. Federal Court appointed a receiver for all assets that belonged to, were being managed by, or were in the possession of or control of the PEM Group. To protect the client's interests, Bank SinoPac bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, Bank SinoPac's board of directors resolved to abide by a court's appointment of a PEM Group receiver to take the PEM Group's insurance policies at the price of approximately US\$40.4 million. On March 7, 2011, the receiver transferred the insurance policies to a trustee established jointly by certain banks to hold insurance policies. And Bank SinoPac had submitted to the authorities the results of this policy transfer. As of June 30, 2022, a reserve of US\$76,175 thousand (NT\$2,264,593) had been set aside to cover the accumulated impairment losses. Bank SinoPac recognized reversal of impairment loss of \$43,639 and \$19,735 for PEM Group for the six months ended June 30, 2022 and 2021.

## 17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	<b>For the Six Months Ended June 30, 2022</b>			
	<b>Land</b>	<b>Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u><u>Cost</u></u>				
Balance, January 1	\$ 1,936,290	\$ 6,790	\$ 943,706	\$ 2,886,786
Addition	-	219	282	501
Deduction	-	-	-	-
Reclassifications	-	-	-	-
Balance, June 30	<u>1,936,290</u>	<u>7,009</u>	<u>943,988</u>	<u>2,887,287</u>
<u><u>Accumulated depreciation</u></u>				
Balance, January 1	-	5,722	421,115	426,837
Depreciation	-	215	10,080	10,295
Deduction	-	-	-	-
Reclassifications	-	-	-	-
Balance, June 30	<u>-</u>	<u>5,937</u>	<u>431,195</u>	<u>437,132</u>

(Continued)

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

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

**For the Six Months Ended June 30, 2021**

	<b>Land</b>	<b>Improvements</b>	<b>Buildings</b>	<b>Total</b>
<b><u>Cost</u></b>				
Balance, January 1	\$ 1,951,302	\$ 6,583	\$ 937,058	\$ 2,894,943
Addition	-	-	79	79
Deduction	-	-	-	-
Reclassifications	<u>9,023</u>	<u>-</u>	<u>10,698</u>	<u>19,721</u>
Balance, June 30	<u>1,960,325</u>	<u>6,583</u>	<u>947,835</u>	<u>2,914,743</u>

**Accumulated depreciation**

Balance, January 1	-	5,414	400,472	405,886
Depreciation	-	140	10,078	10,218
Deduction	-	-	-	-
Reclassifications	<u>-</u>	<u>-</u>	<u>3,469</u>	<u>3,469</u>
Balance, June 30	<u>-</u>	<u>5,554</u>	<u>414,019</u>	<u>419,573</u>

**Accumulated impairment**

Balance, January 1	14,532	-	22,772	37,304
Addition	-	-	-	-
Deduction	-	-	-	-
Balance, June 30	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>

**Net amount**

Balance, June 30	<u>\$ 1,945,793</u>	<u>\$ 1,029</u>	<u>\$ 511,044</u>	<u>\$ 2,457,866</u>
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The above investment properties are depreciated at the following estimated useful lives:

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

The investment property of Bank SinoPac was held for earning rentals and/or for capital appreciation. The fair values of properties used mainly or partially by lease for Bank SinoPac's investment properties as of June 30, 2022, December 31, 2021 and June 30, 2021 were \$5,755,868, \$5,755,868 and \$5,760,913, respectively. The fair values, which were based on an internal valuation yearly report instead of an assessment by an independent professional appraiser, determined assuming were unobservable inputs (Level 3).

The fair values of SinoPac Securities' investment properties as of June 30, 2022, December 31, 2021 and June 30, 2021 were \$243,380, \$243,380 and \$299,924, respectively. 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 2021 and 2020.

The fair values of SinoPac Leasing's investment properties as of June 30, 2022, December 31, 2021 and June 30, 2021 were \$7,010,812-\$7,016,908, \$7,010,812-\$7,016,908 and \$7,007,060-\$7,017,870, 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 January 2017 to October 2021.

Please refer to Note 46 for information on investment properties pledged as security. Fair value information was described in Note 49.

## **18. PROPERTY AND EQUIPMENT, NET**

The movements of property and equipment are summarized as follows:

	For the Six Months Ended June 30, 2022							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<u>Cost</u>								
Balance, January 1	\$ 7,339,812	\$ 7,763,114	\$ 2,750,187	\$ 677,590	\$ 1,720,785	\$ 1,689,613	\$ 403,818	\$ 22,344,919
Addition	-	28,413	189,683	21,804	85,198	45,073	169,454	539,625
Deduction	-	-	(56,482)	(32,666)	(33,866)	(35,729)	(1,274)	(160,017)
Reclassifications	-	44,640	90,386	-	11,293	18,381	(247,481)	(82,781)
Effect of exchange rate changes	-	7,750	19,070	72	2,830	8,738	409	38,869
Balance, June 30	<u>7,339,812</u>	<u>7,843,917</u>	<u>2,992,844</u>	<u>666,800</u>	<u>1,786,240</u>	<u>1,726,076</u>	<u>324,926</u>	<u>22,680,615</u>
<u>Accumulated depreciation</u>								
Balance, January 1	61	4,366,285	1,672,766	276,206	1,252,851	1,398,494	-	8,966,663
Depreciation	12	94,444	205,336	66,578	62,472	46,229	-	475,071
Deduction	-	-	(54,563)	(21,840)	(32,985)	(35,694)	-	(145,082)
Reclassifications	-	-	(695)	-	695	451	-	451
Effect of exchange rate changes	-	1,208	15,287	72	1,997	6,466	-	25,030
Balance, June 30	<u>73</u>	<u>4,461,937</u>	<u>1,838,131</u>	<u>321,016</u>	<u>1,285,030</u>	<u>1,415,946</u>	<u>-</u>	<u>9,322,133</u>
<u>Net amount</u>								
Balance, June 30	<u>\$ 7,339,739</u>	<u>\$ 3,381,980</u>	<u>\$ 1,154,713</u>	<u>\$ 345,784</u>	<u>\$ 501,210</u>	<u>\$ 310,130</u>	<u>\$ 324,926</u>	<u>\$ 13,358,482</u>

	For the Six Months Ended June 30, 2021							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<u>Cost</u>								
Balance, January 1	\$ 7,324,800	\$ 7,703,353	\$ 2,565,058	\$ 517,647	\$ 1,647,007	\$ 1,813,620	\$ 235,903	\$ 21,807,388
Addition	-	24,103	96,332	118,603	57,551	31,386	218,903	546,878
Deduction	-	(63)	(71,395)	(26,709)	(35,881)	(90,648)	-	(224,696)
Reclassifications	(9,023)	(8,101)	11,666	-	707	3,586	(160,232)	(161,397)
Effect of exchange rate changes	-	(5,731)	(7,380)	(26)	(979)	(4,224)	(329)	(18,669)
Balance, June 30	<u>7,315,777</u>	<u>7,713,561</u>	<u>2,594,281</u>	<u>609,515</u>	<u>1,668,405</u>	<u>1,753,720</u>	<u>294,245</u>	<u>21,949,504</u>
<u>Accumulated depreciation</u>								
Balance, January 1	37	4,183,402	1,485,184	170,894	1,236,924	1,512,173	-	8,588,614
Depreciation	12	90,785	180,100	65,077	53,895	46,884	-	436,753
Deduction	-	-	(70,235)	(16,166)	(35,189)	(90,301)	-	(211,891)
Reclassifications	-	(3,469)	(2,763)	-	-	-	-	(6,232)
Effect of exchange rate changes	-	(718)	(6,012)	(26)	(808)	(3,122)	-	(10,686)
Balance, June 30	<u>49</u>	<u>4,270,000</u>	<u>1,586,274</u>	<u>219,779</u>	<u>1,254,822</u>	<u>1,465,634</u>	<u>-</u>	<u>8,796,558</u>
<u>Net amount</u>								
Balance, June 30	<u>\$ 7,315,728</u>	<u>\$ 3,443,561</u>	<u>\$ 1,008,007</u>	<u>\$ 389,736</u>	<u>\$ 413,583</u>	<u>\$ 288,086</u>	<u>\$ 294,245</u>	<u>\$ 13,152,946</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

Please refer to Note 46 for the information on property and equipment pledged as security. The amount of other equipment and transportation equipment rented out as of June 30, 2022, December 31, 2021 and June 30, 2021 were \$323,022, \$372,665 and \$362,541.

## 19. LEASE ARRANGEMENTS

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

	December 31, June 30, 2022	2021	June 30, 2021
<u>Carrying amounts</u>			
Land and surface rights	\$ 957,384	\$ 959,226	\$ 977,332
Buildings	2,688,537	2,551,645	2,341,459
Machinery and computer equipment	126,800	142,167	158,975
Transportation equipment	11,143	10,097	9,752
Other equipment	4,654	3,561	3,075
Decommissioning restoration costs	<u>31,609</u>	<u>32,123</u>	<u>29,976</u>
	<u>\$ 3,820,127</u>	<u>\$ 3,698,819</u>	<u>\$ 3,520,569</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets	\$ 202,965	\$ 208,056	\$ 576,643	\$ 596,011
Depreciation charge for right-of-use assets				
Land and surface rights	\$ 9,035	\$ 9,219	\$ 18,019	\$ 18,441
Buildings	210,419	209,007	419,138	414,723
Machinery and computer equipment	8,416	8,494	16,815	16,996
Transportation equipment	1,871	1,670	3,721	3,367
Other equipment	467	377	926	724
Decommissioning restoration costs	2,793	2,444	5,492	4,937
	<u>\$ 233,001</u>	<u>\$ 231,211</u>	<u>\$ 464,111</u>	<u>\$ 459,188</u>
Right-of-use assets sublease revenue (financing interest revenue)	\$ 267	\$ 285	\$ 538	\$ 574

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

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts	\$ 3,278,530	\$ 3,129,982	\$ 2,915,314

Range of discount rate for lease liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land and surface rights	1.0212% - 1.6391%	0.1404% - 1.6391%	0.1404% - 2.6329%
Buildings	0.1553% - 6.1000%	0.1553% - 6.1000%	0.1553% - 6.1000%
Machinery and computer equipment	0.5754% - 2.3588%	0.5754% - 1.0768%	0.5754% - 1.0768%
Transportation equipment	0.3804% - 5.5000%	0.3804% - 5.8366%	0.3804% - 5.8366%
Other equipment	0.3410% - 5.8366%	0.3410% - 5.8366%	0.3410% - 5.8366%

c. Material lease-in activities and terms

The Group leases certain land and buildings for use as business locations and operating assets with lease expiration date in February 2049. The lease contract for major buildings in Taiwan for use as offices and branches specifies that lease payments will be adjusted a year on the basis of current announcement land value 5%. The lease contract for major buildings located in overseas branches stipulated fixed or regularly adjusted 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

Lease arrangements under operating leases for the leasing out of investment properties and equipment are set out in Notes 17, 18, 48 and 50.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 7,965	\$ 6,741	\$ 14,775	\$ 13,317
Expenses relating to low-value asset leases	\$ 10,507	\$ 10,343	\$ 21,005	\$ 21,064
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,046	\$ 2,493	\$ 2,153	\$ 5,557
Total cash outflow for leases	\$ (237,778)	\$ (268,983)	\$ (503,573)	\$ (537,159)

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.

## 20. INTANGIBLE ASSETS, NET

Items	June 30, 2022	December 31, 2021	June 30, 2021
Goodwill	\$ 1,088,243	\$ 1,088,243	\$ 1,088,243
Computer software	922,940	874,300	853,197
Customer relationships	173,417	201,651	236,538
Membership fees	41,413	41,413	41,413
Others	6,908	6,893	6,968
	<u>\$ 2,232,921</u>	<u>\$ 2,212,500</u>	<u>\$ 2,226,359</u>

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

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Customer Relationships</b>	<b>Membership Fees</b>	<b>Others</b>	<b>Total</b>
Balance January 1, 2022	\$ 1,088,243	\$ 874,300	\$ 201,651	\$ 41,413	\$ 6,893	\$ 2,212,500
Addition	-	112,690	-	-	-	112,690
Deduction	-	-	-	-	-	-
Amortization	-	(150,706)	(32,331)	-	(130)	(183,167)
Reclassifications	-	83,670	-	-	-	83,670
Effect of exchange rate changes	—	2,986	4,097	—	145	7,228
Balance June 30, 2022	<u>\$ 1,088,243</u>	<u>\$ 922,940</u>	<u>\$ 173,417</u>	<u>\$ 41,413</u>	<u>\$ 6,908</u>	<u>\$ 2,232,921</u>
Balance January 1, 2021	\$ 1,088,243	\$ 776,594	\$ 273,914	\$ 41,413	\$ 7,204	\$ 2,187,368
Addition	-	77,181	-	-	-	77,181
Deduction	-	(18)	-	-	-	(18)
Amortization	-	(137,622)	(35,776)	-	(128)	(173,526)
Reclassifications	-	138,913	-	-	-	138,913
Effect of exchange rate changes	—	(1,851)	(1,600)	—	(108)	(3,559)
Balance June 30, 2021	<u>\$ 1,088,243</u>	<u>\$ 853,197</u>	<u>\$ 236,538</u>	<u>\$ 41,413</u>	<u>\$ 6,968</u>	<u>\$ 2,226,359</u>

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

<b>Items</b>	<b>Years</b>
Computer software	1-10.58 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, 2021 and 2020.

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 six months ended June 30, 2022, for the year ended December 31, 2021 and for the six months ended June 30, 2021 the amounts of net income affiliated with cash generating units were \$53,538, \$94,018 and \$81,819, respectively. The amounts of expected net income for the years 2022 and 2021 as assessed by the impairment test on goodwill would be \$56,787 and \$84,069, respectively. The recoverable amount was expected to be higher than the book value. Therefore, the Company found no objective evidence that goodwill had been impaired as of June 30, 2022 and 2021.

b. As of June 30, 2022, SinoPac Securities and its subsidiaries had the following goodwill:

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

For the six months ended June 30, 2022, for the year ended December 31, 2021 and for the six months ended June 30, 2021, the amounts of net income which are not included share of profit of associates accounted for using equity method were \$744,860, \$4,287,554 and \$2,123,122, respectively. The amounts of expected net income were \$3,668,182 and \$2,079,067 in 2022 and 2021, respectively. Affected by the poor investment environment of domestic and foreign financial markets, the actual operating results were not as expected, but the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2022. Due to 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 in 2021.

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

For the six months ended June 30, 2022, for the year ended December 31, 2021 and for the six months ended June 30, 2021, the amounts of actual net income were \$223,932, \$373,749 and \$201,080, respectively. The amounts of expected net income were \$380,837 and \$340,799 in 2022 and 2021, 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 fees 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

	December 31,		
	June 30, 2022	2021	June 30, 2021
Securities borrowing margins	\$ 12,455,959	\$ 10,628,167	\$ 3,262,921
Guarantee deposits	10,131,910	2,439,940	2,371,823
Amounts held for settlement	7,679,866	9,892,746	10,504,901
Operating guarantee deposits and settlement fund	1,441,849	1,384,835	1,345,805
Prepayment	367,628	360,093	574,834
Temporary payments and suspense accounts	157,707	233,038	190,479
Receipts under custody from customers' security subscription	28,932	15,082,130	142,238
Collaterals	-	37,351	37,060
Others	<u>111,037</u>	<u>111,627</u>	<u>104,775</u>
	32,374,888	40,169,927	18,534,836
Less: Allowance for inventory write-down - gold	-	(72)	(163)
Less: Accumulated impairment	<u>(7,935)</u>	<u>(7,935)</u>	<u>(7,935)</u>
Net amount	<u>\$ 32,366,953</u>	<u>\$ 40,161,920</u>	<u>\$ 18,526,738</u>

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

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

Collaterals are customer's debt assets of SinoPac International Leasing to offset its claim. Collaterals are measured at fair value of acquisition and perform the impairment test to assess the impairment periodically.

## 22. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Call loans from banks	\$ 72,314,713	\$ 58,564,837	\$ 69,625,432
Redeposits from Chunghwa Post	10,071,000	10,076,600	10,090,000
Call loans from Central Bank	1,486,450	1,384,478	-
Due to banks	<u>532,721</u>	<u>239,170</u>	<u>60,576</u>
	<u>\$ 84,404,884</u>	<u>\$ 70,265,085</u>	<u>\$ 79,776,008</u>

## 23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Government bonds	\$ 27,566,379	\$ 6,111,884	\$ 7,596,183
Corporate bonds	19,633,165	12,401,209	11,933,649
Bank debentures	19,162,551	14,173,488	15,406,474
Convertible bonds	3,250,763	5,110,337	4,808,318
Negotiable certificates of deposits	<u>505,035</u>	<u>-</u>	<u>-</u>
	<u>\$ 70,117,893</u>	<u>\$ 37,796,918</u>	<u>\$ 39,744,624</u>
Agreed-upon repurchase price	\$ 70,288,323	\$ 37,834,074	\$ 39,808,323
Par value	\$ 75,657,430	\$ 38,221,975	\$ 40,413,657
Expiry	April 2023	December 2022	May 2022

## 24. COMMERCIAL PAPERS ISSUED, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial papers payables	\$ 30,128,000	\$ 39,784,000	\$ 33,620,000
Less: Unamortized discount	<u>(14,950)</u>	<u>(18,331)</u>	<u>(14,635)</u>
Net amount	<u>\$ 30,113,050</u>	<u>\$ 39,765,669</u>	<u>\$ 33,605,365</u>
Maturity date	2022.07-2022.09	2022.01-2022.03	2021.07-2021.10
Discount rate	0.5990% 1.1580%	0.23% 0.9380%	0.20% 1.3580%

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

## 25. PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts payable for settlement	\$ 19,787,589	\$ 23,268,682	\$ 31,579,861
Accounts payable for securities purchased	10,292,625	1,234,197	2,140,685
Cash dividends payable	9,016,843	-	-
Acceptances payable	5,302,799	5,142,813	4,425,726
Accounts payable - factoring	4,490,536	2,807,640	4,677,151
Accrued expense	4,118,623	5,691,968	4,004,362
Receipts under custody	3,915,432	193,421	1,324,604
Accounts and notes payable	3,874,321	3,267,077	5,201,176
Financing guarantees payable	2,275,683	3,244,589	2,819,196
Interests payable	2,150,528	1,673,195	1,820,513
Deposits on short sales	2,049,515	2,873,781	2,690,562
Notes and checks in clearing	861,787	4,178,657	998,432
Others	<u>2,615,720</u>	<u>1,967,517</u>	<u>1,885,517</u>
	<u><u>\$ 70,752,001</u></u>	<u><u>\$ 55,543,537</u></u>	<u><u>\$ 63,567,785</u></u>

## 26. DEPOSITS AND REMITTANCES

	June 30, 2022	December 31, 2021	June 30, 2021
Checking	\$ 11,008,794	\$ 13,363,317	\$ 12,346,881
Demand	487,476,549	486,300,037	449,574,344
Savings - demand	522,350,452	507,555,116	484,524,822
Time deposits	471,308,654	573,244,036	546,205,435
Negotiable certificates of deposits	393,400	427,800	457,000
Savings - time	263,875,524	252,214,965	247,518,418
Inward remittances	1,270,127	1,043,879	1,395,554
Outward remittances	64,934	1,556,260	48,408
Others	<u>30,964</u>	<u>29,829</u>	<u>28,825</u>
	<u><u>\$ 1,757,779,398</u></u>	<u><u>\$ 1,835,735,239</u></u>	<u><u>\$ 1,742,099,687</u></u>

## 27. BONDS PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2021
Bank debentures	\$ 57,548,630	\$ 50,548,494	\$ 48,568,256
Corporate bonds payable	<u>13,434,852</u>	<u>12,424,338</u>	<u>7,426,089</u>
	<u><u>\$ 70,983,482</u></u>	<u><u>\$ 62,972,832</u></u>	<u><u>\$ 55,994,345</u></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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	<b>Maturity Date</b>	<b>Rates</b>
Second subordinated bank debentures issued in 2011 (B)	\$ -	\$ -	\$ 2,999,976	2011.08.18-2021.08.18 Principal is repayable on maturity date.	Fixed interest rate of 2.18%, interest is paid annually.
First subordinated bank debentures issued in 2012 (B)	1,299,983	1,299,947	1,299,910	2012.09.18-2022.09.18 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
Third subordinated bank debentures issued in 2014 (B)	699,877	699,850	699,824	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	1,419,810	1,419,747	1,419,683	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)	149,962	149,950	149,939	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)	2,099,448	2,099,390	2,099,335	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)	199,960	199,950	199,940	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)	539,814	539,796	539,779	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	2,999,821	2,999,660	2,999,503	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)	649,827	649,797	649,768	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)	499,807	499,791	499,776	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	1,999,544	1,999,437	1,999,334	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)	1,199,653	1,199,605	1,199,559	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)	1,799,329	1,799,280	1,799,233	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	2,999,837	2,999,796	2,999,756	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	1,499,591	1,499,503	1,499,413	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)	1,749,425	1,749,359	1,749,290	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)	1,749,306	1,749,260	1,749,214	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	2,999,467	2,999,382	2,999,301	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	1,999,488	1,999,456	1,999,424	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	2,899,596	2,899,532	2,899,470	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	2,599,471	2,599,439	2,599,408	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	2,099,692	2,099,648	2,099,603	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	2,399,534	2,399,508	2,399,481	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	999,761	999,726	999,690	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	999,763	999,732	999,702	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	2,719,515	2,719,455	2,719,396	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	2,299,593	2,299,571	2,299,549	2021.05.28-2031.05.28 Principal is repayable on maturity date.	Fixed interest rate of 0.82%, interest is paid annually.
Fourth subordinated bank debentures issued in 2021	3,279,570	3,279,522	-	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	1,699,434	1,699,405	-	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	4,999,139	-	-	2022.03.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and four months.	Fixed interest rate of 2.00%, interest is paid annually.
Second senior bank debentures issued in 2022	<u>1,999,613</u>	<u>-</u>	<u>-</u>	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
	<u><u>\$ 57,548,630</u></u>	<u><u>\$ 50,548,494</u></u>	<u><u>\$ 48,568,256</u></u>		

b. Corporate bonds payable

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

	June 30, 2022	December 31, 2021	June 30, 2021	Maturity	Rates
<b><u>The Company</u></b>					
First unsecured bonds issued in 2020	\$ 4,996,396	\$ 4,995,700	\$ 4,994,571	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	4,994,368	4,993,729	-	2021.10.21-2026.10.21 Principal is repayable on maturity date.	Fixed interest rate of 0.56%, interest is paid annually.
<b><u>SinoPac Securities</u></b>					
First unsecured bonds issued in 2020	2,000,000	2,000,000	2,000,000	2020.01.08-2025.01.08 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
Second unsecured bonds issued in 2020 (Note)	444,088	434,909	431,518	2020.12.23-2022.12.23 Principal is repayable on maturity date.	Fixed interest rate of 3.20%, interest is paid annually.
First unsecured subordinated bonds issued in 2022 (A)	400,000	-	-	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)	<u>600,000</u>	<u>-</u>	<u>-</u>	2022.05.27-2032.05.27 Principal is repayable on maturity date.	Fixed interest rate of 2.20%, interest is paid annually.
	<u>\$ 13,434,852</u>	<u>\$ 12,424,338</u>	<u>\$ 7,426,089</u>		

Note: The amount is calculated from CNY100,000 thousand at the exchange rate at the end of June 2022, December 2021 and June 2021.

## 28. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Credit loans	\$ 6,382,178	\$ 4,586,505	\$ 14,101,649
Guaranteed loans	<u>575,000</u>	<u>780,000</u>	<u>300,000</u>
	<u>\$ 6,957,178</u>	<u>\$ 5,366,505</u>	<u>\$ 14,401,649</u>
Maturity date	2022.7-2023.6	2022.1-2022.12	2021.7-2022.6
Range of interest rates per annum	1.15%- 6.03415%	0.80%- 5.66766%	0.91%- 4.97825%

b. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Credit loans	\$ 2,402,568	\$ 2,239,088	\$ 2,116,224
Guaranteed loans	<u>-</u>	<u>-</u>	<u>2,050,000</u>
	<u>\$ 2,402,568</u>	<u>\$ 2,239,088</u>	<u>\$ 4,166,224</u>
Maturity date	2022.7-2024.6	2022.1-2023.9	2021.7-2022.12
Range of interest rates per annum	2.46%- 4.80000%	0.995%- 4.67500%	1.08%- 4.95000%

SinoPac Securities

To meet the funding requirements, SinoPac Securities (Cayman) obtained syndicated loans with financial institutions on December 18, 2018 in the amounts of US\$60,000 thousand. The term of the syndicated loan transaction is three years from the first drawdown date. The dates of first drawdowns were December 28, 2018. The loans could be taken on revolving basis. SinoPac Securities (Cayman) could not pledge its ownership interest to others during the terms of the loans.

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

SinoPac Leasing

To raise working capital, SinoPac Leasing entered into a syndicated loan agreement (“2017 Agreement”) of \$3,000,000 with a syndicate of 12 banks led by Mega International Commercial Bank in November 2017. The term for syndicated loan transactions is four years from the first drawdowns date, the date of first drawdown was December 14, 2017. The agreement has canceled on September 10, 2021.

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

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

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

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

## 29. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Provision for employee benefits	\$ 2,801,538	\$ 3,083,797	\$ 3,133,191
Provision for financing commitment	195,167	163,432	182,186
Provision for guarantee liabilities	340,415	395,361	337,740
Provision for decommissioning liabilities	152,152	136,227	130,022
Other provision	<u>16,520</u>	<u>23,836</u>	<u>26,910</u>
	<u><u>\$ 3,505,792</u></u>	<u><u>\$ 3,802,653</u></u>	<u><u>\$ 3,810,049</u></u>

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

	<u>For the Six Months Ended June 30, 2022</u>		
	<u>Provision for Financing Commitment</u>	<u>Provision for Guarantee Liabilities</u>	<u>Other Provision</u>
Balance at January 1	\$ 163,432	\$ 395,361	\$ 23,836
Provision (reversal of provision)	25,861	(56,046)	(9,136)
Effect of exchange rate changes	<u>5,874</u>	<u>1,100</u>	<u>1,820</u>
Balance at June 30	<u><u>\$ 195,167</u></u>	<u><u>\$ 340,415</u></u>	<u><u>\$ 16,520</u></u>
	<u>For the Six Months Ended June 30, 2021</u>		
	<u>Provision for Financing Commitment</u>	<u>Provision for Guarantee Liabilities</u>	<u>Other Provision</u>
Balance at January 1	\$ 217,077	\$ 313,880	\$ 15,420
(Reversal) of provision	(33,038)	24,705	11,974
Effect of exchange rate changes	<u>(1,853)</u>	<u>(845)</u>	<u>(484)</u>
Balance at June 30	<u><u>\$ 182,186</u></u>	<u><u>\$ 337,740</u></u>	<u><u>\$ 26,910</u></u>

## 30. PROVISION FOR EMPLOYEE BENEFITS

	June 30, 2022	December 31, 2021	June 30, 2021
Recognized in the consolidated balance sheets (payables and provisions)			
Defined contribution plans	\$ 76,186	\$ 74,485	\$ 72,682
Defined benefit plans	2,248,848	2,527,144	2,716,870
Preferential interest on employees' deposits	349,925	340,375	302,458
Others	<u>202,765</u>	<u>216,278</u>	<u>113,863</u>
	<u><u>\$ 2,877,724</u></u>	<u><u>\$ 3,158,282</u></u>	<u><u>\$ 3,205,873</u></u>

Others included long-term incentive compensation plans; deferred service leave and termination benefits. On June 30, 2022, December 31, 2021 and June 30, 2021, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$170,220, \$175,582 and \$85,784, respectively, the acquired total embedded value of which were \$134,160, \$134,160 and \$59,682, respectively.

The pension expenses related to defined benefit plans and preferential interest on employee's deposits plan recognized according to the results of actuarial valuation on December 31, 2021 and 2020.

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Operating expenses	\$ 55,462	\$ 60,353

### **31. OTHER FINANCIAL LIABILITIES**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Futures trader's equity	\$ 35,384,021	\$ 35,114,017	\$ 30,682,069
Principal of structured products	23,833,547	12,013,819	11,319,032
Equity for each customer in the account	645,638	495,486	538,074
Overseas certificate of deposit	-	-	717,810
Others	<u>39,929</u>	<u>48,708</u>	<u>119,287</u>
	<u><u>\$ 59,903,135</u></u>	<u><u>\$ 47,672,030</u></u>	<u><u>\$ 43,376,272</u></u>

### **32. OTHER LIABILITIES**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Securities lending refundable deposits	\$ 11,190,244	\$ 9,349,612	\$ 3,175,859
Guarantee deposits received	2,022,431	2,264,570	3,851,020
Temporary receipts and suspense accounts	686,610	707,186	754,155
Receipt sub-brokerage under custody	431,087	611,193	898,953
Advance revenue	159,574	215,172	166,745
Deferred revenue	94,470	114,579	90,199
Receipts under custody from customers' security subscription	28,932	15,082,130	142,238
Others	<u>429,404</u>	<u>441,459</u>	<u>496,071</u>
	<u><u>\$ 15,042,752</u></u>	<u><u>\$ 28,785,901</u></u>	<u><u>\$ 9,575,240</u></u>

### **33. INCOME TAX**

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

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

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Current period	\$ 627,677	\$ 834,216	\$ 1,134,226	\$ 1,458,284
Unappropriated earnings	268,229	2,304	268,229	2,304
Prior periods	(36,109)	(28,917)	(21,580)	(1,936)
	<u>859,797</u>	<u>807,603</u>	<u>1,380,875</u>	<u>1,458,652</u>
Deferred tax				
Temporary differences	77,809	(496,289)	405,931	(324,606)
Income tax expenses recognized in profit or loss	\$ 937,606	\$ 311,314	\$ 1,786,806	\$ 1,134,046

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

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
Adjustments of current period				
Exchange difference on translation of foreign operations	\$ (10,536)	\$ 62,740	\$ (140,440)	\$ 81,292
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	5,544	(1,855)	39,922	13,105
Share of the other comprehensive income of associate	<u>987</u>	<u>(405)</u>	<u>1,315</u>	<u>(287)</u>
Income tax recognized in other comprehensive income	<u>\$ (4,005)</u>	<u>\$ 60,480</u>	<u>\$ (99,203)</u>	<u>\$ 94,110</u>

- c. The income tax returns of SinoPac Securities through 2017 had been examined by the tax authorities, of which the 2012 to 2016 tax returns were disallowed items, such as the allocation as well as the amortization issuance of call (put) warrants; therefore, the Corporation filed appeals for the authorities' reconsideration of the assessments. Even if this matter was still unresolved, the Corporation accrued and paid \$30,632 assessed by the tax authorities as additional income tax expenses.
- d. SinoPac Call Center was merged into Bank SinoPac in 2019. The assessed years of profit-seeking enterprise income tax were approved to 2017.

- e. The status of the subsidiaries' examined income tax returns is as follows:

	<u>Examined Year</u>
SPH	2017
Bank SinoPac	2017
SinoPac Venture Capital	2017
SinoPac Leasing	2017
SinoPac Securities Investment Trust	2017
SinoPac Futures	2020
SinoPac Securities Investment Service	2020
SinoPac Securities Venture Capital	From March 13, 2020 to December 31, 2020

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

2) Preferred shares

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

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

- a) The current year's earnings will be first used to cover losses of the past years as well as settle all taxes payable. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the corporate charter. The remainder will then be used to pay the accrued dividends of the past years and dividend of the current year.

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

j) Preferred Class A stock has no maturity date. Within 15 years of share offering, all or part of the preferred Class A shares may be bought back at a price based on the offering price plus accrued dividends of the past years and on the basis of the number of days the shares have been outstanding in the current year. For this buyback, the Company will use the money raised through earnings generation, new share offerings or any other means as permitted by relevant laws and regulations. If the Company wants to buy back preferred Class A shares, a written notice should be given to the shareholders 30 days before the buyback. The right to convert the preferred shares into common stock within this period will not be affected by this notice.

There were 70,000 thousand preferred Class A shares. Under IAS 32 “Financial Instruments: Presentation”, the Company bifurcated the conversion rights embedded in the preferred Class A stock and the liability component, which amounted to \$290,940, recorded as capital surplus - conversion rights, and \$129,060, respectively. The related public issuance procedures had been completed, with the registration of these procedures approved by the Financial Supervisory Commission (FSC) under guidelines No. 1010058323. As of June 30, 2022, preferred Class A shares had been converted into 60,000 thousand common stock.

b. Capital surplus

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Arising from issuance of common stock	\$ 2,080,001	\$ 2,080,001	\$ 2,080,001
Conversion rights	41,562	41,562	41,562
Employee share option - issuance of common stock	102,570	102,570	102,570
Others	4.648	4.631	4.631
	<u>\$ 2,228,781</u>	<u>\$ 2,228,764</u>	<u>\$ 2,228,764</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. Besides, the capital surplus from employee share options may not be used for any purpose due to its transitional nature.

The board of directors of SPH approved cash capital increase on July 25, 2014, and retained 10% of shares for employee share option. SPH recognized share-based capital surplus of \$102,570 in the same year; the amount was calculated based on the fair value of the option on the delivery date.

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

c. Other equity items

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

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Attributable to Change in Credit Risk of Liability	Change in Fair Value of Financial Liability	Total
		Equity Instrument	Debt Instrument			
Balance January 1, 2021	\$ (1,593,696)	\$ 2,603,071	\$ 3,438,742	\$ (82,343)	\$ 4,365,774	
Exchange differences						
Exchange differences on translation of foreign operations	(408,983)	-	-	-	(408,983)	
Related income tax	81,292	-	-	-	81,292	
Financial assets at fair value through other comprehensive income						
Current adjustment for change in value	-	1,806,098	(1,402,951)	-	403,147	

(Continued)

Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Attributable to Change in Credit Risk of Liability	Change in Fair Value of Financial Liability	Total
	Equity Instrument	Debt Instrument			
Adjustment for loss allowance of debt instruments	\$ -	\$ -	\$ (7,850)	\$ -	\$ (7,850)
Current disposal	-	-	(406,946)	-	(406,946)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(538,307)	-	-	(538,307)
Related income tax	-	1,297	11,808	-	13,105
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	1,433	-	-	-	1,433
Related income tax	(287)	-	-	-	(287)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(347)	(347)
Balance June 30, 2021	<u>\$ (1,920,241)</u>	<u>\$ 3,872,159</u>	<u>\$ 1,632,803</u>	<u>\$ (82,690)</u>	<u>\$ 3,502,031</u> (Concluded)

d. Earnings distribution and dividend policy

If there's a surplus in annual net income, the Company should make up the accumulated losses, pay the taxes, appropriate legal reserve, and appropriate or reverse special reserve than pay the accumulated and current year's dividends of Class-A preferred shares. And then the remaining earning (collectively, "the current year's earning") is added to the unappropriated retained earnings at the beginning of the period as the distributable base. The Company appropriate not less than 30% of the current year's earning as common stock dividends, the board of directors shall propose a distribution plan and present it to a meeting of shareholders for approval.

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 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". 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. Distributions can be made out of any subsequent reversal of the debit to other equity items.

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 shareholders' meeting approved the 2020 appropriations of earnings and dividends per share on July 20, 2021 as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,218,469	
Cash dividends	7,889,738	\$0.7

The shareholders' meeting approved the 2021 appropriations of earnings and dividends per share on May 27, 2022 as follows:

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

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

### 35. NET INTEREST REVENUE

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest income				
Discounts and loans	\$ 6,803,578	\$ 5,304,712	\$ 12,493,877	\$ 10,524,201
Investment securities interest	1,962,863	1,574,254	3,559,727	3,064,907
Financing	380,655	388,185	781,365	756,860
Due from the Central Bank and other banks	362,471	151,930	553,891	293,162
Credit card revolving interest rate income	121,749	129,542	245,915	260,759
Securities purchased under resell agreements	83,758	41,142	126,224	80,487
Deposits	53,312	42,646	92,313	93,943
Others	<u>163,897</u>	<u>131,145</u>	<u>312,928</u>	<u>241,559</u>
	<u>9,932,283</u>	<u>7,763,556</u>	<u>18,166,240</u>	<u>15,315,878</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense				
Deposits	\$ (2,368,000)	\$ (1,691,648)	\$ (4,131,993)	\$ (3,425,930)
Bank debentures	(221,069)	(202,607)	(412,537)	(399,153)
Call loans from banks	(244,818)	(108,959)	(351,854)	(216,367)
Borrowing	(109,292)	(98,990)	(199,371)	(213,856)
Interest expense of structured products	(115,009)	(73,563)	(199,316)	(156,054)
Securities sold under repurchase agreements	(136,917)	(45,796)	(197,998)	(89,790)
Others	<u>(57,279)</u>	<u>(46,102)</u>	<u>(105,329)</u>	<u>(90,070)</u>
	<u><u>(3,252,384)</u></u>	<u><u>(2,267,665)</u></u>	<u><u>(5,598,398)</u></u>	<u><u>(4,591,220)</u></u>
Net amount	<u><u>\$ 6,679,899</u></u>	<u><u>\$ 5,495,891</u></u>	<u><u>\$ 12,567,842</u></u>	<u><u>\$ 10,724,658</u></u>
				(Concluded)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Commissions and fee revenue				
Brokerage services	\$ 1,836,725	\$ 2,832,611	\$ 3,840,897	\$ 5,235,473
Insurance services	515,234	506,973	1,931,356	1,544,498
Trust and related services	630,956	766,275	1,473,349	1,808,155
Loan services	646,949	441,340	1,413,321	922,507
Credit card services	177,869	155,808	316,645	314,904
Others	<u>397,162</u>	<u>318,548</u>	<u>788,047</u>	<u>696,172</u>
	<u><u>4,204,895</u></u>	<u><u>5,021,555</u></u>	<u><u>9,763,615</u></u>	<u><u>10,521,709</u></u>
Commissions and fee expense				
Brokerage services	(186,958)	(263,214)	(379,799)	(450,359)
Credit card services	(161,343)	(141,963)	(313,289)	(282,551)
Interbank services	(79,611)	(54,663)	(159,448)	(120,328)
Trust services	(55,053)	(53,375)	(109,945)	(104,409)
Settlement and delivery services	(48,027)	(45,137)	(92,230)	(83,556)
Futures commission	(37,976)	(28,409)	(81,090)	(57,556)
Others	<u>(112,234)</u>	<u>(132,739)</u>	<u>(214,674)</u>	<u>(220,512)</u>
	<u><u>(681,202)</u></u>	<u><u>(719,500)</u></u>	<u><u>(1,350,475)</u></u>	<u><u>(1,319,271)</u></u>
Net amount	<u><u>\$ 3,523,693</u></u>	<u><u>\$ 4,302,055</u></u>	<u><u>\$ 8,413,140</u></u>	<u><u>\$ 9,202,438</u></u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss				
Securities lending and short sales bonds under resell agreements transactions	\$ 401,600	\$ 8,493	\$ 375,237	\$ (7,287)
Stocks	28,631	63,906	79,861	132,436
Government bonds	(135,336)	(7,441)	(362,160)	(70,814)
Operating securities - hedging	(293,625)	626,719	(499,261)	803,354
Corporate bonds	(622,711)	7,627	(607,722)	88,188
Operating securities - proprietary	(1,234,801)	972,672	(824,715)	1,696,619
Interest rate swap contracts	523,931	139,497	925,488	892,443
Futures contracts	178,812	(334,949)	(91,424)	(686,536)
Forward contracts	(40,325)	(114,550)	(115,502)	(141,355)
Currency swap contracts and hybrid FX swap structured instruments	(172,450)	32,672	(364,473)	(144,233)
Asset swap contracts	(215,778)	(410,160)	(436,436)	(734,946)
Issuance of call (put) warrants	(502,042)	(675,464)	(646,126)	(748,898)
Others	14,454	196,926	142,484	319,838
	<u>(2,069,640)</u>	<u>505,948</u>	<u>(2,424,749)</u>	<u>1,398,809</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss				
Securities lending and short sales bonds under resell agreements transactions	1,765,697	(46,411)	2,554,260	(2,623)
Operating securities - hedging	(48,809)	1,085,252	(109,397)	1,128,017
Stocks	(150,153)	(85,655)	(157,040)	50,731
Corporate bonds	(98,653)	94,945	(837,139)	21,394
Operating securities - proprietary	(2,092,347)	42,451	(2,695,180)	69,456
Interest rate swap contracts	1,131,640	(272,917)	2,173,010	(701,562)
Issuance of call (put) warrants	806,182	(899,541)	1,249,065	(958,513)
Asset swap contracts	524,947	96,980	573,062	57,272
Forward contracts	108,073	75,443	146,962	43,699
Futures contracts	(335,017)	(252,823)	107,414	14,692
Option contracts	(545,806)	(9,196)	(913,713)	(71,623)
Others	15,076	257,607	(231,197)	106,065
	<u>1,080,830</u>	<u>86,135</u>	<u>1,860,107</u>	<u>(242,995)</u>
Interest income	<u>151,359</u>	<u>200,344</u>	<u>325,316</u>	<u>353,590</u>
Dividend income	<u>892,546</u>	<u>28,260</u>	<u>938,277</u>	<u>33,599</u>
	<u>\$ 55,095</u>	<u>\$ 820,687</u>	<u>\$ 698,951</u>	<u>\$ 1,543,003</u>

Financial assets designated as at fair value through profit or loss and its derivatives changes in the fair value recognized as financial assets at fair value through profit or loss.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividend revenue				
Held at the end of the reporting period	\$ 438,417	\$ 182,560	\$ 510,492	\$ 225,633
Disposed in the reporting period	205	40	380	40
Gain (loss) from disposal of debt instruments	<u>45,917</u>	<u>135,515</u>	<u>120,574</u>	<u>406,946</u>
	<u>\$ 484,539</u>	<u>\$ 318,115</u>	<u>\$ 631,446</u>	<u>\$ 632,619</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Reversal of impairment losses on other financial assets	\$ 17,364	\$ 29,021	\$ 43,639	\$ 19,735
Others	<u>38,197</u>	<u>10,376</u>	<u>27,818</u>	<u>6,632</u>
	<u>\$ 55,561</u>	<u>\$ 39,397</u>	<u>\$ 71,457</u>	<u>\$ 26,367</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Securities lending	\$ 144,791	\$ 66,765	\$ 269,640	\$ 122,405
Operating assets rental income	55,431	48,289	111,564	94,773
Stock affairs agent revenue	36,140	31,524	63,902	55,752
Rental income	11,569	13,815	24,500	27,900
Transaction bonus	7,256	11,653	14,867	25,473
Insurance claims	18	29,431	1,957	29,779
Expense arising from issuance of call (put) warrants	(33,341)	(44,406)	(87,505)	(89,607)
Others	<u>46,592</u>	<u>24,238</u>	<u>67,003</u>	<u>73,017</u>
	<u>\$ 268,456</u>	<u>\$ 181,309</u>	<u>\$ 465,928</u>	<u>\$ 339,492</u>

#### 41. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Salaries and wages	\$ 3,408,976	\$ 3,561,740	\$ 7,057,856	\$ 7,173,256
Labor insurance and national health insurance	219,546	227,894	513,675	472,519
Pension costs	129,440	126,164	256,862	250,577
Others	<u>264,894</u>	<u>240,057</u>	<u>522,574</u>	<u>471,943</u>
	<u>\$ 4,022,856</u>	<u>\$ 4,155,855</u>	<u>\$ 8,350,967</u>	<u>\$ 8,368,295</u>

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

For the six months ended June 30, 2022 and 2021, the compensation was \$833 and \$832, respectively and the remuneration of directors was \$20,817 and \$22,468, respectively. These amounts were estimated on the basis of the provisions of the Company's Articles of Incorporation and past experience.

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

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

The board of directors approved \$1,500 as employees' compensation and \$28,344 as remuneration of directors on January 29, 2021 and February 26, 2021, 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 July 20, 2021.

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 set 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. The Group recognized reversal of cash-settled share-based employee benefits expense \$4,988 and recognized cash-settled share-based employee benefits expense \$3,949 for the six months ended June 30, 2022 and 2021, respectively.

## 42. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation expense				
Land improvements	\$ 120	\$ 76	\$ 227	\$ 152
Buildings	52,793	50,682	104,524	100,863
Machinery and computer equipment	106,031	90,119	205,336	180,100
Transportation equipment	33,321	34,820	66,578	65,077
Other equipment	31,973	27,177	62,472	53,895
Leasehold improvements	23,906	23,459	46,229	46,884
Right-of-use assets	233,001	231,211	464,111	459,188
	<u>481,145</u>	<u>457,544</u>	<u>949,477</u>	<u>906,159</u>
Amortization expense	93,201	86,181	183,167	173,526
	<u>\$ 574,346</u>	<u>\$ 543,725</u>	<u>\$ 1,132,644</u>	<u>\$ 1,079,685</u>

## 43. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Taxation and fees	\$ 454,898	\$ 382,418	\$ 870,292	\$ 765,908
Automated equipment	298,130	269,997	543,862	501,295
Professional advisory	176,153	143,775	319,565	271,317
Marketing	132,166	116,594	262,910	212,079
Location fee	107,157	110,768	216,101	217,461
Insurance	108,277	94,440	215,963	188,301
Communications expense	113,048	105,326	209,347	198,602
Securities lending	90,260	31,902	168,130	61,294
Others	<u>271,178</u>	<u>280,623</u>	<u>536,378</u>	<u>509,925</u>
	<u>\$ 1,751,267</u>	<u>\$ 1,535,843</u>	<u>\$ 3,342,548</u>	<u>\$ 2,926,182</u>

## 44. EARNINGS PER SHARE

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

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

	Dollars Per Share			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic EPS	\$ 0.34	\$ 0.37	\$ 0.72	\$ 0.75
Diluted EPS	<u>\$ 0.34</u>	<u>\$ 0.37</u>	<u>\$ 0.72</u>	<u>\$ 0.75</u>

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

#### Net Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net income for calculating basic EPS	\$ 3,818,867	\$ 4,177,006	\$ 8,227,827	\$ 8,588,009
Effect of potentially dilutive common stock:				
Preferred shares	244	221	463	440
Employee stock bonus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income for calculating diluted EPS	<u>\$ 3,819,111</u>	<u>\$ 4,177,227</u>	<u>\$ 8,228,290</u>	<u>\$ 8,588,449</u>

#### Shares

	Shares in Thousands			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The weighted-average number of common stock outstanding in computation of basic EPS	11,383,765	11,383,765	11,383,765	11,383,765
Effect of potentially dilutive common stock:				
Preferred shares	10,000	10,000	10,000	10,000
Employee stock bonus	<u>50</u>	<u>61</u>	<u>64</u>	<u>82</u>
The weighted-average number of common stock outstanding in computation of diluted EPS	<u>11,393,815</u>	<u>11,393,826</u>	<u>11,393,829</u>	<u>11,393,847</u>

When calculating the EPS, the 2021 EPS was retrospectively adjusted for the effects of the bonus stock issuance on August 16, 2022. Thus, the basic EPS for the three months ended June 30, 2021 and for the six months ended June 30, 2021 decrease from NT\$0.37 and NT\$0.76 to NT\$0.37 and NT\$0.75, respectively.

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

## 45. RELATED-PARTY TRANSACTIONS

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

### a. Related parties and their relationships with the Group

<b>Related Party</b>	<b>Relationship with the Group</b>
Foundation of SinoPac	Affiliate of the Company's director
Global Unichip Corp. (GUC)	Affiliate of the Company's director's spouse
Nuvoton Technology Corp. (Nuvoton Technology)	Affiliate of the Company's director's spouse (before November 2021)
Taiwan Stock Exchange Corporation (TWSE)	Affiliate of the Company's general manager (before June 2022)
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' general manager (after July 2021)
Centera Photonics Inc. (Centera Photonics)	Affiliate of SinoPac Venture Company's general manager
High Entropy Materials, Inc. (High Entropy Materials)	Affiliate of SinoPac Venture Company's general manager
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	The Company's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of the Company's corporate director
Sun He Energy Co., Ltd. (Sun He Energy)	SinoPac Venture Capital is the Company's corporate director (before April 2022)
Quanta Computer Inc. (Quanta Computer)	Affiliate of the Company's director
Pegatron Corporation (Pegatron)	Affiliate of the Company's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of Bank SinoPac's director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Rakuten International Commercial Bank Co., Ltd. (Rakuten International Bank)	Affiliate of SPL's director (before November 2021)
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate of Bank SinoPac's manager
Grand Bills Finance Corp. (Grand Bills Finance)	Affiliate of the Company's manager's spouse
Evercast Precision Industry Corporation (Evercast Precision)	Affiliate of first-degree kin of Bank SinoPac's manager
Kim Great Co., Ltd. (Kim Great)	Affiliate of second-degree kin of Bank SinoPac's manager
Hao-Xin-Di Co., Ltd. (Hao-Xin-Di)	Affiliate of second-degree kin of Bank SinoPac's manager
Zetai Investment Limited (Zetai Investment)	Affiliate of second-degree kin of Bank SinoPac's manager

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Kingstate Electronics Corporation (Kingstate Electronics)	Affiliate of second-degree kin of Bank SinoPac's manager
Froch Enterprise Co., Ltd.(Froch Enterprise)	Affiliate of second-degree-in-laws of Bank SinoPac's manager
Hao Yu Co., Ltd. (Hao Yu)	Affiliate of second-degree-in-laws of Bank SinoPac's manager
Avision Inc. (Avision)	Bank SinoPac holds more than 5% of the capital of charitable trust entrusted assets
SinoPac Securities Investment Trust Funds	Related party
Taigen Biopharmaceuticals Holdings Limited (Taigen Biopharmaceuticals)	Related party
Elite Material Co., Ltd. (Elite Material)	Related party
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
E Ink Holdings Inc. (E Ink Holdings)	Related party
Hsin-Yi Foundation	Related party
Transyork Technology (Yangzhou) Ltd. (Transyork Technology (Yangzhou))	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
Dream Universe Limited	Related party
New Field e-Paper Co., Ltd. (New Field e-Paper)	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
YFY Packaging (YangZhou) Investment Ltd. (YFY Packaging (YangZhou))	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
YuanHan Material Inc. (YuanHan Material)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Foundation of Fire Fighting Development	Related party
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Related party
Transcend Optronics (Yangzhou) Co., Ltd. (Transcend Optronics (Yangzhou))	Related party
YFY Packaging Inc. (YFY Packaging)	Related party
Shen's Art Printing Co., Ltd. (Shen's Art Printing)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Foongtone Technology Co., Ltd. (Foongtone Technology)	Related party
Tech Smart Logistics Ltd.	Related party
Yuen Foong Yu Consumer Products Co., Ltd. (Yuen Foong Yu Consumer Products)	Related party
Hoss Investment Inc. (Hoss Investment)	Related party
Willpower Industries Limited	Related party
SinoPac Multi Strategy Quant Fund Limited	Related party

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
SinoPac Multi-Series Fund II Limited	Related party
SinoPac Multi-Series Fund SPC	Related party
SinoPac Structured Funds SPC	Related party
Others	The Group's directors, supervisors, managers and their relatives, department chiefs, investments accounted for using equity method and their subsidiaries, and investees of the Company's other subsidiaries, etc. (Concluded)

b. Significant transactions with related parties

1) Cash and cash equivalents

	<b>December 31, June 30, 2022</b>	<b>2021</b>	<b>June 30, 2021</b>
SinoPac Securities and its subsidiaries			
Bank deposits			
TAIFEX	\$ 629,488	\$ -	\$ -
Others	2,423	2,242	2,236
SinoPac Venture Capital			
Bank deposits			
Others	-	20,334	40,329
SinoPac Leasing and its subsidiaries			
Bank deposits			
Others	13	13	-

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

	<b>For the Six Months Ended June 30, 2022</b>		<b>Interest Income</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	
Bank SinoPac and its subsidiaries			
Call loans to banks			
Others	\$ -	0.16-3.6	\$ 2,615
	<b>December 31, 2021</b>		
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 553,791	0.025-2.2	

	June 30, 2021	For the Six Months Ended June 30, 2021	
	Ending Balance	Interest Rate (%)	Interest Income

Bank SinoPac and its subsidiaries

Call loans to banks			
Hua Nan Bank	\$ 188,521	0.03-2.00	\$ 1,202
Grand Bills Finance	180,000	0.23	31

3) Financial assets at fair value through profit or loss

	June 30, 2022	December 31, 2021	June 30, 2021
SinoPac Securities and its subsidiaries			
TAIFEX	\$ 1,122,553	\$ -	\$ -
SinoPac Securities Investment Trust Funds	269,089	208,139	190,862
Funds managed by SinoPac Asset Management (Asia)	-	-	178,136
Others	314,752	306,785	68,843
SinoPac Securities Investment Trust Others	92,550	9,481	774
SinoPac Venture Capital			
Taigen Biopharmaceuticals	374,088	316,472	394,201
Centera Photonics	54,717	104,269	106,864
Others	200,236	186,059	187,978

4) Derivative financial instruments

	June 30, 2022				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Interest rate swap contracts					
Hua Nan Bank	\$ 9,828,000	2020.11.13-2032.3.16	\$ 448,522	Financial assets at fair value through profit or loss	\$ 524,631
Currency swap contracts					
Hua Nan Bank	594,580	2021.11.11-2023.9.28	30,241	Financial assets at fair value through profit or loss	29,202
Hua Nan Bank	4,756,640	2021.10.5-2023.4.20	(164,908)	Financial liabilities at fair value through profit or loss	154,205
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills Finance	410,800	2020.6.4-2024.8.3	44,025	Financial assets at fair value through profit or loss	(49,606)

**December 31, 2021**

	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Account</b>	<b>Balance</b>
Bank SinoPac and its subsidiaries				
Interest rate swap contracts				
Hua Nan Bank	\$ 8,898,000	2020.11.13- 2031.11.4	Financial assets at fair value through profit or loss	\$ 89,414
Currency swap contracts				
Hua Nan Bank	830,687	2021.10.5- 2022.7.15	Financial assets at fair value through profit or loss	10,704
Hua Nan Bank	553,791	2021.11.11- 2023.9.28	Financial liabilities at fair value through profit or loss	1,039
SinoPac Securities and its subsidiaries				
Asset exchange option contracts				
Grand Bills Finance	242,800	2020.6.4- 2024.8.3	Financial liabilities at fair value through profit or loss	24,271

**June 30, 2021**

	<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					
Interest rate swap contracts					
Hua Nan Bank	\$ 8,673,369	2020.9.8- 2031.5.19	\$ 24,438	Financial assets at fair value through profit or loss	\$ 37,963
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills Finance	249,700	2018.12.3- 2023.9.8	(4,600)	Financial liabilities at fair value through profit or loss	23,292

5) Financial assets at fair value through other comprehensive income

	December 31, June 30, 2022	2021	June 30, 2021
Bank SinoPac and its subsidiaries			
Equity instruments			
TAIFEX	\$ 366,554	\$ 410,315	\$ -
Quanta Computer	262,542	311,563	287,875
Others	23,283	19,659	19,611
SinoPac Securities and its subsidiaries			
Equity instruments			
TAIFEX	344,560	385,696	-
Chunghwa Telecom	303,170	289,503	-
Quanta Computer	134,543	71,783	8,750
Elite Material	69,794	166,800	130,800
TWSE	-	767,936	485,857
SinoPac Venture Capital			
Equity instruments			
Sun He Energy	-	107,393	73,637
Others	74,968	78,987	91,182

6) Securities purchased under resell agreements

	<b>For the Six Months Ended June 30, 2022</b>		<b>For the Six Months Ended June 30, 2022</b>
	<b>June 30, 2022</b>	<b>Carrying Amount</b>	<b>Interest Income</b>
	<b>Face Amount</b>	<b>Face Amount</b>	<b>Interest Income</b>
Bank SinoPac and its subsidiaries			
Others	\$ -	\$ -	\$ 14
SinoPac Securities and its subsidiaries			
Grand Bills Finance	891,870	731,574	2,703
Others	371,504	202,837	1,415
	<b>December 31, 2021</b>		<b>For the Six Months Ended June 30, 2021</b>
	<b>Carrying Amount</b>	<b>Face Amount</b>	<b>Carrying Amount</b>
SinoPac Securities and its subsidiaries			
Grand Bills Finance	\$ 692,239	\$ 690,896	
Others	388,964	227,295	
	<b>June 30, 2021</b>		<b>For the Six Months Ended June 30, 2021</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Income</b>
SinoPac Securities and its subsidiaries			
Grand Bills Finance	\$ 780,360	\$ 793,111	\$ 1,823
Others	364,695	234,862	1,817

7) Receivables

	June 30, 2022	December 31, 2021	June 30, 2021
Bank SinoPac and its subsidiaries			
Others	\$ 222,515	\$ 289,400	\$ 217,037
SinoPac Securities and its subsidiaries			
Others	73,534	61,244	12,881
SinoPac Securities Investment Trust			
Others	14,922	16,892	15,397
SinoPac Leasing and its subsidiaries			
Others	18	34	56

8) Loans

	<b>For the Six Months Ended June 30, 2022</b>			
	<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
Loans	<u>\$ 10,075,419</u>	<u>\$ 10,954,072</u>	0-11.26	<u>\$ 63,948</u>

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

	<b>For the Year Ended December 31, 2021</b>		
	<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>
Loans	<u>\$ 9,702,175</u>	<u>\$ 10,756,148</u>	0-12.9

Category	December 31, 2021						
	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	266	\$ 458,173	\$ 418,550	V	-	None	Yes
Household mortgage loans	1,124	6,735,921	6,371,257	V	-	Real estate	Yes
Others:							
Avision	98,023	-	V	-	Real estate	Yes	
Jhong Cing Investment	59,051	58,160	V	-	Real estate	Yes	
Kim Great	46,474	43,566	V	-	Real estate	Yes	
Evercast Precision	44,674	32,472	V	-	Real estate	Yes	
Kingstate Electronics	25,000	-	V	-	None, Note 1	Yes	
Hao Yu	11,600	-	V	-	Real estate	Yes	
Hao-Xin-Di	8,542	7,689	V	-	Real estate	Yes	
Hotai Investment	3,231	2,406	V	-	Vehicle	Yes	
Zetai Investment	1,400	1,225	V	-	Vehicle	Yes	
Others	3,264,059	2,766,850	V	-	Real estate, certificates of deposits, securities and vehicle	Yes	
Others subtotal	3,562,054	2,912,368					
Total	\$ 10,756,148	\$ 9,702,175					

#### For the Six Months Ended June 30, 2021

	Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
Loans	\$ 9,374,344	\$ 10,019,190	0-9.00	\$ 56,050

Category	June 30, 2021						
	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	283	\$ 469,695	\$ 446,892	V	-	None	Yes
Household mortgage loans	1,099	6,304,806	6,085,979	V	-	Real estate	Yes
Others:							
Evercast Precision	49,674	43,577	V	-	Real estate	Yes	
Kim Great	46,474	45,025	V	-	Real estate	Yes	
Hao Yu	11,600	-	V	-	Real estate	Yes	
Hao-Xin-Di	8,542	8,117	V	-	Real estate	Yes	
Hotai Investment	3,231	2,819	V	-	Vehicle	Yes	
Zetai Investment	1,400	1,400	V	-	Vehicle	Yes	
Others	3,123,768	2,740,535	V	-	Real estate, certificates of deposits, securities and vehicle	Yes	
Others subtotal	3,244,689	2,841,473					
Total	\$ 10,019,190	\$ 9,374,344					

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

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

## 9) Property and equipment

In the six months ended June 30, 2022 and 2021, Bank SinoPac and its subsidiaries purchased property and equipment from its related parties for a total price of \$14,124 and \$13,559, respectively, recognized as machinery and computer equipment and prepayments for equipment.

In the six months ended June 30, 2022 and 2021, SinoPac Securities and its subsidiaries purchased property and equipment from its related parties for a total price of \$453 and \$189, respectively, recognized as machinery and computer equipment and prepayments for equipment.

## 10) Intangible assets

In the six months ended June 30, 2022, the Company purchased computer software from its related parties for a total price of \$216, recognized as intangible assets. (In the six months ended June 30, 2021: None)

In the six months ended June 30, 2022 and 2021, Bank SinoPac and its subsidiaries purchased computer software from its related parties for a total price of \$10,349 and \$6,485, respectively, recognized as intangible assets.

In the six months ended June 30, 2022 and 2021, SinoPac Securities and its subsidiaries purchased computer software from its related parties for a total price of \$3,609 and \$310, respectively, recognized as intangible assets.

## 11) Other assets

	December 31,	
	June 30, 2022	2021
Bank SinoPac and its subsidiaries		
Guarantee deposits		
Others	\$ 1,455	\$ 1,455
Prepayments		
Others	20	23
SinoPac Securities and its subsidiaries		
Clearing and settlement fund		
TAIFEX	227,167	141,693
TWSE	-	125,571
Guarantee deposits		
Others	2,629	2,636
Prepayments		
Others	8	1,182
Securities borrowing margins		
TWSE	-	1,424,003
SinoPac Securities Investment Trust		
Guarantee deposits		
Others	11	11
SinoPac Leasing and its subsidiaries		
Guarantee deposits		
Others	635	630
Prepayments		
Others	24	29

Bank SinoPac and its subsidiaries signed an agreement with other related parties for the purchase. Bank SinoPac and its subsidiaries paid \$12,322 and \$26,364 for the six months ended June 30, 2022 and 2021, respectively, which were recognized as prepayments (other assets) or operating expenses.

On June 30, 2022, December 31, 2021 and June 30, 2021, undiscounted guarantee deposits paid on lease contracts of Bank SinoPac and its subsidiaries were \$780.

On June 30, 2022, December 31, 2021 and June 30, 2021, undiscounted guarantee deposits paid on lease contracts of SinoPac Securities and its subsidiaries were \$158.

On June 30, 2022, December 31, 2021 and June 30, 2021, undiscounted guarantee deposits paid on lease contracts of SPL and its subsidiaries were \$624.

#### 12) Notes and bonds transaction

	<b>For the Six Months Ended June 30, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities and its subsidiaries		
Grand Bills Finance	\$ 6,458,998	\$ 4,900,000
Hua Nan Bank	698,776	1,250,000
Chunghwa Telecom	500,000	-
Others	-	5,846
	<b>For the Six Months Ended June 30, 2021</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Bank SinoPac and its subsidiaries		
Hua Nan Bank	\$ -	\$ 5,003,395
SinoPac Securities and its subsidiaries		
Hua Nan Bank	5,636,236	3,500,000
Grand Bills Finance	989,793	3,200,000
Rakuten International Bank	-	209,444
Others	61,628	5,628

#### 13) Deposits from the Central Bank and banks

	<b>For the Six Months Ended June 30, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>
Bank SinoPac and its subsidiaries		
Hua Nan Bank	\$ 3,924,228	0.11-2.80
		\$ 9,348

	December 31, 2021	
	Ending Balance	Interest Rate (%)
Bank SinoPac and its subsidiaries Hua Nan Bank	\$ 913,755	0.09-1.30
	June 30, 2021	
	Ending Balance	Interest Rate (%)
Bank SinoPac and its subsidiaries Hua Nan Bank	\$ 2,229,601	0.09-1.30
14) Securities sold under repurchase agreements		
	June 30, 2022	
	Face Amount	Carrying Amount
SinoPac Securities and its subsidiaries Others	\$ 81,313	\$ 56,159
	December 31, 2021	
	Face Amount	Carrying Amount
SinoPac Securities and its subsidiaries Others		\$ 57,191
		\$ 58,088
	June 30, 2021	
	Face Amount	Carrying Amount
SinoPac Securities and its subsidiaries Others	\$ 38,405	\$ 38,723
		\$ 911

15) Commercial papers payable

	<b>June 30, 2022</b>		<b>For the Six Months Ended June 30, 2022</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
The Company			
Others	\$ -	0.7347	\$ 84
SinoPac Securities and its subsidiaries			
Others	-	0.35-0.75	6,655
SinoPac Leasing and its subsidiaries			
Grand Bills Finance	300,000	0.478-1.078	1,371
	<b>December 31, 2021</b>		
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	
The Company			
Grand Bills Finance	\$ 700,000	0.3080-0.7563	
SinoPac Securities and its subsidiaries			
Grand Bills Finance	2,950,000	0.36-0.42	
Hua Nan Bank	600,000	0.39	
SinoPac Leasing and its subsidiaries			
Grand Bills Finance	850,000	0.318-1.00	
	<b>June 30, 2021</b>		<b>For the Six Months Ended June 30, 2021</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
The Company			
Grand Bills Finance	\$ 700,000	0.7453-0.7563	\$ 2,600
SinoPac Securities and its subsidiaries			
Grand Bills Finance	2,050,000	0.22-0.25	3,336
Hua Nan Bank	1,200,000	0.23-0.25	1,256
SinoPac Leasing and its subsidiaries			
Others	-	0.318-1.000	289

16) Payables

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Bank SinoPac and its subsidiaries			
Others	\$ 13,961	\$ 3,282	\$ 2,422
SinoPac Securities and its subsidiaries			
Others	47,440	72,636	60,614
SinoPac Leasing and its subsidiaries			
Others	46	9	12

17) Deposits

	<b>June 30, 2022</b>	<b>For the Six Months Ended June 30, 2022</b>	
	Ending Balance	Interest Rate (%)	Interest Expense
Others	\$ 21,973,599	0-13	\$ 82,612
<hr/>			
	<b>December 31, 2021</b>		<b>For the Six Months Ended June 30, 2021</b>
	Ending Balance	Interest Rate (%)	Interest Expense
Others	\$ 47,186,687	0-13	
<hr/>			
	<b>June 30, 2021</b>	<b>For the Six Months Ended June 30, 2021</b>	
	Ending Balance	Interest Rate (%)	Interest Expense
Others	\$ 52,697,716	0-13	\$ 139,466

Deposit details of related-party whose amounts are over \$100,000 with Bank SinoPac and its subsidiaries, please refer to Note 45, c.11.

18) Bonds payable

Bank SinoPac paid for the interest of bank debenture for six months ended June 30, 2022 and 2021 in the amount of \$3,800 and \$5,780, respectively.

19) Short-term borrowings

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
SinoPac Leasing and its subsidiaries			
Others	\$ 50,000	\$ -	\$ -

20) Other financial liabilities

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
SinoPac Securities and its subsidiaries			
Futures traders' equity			
Others	\$ 1,803	\$ 45,919	\$ 72,830

21) Lease

	June 30, 2022	December 31, 2021	June 30, 2021
Bank SinoPac and its subsidiaries as a lessee			
Right-of-use assets, net			
Chunghwa Telecom	\$ 85,755	\$ 108,126	\$ 130,497
Others	11,769	13,451	15,132
Lease liabilities			
Chunghwa Telecom	87,079	109,522	131,854
Others	11,816	13,479	15,135
SinoPac Securities and its subsidiaries as a lessee			
Right-of-use assets, net			
Others	4,884	390	858
Lease liabilities			
Others	4,891	394	866
SinoPac Leasing and its subsidiaries as a lessee			
Right-of-use assets, net			
Others	8,982	10,779	12,575
Lease liabilities			
Others	9,165	10,954	12,728

For the guarantee deposits on lease contracts with related parties, refer to Note 45,b. 11.

For lease revenue, guarantee deposits, lease interest expense, lease depreciation expense and other lease expense (recognized as operating expenses) on the lease contracts with related parties for the six months ended June 30, 2022 and 2021, refer to Note 45,b. 23, 24 and 29.

22) Other liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Bank SinoPac and its subsidiaries			
Guarantee deposits received			
Others	\$ 1,587	\$ 1,515	\$ 1,515
SinoPac Securities and its subsidiaries			
Temporary receipts and suspense accounts			
Others	5	-	-

23) Interest income

	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>		<b>2021</b>	
Bank SinoPac and its subsidiaries				
Others	\$	3	\$	3
SinoPac Securities and its subsidiaries				
Others		3,190		490
SinoPac Venture Capital				
Others		1		28
SinoPac Leasing and its subsidiaries				
Others		6		8

24) Interest expense

	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>		<b>2021</b>	
Bank SinoPac and its subsidiaries				
Others	\$	548	\$	784
SinoPac Securities and its subsidiaries				
Others		5		8
SinoPac Leasing and its subsidiaries				
Others		119		207

25) Service fee and commissions income, net

	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>		<b>2021</b>	
Bank SinoPac and its subsidiaries				
Fee revenues				
Others	\$	8,450	\$	6,234
Fee expenses				
Others		4,270		3,442
SinoPac Securities and its subsidiaries				
Fee revenues				
Others		19,506		22,823
Fee expenses				
TAIFEX		228,004		-
TWSE		142,605		241,527
Others		10,535		11,677
SinoPac Securities Investment Trust				
Fee revenues				
Others		91,914		91,033

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
SinoPac Securities and its subsidiaries		
Others	\$ 4,272	\$ 4,761
SinoPac Securities Investment Trust		
Others	(1,101)	136
SinoPac Venture Capital		
Others	-	9,225

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Bank SinoPac and its subsidiaries		
Others	\$ 18,971	\$ 5,100
SinoPac Securities and its subsidiaries		
Others	24,809	-

28) Net other revenue other than interest income

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Bank SinoPac and its subsidiaries		
Operating assets rental revenue		
Others	\$ 4,776	\$ 4,562
Other revenues		
Others	1,190	1,286
SinoPac Securities and its subsidiaries		
Stock affairs agent revenue		
Others	7,822	6,131
Expenses on issuance of call (put) warrants		
Others	59,943	59,910
Other net revenues		
Others	65,905	60,024
SinoPac Leasing and its subsidiaries		
Other expenses		
Others	47	80

29) Operating expenses

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
The Company		
Others	\$ 3,390	\$ 2,722
Bank SinoPac and its subsidiaries		
Others	123,143	92,601
SinoPac Securities and its subsidiaries		
Others	107,787	105,924
SinoPac Securities Investment Trust		
Others	1,513	1,277
SinoPac Venture Capital		
Others	30	27
SinoPac Leasing and its subsidiaries		
Others	3,260	3,260

30) Other transactions

In order to fulfill corporate social responsibility, Bank SinoPac and SinoPac Securities contributed \$25,500 and \$4,500 respectively in September 2021, with the total amount of \$30,000, to set up the Foundation of SinoPac. The foundation was approved and registered by the Taipei District Court in December 2021. Bank SinoPac and SinoPac Securities approved to contribute \$27,000 and \$8,000, respectively, with the total amount of \$35,000 in January 2022, which will be used for the foundation's 2022 work plan.

The subsidiaries of SinoPac Securities acquired management shares of SinoPac Multi Strategy Quant Fund Limited, SinoPac Multi-Series Fund II Limited, SinoPac Multi-Series Fund SPC and SinoPac Structured Funds 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.

31) Compensation of key management personnel

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 45,018	\$ 50,796
Post-employment benefits	839	929
	<hr/>	<hr/>
	\$ 45,857	\$ 51,725

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

	December 31, 2021		For the Six Months Ended June 30, 2021
	Ending Balance	Interest Rate (%)	
Call loans to bank			
Hua Nan Bank	\$ 553,791	0.025-2.2	
	June 30, 2021	Interest Rate (%)	Interest Income
	Ending Balance	(%)	
Call loans to bank			
Hua Nan Bank	\$ 188,521	0.03-2.00	\$ 1,202
Grand Bills Finance	180,000	0.23	31

2) Derivative financial instruments

	June 30, 2022				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	\$ 675,000	2020.8.3-2024.8.12	\$ (6,376)	Financial liabilities at fair value through profit or loss	\$ 8,932
Hua Nan Bank	9,828,000	2020.11.13-2032.3.16	448,522	Financial assets at fair value through profit or loss	524,631
Currency swap contracts					
Hua Nan Bank	594,580	2021.11.11-2023.9.28	30,241	Financial assets at fair value through profit or loss	29,202
Hua Nan Bank	4,756,640	2021.10.5-2023.4.20	(164,908)	Financial liabilities at fair value through profit or loss	154,205
December 31, 2021					
	Contract (Notional) Amount	Contract Period		Account	Balance
Interest rate swap contracts					
SinoPac Securities	\$ 500,000	2020.3.9-2022.3.9		Financial assets at fair value through profit or loss	\$ 160
SinoPac Securities	675,000	2020.8.3-2024.8.12		Financial liabilities at fair value through profit or loss	2,555
Hua Nan Bank	8,898,000	2020.11.13-2031.11.4		Financial assets at fair value through profit or loss	89,414
Currency swap contracts					
SinoPac Securities	956,800	2021.9.9-2022.5.12		Financial assets at fair value through profit or loss	9,116
Hua Nan Bank	830,687	2021.10.5-2022.7.15		Financial assets at fair value through profit or loss	10,704
Hua Nan Bank	553,791	2021.11.11-2023.9.28		Financial liabilities at fair value through profit or loss	1,039

June 30, 2021						
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance	
Interest rate swap contracts						
SinoPac Securities	\$ 500,000	2020.3.9- 2022.3.9	\$ (282)	Financial assets at fair value through profit or loss	\$ 421	
SinoPac Securities	675,000	2020.8.3- 2024.8.12	(41)	Financial liabilities at fair value through profit or loss	1,341	
Hua Nan Bank	8,673,369	2020.9.8- 2031.5.19	24,438	Financial assets at fair value through profit or loss	37,963	
Currency swap contracts						
SinoPac Securities	1,527,574	2021.4.13- 2021.9.13	(7,178)	Financial liabilities at fair value through profit or loss	7,178	

3) Financial assets at fair value through other comprehensive income

	December 31, June 30, 2022	2021	June 30, 2021
Equity instruments			
TAIFEX	\$ 366,554	\$ 410,315	\$ -
Quanta Computer	262,542	311,563	287,875

4) Securities purchased under resell agreements

	June 30, 2021		For the Six Months Ended June 30, 2021
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities	\$ 947,580	\$ 822,165	\$ 2,060

5) Current income tax assets and liabilities

	December 31, June 30, 2022	2021	June 30, 2021
Receivable from adopting the linked-tax system	\$ 1,055,020	\$ 1,055,020	\$ 1,055,020
Payable from adopting the linked-tax system	\$ 950,350	\$ 586,906	\$ 648,968

6) Loans

	For the Six Months Ended June 30, 2022			
	Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
Others	\$ 10,375,419	\$ 11,354,072	0-11.26	\$ 64,420

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

**For the Year Ended December 31, 2021**

	Ending Balance	Highest Balance	Interest/ Fee Rates (%)
Others	\$ 9,702,175	\$ 11,726,148	0-12.9

Category	December 31, 2021						
	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	266	\$ 458,173	\$ 418,550	V	-	None	Yes
Household mortgage loans	1,124	6,735,921	6,371,257	V	-	Real estate	Yes
Others:							
	SPL	970,000	-	V	-	Real estate	Yes
	Avision	98,023	-	V	-	Real estate	Yes
	Jhong Cing Investment	59,051	58,160	V	-	Real estate	Yes
	Kim Great	46,474	43,566	V	-	Real estate	Yes
	Evercast Precision	44,674	32,472	V	-	Real estate	Yes
	Kingstate Electronics	25,000	-	V	-	None, Note 1	Yes
	Hao Yu	11,600	-	V	-	Real estate	Yes
	Hao-Xin-Di	8,542	7,689	V	-	Real estate	Yes
	Hotai Investment	3,231	2,406	V	-	Vehicle	Yes
	Zetai Investment	1,400	1,225	V	-	Vehicle	Yes
	Others	3,264,059	2,766,850	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	4,532,054	2,912,368				
	Total	\$ 11,726,148	\$ 9,702,175				

**For the Six Months Ended June 30, 2021**

	<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
Others	\$ 10,274,344	\$ 10,989,190	0-9.00	\$ 61,322

Category	June 30, 2021						Is the Transaction at Arm's Length Commercial Term
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	
Employees' consumer loans	283	\$ 469,695	\$ 446,892	V	-	None	Yes
Household mortgage loans	1,099	6,304,806	6,085,979	V	-	Real estate	Yes
Others:							
	SPL	970,000	900,000	V	-	Real estate	Yes
	Evercast Precision	49,674	43,577	V	-	Real estate	Yes
	Kim Great	46,474	45,025	V	-	Real estate	Yes
	Hao Yu	11,600	-	V	-	Real estate	Yes
	Hao-Xin-Di	8,542	8,117	V	-	Real estate	Yes
	Hotai Investment	3,231	2,819	V	-	Vehicle	Yes
	Zetai Investment	1,400	1,400	V	-	Vehicle	Yes
	Others	3,123,768	2,740,535	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	4,214,689	3,741,473				
	Total	\$ 10,989,190	\$ 10,274,344				

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

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

7) Other assets

	December 31, June 30, 2022	December 31, June 30, 2021	June 30, 2021
Guarantee deposits SinoPac Futures	\$ 48,846	\$ 50,998	\$ 232,643

8) Notes and bonds transaction

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

	<b>For the Six Months Ended June 30, 2021</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities	\$ -	\$ 5,420,000
Hua Nan Bank	- -	5,003,395

9) Deposits from the Central Bank and banks

	<b>For the Six Months Ended June 30, 2022</b>	
	<b>Interest Rates Ending Balance</b>	<b>Interest Expense</b>
Hua Nan Bank	<u>\$ 3,924,228</u>	0.11-2.80
<hr/>		
	<b>December 31, 2021</b>	
	<b>Interest Rates Ending Balance</b>	<b>Interest Expense</b>
Hua Nan Bank	<u>\$ 913,755</u>	0.09-1.30
<hr/>		
	<b>For the Six Months Ended June 30, 2021</b>	
	<b>Interest Rates Ending Balance</b>	<b>Interest Expense</b>
Hua Nan Bank	<u>\$ 2,229,601</u>	0.09-1.30

10) Payables

	<b>December 31, June 30, 2022</b>	<b>June 30, 2021</b>
	<b>Interest Rates Ending Balance</b>	<b>Interest Expense</b>
Cash dividend payable to the Company	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>

11) Deposits

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

**December 31, 2021**

	<b>Interest Rates</b>
<b>Ending Balance</b>	<b>(%)</b>
Pegatron	\$ 20,053,441      0.03-0.63
SinoPac Securities	17,374,974      0-0.8
Quanta Computer	7,350,088      0-0.76
SinoPac Securities (Asia)	2,781,193      0-0.9
E Ink Holdings	1,850,436      0.001-0.815
Shin Foong Specialty And Applied Materials	1,564,537      0.03-0.38
Hsin-Yi Foundation	855,914      0.01-2.3
GUC	770,390      0.001-0.76
Foundation of Fire Fighting Development	720,390      0-0.84
Transyork Technology (Yangzhou)	657,118      0.05-1.15
Taigen Biotechnology	551,865      0-0.815
YuanHan Material	423,029      0.001-0.815
Dream Universe Limited	336,700      0.05
TWSE	300,441      0.03-0.76
Rich Optronics (Yangzhou)	299,083      0.05-0.9
China Color Printing	271,089      0.03-0.815
Transcend Optronics (Yangzhou)	251,097      0.05-0.85
Hsin Yi Recreation	246,856      0.03-1.7
YFY Biotech Management	208,432      0-0.76
SinoPac Securities Venture Capital	205,408      0.03
TAIFEX	200,001      0.03-0.76
SinoPac Securities Investment Service	177,434      0-0.815
SinoPac Capital (Asia)	152,338      0-0.18
Taiwan Riken Industrial	148,918      0-2
YFY Packaging	142,639      0-0.76
SinoPac Venture Capital	142,031      0.03-0.08
Yong Hsin Yi Enterprise	141,002      0.03-0.815
High Entropy Materials	140,263      0.03
Shin Yuan Investment	135,031      0.001-0.57
Effion Enertech	127,146      0.03-0.38
SPL	120,382      0.35-2.025
SinoPac Capital International (HK)	108,347      0-0.15
Shen's Art Printing	107,842      0.03-0.84
SPL	103,038      0.02-0.2
Hoss Capital	102,453      0.03-0.2
Foongtone Technology	101,509      0-1.35

**June 30, 2021**

	<b>Interest Rates</b>
<b>Ending Balance</b>	<b>(%)</b>
Quanta Computer	\$ 20,000,081      0-0.76
Pegatron	13,918,149      0.03-0.76
SinoPac Securities	5,350,714      0-0.8
SinoPac Securities (Asia)	2,025,477      0-0.9
Nuvoton Technology	1,650,000      0.03-0.49
Shin Foong Specialty And Applied Materials	1,564,527      0.03-0.38
YuanHan Material	1,133,288      0.001-0.815
Hsin-Yi Foundation	875,780      0.01-1.95
Foundation of Fire Fighting Development	751,347      0-0.84
E Ink Holdings	577,760      0.001-0.815
Tech Smart Logistics Ltd.	439,936      0.03
SinoPac Capital International (HK)	407,187      0-0.15
Dream Universe Limited	338,419      0.05
Hsin Yi Recreation	313,971      0.03-1.7
TWSE	300,441      0.03-0.76
Rich Optronics (Yangzhou)	298,852      0.05
China Color Printing	271,744      0.03-0.815
SPL	271,267      0.02-0.2
YFY Biotech Management	217,907      0-0.76
SPH	194,558      0-0.03
SinoPac Securities Investment Service	175,245      0-0.815
SinoPac Leasing (Tainjin)	172,884      0.35-2.025
SinoPac Venture Capital	165,196      0.03-0.2
Yuen Foong Yu Consumer Products	153,323      0-0.03
Effion Enertech	141,402      0.03-0.76
SinoPac Capital (Asia)	139,652      0-0.18
Taiwan Riken Industrial	135,720      0-2.4
SinoPac Securities Venture Capital	134,338      0.03
Hoss Investment	133,142      0.03-0.8
Yong Hsin Yi Enterprise	128,528      0.03-0.45
Taigen Biotechnology	127,042      0-0.815
Willpower Industries Limited	113,812      0.03-0.15
Foongtone Technology	111,171      0-1.35
Shin Yuan Investment	108,386      0.001-0.45
Hoss Capital	103,224      0.03-0.2
SinoPac Futures	101,673      0.001-0.76

12) Lease

Bank SinoPac and its subsidiaries as a lessee.

	June 30, 2022	December 31, 2021	June 30, 2021
Right-of-use assets, net			
SPL	\$ 596,748	\$ 626,145	\$ 648,549
Chunghwa Telecom	85,755	108,126	130,497
Lease liabilities			
SPL	629,718	653,091	668,882
Chunghwa Telecom	87,079	109,522	131,854

SinoPac Securities and its subsidiaries

1) Bank deposits

	June 30, 2022	December 31, 2021	June 30, 2021
Bank SinoPac	\$ 5,832,441	\$ 18,666,821	\$ 5,870,925
TAIFEX	<u>629,488</u>	-	-
	<u>\$ 6,461,929</u>	<u>\$ 18,666,821</u>	<u>\$ 5,870,925</u>

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

2) Current financial assets at fair value through profit or loss

	June 30, 2022	December 31, 2021	June 30, 2021
Future margin deposits - equity			
TAIFEX	\$ 1,122,553	\$ -	\$ -
Operating securities			
Funds managed by SinoPac Securities			
Investment Trust	269,089	208,139	160,862
Funds managed by SinoPac Asset Management (Asia)	-	-	178,136
	<u>\$ 1,391,642</u>	<u>\$ 208,139</u>	<u>\$ 338,998</u>

3) Derivative financial instruments - contract (notional) amount

Interest rate swap contracts			
Bank SinoPac	<u>\$ 675,000</u>	<u>\$ 1,175,000</u>	<u>\$ 1,175,000</u>
Currency swap contracts			
Bank SinoPac	<u>\$ -</u>	<u>\$ 956,800</u>	<u>\$ 1,613,877</u>
Assets swap options			
Grand Bills Finance	<u>\$ 410,800</u>	<u>\$ 242,800</u>	<u>\$ 249,700</u>

	December 31, June 30, 2022	December 31, 2021	June 30, 2021
4) Securities purchased under resell agreements			
Grand Bills Finance	<u>\$ 731,574</u>	<u>\$ 690,896</u>	<u>\$ 793,111</u>
5) Securities borrowing deposits			
TWSE	<u>\$ -</u>	<u>\$ 1,424,003</u>	<u>\$ 354,000</u>
6) Current income tax assets			
SPH	<u>\$ 168,049</u>	<u>\$ 164,907</u>	<u>\$ 164,907</u>
7) Restricted assets - current			
Bank SinoPac	<u>\$ 1,030,560</u>	<u>\$ 1,025,000</u>	<u>\$ 1,025,000</u>
8) Guarantee deposits			
Bank SinoPac	<u>\$ 715,612</u>	<u>\$ 715,573</u>	<u>\$ 715,623</u>
TAIFEX	<u>227,167</u>	<u>141,693</u>	<u>-</u>
TWSE	<u>-</u>	<u>125,571</u>	<u>119,194</u>
	<u><u>\$ 942,779</u></u>	<u><u>\$ 982,837</u></u>	<u><u>\$ 834,817</u></u>
9) Financial assets at fair value through other comprehensive income			
TAIFEX	<u>\$ 344,560</u>	<u>\$ 385,696</u>	<u>\$ -</u>
Chunghwa Telecom	<u>303,170</u>	<u>289,503</u>	<u>-</u>
Quanta Computer	<u>134,543</u>	<u>71,783</u>	<u>8,750</u>
Elite Material	<u>69,794</u>	<u>166,800</u>	<u>130,800</u>
TWSE	<u>-</u>	<u>767,936</u>	<u>485,857</u>
	<u><u>\$ 852,067</u></u>	<u><u>\$ 1,681,718</u></u>	<u><u>\$ 625,407</u></u>
10) Securities sold under repurchase agreements			
Bank SinoPac	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,165</u>
11) Commercial papers payable - face amount			
Grand Bills Finance	<u>\$ -</u>	<u>\$ 2,950,000</u>	<u>\$ 2,050,000</u>
Hua Nan Bank	<u>-</u>	<u>600,000</u>	<u>1,200,000</u>
	<u><u>\$ -</u></u>	<u><u>\$ 3,550,000</u></u>	<u><u>\$ 3,250,000</u></u>

	<b>December 31, June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
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## 12) Futures trader's equity

Bank SinoPac	\$ <u>50,811</u>	\$ <u>51,071</u>	\$ <u>237,851</u>
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## 13) Current income tax liabilities

SPH	\$ <u>100,523</u>	\$ <u>672,919</u>	\$ <u>387,030</u>
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## 14) Notes and bonds transaction

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

	<b>For the Six Months Ended June 30, 2021</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Hua Nan Bank	\$ 5,636,236	\$ 3,500,000
Bank SinoPac	5,420,000	-
Grand Bills Finance	989,793	3,200,000
Rakuten International Bank	-	209,444

## 15) Brokerage fee expense

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
TWSE	\$ 135,187	\$ 234,634
TAIFEX	\$ 131,864	\$ -
	\$ 267,051	\$ 234,634

SinoPac Venture Capital

	<b>December 31, June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Cash and cash equivalents			
Bank deposits			
Bank SinoPac	\$ 65,871	\$ 142,031	\$ 165,196
Financial assets at fair value through profit or loss			
Taigen Biopharmaceuticals	\$ 374,088	\$ 316,472	\$ 394,201
Centera Photonics	<u>54,717</u>	<u>104,269</u>	<u>106,864</u>
	<u>\$ 428,805</u>	<u>\$ 420,741</u>	<u>\$ 501,065</u>
Financial assets at fair value through comprehensive income			
Sun He Energy	\$ _____ -	\$ 107,393	\$ 73,637

SinoPac Leasing and its subsidiaries

	<b>December 31, June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
1) Cash and cash equivalents and other financial assets			
Bank deposits			
Bank SinoPac	\$ 533,038	\$ 211,644	\$ 678,454
Bank SinoPac (China)	<u>232,982</u>	<u>120,382</u>	<u>264,253</u>
	<u>\$ 766,020</u>	<u>\$ 332,026</u>	<u>\$ 942,707</u>
2) Commercial papers payable - face amount			
Grand Bills Finance	<u>\$ 300,000</u>	<u>\$ 850,000</u>	<u>\$ _____ -</u>
3) Short-term and long-term borrowings			
Borrowings from banks			
Bank SinoPac	<u>\$ 300,000</u>	<u>\$ _____ -</u>	<u>\$ 900,000</u>
4) As of June 30, 2022, December 31, 2021 and June 30, 2021, borrowings, derivative financial instruments and guarantees from Bank SinoPac and its subsidiaries for SinoPac Leasing and its subsidiaries totaling \$1,024,645, \$1,208,448 and \$1,209,350, 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:

<b>Restricted Assets</b>	<b>Object</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	<b>Remarks</b>
Due from the Central Bank and call loans to banks	Deposit reserve - demand accounts	\$ -	\$ 5,000,000	\$ 5,000,000	Note 1
Financial assets at fair value through other comprehensive income	Bank debentures	-	2,846,479	-	Note 2
Investment in debt instruments at amortized cost	Certificates of deposits	8,148,645	8,138,448	8,139,350	Note 3
Investment in debt instruments at amortized cost	Government bonds	1,488,905	1,609,325	1,578,230	Note 4
Discounts and loans	Loans	16,847,855	12,975,007	11,234,217	Note 5
Other financial assets	Certificates of deposits and time deposits	450,000	455,560	3,039,108	Note 6
Investment properties	Land and land improvements and buildings	717,338	718,098	718,819	Note 7
Properties and equipment	Land and buildings	1,045,452	1,054,362	1,063,273	Note 7
Right-of-use assets	Land and surface rights	957,343	959,162	976,906	Note 8

Note 1: Bank SinoPac undertakes loans for small and medium enterprises and applies to the Central Bank for guarantee loan refinancing, and provides the Central Bank with pledged reserve account deposits.

Note 2: Pledged with repurchase agreement.

Note 3: 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 4: 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 5: Bank SinoPac pledged in accordance with the Federal Reserve Bank under the discount window program.

Note 6: Pledged with intraday overdraft of settlement banks, and assets pledged to financial institutions as guarantees for commercial papers issued and pledged to obtain credit line for short-term borrowings and bank overdraft.

Note 7: Assets pledged to financial institutions as guarantees for commercial papers issued and pledged to obtain credit line for borrowings and bank overdraft.

Note 8: Loan collateral.

## 47. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In addition to those disclosed in other notes, significant unrecognized commitments of the Group as of June 30, 2022, December 31, 2021 and June 30, 2021 are as follows:

	December 31, June 30, 2022	2021	June 30, 2021
Trust assets	\$ 725,955,977	\$ 660,017,153	\$ 604,195,334
Securities under custody	204,126,840	214,851,201	185,156,675
Agent for government bonds	86,242,300	89,466,800	92,203,400
Receipts under custody	28,055,225	27,306,635	25,297,552
Agent for marketable securities under custody	8,389,210	5,885,170	5,363,030
Guarantee notes payable	8,777,645	8,752,948	11,306,358
Appointment of investment	5,727,270	4,533,851	3,919,490
Goods under custody	1,062,564	1,215,393	1,139,169

As of June 30, 2022, 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 cooperation with National Cheng Kung University on the research about practical application of artificial intelligence and accelerate the digital transformation, Bank SinoPac continued to sign a three-year with the total budget of \$80,000 enterprise and industry cooperation and donation agreement effective from July 1, 2020 through June 30, 2023. As of June 30, 2022, Bank SinoPac recognized operating expense in the amount of \$63,500 and related payable in the amount of \$14,000 based on the renewed contract.

- b. The Group entered into contracts to buy computers and office equipment for \$880,731 and \$866,660, of which \$555,805 and \$572,415 had not been paid as of June 30, 2022 and 2021.
- c. Contingent liabilities and contingencies
- 1) The Securities and Futures Investors Protection Center (SFIPC) filed a lawsuit against Bank SinoPac and SinoPac Leasing Corporation's (SPL) subsidiary, Grand Capital International Limited (renamed as SinoPac Capital International Limited on October 4, 2018, liquidated), on the ground that Procomp Informatics Ltd. (Procomp) deposited US\$10,000 thousand in Bank SinoPac's Shisung Branch (formerly Sungshan Branch) and placed a restriction on the use of this deposit as a condition for a short-term loan to Addie International Limited granted by SPL and for allegedly helping Yeh, Sue-Fei and Procomp do irregular trading. But at the same time, Procomp used the restricted deposit for fictitious sale transactions. Later, when problems on Procomp's account arose, Bank SinoPac and SPL demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. Bank SinoPac was suspected of misleading investors by concealing the restricted status of Procomp's deposit and window dressing Procomp's financial statements. On behalf of investors, the SFIPC filed a lawsuit against Bank SinoPac, SPL and all other parties related to Procomp jointly. The amount of the claim was \$4,207,212 in total.

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

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

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

- 2) Bank SinoPac dealt with Skwentex International Corporation (Skwentex) regarding Skwentex's receivables from Siltrontech Electronics Corporation. The relevant accounts receivable transaction involved suspected false cycle trading and was investigated by the Taiwan New Taipei District Prosecutors in 2015. This case was still under process by the Taiwan New Taipei District Prosecutors in 2016. 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, currently under trial by Taiwan High Court.
- 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. Since the plaintiff did not submit the original copy of the exhibit, the existence of the content rights of the plaintiff is still controversial, and there is no significant adverse effect on SinoPac Securities. The appeal was rejected by the Taiwan District Court and ruled in favor of SinoPac Securities. Nevertheless, the customers filed another appeal and the case is still under process in the Taiwan High Court. Mr. Chen passed away on May 20, 2021 and his children took the litigation. The subsequent litigation has been entrusted to an outside lawyer.
- 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 without authorization. However, the Company transferred the stocks based on stock purchase and sale agreement and Mr. Tang's order and was not liable for the loss. The Company entrusted an external lawyer to handle the case and would take all necessary actions to defend the Company against the claim.
- 5) The custodian bank of SinoPac Securities (Asia) has carried out the Taiwan Taipei District Court's order to seize SinoPac Securities (Asia)'s settlement payment to company V, in which SinoPac Securities (Asia) was unable to fulfill its stock purchasing agreement. As a result, company V has filed a civil complaint against SinoPac Securities (Asia), claiming the remaining balance of \$731,442 in SinoPac Securities (Asia)'s account in October 2019. SinoPac Securities (Asia) is not liable for the failure of payment, and the legal obligations in the original seizure of the expected payment are still to be determined, as of the date the financial statements. Thus, the case is postponed and SinoPac Securities (Asia) has entrusted an external lawyer for further litigations. The Taiwan Taipei District Court revoked the order in February 2022. SinoPac Securities (Asia) received the seized amount transferred from the custodian bank and returned it to Company V in March 2022. Company V filed a termination of lawsuit with the Hong Kong court. The Hong Kong court issued an order to terminate the lawsuit, and the case was closed in April 2022.

## 48. LEASE AGREEMENT

### a. The Group as lessee

All the Group's lease agreements on business space and transportation equipment with terms of between 1 year and 20 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 June 30, 2022	\$ 882,069	\$ 1,861,289	\$ 698,265	\$ 3,441,623
As of December 31, 2021	855,455	1,791,342	636,890	3,283,687
As of June 30, 2021	794,131	1,596,117	666,790	3,057,038

### b. 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>June 30, 2022</b>	<b>Within 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 198,338	\$ 300,392	\$ 286,117	\$ 784,847
Financial lease revenue	2,002,895	1,590,792	54,896	3,648,583
Financial lease revenue, present value	1,797,023	1,483,957	50,169	3,331,149

<b>December 31, 2021</b>	<b>Within 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 225,258	\$ 350,145	\$ 314,477	\$ 889,880
Financial lease revenue	2,109,429	1,515,771	51,246	3,676,446
Financial lease revenue, present value	1,909,981	1,426,790	47,758	3,384,529

<b>June 30, 2021</b>	<b>Within 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 213,005	\$ 380,780	\$ 339,730	\$ 933,515
Financial lease revenue	2,419,475	1,328,598	51,494	3,799,567
Financial lease revenue, present value	2,208,976	1,237,956	48,242	3,495,174

## **49. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS**

a. The definition of the hierarchy:

1) Level 1

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

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

2) Level 2

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

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

3) Level 3

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

b. Financial instrument measured at fair value

1) Hierarchy information of fair value of financial instruments

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

Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 12,063,573	\$ 9,838,595	\$ 113,027	\$ 2,111,951
Bonds	45,740,965	38,995,018	5,445,630	1,300,317
Others	8,961,242	3,105,745	5,855,497	-
Financial assets designated at fair value through profit or loss				
Bonds	9,961,812	9,961,812	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	22,096,702	17,441,842	1,281,565	3,373,295
Debt instruments at fair value through other comprehensive income				
Bonds	164,423,718	85,544,286	77,237,703	1,641,729
Certificates of deposits and others	212,168,276	244,036	211,498,147	426,093
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	9,208,928	9,208,928	-	-
Financial liabilities designated at fair value through profit or loss	1,543,747	-	1,543,747	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	11,288,755	1,083,551	9,756,028	449,176
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	11,914,822	500,575	10,656,707	757,540
Financial liabilities designated as at fair value through profit or loss	517,046	-	427,293	89,753

Financial Instruments Measured at Fair Value	June 30, 2021			
	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	\$ 9,123,897	\$ 7,380,137	\$ 44,377	\$ 1,699,383
Bonds	53,932,502	45,558,497	6,430,742	1,943,263
Others	8,378,246	4,607,170	3,771,076	-
Financial assets designated at fair value through profit or loss				
Bonds	11,738,336	11,738,336	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	19,077,518	15,145,712	1,244,778	2,687,028
Debt instruments at fair value through other comprehensive income				
Bonds	171,227,640	98,157,159	70,628,101	2,442,380
Certificates of deposits and others	181,807,624	-	181,376,861	430,763
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	2,207,402	2,207,402	-	-
Financial liabilities designated at fair value through profit or loss	1,519,704	-	1,519,704	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	13,892,560	618,405	13,011,617	262,538
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	17,252,391	2,132,291	14,573,652	546,448
Financial liabilities designated as at fair value through profit or loss	568,079	-	471,276	96,803

## 2) Fair value measurement technique

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

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

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

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

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

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

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

3) Credit risk valuation adjustment is set out below:

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

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

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

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

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

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

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

4) Transfer between Levels 1 and 2

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

For the six months ended June 30, 2021, the Group transferred part of the government bonds, corporate bonds and bank debentures 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 Six Months Ended June 30, 2022							
		Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3 (Note)	Disposed/Sold	Transfer Out of Level 3 (Note)				
Non-derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL									
Stock	\$ 2,111,951	\$ (162,656)	\$ -	\$ 536,397	\$ 72,438	\$ (285,497)	\$ (58,205)	\$ -	\$ 2,214,428
Bonds	1,300,317	(22,378)	-	117,748	-	(150,187)	-	87,247	1,332,747
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	3,373,295	-	(291,938)	-	-	-	-	-	3,081,357
Debt instruments at FVTOCI									
Bonds	1,641,729	-	(13,059)	202,811	-	-	-	84,089	1,915,570
Certificates of deposits	426,093	-	(26)	-	-	(450,775)	-	24,708	-
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	449,176	1,412,714	-	-	-	-	-	-	1,861,890

Items	Beginning Balance	For the Six Months Ended June 30, 2021							
		Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3 (Note)	Disposed/Sold	Transfer Out of Level 3 (Note)				
Non-derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL									
Stock	\$ 1,389,040	\$ 116,741	\$ -	\$ 345,758	\$ 84,301	\$ (133,519)	\$ (102,938)	\$ -	\$ 1,699,383
Bonds	1,876,562	9,351	-	711,259	-	(144,470)	(458,166)	(51,273)	1,943,263
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	2,375,347	-	276,716	34,965	-	-	-	-	2,687,028
Debt instruments at FVTOCI									
Bonds	2,430,454	-	6,039	48,509	-	-	-	(42,622)	2,442,380
Certificates of deposits	-	-	69	430,694	-	-	-	-	430,763
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	277,946	(15,408)	-	-	-	-	-	-	262,538

Note: Items are transferred to Level 3 for the six months ended June 30, 2022 and 2021 for lack of observable price (due to the inactive transaction in the securities market); items transferring out of Level 3 are because the price can be attained from the securities market.

For the six months ended June 30, 2022 and 2021, the gains on valuation included in net income with assets still held were \$1,737,704 and \$152,761, respectively.

For the six months ended June 30, 2022 and 2021, the gain or loss on valuation included in other comprehensive income with assets still held were loss \$305,023 and gain \$282,824, respectively.

b) Reconciliation of Level 3 items of financial liabilities

Items	Beginning Balance	For the Six Months Ended June 30, 2022							
		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			
Derivative financial instruments									
Financial liabilities at fair value through profit or loss									
Held-for-trading financial liabilities									
Financial liabilities designated as at fair value through profit or loss	\$ 757,540	\$ 492,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,244	
	89,753	(22,248)	44,698	-	(67,573)	-	-	44,630	

Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	For the Six Months Ended June 30, 2021					
			Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Derivative financial instruments</u>								
Financial liabilities at fair value through profit or loss Held-for-trading financial liabilities Financial liabilities designated as at fair value through profit or loss	\$ 881,535 137,466	\$ (335,087) 11,653	\$ - 166,461	\$ - -	\$ - (218,777)	\$ - -	\$ - -	\$ 546,448 96,803

For the six months ended June 30, 2022 and 2021, the gain or loss on valuation included in net income with liabilities still held were loss \$839,012 and gain \$312,612, respectively.

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

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

June 30, 2022

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL and held-for-trading financial liabilities Hybrid FX swap structured instruments Others	\$ 380,477 <u>1,481,413</u> <u>\$ 1,861,890</u>	\$ 380,272 <u>869,972</u> <u>\$ 1,250,244</u>	Sellers' quote Sellers' quote	(Note 1) (Notes 1 and 2)	- -
Financial instruments designated as at fair value through profit or loss Liabilities for structured note	\$ _____ -	\$ 44,630	Self-built option pricing model	Volatility	3%-24% (Note 4)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL Stock	\$ 2,214,428	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity (Note 3)	0%-35%
Bonds	<u>1,332,747</u>	<u>_____ -</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote		-
	<u>\$ 3,547,175</u>	<u>_____ -</u>			
Financial assets at fair value through other comprehensive income Equity instruments at FVTOCI Stock	\$ 3,081,357	\$ -	Market approach or asset approach or income approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity	0%-35%
Debt instruments at FVTOCI Bonds	<u>1,915,570</u>	<u>_____ -</u>	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
	<u>\$ 4,996,927</u>	<u>_____ -</u>			

December 31, 2021

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL and held-for-trading financial liabilities					
Hybrid FX swap structured instruments	\$ 300,992	\$ 300,830	Sellers' quote	(Note 1)	-
Others	<u>148,184</u>	<u>456,710</u>	Sellers' quote	(Notes 1 and 2)	-
	<u>\$ 449,176</u>	<u>\$ 757,540</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	<u>\$ _____ -</u>	<u>\$ 89,753</u>	Self-built option pricing model	Volatility	3%-53% (Note 5)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	\$ 2,111,951	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity (Note 3)	0%-35%
Bonds	<u>1,300,317</u>	<u>\$ _____ -</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote		-
	<u>\$ 3,412,268</u>	<u>\$ _____ -</u>			
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	\$ 3,373,295	\$ -	Market approach or asset approach or income approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity	0%-35%
Debt instruments at FVTOCI					
Bonds	1,641,729	\$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	<u>426,093</u>	<u>\$ _____ -</u>	Sellers' quote	(Note 2)	-
	<u>\$ 5,441,117</u>	<u>\$ _____ -</u>			

June 30, 2021

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL and held-for-trading financial liabilities Hybrid FX swap structured instruments Others	\$ 238,570 <u>23,968</u> <u>\$ 262,538</u>	\$ 238,428 <u>308,020</u> <u>\$ 546,448</u>	Sellers' quote Sellers' quote	(Note 1) (Notes 1 and 2)	- -
Financial instruments designated as at fair value through profit or loss Liabilities for structured note	<u>\$ _____ -</u>	<u>\$ 96,803</u>	Self-built option pricing model	Volatility	3%-39% (Note 6)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL Bonds	\$ 1,943,263	\$ -	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
Stock	<u>1,699,383</u>	<u>\$ _____ -</u>	Market approach or asset approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity	0%-35%
	<u>\$ 3,642,646</u>	<u>\$ _____ -</u>			
Financial assets at fair value through other comprehensive income Equity instruments at FVTOCI Stock	\$ 2,687,028	\$ -	Market approach or asset approach or income approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity	0%-35%
Debt instruments at FVTOCI Bonds	2,442,380	\$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	<u>430,763</u>	<u>\$ _____ -</u>	Sellers' quote	(Note 2)	-
	<u>\$ 5,560,171</u>	<u>\$ _____ -</u>			

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

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

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

Note 4: The stock price volatilities of structured notes issued by SinoPac Securities and its' subsidiaries were between 3% and 24%.

Note 5: The stock price volatilities of structured notes issued by SinoPac Securities s and its' subsidiaries were between 3% and 53%.

Note 6: The stock price volatilities of structured notes issued by SinoPac Securities s and its' subsidiaries were between 3% and 39%.

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

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

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

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

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

June 30, 2022

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

December 31, 2021

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (73,092)</u>	<u>\$ 73,092</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (38,321)</u>	<u>\$ 38,321</u>

June 30, 2021

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (91,368)</u>	<u>\$ 91,368</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (43,469)</u>	<u>\$ 43,469</u>

c. Financial instruments not carried at fair value

1) Fair value information of financial instruments

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

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

Items	<b>December 31, 2021</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>
Investments in debt instruments at amortized cost	\$ 167,247,985	\$ 168,491,938
Bonds payable	62,972,832	63,698,774

Items	<b>June 30, 2021</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>
Investments in debt instruments at amortized cost	\$ 156,322,511	\$ 159,464,577
Bonds payable	55,994,345	56,881,601

2) Hierarchy information of fair value of financial instruments

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

<b>Assets and Liabilities Item</b>	<b>December 31, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments in debt instruments at amortized cost	\$ 168,491,938	\$ 57,339,540	\$ 111,152,398	\$ -
Bonds payable	63,698,774	-	42,558,865	21,139,909

<b>Assets and Liabilities Item</b>	<b>June 30, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments in debt instruments at amortized cost	\$ 159,464,577	\$ 46,343,199	\$ 113,121,378	\$ -
Bonds payable	56,881,601	3,658,559	35,399,324	17,823,718

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

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

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

## **50. 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 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 in the board of directors to review the policies and supervise the abnormal cases. The credit committee also helps the board of directors approve cases over general manager's authority under the board's authorization.

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

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

c. Credit risk

1) Sources and definitions of credit risk

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

2) Policies and strategies

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

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

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

Credit risk management procedures and measurements are as follows:

a) Loan business (includes loan commitment and guarantee)

Loan business classification and qualities are as follows:

i. Classification

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

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

ii. Credit quality level

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

In order to measure clients' credit risks, Bank SinoPac and its subsidiaries established credit risk assessment model for corporate banking and retail banking through statistic methods, professional judgment and clients' information. Every model should be reviewed regularly to examine whether the calculations match to the actual conditions or not, then Bank SinoPac and its subsidiaries will adjust parameters to optimize the results.

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

b) Investment business

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

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

3) Credit risk hedge or mitigation policies

a) Collateral

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

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

b) Credit risk limits and credit risk concentration control

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

c) Agreement of net settlement

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

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

a) Loan business

Bank SinoPac and its subsidiaries assess the change in the risk of default of various credit assets during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the main consideration is reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information), key indicators include:

i. Quantitative indicators

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

ii. Qualitative indicators

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

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

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

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

b) Investment business

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

i. From investment grade (Aaa-Baa3) to non-investment grade (Ba1 (inclusive) or less, without Ca-D)

ii. From grade Ba1-Ba3 to grade B1-Caa3

iii. The bonds in grade B1-Caa3 at initial recognition.

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

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

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

## 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 flow

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

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

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

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

## 8) Measurement of Expected Credit Losses

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

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

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

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

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

## 9) Forward-looking information considerations

### a) Credit assets

Bank SinoPac takes forward-looking information into account when determining whether the credit risk of the credit assets has increased significantly since the initial recognition and measures the expected credit losses. The impact of COVID-19 was also considered in the forward looking information. 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) identifies the key indicator of credit risk and expected credit losses for various asset portfolios through historical data analysis. By combining industry best practices and internal judgment of bank, Bank SinoPac (China) incorporates the GDP year-on-year indicator and RMB incremental loan volume announced by the People's Bank of China as the credit supply index into the model, and calculates the actual default probability of forward-looking results through the calculation of the corresponding macroscopic factor forecast value.

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

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

Off-Balance Sheet Items	The Maximum Credit Exposure		
	June 30, 2022	December 31, 2021	June 30, 2021
Undrawn credit card commitments	\$ 217,205,244	\$ 207,556,077	\$ 204,755,784
Undrawn loan commitments	45,443,483	45,812,543	48,686,741
Guarantees	36,132,903	39,866,757	33,781,347
Standby letter of credit	7,536,635	8,218,744	8,693,868

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

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

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

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

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

a) By industry

Industries	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 575,667,912	45.84	\$ 550,733,915	45.87	\$ 564,675,055	46.56
Public enterprise	7,464,359	0.60	7,512,132	0.63	7,079,110	0.58
Government sponsored enterprise and business	20,000,000	1.59	13,993,648	1.16	49,706,641	4.10
Nonprofit organization	244,119	0.02	272,106	0.02	290,648	0.02
Private	638,379,158	50.84	615,447,654	51.26	579,921,849	47.82
Financial institutions	13,959,622	1.11	12,672,809	1.06	11,114,819	0.92
Total	\$ 1,255,715,170	100.00	\$ 1,200,632,264	100.00	\$ 1,212,788,122	100.00

b) By region

Regions	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,003,589,992	79.92	\$ 963,997,152	80.29	\$ 983,764,733	81.12
Asia	140,389,551	11.18	129,603,731	10.80	120,502,705	9.93
North America	80,131,348	6.38	70,626,160	5.88	71,545,692	5.90
Others	31,604,279	2.52	36,405,221	3.03	36,974,992	3.05
Total	\$ 1,255,715,170	100.00	\$ 1,200,632,264	100.00	\$ 1,212,788,122	100.00

c) By collateral

Collaterals	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Credit Secured	\$ 384,526,594	30.62	\$ 356,979,492	29.73	\$ 415,305,744	34.24
Stocks	4,668,898	0.37	5,357,079	0.45	5,667,939	0.47
Bonds	11,588,215	0.92	15,402,440	1.28	13,486,796	1.11
Real estate	775,986,871	61.80	742,323,649	61.83	704,561,704	58.09
Movable collaterals	50,839,180	4.05	51,539,989	4.29	47,966,369	3.96
Guarantees	16,530,603	1.32	16,436,132	1.37	14,364,525	1.19
Others	11,574,809	0.92	12,593,483	1.05	11,435,045	0.94
Total	\$ 1,255,715,170	100.00	\$ 1,200,632,264	100.00	\$ 1,212,788,122	100.00

12) The financial impact of credit risk mitigation policies

a) Collateral and other credit enhancements

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

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

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

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

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

b) Amount of collateral for impaired financial assets

Bank SinoPac and its subsidiaries closely observe the value of the collateral of the financial instruments and consider adequacy of the allowance for the credit-impaired financial assets. On June 30, 2022, December 31, 2021 and June 30, 2021, the amount of discounts and loans were \$5,382,407, \$6,538,123 and \$6,191,268, with a provision for loss allowance of \$939,173, \$1,028,123 and \$1,320,514 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to \$3,196,839, \$3,721,432 and \$3,292,642.

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 \$48,166,828, \$47,391,803 and \$46,833,397 on June 30, 2022, December 31, 2021 and June 30, 2021.

13) Management policies of collaterals assumed

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

There are no assumed collaterals of Bank SinoPac and its subsidiaries as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

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

a) Overdue loans and receivables

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

Date		June 30, 2021				
Items		Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured	\$ 427,390	\$ 239,668,051	0.18%	\$ 2,965,358	693.83%
	Unsecured	794,374	379,195,877	0.21%	4,210,783	530.08%
	Mortgage (Note 4)	174,338	311,170,395	0.06%	4,757,644	2,728.98%
	Cash card	-	3,392	-	362	-
Consumer loan	Micro credit (Note 5)	74,315	25,778,136	0.29%	407,584	548.45%
	Others (Note 6)	356,649	225,894,616	0.16%	2,433,052	682.20%
	Secured	462	2,307,718	0.02%	24,444	5,290.91%
	Unsecured	-	-	-	-	-
Total		1,827,528	1,184,018,185	0.15%	14,799,227	809.79%
	Overdue Receivables		Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card		23,988	17,010,923	0.14%	201,838	841.41%
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	11,348,600	-	146,866	-

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 ÷ Total loans.

For credit card business: Delinquency ratio = Overdue receivables ÷ Accounts receivables.

Note 3: For loan business: Coverage ratio = LLR ÷ NPL.

For credit card business: Coverage ratio = Allowance for credit losses ÷ Overdue receivables.

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

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

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

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

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

b) Excluded NPLs and excluded overdue receivables

Date	June 30, 2022		June 30, 2021	
Items	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ 397	\$ 19,973	\$ 661	\$ 28,791
As a result of consumer debt clearance (Note 2)	16,514	591,630	18,027	627,651
Total	\$ 16,911	\$ 611,603	\$ 18,688	\$ 656,442

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

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

c) Concentration of credit extensions

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

Year	June 30, 2021		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (packaging and testing of semi-conductors)	\$ 11,012,589	7.92
2	B Group (manufacture of computers)	10,823,541	7.78
3	C Group (real estate development activities)	5,445,128	3.92
4	D Group (metal casting)	5,156,807	3.71
5	E Group (real estate development activities)	5,018,650	3.61
6	F Group (rolling and extruding of iron and steel)	4,980,764	3.58
7	G Company (other metalworking activities)	4,600,000	3.31
8	H Group (other telecommunications industry)	4,095,299	2.95
9	I Group (real estate development activities)	3,739,000	2.69
10	J Group (real estate development activities)	3,528,000	2.54

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

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

<b>December 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and banks	\$ 20,417,174	\$ 21,968,226	\$ 23,693,468	\$ 1,892,287	\$ -	\$ 67,971,155
Due to the Central Bank and banks	17	33	52	205,035	-	205,137
Financial liabilities at fair value through profit or loss	-	-	1,552,780	-	-	1,552,780
Securities sold under repurchase agreements	7,007,206	1,149,222	340,576	1,254,871	-	9,751,875
Payables	9,576,334	551,491	162,803	148,785	2,045,652	12,485,065
Deposits and remittances	1,149,858,340	221,648,785	179,558,818	223,373,681	24,540,743	1,798,980,367
Bank debentures	70,147	118,252	205,367	4,739,867	48,834,266	53,967,899

<b>June 30, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and banks	\$ 17,803,340	\$ 21,339,085	\$ 30,489,693	\$ 8,083,783	\$ -	\$ 77,715,901
Due to the Central Bank and banks	10	22	32	130,294	-	130,358
Financial liabilities at fair value through profit or loss	-	-	-	1,562,900	-	1,562,900
Securities sold under repurchase agreements	8,531,535	1,300,611	1,318,411	1,459,643	-	12,610,200
Payables	5,462,342	1,052,519	166,743	1,992,687	2,123,513	10,797,804
Deposits and remittances	1,087,171,948	171,746,164	201,239,734	236,844,029	24,652,620	1,721,654,495
Bank debentures	-	3,128,488	174,783	405,239	48,169,586	51,878,096
Other financial liabilities - certificates of deposits	725,634	-	-	-	-	725,634

### Bank SinoPac (China)

(In Thousands of CNY)

<b>June 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and banks	\$ 235,188	\$ 1,403,368	\$ -	\$ -	\$ -	\$ 1,638,556
Payables	317,786	201,829	402,163	107,835	-	1,029,613
Deposits and remittances	6,172,983	995,000	1,293,868	2,350,770	53,882	10,866,503

(In Thousands of CNY)

<b>December 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and banks	\$ 74,167	\$ 624,342	\$ 333,257	\$ 266,172	\$ -	\$ 1,297,938
Securities sold under repurchase agreements	656,082	-	-	-	-	656,082
Payables	329,800	201,830	402,124	116,672	-	1,050,426
Deposits and remittances	4,321,632	1,937,420	1,340,063	2,591,947	161,781	10,352,843

(In Thousands of CNY)

<b>June 30, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and banks	\$ 311,307	\$ 589,144	\$ 66,059	\$ 633,679	\$ -	\$ 1,600,189
Payables	278,374	239,319	134,198	88,082	-	739,973
Deposits and remittances	3,380,549	887,206	2,302,375	181,766	140,819	6,892,715

3) Maturity analysis of financial derivatives

a) Derivative liabilities settled on a net basis

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

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

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

Other derivatives: Stock options and commodity futures.

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

Bank SinoPac

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

December 31, 2021	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	\$ 2,899,621	\$ -	\$ -	\$ -	\$ -	\$ 2,899,621

June 30, 2021	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	\$ 3,115,901	\$ -	\$ -	\$ -	\$ -	\$ 3,115,901

Bank SinoPac (China)

(In Thousands of CNY)

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 17,429	\$ -	\$ -	\$ -	\$ -	\$ 17,429

(In Thousands of CNY)

December 31, 2021	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	\$ 6,032	\$ -	\$ -	\$ -	\$ -	\$ 6,032

(In Thousands of CNY)

June 30, 2021	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	\$ 5,426	\$ -	\$ -	\$ -	\$ -	\$ 5,426

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

<b>June 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 622,801,738	\$ 498,023,418	\$ 379,700,427	\$ 286,556,804	\$ 21,251,013	\$ 1,808,333,400
Cash outflow	622,138,171	496,877,583	378,942,921	287,565,302	21,041,097	1,806,565,074
<b>December 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 328,997,031	\$ 283,944,634	\$ 226,427,584	\$ 231,973,283	\$ 44,585,385	\$ 1,115,927,917
Cash outflow	329,010,085	284,255,555	226,677,128	231,904,317	44,568,996	1,116,416,081
<b>June 30, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 287,879,139	\$ 244,235,082	\$ 181,449,381	\$ 253,946,236	\$ 7,141,437	\$ 974,651,275
Cash outflow	288,481,225	244,071,714	181,970,187	253,930,103	7,148,445	975,601,674

Bank SinoPac (China)

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

(In Thousands of CNY)						
<b>December 31, 2021</b>	<b>Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 4,243,011	\$ 2,888,126	\$ 6,414,422	\$ 724,568	\$ -	\$ 14,270,127
Cash outflow	4,210,516	2,903,422	6,471,277	718,729	-	14,303,944

(In Thousands of CNY)						
<b>June 30, 2021</b>	<b>Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 2,472,440	\$ 3,510,774	\$ 4,854,358	\$ 492,098	\$ -	\$ 11,329,670
Cash outflow	2,516,873	3,520,127	4,863,240	493,975	-	11,394,215

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

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

##### Bank SinoPac

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 207,858	\$ 1,748,687	\$ 4,089,635	\$ 5,445,961	\$ 33,736,120	\$ 45,228,261
Guarantees	12,086,222	9,581,614	3,907,532	3,402,273	10,582,438	39,560,079
Standby letter of credit	2,371,789	3,229,366	1,523,094	184,239	98,435	7,406,923

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 271,409	\$ 5,076,314	\$ 3,139,796	\$ 5,299,200	\$ 34,246,468	\$ 48,033,187
Guarantees	8,418,557	8,830,318	4,152,913	3,861,324	8,187,873	33,450,985
Standby letter of credit	2,050,752	3,886,335	1,450,565	155,789	-	7,543,441

##### Bank SinoPac (China)

(In Thousands of CNY)

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	\$ 31,016	\$ 3,753	\$ 26,413	\$ -	\$ 636	\$ 61,818
Guarantees	25,994	132,823	330,137	195,144	96,539	780,637
Standby letter of credit	10,852	94,093	-	-	-	104,945

(In Thousands of CNY)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	\$ 3,380	\$ -	\$ 37,200	\$ 93,766	\$ -	\$ 134,346
Guarantees	3,432	102,693	166,417	463,659	121,502	857,703
Standby letter of credit	28,407	36,204	122,053	-	-	186,664

(In Thousands of CNY)

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	\$ -	\$ 5,938	\$ -	\$ 3,709	\$ 141,808	\$ 151,455
Guarantees	123,332	160,470	242,257	310,052	179,449	1,015,560
Standby letter of credit	74,192	27,361	56,100	108,947	-	266,600

#### 5) Maturity analysis of lease commitments

Lease agreement commitment is the minimum lease payment when Bank SinoPac and its subsidiaries is lessee or lessor with non-cancelling condition.

Maturity analysis of lease commitments is summarized as follows:

June 30, 2022	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	\$ 700,233	\$ 1,610,111	\$ 805,359	\$ 3,115,703
Operating lease income (lessor)	86,330	147,505	-	233,835

<b>December 31, 2021</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Lease agreement commitments				
Lease liabilities (lessee)	\$ 667,449	\$ 1,495,650	\$ 790,577	\$ 2,953,676
Operating lease income (lessor)	91,135	190,031	-	281,166

<b>June 30, 2021</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Lease agreement commitments				
Lease liabilities (lessee)	\$ 615,496	\$ 1,298,184	\$ 846,144	\$ 2,759,824
Operating lease income (lessor)	86,567	212,252	6,235	305,054

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

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

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

	June 30, 2021						
	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	\$ 1,809,356,297	\$ 198,914,249	\$ 250,413,913	\$ 199,029,854	\$ 142,353,706	\$ 195,393,794	\$ 823,250,781
Main capital outflow on maturity	2,127,265,399	84,132,397	139,006,291	289,446,546	295,420,963	509,052,773	810,206,429
Gap	(317,909,102)	114,781,852	111,407,622	(90,416,692)	(153,067,257)	(313,658,979)	13,044,352

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

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

(In Thousands of U.S. Dollars)

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

(In Thousands of U.S. Dollars)

	June 30, 2021						
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	
Main capital inflow on maturity	\$ 35,288,327	\$ 9,111,978	\$ 7,021,340	\$ 4,465,574	\$ 5,714,302	\$ 8,975,133	
Main capital outflow on maturity	36,469,593	9,549,075	7,194,918	7,099,627	7,501,224	5,124,749	
Gap	(1,181,266)	(437,097)	(173,578)	(2,634,053)	(1,786,922)	3,850,384	

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, emerging stocks, and equity related derivative financial instruments.

2) Management strategies and procedures

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

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

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

3) Organization and framework

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

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

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

#### 4) Market risk control procedure

##### a) Identification and measurement

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

##### b) Supervision and reporting

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

#### 5) Trading book risk management policies

##### a) Definitions

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

##### b) Strategies

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

##### c) Policies and procedures

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

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

##### d) Assessment policies

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

e) Measurements

- i. The risk valuation and calculation methods are described in Note 50, 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 50, e, 12).
- ii. DV01 is used daily to measure the impact of interest rate changes on investment portfolios.

7) Trading book exchange rate risk management

a) Definitions

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

b) Policies and procedures

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

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 50, 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 50, 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 decrease in the value of the banking book portfolio due to unfavorable interest rate changes. The banking book interest rate risk is not related to the interest rate position shown in the trading book.

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 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 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 net interest revenue.

### 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 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 find solutions to problems, submit it to general manager for approval, and submit it to the asset and liability management committee after implementation.

## 10) Banking book equity risk management

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

### a) Strategies

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

### b) Risk measurement

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

### c) Risk monitoring

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

## 11) Impact of interest rate benchmark reform

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

Bank SinoPac has formulated a LIBOR conversion plan to deal with product business strategy adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of interest rate benchmark. As of June 30, 2022, Bank SinoPac has identified all information systems and internal processes that need to be updated and has finished the updating partially, and is confirming the scope of the impact, including compliance with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. At present, the projects are implemented on time according to the schedule

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

As of June 30, 2022, 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:

<b>Non-derivatives</b>	<b>Book Value</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
USD LIBOR	\$ 139,413,432	\$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	\$ 139,413,432	\$ -

<b>Derivatives</b>	<b>Notional Amount</b>
USD LIBOR	\$ 47,517,997
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	\$ 47,517,997

## 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

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

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

Note 2: Historical data period: 2022.01.03-2022.06.30

	For the Six Months Ended June 30, 2021		
	Average	Maximum	Minimum
Exchange rate risk	17,229	39,447	11,289
Interest rate risk	33,529	58,153	20,737
Equity risk	4,745	13,291	-
Total VaR	39,654	68,237	22,885

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

Note 2: Historical data period: 2021.01.04-2021.06.30

Bank SinoPac (China)'s trading book VaR overview

(In Thousands of CNY)

	For the Six Months Ended June 30, 2022		
	Average	Maximum	Minimum
Exchange rate risk	2,865	5,507	1,283
Interest rate risk	166	585	12
Equity risk	-	-	-
Total VaR	527	1,258	306

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

Note 2: Historical data period: 2022.01.01-2022.06.30

(In Thousands of CNY)

	For the Six Months Ended June 30, 2021		
	Average	Maximum	Minimum
Exchange rate risk	2,373	4,394	1,518
Interest rate risk	85	581	26
Equity risk	-	-	-
Total VaR	362	2,060	155

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

Note 2: Historical data period: 2021.01.01-2021.06.30

13) Exchange rate risks

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

	<b>June 30, 2022</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 17,478,942	29.72900	\$ 519,631,467
CNY	17,426,841	4.44088	77,390,510
Nonmonetary items			
USD	428,211	29.72900	12,730,285
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	20,284,638	29.72900	603,042,003
CNY	16,749,644	4.44088	74,383,159
	<b>December 31, 2021</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 16,603,751	27.68955	\$ 459,750,394
CNY	14,766,776	4.34909	64,222,038
Nonmonetary items			
USD	427,957	27.68955	11,849,937
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	20,560,106	27.68955	569,300,083
CNY	13,232,475	4.34909	57,549,225

June 30, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Converted to Exchange Rate</b>	<b>Converted to NTD</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 15,657,962	27.87001	\$ 436,387,558
CNY	16,859,829	4.31518	72,753,197
Nonmonetary items			
USD	396,608	27.87001	11,053,469
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	18,767,280	27.87001	523,044,281
CNY	16,029,710	4.31518	69,171,084

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

a) Interest rate sensitivity information (New Taiwan dollars)

June 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,132,271,978	\$ 23,057,427	\$ 64,922,872	\$ 114,130,104	\$ 1,334,382,381
Interest rate-sensitive liabilities	326,389,598	772,120,325	58,510,927	65,013,435	1,222,034,285
Interest rate-sensitive gap	805,882,380	(749,062,898)	6,411,945	49,116,669	112,348,096
Net worth					139,872,060
Ratio of interest rate-sensitive assets to liabilities (%)					109.19%
Ratio of interest rate-sensitive gap to net worth (%)					80.32%

June 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,114,582,872	\$ 31,341,665	\$ 112,497,782	\$ 124,417,716	\$ 1,382,840,035
Interest rate-sensitive liabilities	328,490,869	758,021,054	108,803,189	56,863,987	1,252,179,099
Interest rate-sensitive gap	786,092,003	(726,679,389)	3,694,593	67,553,729	130,660,936
Net worth					136,800,826
Ratio of interest rate-sensitive assets to liabilities (%)					110.43%
Ratio of interest rate-sensitive gap to net worth (%)					95.51%

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-sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

b) Interest rate sensitivity information (U.S. dollars)

**June 30, 2022**

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 11,055,155	\$ 525,300	\$ 495,919	\$ 3,471,356	\$ 15,547,730
Interest rate-sensitive liabilities	7,443,974	8,993,968	943,986	228,864	17,610,792
Interest rate-sensitive gap	3,611,181	(8,468,668)	(448,067)	3,242,492	(2,063,062)
Net worth					(186,325)
Ratio of interest rate-sensitive assets to liabilities (%)					88.29%
Ratio of interest rate-sensitive gap to net worth (%)					1,107.24%

**June 30, 2021**

(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	\$ 9,998,665	\$ 602,080	\$ 237,242	\$ 3,476,195	\$ 14,314,182
Interest rate-sensitive liabilities	4,947,713	10,285,322	1,564,997	88,599	16,886,631
Interest rate-sensitive gap	5,050,952	(9,683,242)	(1,327,755)	3,387,596	(2,572,449)
Net worth					52,550
Ratio of interest rate-sensitive assets to liabilities (%)					84.77%
Ratio of interest rate-sensitive gap to net worth (%)					(4,895.24%)

Note 1: The above amounts include only USD held by Bank SinoPac and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-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	June 30, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 17,490,983	\$ 16,998,716	\$ 17,490,983	\$ 16,998,716	\$ 492,267
Investments in debt instruments at amortized cost Transactions under repurchase agreements	409,532	390,247	410,180	390,247	19,933
Securities purchased under resell agreements Transactions under repurchase agreements	25,033,925	26,420,274	25,033,925	26,420,274	(1,386,349)

Category of Financial Asset	December 31, 2021				
	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	\$ 2,735,542	\$ 2,650,255	\$ 2,735,542	\$ 2,650,255	\$ 85,287
Securities purchased under resell agreements Transactions under repurchase agreements	6,671,855	7,087,481	6,671,855	7,087,481	(415,626)

Category of Financial Asset	June 30, 2021				
	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	\$ 3,902,330	\$ 3,811,039	\$ 3,902,330	\$ 3,811,039	\$ 91,291
Securities purchased under resell agreements Transactions under repurchase agreements	8,307,327	8,723,664	8,307,327	8,723,664	(416,337)

## 16) Offsetting of financial assets and financial liabilities

Bank SinoPac and its subsidiaries did not hold financial instruments covered by Section 42 of the IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the balance sheet.

Bank SinoPac and its subsidiaries engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both Bank SinoPac and its subsidiaries and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other one may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

June 30, 2022

Financial Assets	Netted Financial Liabilities		Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		
	Recognized Financial Assets - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments (Note)	Cash Received as Collaterals	Net Amount
Derivative instruments	\$ 29,642,945	\$ -	\$ 29,642,945	\$ 10,411,545	\$ 1,052,771	\$ 18,178,629
Securities purchased under resell agreements	<u>57,317,363</u>	<u>-</u>	<u>57,317,363</u>	<u>57,315,517</u>	<u>-</u>	<u>1,846</u>
	<u><u>\$ 86,960,308</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 86,960,308</u></u>	<u><u>\$ 67,727,062</u></u>	<u><u>\$ 1,052,771</u></u>	<u><u>\$ 18,180,475</u></u>

  

Financial Liabilities	Netted Financial Assets		Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		
	Recognized Financial Liabilities - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments (Note)	Cash Collaterals Pledged	Net Amount
Derivative instruments	\$ 27,817,908	\$ -	\$ 27,817,908	\$ 10,411,545	\$ 6,627,804	\$ 10,778,559
Securities sold under repurchase agreements	<u>43,809,237</u>	<u>-</u>	<u>43,809,237</u>	<u>43,798,378</u>	<u>10,859</u>	<u>-</u>
	<u><u>\$ 71,627,145</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 71,627,145</u></u>	<u><u>\$ 54,209,923</u></u>	<u><u>\$ 6,638,663</u></u>	<u><u>\$ 10,778,559</u></u>

Note: Including netting settlement agreements and non-cash financial collaterals.

December 31, 2021

Financial Assets	Netted Financial Liabilities		Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		
	Recognized Financial Assets - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments (Note)	Cash Received as Collaterals	Net Amount
Derivative instruments	\$ 7,085,044	\$ -	\$ 7,085,044	\$ 3,164,374	\$ 752,824	\$ 3,167,846
Securities purchased under resell agreements	<u>46,121,524</u>	<u>-</u>	<u>46,121,524</u>	<u>46,110,329</u>	<u>-</u>	<u>11,195</u>
	<u><u>\$ 53,206,568</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,206,568</u></u>	<u><u>\$ 49,274,703</u></u>	<u><u>\$ 752,824</u></u>	<u><u>\$ 3,179,041</u></u>

Financial Liabilities	Netted Financial Assets		Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet			Net Amount
	Recognized Financial Liabilities - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments (Note)	Cash Collaterals Pledged		
Derivative instruments	\$ 7,611,392	\$ -	\$ 7,611,392	\$ 3,164,374	\$ 608,415	\$ 3,838,603	
Securities sold under repurchase agreements	<u>12,584,215</u>	<u>-</u>	<u>12,584,215</u>	<u>12,575,102</u>	<u>-</u>	<u>9,113</u>	
	<u><u>\$ 20,195,607</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,195,607</u></u>	<u><u>\$ 15,739,476</u></u>	<u><u>\$ 608,415</u></u>	<u><u>\$ 3,847,716</u></u>	

Note: Including netting settlement agreements and non-cash financial collaterals.

June 30, 2021

Financial Assets	Netted Financial Liabilities		Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet			Net Amount
	Recognized Financial Assets - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments (Note)	Cash Received as Collaterals		
Derivative instruments	\$ 10,841,009	\$ -	\$ 10,841,009	\$ 4,837,565	\$ 2,146,292	\$ 3,857,152	
Securities purchased under resell agreements	<u>69,285,428</u>	<u>-</u>	<u>69,285,428</u>	<u>69,274,955</u>	<u>-</u>	<u>10,473</u>	
	<u><u>\$ 80,126,437</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 80,126,437</u></u>	<u><u>\$ 74,112,520</u></u>	<u><u>\$ 2,146,292</u></u>	<u><u>\$ 3,867,625</u></u>	

  

Financial Liabilities	Netted Financial Assets		Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet			Net Amount
	Recognized Financial Liabilities - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments (Note)	Cash Collaterals Pledged		
Derivative instruments	\$ 11,835,964	\$ -	\$ 11,835,964	\$ 4,837,565	\$ 760,234	\$ 6,238,165	
Securities sold under repurchase agreements	<u>12,598,303</u>	<u>-</u>	<u>12,598,303</u>	<u>12,598,303</u>	<u>-</u>	<u>-</u>	
	<u><u>\$ 24,434,267</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,434,267</u></u>	<u><u>\$ 17,435,868</u></u>	<u><u>\$ 760,234</u></u>	<u><u>\$ 6,238,165</u></u>	

Note: Including netting settlement agreements and non-cash financial collaterals.

### SinoPac Securities Corporation and Its Subsidiaries

#### a. Risk management organization

SinoPac Securities Corporation (SinoPac Securities) has a risk management committee under the chairman who is the committee convener. The committee is in charge of deliberating risk management policies, regulations and overall risk limitation. It helps the board of directors fully supervise the risk management and related operations. Further, it set up a risk management division that is guided by the manager and is responsible for planning, managing, assessing and executing daily risk management procedures. The committee deliberates each policy, principle and regulation, which are presented to the board of directors for final approval and executed by the risk management division. The risk management division reviews the results and performance of the risk management committee.

b. Goal and policy of risk management

SinoPac Securities and its subsidiaries' objectives and policies of risk management are based on the concept of capital allocation to define the overall total exposure limit. Under this concept and risk management principles, SinoPac Securities and its subsidiaries pursue steady growth within a certain level of risk.

1) Market risk

Market risk refers to the possible loss due to the change in market interest rates, equity instruments, foreign exchange rates and market value change in derivatives which resulted from trading commodity, such as forwards, options, futures, swaps and other composition transactions.

SinoPac Securities and its subsidiaries apply the concept of risk capital allocation in use to set the overall operating limit and market risk limit of SinoPac Securities and its subsidiaries. Through the monitoring of limits, loss advisories and statistical measures to keep an eye on and control market risk in time. Moreover, for the efficient management of market risk, a regular assessment should be presented to the managerial level and board of directors.

SinoPac Securities and its subsidiaries use value-at-risk (VaR), a statistical measure to estimate and manage market risk. Through a regular stress test, sensitivity test and feedback test, SinoPac Securities will be able to verify the validity of the risk management system. SinoPac Securities and its subsidiaries use a risk managing tool, risk manager, designed by an internationally renowned institution, MSCI. The system provides more solid, precise quantitative indices and other tools for a more effective risk evaluation.

a) Value-at-risk (VaR)

VaR is a statistical measure that estimates potential losses and is defined as the predicted worst-scenario case due to changes in risk factors under normal circumstances over a specified period and at a specific level of statistical confidence. The VaR is calculated at a 99% confidence level for a one-day holding period, using changes in historical rates and prices.

SinoPac Securities and its subsidiaries' VaR values were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Equities	\$ 91,559	\$ 82,882	\$ 132,526
Interest rate risk	<u>\$ 188,314</u>	<u>\$ 101,044</u>	<u>\$ 139,977</u>
Overall market risk value	<u>\$ 132,490</u>	<u>\$ 106,501</u>	<u>\$ 242,566</u>
Percentage of net value	<u>0.45%</u>	<u>0.32%</u>	<u>0.81%</u>

	For the Three Months Ended June 30					
	2022			2021		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Equities	\$ 151,402	\$ 57,719	\$ 223,239	\$ 137,645	\$ 89,531	\$ 183,678
Interest rate risk	224,844	165,716	285,736	94,049	29,932	181,465

	For the Six Months Ended June 30					
	2022			2021		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Equities	\$ 142,234	\$ 57,719	\$ 265,238	\$ 124,137	\$ 77,351	\$ 183,678
Interest rate risk	195,994	73,656	285,736	75,628	19,375	181,465

Foreign exchange rate risk is mainly due to the purchase of foreign currency-denominated assets. SinoPac Securities and its subsidiaries use certain agreed-upon proximal and distal exchanging points on currency swap contracts to manage foreign exchange risk, so the risk is rather low.

The table below shows the foreign currency-denominated monetary assets and monetary liabilities as of the balance sheet date:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	June 30, 2022		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,689,787	29.728	\$ 50,233,809
NTD	774,097	1.000	774,097
HKD	514,669	3.788	1,949,600
CNY	1,366,213	4.441	6,067,194
EUR	161,159	31.049	5,003,829
AUD	132,447	20.478	2,717,083
JPY	15,128,225	0.218	3,300,871
ZAR	117,067	1.831	214,376
GBP	27,639	36.136	998,768
<u>Financial liabilities</u>			
Monetary items			
USD	1,523,701	29.728	45,296,304
NTD	270,447	1.000	270,447
HKD	505,374	3.788	1,914,386
CNY	655,087	4.441	2,909,161
EUR	159,469	31.049	4,951,355
AUD	99,548	20.478	2,038,544
JPY	14,684,619	0.218	3,204,089
GBP	17,560	36.136	634,563
	December 31, 2021		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,738,651	27.688	\$ 48,139,193
NTD	2,248,385	1.000	2,248,385
HKD	375,383	3.549	1,332,270
CNY	1,874,580	4.349	8,152,709
EUR	123,656	31.321	3,873,023
AUD	25,687	20.095	516,182
JPY	13,194,380	0.240	3,173,034
ZAR	154,802	1.736	268,788
GBP	4,342	37.290	161,916

(Continued)

**December 31, 2021**

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	\$ 1,606,144	27.688	\$ 44,470,252
NTD	1,453,143	1.000	1,453,043
HKD	367,041	3.549	1,302,697
CNY	544,726	4.349	2,369,045
EUR	122,352	31.321	3,832,190
JPY	12,734,141	0.240	3,062,385
GBP	3,432	37.290	128,010
			(Concluded)

**June 30, 2021**

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 1,550,719	27.868	\$ 43,215,460
NTD	2,618,217	1.000	2,618,217
HKD	286,923	3.587	1,029,252
CNY	2,313,623	4.315	9,983,532
EUR	172,662	33.154	5,724,390
AUD	10,844	20.947	227,138
JPY	11,877,781	0.252	2,994,416
ZAR	166,738	1.951	325,252
GBP	3,704	38.536	142,741
SGD	7,537	20.735	156,278

**Financial liabilities**

Monetary items			
USD	1,389,031	27.868	38,709,504
NTD	1,524,443	1.000	1,524,443
HKD	274,676	3.587	985,296
CNY	604,630	4.315	2,608,906
EUR	161,427	33.154	5,351,867
AUD	5,378	20.947	112,645
JPY	11,340,231	0.252	2,858,894
GBP	2,794	38.536	107,662
SGD	5,693	20.735	118,036

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

	June 30, 2022	December 31, 2021	June 30, 2021
Futures and options	\$ 141,146	\$ 61,742	\$ 45,539
Warrants	12,131	19,985	58,961
Interest rate swap contracts	20,696	4,032	4,389
Currency swap contracts	7,818	1,051	442
Asset swap option contracts	129,223	50,984	122,848
Equity-linked note	1,933	781	493
Credit-linked note	6,873	4,622	4,868
Principal-guaranteed note	147	1	7
Non-principal-guaranteed note	-	42	-
Issuance of ETNs	89	8	41
Forward contracts	-	-	1,287

b) Sensitivity analysis

Aside from using VaR, SinoPac Securities and its subsidiaries use several different sensitivity interest index (e.g., DVP and DV01) and Greeks (e.g., Delta, Gamma, and Vega) for risk assessment.

c) Impact of interest rate benchmark reform

The financial instrument of SinoPac Securities and its subsidiaries affected by interest rate benchmark reform include derivative and non-derivative financial assets and liabilities. The type of interest rate benchmark linked to it is mainly the London InterBank Offered Rate (LIBOR). LIBOR is a forward-looking interest rate benchmark that implies market expectations for future interest rate trend, and includes inter-bank credit discounts. The alternative reference rate of LIBOR is a retrospective interest rate benchmark with actual transaction data and does not include credit discounts. Therefore, additional adjustments must be made when existed contracts are modified from linking LIBOR to alternative interest rate indicator to ensure that the interest rate is economically equivalent between before and after modification.

SinoPac Securities and its subsidiaries have formulated a LIBOR conversion plan to deal with product business strategy adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of interest rate benchmark. As of June 30, 2022, SinoPac Securities and its subsidiaries have identified all information systems and internal processes that need to be updated, including complying with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. And SinoPac Securities and its subsidiaries have started discussions with financial instrument counterparties on how to amend the affected contracts. At present, the projects are implemented on time according to the schedule.

Interest rate benchmark reform mainly expose the basic interest rate risk to SinoPac Securities and its subsidiaries. If SinoPac Securities and its subsidiaries unable to complete the contracts modification with the counterparty before the decommission of LIBOR, the financial instrument will cause significant uncertainty to the interest rate basis and then that will trigger unexpected interest rate risk exposure.

As of June 30, 2022, the financial instruments of SinoPac Securities and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

	<b>Book Value</b>		
	<b>National</b>		
	<b>Amount</b>	<b>Financial Assets</b>	<b>Financial Liabilities</b>
<b>Non-derivatives</b>			
USD LIBOR		\$ 2,346,717	\$ 891,870
EUR LIBOR		-	-
GBP LIBOR		-	-
JPY LIBOR		-	-
CHF LIBOR		-	-
		<u>\$ 2,346,717</u>	<u>\$ 891,870</u>
<b>Derivatives</b>			
USD LIBOR	\$ 56,360,238	\$ 1,074,009	\$ 771,914
EUR LIBOR	-	-	-
GBP LIBOR	-	-	-
JPY LIBOR	-	-	-
CHF LIBOR	-	-	-
	<u>\$ 56,360,238</u>	<u>\$ 1,074,009</u>	<u>\$ 771,914</u>

## 2) Credit risk

Credit risk is the risk of financial loss resulting from an issuer, a contract recipient or a borrower's change in credit ratings or failure to meet obligations.

SinoPac Securities and its subsidiaries use risk-based asset allocation to set its caps for total credit risk exposure. Through risk diversification, it monitors and manages the credit limits by single client, single entity, and single corporation. Through the internal rating system, SinoPac Securities and its subsidiaries give out an exposure limit corresponding to its trading object and review regularly. It also sets trading and exposure limits by type of product and department. At the same time the credit rating of the trading object and counterparty should be above the acceptable level set by SinoPac Securities and its subsidiaries. Besides managing by product, SinoPac Securities and its subsidiaries should also consider the risk involved when of different departments handle the same financial instruments as well as the types of commodities being transacted.

SinoPac Securities and its subsidiaries have set a credit risk limit monitoring panel to keep track of trading opponents and prepare credit risk limit usage statistics table daily and regularly prepare credit risk reports for the managerial level and board of directors' review.

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

	<b>June 30, 2022</b>	Max. Credit Exposure Amount
	<b>Carrying Value</b>	<b>Carrying Value</b>
Interest rate swap contracts	\$ 3,625,297	\$ 3,173,126
Asset swap option contracts	<u>824,370</u>	<u>1,048,404</u>
	<u><u>\$ 4,449,667</u></u>	<u><u>\$ 4,221,530</u></u>

  

	<b>December 31, 2021</b>	Max. Credit Exposure Amount
	<b>Carrying Value</b>	<b>Carrying Value</b>
Interest rate swap contracts	\$ 1,263,599	\$ 2,367,795
Asset swap option contracts	<u>1,294,849</u>	<u>1,522,136</u>
	<u><u>\$ 2,558,448</u></u>	<u><u>\$ 3,889,931</u></u>

  

	<b>June 30, 2021</b>	Max. Credit Exposure Amount
	<b>Carrying Value</b>	<b>Carrying Value</b>
Interest rate swap contracts	\$ 916,083	\$ 1,637,376
Asset swap option contracts	<u>1,211,442</u>	<u>1,392,722</u>
	<u><u>\$ 2,127,525</u></u>	<u><u>\$ 3,030,098</u></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 complies with the Regulations Governing Securities Firms when uses its funds but also set transaction limits for short-term notes based on counterparties credit ratings.

b) Accounts receivable

Receivables are accounts receivable, payments on behalf of others, temporary payments, and default-settlement receivables, arising from various types of business operations and transactions. SinoPac Securities and its subsidiaries' receivables are covered by a large number of customers, scattered in different industries and geographical areas. SinoPac Securities and its subsidiaries have the provision policy for assets impaired, and for a receivable overdue for more than 6 months, except for which have been paid in accordance with the agreement, its debt recovery should be conducted one by one, and be recognized as appropriate expected credit losses.

c) Debt instruments and derivative instruments trading

Of the overall transactions of SinoPac Securities and its subsidiaries as of June 30, 2022, were 47% in the financial service sector and 27% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above has a market share of 82%.

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 securities borrowing margin

Refundable 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

Refundable deposit paid mainly serves as the operating guarantee deposit and clearing and settlement fund. It is the legal deposit paid to financial institutions designated by relevant authorities to hold these deposits. The operating guarantee deposit is the legal deposit paid to Taiwan Stock Exchange. The risk for both operating guarantee deposit 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 obligations cannot be fulfilled (called “capital liquidity risk”), and due to insufficient market depth or disorder, the risk of significant changes of the market price when dealing with or offsetting the position held (called “market liquidity risk”).

SinoPac Securities and its subsidiaries have multiple sources of funding besides their own equity fund. They can also get the funding through borrowing from banks or, issuing commercial papers and corporate bonds. For any emergencies, financial responsibility department should report to the general manager and the chairman immediately and general manager immediately hold a meeting to discuss the emergency plan for cash flow gap. If there will be any material extensions, general manager should submit a project report to the risk management committee.

For ensuring capital needs for business development of the subsidiary of SinoPac Securities, mid-term and long-term capital was fulfilled with credit lines from financial institutions and will be approved by authorized person on demand.

Each trading authority of SinoPac Securities and its subsidiaries shall set market liquidity risk control indicators in various business management rules, and the risk management unit shall perform control in accordance with each business management rule. The risk management unit should regularly review the overall position of SinoPac Securities and its subsidiaries and review their liquidity. When there is an abnormal liquidity or an early warning, the general manager and related business units will be notified, and the business unit will propose an explanation or a response plan, and the risk management unit will continue to track the follow-up improvement.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the unused credit lines of SinoPac Securities and its subsidiaries were \$73,464,160, \$66,687,848 and \$55,531,393, respectively.

The table below shows the analysis of the remaining contractual maturities for financial liabilities as of June 30, 2022, December 31, 2021 and June 30, 2021:

June 30, 2022	Payment Period					Total
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years		
Current borrowings	\$ 1,097,891	\$ -	\$ -	\$ -	\$ -	\$ 1,097,891
Commercial paper payable	22,200,000	-	-	-	-	22,200,000
Current financial liabilities at fair value through profit or loss	15,217,469	8,888,060	5,299,272	473,098	29,877,899	
Liabilities for bonds sold under repurchase agreements	24,452,802	1,928,694	-	-	26,381,496	
Securities financing refundable deposits	2,049,515	-	-	-	2,049,515	
Deposits payable for securities financing	2,275,683	-	-	-	2,275,683	
Securities lending refundable deposits	11,190,244	-	-	-	11,190,244	
Futures traders' equity	35,434,832	-	-	-	35,434,832	
Equity for each customer in the account	645,638	-	-	-	645,638	
Notes and accounts payable	32,522,199	-	-	-	32,522,199	
Other payables	1,621,044	-	-	-	1,621,044	
Other current financial liabilities	20,034	-	-	-	20,034	
Long-term liabilities - current portion	9,461	448,487	-	-	457,948	
Bonds payable	15,979	27,823	2,110,488	1,081,710	3,236,000	
Long-term borrowing	893,145	-	-	-	893,145	
Lease liabilities	62,356	174,904	444,328	19,362	700,950	
	<u>\$ 149,708,292</u>	<u>\$ 11,467,968</u>	<u>\$ 7,854,088</u>	<u>\$ 1,574,170</u>	<u>\$ 170,604,518</u>	

December 31, 2021	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 274,784	\$ -	\$ -	\$ -	\$ 274,784
Commercial paper payable	17,000,000	6,350,000	-	-	23,350,000
Current financial liabilities at fair value through profit or loss	9,866,867	308,101	3,693,270	86,982	13,955,220
Liabilities for bonds sold under repurchase agreements	23,508,379	1,720,461	-	-	25,228,840
Securities financing refundable deposits	2,873,781	-	-	-	2,873,781
Deposits payable for securities financing	3,244,589	-	-	-	3,244,589
Securities lending refundable deposits	9,349,612	-	-	-	9,349,612
Futures traders' equity	35,165,089	-	-	-	35,165,089
Equity for each customer in the account	495,486	-	-	-	495,486
Notes and accounts payable	26,947,399	-	-	-	26,947,399
Other payables	2,230,569	-	-	-	2,230,569
Other current financial liabilities	20,000	-	-	-	20,000
Long-term liabilities - current portion	3,775	445,051	-	-	448,826
Bonds payable	19,638	10,696	2,033,666	-	2,064,000
Long-term borrowing	831,212	-	-	-	831,212
Lease liabilities	63,149	183,323	502,734	5,890	755,096
	<u>\$ 131,894,329</u>	<u>\$ 9,017,632</u>	<u>\$ 6,229,670</u>	<u>\$ 92,872</u>	<u>\$ 147,234,503</u>
June 30, 2021	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 9,725,290	\$ -	\$ -	\$ -	\$ 9,725,290
Commercial paper payable	11,710,000	11,200,000	-	-	22,910,000
Current financial liabilities at fair value through profit or loss	4,667,272	479,935	2,885,038	-	8,032,245
Liabilities for bonds sold under repurchase agreements	26,265,700	1,754,944	-	-	28,020,644
Securities financing refundable deposits	2,690,562	-	-	-	2,690,562
Deposits payable for securities financing	2,819,196	-	-	-	2,819,196
Securities lending refundable deposits	3,175,859	-	-	-	3,175,859
Futures traders' equity	30,919,920	-	-	-	30,919,920
Equity for each customer in the account	538,074	-	-	-	538,074
Notes and accounts payable	37,343,088	-	-	-	37,343,088
Other payables	1,606,670	-	-	-	1,606,670
Other current financial liabilities	45,000	-	-	-	45,000
Long-term liabilities - current portion	836,346	-	-	-	836,346
Bonds payable	19,879	29,809	2,473,447	-	2,523,135
Lease liabilities	62,048	174,084	517,261	6,303	759,696
	<u>\$ 132,424,904</u>	<u>\$ 13,638,772</u>	<u>\$ 5,875,746</u>	<u>\$ 6,303</u>	<u>\$ 151,945,725</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, none of the SinoPac Securities and its subsidiaries' lease contracts had remaining lease terms exceeding 10 years.

The analysis of the remaining contractual maturities of financial liabilities is based on the earliest due date and prepared on the basis of undiscounted cash flows.

c. Transfers of financial assets

The transferred financial assets of SinoPac Securities and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements. The transaction transfers the contractual rights to receive the cash flows of the financial assets but SinoPac Securities and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed price in the future period. SinoPac Securities and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, SinoPac Securities and its subsidiaries still bear the interest rate risk and credit risk; thus, SinoPac Securities and its subsidiaries do not derecognize it. Analysis of financial assets and related liabilities not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	June 30, 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 under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 8,924,311	\$ 8,342,910	\$ 8,924,311	\$ 8,342,910	\$ 581,401
Financial assets at fair value through other comprehensive income	12,533,681	12,384,797	12,533,681	12,384,797	148,884
Bond investments under resale agreements	4,718,606	5,580,949	4,718,606	5,580,949	(862,343)

Category of Financial Asset	December 31, 2021				
	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 under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 11,451,163	\$ 10,290,891	\$ 11,451,163	\$ 10,290,891	\$ 1,160,272
Financial assets at fair value through other comprehensive income	10,149,125	10,305,942	10,149,125	10,305,942	(156,817)
Bond investments under resale agreements	3,983,759	4,615,870	3,983,759	4,615,870	(632,111)

Category of Financial Asset	June 30, 2021				
	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 under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 16,830,333	\$ 15,578,225	\$ 16,830,333	\$ 15,578,225	\$ 1,252,108
Financial assets at fair value through other comprehensive income	7,777,065	7,722,766	7,777,065	7,722,766	54,299
Bond investments under resale agreements	4,423,035	4,667,494	4,423,035	4,667,494	(244,459)

d. Offsetting of financial assets and financial liabilities

SinoPac Securities and its subsidiaries have partial of receivables from securities sale and payables from securities purchase which meeting offsetting condition, and then offset them on the balance sheet.

SinoPac Securities and its subsidiaries engage in transactions with net settlement contracts or similar agreements with counterparties, when net settlement of financial assets and financial liabilities by the choice of both parties. If not, the settlement will be based on the total amount. And if one party defaulted, the other one may choose to net settlement.

The offsetting information of financial assets and financial liabilities were as follows:

June 30, 2022

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Netted Financial Liabilities		Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		
	Recognized Financial Assets - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	Net Amount
Derivative assets - OTC	\$ 4,488,848	\$ -	\$ 4,488,848	\$ 2,922,190	\$ -	\$ 1,566,658
Bond investments under resale agreements	7,900,974	-	7,900,974	7,900,974	-	-
Accounts receivable for sale of securities	<u>15,860,860</u>	<u>3,814,731</u>	<u>12,046,129</u>	<u>—</u>	<u>—</u>	<u>12,046,129</u>
	<u>\$ 28,250,682</u>	<u>\$ 3,814,731</u>	<u>\$ 24,435,951</u>	<u>\$ 10,823,164</u>	<u>\$ —</u>	<u>\$ 13,612,787</u>

Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Liabilities	Netted Financial Assets		Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		
	Recognized Financial Liabilities - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	Net Amount
Derivative liabilities - OTC	\$ 4,857,696	\$ -	\$ 4,857,696	\$ 2,922,190	\$ -	\$ 1,935,506
Liabilities for bonds sold under repurchase agreements	26,308,656	-	26,308,656	24,048,384	-	2,260,272
Accounts payable for securities purchased	<u>13,534,496</u>	<u>3,814,731</u>	<u>9,719,765</u>	<u>—</u>	<u>—</u>	<u>9,719,765</u>
	<u>\$ 44,700,848</u>	<u>\$ 3,814,731</u>	<u>\$ 40,886,117</u>	<u>\$ 26,970,574</u>	<u>\$ —</u>	<u>\$ 13,915,543</u>

December 31, 2021

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Netted Financial Liabilities		Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		
	Recognized Financial Assets - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	Net Amount
Derivative assets - OTC	\$ 2,607,415	\$ -	\$ 2,607,415	\$ 1,081,793	\$ -	\$ 1,525,622
Bond investments under resale agreements	4,470,013	-	4,470,013	4,470,013	-	-
Accounts receivable for sale of securities	<u>6,042,767</u>	<u>4,092,762</u>	<u>1,950,005</u>	<u>—</u>	<u>—</u>	<u>1,950,005</u>
	<u>\$ 13,120,195</u>	<u>\$ 4,092,762</u>	<u>\$ 9,027,433</u>	<u>\$ 5,551,806</u>	<u>\$ —</u>	<u>\$ 3,475,627</u>

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

Financial Liabilities	Netted Financial Assets		Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
	Recognized Financial Liabilities - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 3,792,860	\$ -	\$ 3,792,860	\$ 1,081,793	\$ -	\$ 2,711,067
Liabilities for bonds sold under repurchase agreements	25,212,703	-	25,212,703	21,720,854	-	3,491,849
Accounts payable for securities purchased	<u>5,244,719</u>	<u>4,092,762</u>	<u>1,151,957</u>	<u>-</u>	<u>-</u>	<u>1,151,957</u>
	<u><u>\$ 34,250,282</u></u>	<u><u>\$ 4,092,762</u></u>	<u><u>\$ 30,157,520</u></u>	<u><u>\$ 22,802,647</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,354,873</u></u>

June 30, 2021

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

Financial Assets	Netted Financial Liabilities		Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
	Recognized Financial Assets - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 2,197,654	\$ -	\$ 2,197,654	\$ 794,264	\$ -	\$ 1,403,390
Bond investments under resale agreements	5,545,879	-	5,545,879	5,545,879	-	-
Accounts receivable for sale of securities	<u>4,494,819</u>	<u>3,629,137</u>	<u>865,682</u>	<u>-</u>	<u>-</u>	<u>865,682</u>
	<u><u>\$ 12,238,352</u></u>	<u><u>\$ 3,629,137</u></u>	<u><u>\$ 8,609,215</u></u>	<u><u>\$ 6,340,143</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,269,072</u></u>

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

Financial Liabilities	Netted Financial Assets		Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
	Recognized Financial Liabilities - Gross Amount	Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 3,188,462	\$ -	\$ 3,188,462	\$ 794,264	\$ -	\$ 2,394,198
Liabilities for bonds sold under repurchase agreements	27,968,485	-	27,968,485	24,482,448	-	3,486,037
Accounts payable for securities purchased	<u>4,824,816</u>	<u>3,629,137</u>	<u>1,195,679</u>	<u>-</u>	<u>-</u>	<u>1,195,679</u>
	<u><u>\$ 35,981,763</u></u>	<u><u>\$ 3,629,137</u></u>	<u><u>\$ 32,352,626</u></u>	<u><u>\$ 25,276,712</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,075,914</u></u>

## 51. CAPITAL MANAGEMENT

### SinoPac Financial Holdings

#### a. Overview

The Group's capital management goals are as follows:

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

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

b. Capital management procedure

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

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

c. Capital adequacy ratio

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. Under certain conditions, the authorities may impose other penalties on the Company. The Group's capital adequacy ratio information for June 30, 2022, December 31, 2021 and June 30, 2021 are shown as follow:

1) Consolidated capital adequacy ratio

**June 30, 2022**

(In Thousands of New Taiwan Dollars, %)

Entities	Item	Percentage of Ownership	Group's Net Eligible Capital	Group's Statutory Capital Requirement
SPH		100%	\$ 148,232,292	\$ 170,022,129
Bank SinoPac		100%	188,028,911	130,320,175
SinoPac Securities		100%	19,813,090	9,792,381
SinoPac Leasing		100%	4,503,807	1,441,609
SinoPac Venture Capital		100%	2,741,898	1,369,184
SinoPac Securities Investment Trust		100%	1,638,950	870,278
Deduction			(183,133,941)	(167,842,356)
Subtotal			181,825,007 (A)	145,973,400 (B)
Consolidated CARs of SPH (C)=(A)÷(B)				124.56% (C)

**December 31, 2021**

(In Thousands of New Taiwan Dollars, %)

<b>Entities</b>	<b>Item</b>	<b>Percentage of Ownership</b>	<b>Group's Net Eligible Capital</b>	<b>Group's Statutory Capital Requirement</b>
SPH		100%	\$ 162,812,622	\$ 184,249,416
Bank SinoPac		100%	182,872,521	121,505,662
SinoPac Securities		100%	22,060,275	8,970,233
SinoPac Leasing		100%	4,381,899	1,418,229
SinoPac Venture Capital		100%	2,754,244	1,378,775
SinoPac Securities Investment Trust		100%	1,683,742	888,994
Deduction			(197,744,567)	(182,038,680)
<b>Subtotal</b>			<b>178,820,736 (A)</b>	<b>136,372,629 (B)</b>
<b>Consolidated CARs of SPH (C)=(A)÷(B)</b>				<b>131.13% (C)</b>

**June 30, 2021**

(In Thousands of New Taiwan Dollars, %)

<b>Entities</b>	<b>Item</b>	<b>Percentage of Ownership</b>	<b>Group's Net Eligible Capital</b>	<b>Group's Statutory Capital Requirement</b>
SPH		100%	\$ 164,144,072	\$ 177,289,409
Bank SinoPac		100%	174,078,788	119,343,271
SinoPac Securities		100%	19,179,233	8,796,716
SinoPac Leasing		100%	4,284,882	1,366,625
SinoPac Venture Capital		100%	2,882,131	1,440,419
SinoPac Securities Investment Trust		100%	1,574,862	818,626
Deduction			(190,394,012)	(175,103,807)
<b>Subtotal</b>			<b>175,749,956 (A)</b>	<b>133,951,259 (B)</b>
<b>Consolidated CARs of SPH (C)=(A)÷(B)</b>				<b>131.20% (C)</b>

2) Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

<b>Item</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Common stock	\$ 112,710,541	\$ 112,710,541	\$ 112,710,541
Capital Instruments that comply with the Tier 1 capital requirement	-	-	-
Other preferred stock and subordinated bank debentures	60,000	60,000	60,000
Capital collected in advance	1,127,105	-	-
Capital surplus	2,187,218	2,187,201	2,187,201
Legal reserve	22,112,855	20,389,695	19,171,226
Special reserve	483,818	483,818	483,818
Retained earnings	21,904,229	25,033,001	26,035,925
Equity adjustment	(12,344,082)	1,958,033	3,502,032
Deduction: Deferred assets	(9,392)	(9,667)	(6,671)
<b>Total</b>	<b>148,232,292</b>	<b>162,812,622</b>	<b>164,144,072</b>

## **Bank SinoPac**

### a. Overview

Bank SinoPac and its subsidiaries' capital management goals are as follows:

As a basic target, Bank SinoPac and its subsidiaries' eligible capital should be sufficient to meet their operation need, and higher than minimum requirements of the capital adequacy ratio. Eligible capital and legal capital are calculated under the regulations announced by the authority.

Bank SinoPac and its subsidiaries should have adequacy capital to bear the risks, measure capital demand according to risk combination and risk characteristics, fulfill the optimization of resource and capital allocation by risk management.

### b. Capital management procedure

Bank SinoPac and its subsidiaries' capital adequacy ratio should meet regulations announced by the authority. Also, Bank SinoPac and its subsidiaries should maintain capital adequacy ratio by considering Bank SinoPac and its subsidiaries' business scale, major operating strategy, risk condition, eligible capital structure, and future capital increase plan, etc. Bank SinoPac and its subsidiaries reported to the authority regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

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

### c. Statement of capital adequacy

Analysis Items		Year	June 30, 2022	
			Standalone	Consolidation
Eligible capital	Common stock equity	\$ 126,244,061	\$ 126,131,891	
	Other Tier 1 capital	25,500,000	25,500,000	
	Tier 2 capital	36,284,850	36,861,660	
	Eligible capital	188,028,911	188,493,551	
Risk-weighted assets	Credit risk	Standardized approach	1,146,792,902	1,192,937,664
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	50,726,187	52,454,161
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	43,625,433	44,808,296
		Internal model approach	-	-
	Total risk-weighted assets	1,241,144,522	1,290,200,121	
Capital adequacy ratio		15.15%	14.61%	
Common stock equity risk - based capital ratio		10.17%	9.78%	
Tier 1 risk - based capital ratio		12.23%	11.75%	
Leverage ratio		6.66%	6.62%	

Analysis Items		Year	December 31, 2021	
			Standalone	Consolidation
Eligible capital	Common stock equity	\$ 132,290,534	\$ 134,619,600	
	Other Tier 1 capital	18,058,460	20,500,000	
	Tier 2 capital	32,523,527	38,218,773	
	Eligible capital	182,872,521	193,338,373	
Risk-weighted assets	Credit risk	Standardized approach	1,070,623,669	1,135,596,901
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	50,726,187	52,454,161
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	35,846,921	36,848,684
		Internal model approach	-	-
	Total risk-weighted assets	1,157,196,777	1,224,899,746	
	Capital adequacy ratio	15.80%	15.78%	
	Common stock equity risk - based capital ratio	11.43%	10.99%	
	Tier 1 risk - based capital ratio	12.99%	12.66%	
	Leverage ratio	6.66%	6.83%	

Analysis Items		Year	June 30, 2021	
			Standalone	Consolidation
Eligible capital	Common stock equity	\$ 127,082,639	\$ 129,368,166	
	Other Tier 1 capital	14,829,631	17,220,000	
	Tier 2 capital	32,166,518	37,590,122	
	Eligible capital	174,078,788	184,178,288	
Risk-weighted assets	Credit risk	Standardized approach	1,055,071,748	1,106,501,043
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	47,241,106	49,534,891
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	34,289,730	34,792,805
		Internal model approach	-	-
	Total risk-weighted assets	1,136,602,584	1,190,828,739	
	Capital adequacy ratio	15.32%	15.47%	
	Common stock equity risk - based capital ratio	11.18%	10.86%	
	Tier 1 risk - based capital ratio	12.49%	12.31%	
	Leverage ratio	6.51%	6.68%	

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

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

Note 3: The formula is as follows:

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

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

Note 5: Under Order No. 10902745641 issued by the FSC, which referred to the amendment of "Eligible Capital and Risk-weighted Assets Calculation and Related Tables", the real-estate-secured loans are divided into three types: "residential real estate exposures", "commercial real estate exposures" and "land acquisition, development and construction exposures"; each type was given different risk weight based on the real estate loan ratio and type when the capital adequacy ratio was calculated as from December 31, 2020.

## 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.
  - 2) Capital increase.

3) Adjustment of business strategies.

As of June 30, 2022, December 31, 2021 and June 30, 2021, SinoPac Securities' capital adequacy ratio were as follows:

Items	June 30, 2022	December 31, 2021	June 30, 2021
Net eligible capital			
Tier 1 Capital	\$ 28,824,000	\$ 31,167,127	\$ 28,844,910
Tier 2 Capital	1,225,627	698,187	505,043
Tier 3 Capital	-	-	-
Deductible assets	<u>(10,236,537)</u>	<u>(9,805,039)</u>	<u>(10,170,720)</u>
	<u>\$ 19,813,090</u>	<u>\$ 22,060,275</u>	<u>\$ 19,179,233</u>
Equivalent operating risk			
Market risk equivalent	\$ 4,031,800	\$ 4,072,730	\$ 3,793,892
Credit risk equivalent	917,473	773,082	936,242
Operating risk equivalent	<u>1,578,981</u>	<u>1,134,343</u>	<u>1,134,343</u>
	<u>\$ 6,528,254</u>	<u>\$ 5,980,155</u>	<u>\$ 5,864,477</u>
Capital adequacy ratio	303%	369%	327%

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.

## 52. CROSS-SELLING INFORMATION

For the six months ended June 30, 2022 and 2021, Bank SinoPac charged SinoPac Securities for \$3,853 and \$6,136, respectively, as opening accounts.

The bonuses Bank SinoPac paid to SinoPac Securities were \$2,703 and \$2,457 for the six months ended June 30, 2022 and 2021 as part of the cross-selling agreement.

The bonus payments for the six months ended June 30, 2022 and 2021 made by Bank SinoPac from SinoPac Leasing were \$31 and \$198 as part of the cross-selling agreement.

The bonuses Bank SinoPac paid to SinoPac Leasing were \$11 and \$13 for the six months ended June 30, 2022 and 2021 as part of the cross-selling agreement.

The bonus Bank SinoPac paid to SinoPac Venture Capital was \$6 for the six months ended June 30, 2022 as part of the cross-selling agreement.

The bonus payment for the six months ended June 30, 2021 made by SinoPac Venture Capital from SinoPac Leasing was \$5 as a part of crossing-selling agreement.

For other transactions within the Group, please refer to Note 45 and Table 12.

### 53. BUSINESS SEGMENT FINANCIAL INFORMATION

For the Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

Business Segment Item	Banking	Security	Venture Capital	Others	Consolidated
Net interest revenue	\$ 11,686,397	\$ 637,474	\$ 125	\$ 243,846	\$ 12,567,842
Net revenues other than interest	6,946,781	4,288,908	(3,795)	308,055	11,539,949
Net revenues	18,633,178	4,926,382	(3,670)	551,901	24,107,791
Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,272,820)	309	-	5,512	(1,266,999)
Operating expenses	(8,555,544)	(3,697,413)	(14,498)	(558,704)	(12,826,159)
Profit (loss) from continuing operations before tax	8,804,814	1,229,278	(18,168)	(1,291)	10,014,633
Income tax (expense) benefit	(1,293,921)	(326,524)	8,799	(175,160)	(1,786,806)
Net income (loss)	7,510,893	902,754	(9,369)	(176,451)	8,227,827

For the Six Months Ended June 30, 2021

(In Thousands of New Taiwan Dollars)

Business Segment Item	Banking	Security	Venture Capital	Others	Consolidated
Net interest revenue	\$ 9,949,230	\$ 579,143	\$ 220	\$ 196,065	\$ 10,724,658
Net revenues other than interest	5,498,055	6,306,910	105,991	267,747	12,178,703
Net revenues	15,447,285	6,886,053	106,211	463,812	22,903,361
Bad debts expense, commitment and reversal of guarantee liability (provision)	(913,295)	8,220	-	97,931	(807,144)
Operating expenses	(7,650,377)	(4,137,489)	(14,247)	(572,049)	(12,374,162)
Profit (loss) from continuing operations before tax	6,883,613	2,756,784	91,964	(10,306)	9,722,055
Income tax (expense) benefit	(929,505)	(374,223)	(5,256)	174,938	(1,134,046)
Net income	5,954,108	2,382,561	86,708	164,632	8,588,009

### 54. PROFITABILITY

#### SinoPac Holdings and Its Subsidiaries

(%)

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.42	0.44
	After income tax	0.35	0.39
Return on net worth	Before income tax	6.44	6.08
	After income tax	5.29	5.37
Profit margin		34.13	37.50

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

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2022 and 2021.

### SinoPac Holdings

(%)

	Items	June 30, 2022	June 30, 2021
Return on total assets	Before income tax	4.66	4.66
	After income tax	4.61	4.81
Return on net worth	Before income tax	5.35	5.20
	After income tax	5.29	5.37
Profit margin		96.34	100.56

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

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2022 and 2021.

### Bank SinoPac

(%)

	Items	June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.41	0.34
	After income tax	0.36	0.30
Return on net worth	Before income tax	6.35	4.89
	After income tax	5.45	4.24
Profit margin		41.25	39.38

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

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2022 and 2021.

### SinoPac Securities

(%)

	Items	June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.78	2.43
	After income tax	0.60	2.14
Return on net worth	Before income tax	3.73	9.24
	After income tax	2.88	8.16
Profit margin		18.99	38.11

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

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2022 and 2021.

## 55. ADDITIONAL DISCLOSURES

- a. Significant transactions and b. following is the additional information required for the Company and investees:
  - 1) Financing provided: Table 1 (under certain regulations, Bank SinoPac and Bank SinoPac (China) are exempt from making related disclosure requirements)
  - 2) Endorsement/guarantee provided: Table 2 (under certain regulations, Bank SinoPac and Bank SinoPac (China) are exempt from making related disclosure requirements)
  - 3) Marketable securities held: Table 3 (Bank SinoPac, Bank SinoPac (China), SinoPac Securities and SinoPac Securities (Asia) are excluded from related disclosure requirements under the Criteria Governing the Preparation of Financial Reports by Public Banks and the Criteria Governing the Preparation of Financial Reports by Securities Firms)
  - 4) Acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4
  - 5) Marketable securities acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4
  - 6) Acquisition of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
  - 7) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
  - 8) Allowance for service fees to related parties of at least NT\$5 million: None
  - 9) Securitization product offered by a subsidiary and under government approval in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act, and related information: None
  - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: Table 5
  - 11) Sale of non-performing loans: None
  - 12) The related information and proportionate share in investees: Table 6
  - 13) Derivative financial transactions: Note 8
  - 14) Other material transactions which will affect the decisions of financial report users: Tables 7 to 18
    - a) The book value of the maximum credit risk exposure of the financial assets: Table 7
    - b) Allowance for discounts and loans: Table 8
    - c) Allowance for accounts receivables: Table 9

- d) Change in allowance for debt instrument at fair value through other comprehensive income: Table 10
- e) Change in allowance for debt instrument at amortized cost: Table 11
- f) Related party transactions: Table 12
- g) Balance sheets of SPH: Table 13
- h) Comprehensive income statements of SPH: Table 14
- i) Statement of changes in equity of SPH: Table 15
- j) Statements of cash flows of SPH: Table 16
- k) Statement of balance sheet and comprehensive income of SPH's subsidiaries: Table 17
- l) Public announcements prescribed in financial holding company ACT Article 46: Table 18
- m) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 19
- d. Information on major shareholders: None

## **56. SEGMENT INFORMATION**

The main business of the Company is the investment in and management of its subsidiaries. On the basis of the chief decision maker's resource allocation and department performance review, the Group has divided, business segments by type of services and products provided. The accounting standards and policies mentioned in Note 4 apply to of the business segments under IFRS 8 "Operating Segments". The Group operating segments for the six months ended June 30, 2022 and 2021 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.

Venture capital - comprise SinoPac Venture Capital; provides venture capital investment services.

Other business segments - comprises SinoPac Leasing and its subsidiaries, SinoPac Securities Investment Trust and other investment were not identified to disclose as on individual segment.

The Group' segment revenue, operating results and segment assets are shown in the following table.

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Six Months Ended June 30, 2022						
		Banking	Security	Venture Capital	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 11,665,952	\$ 641,830	\$ 123	\$ 297,217	\$ 12,605,122	\$ (37,280)	\$ 12,567,842
	Interest income	16,932,115	837,755	220	402,479	18,172,569	(6,329)	18,166,240
	Interest expenses	(5,266,163)	(195,925)	(97)	(105,262)	(5,567,447)	(30,951)	(5,598,398)
	Service fee and commissions income net	4,804,623	3,523,455	-	86,097	8,414,175	(1,035)	8,413,140
	Others	2,186,795	776,474	(3,795)	287,963	3,247,437	(120,628)	3,126,809
	Total net revenue	18,657,370	4,941,759	(3,672)	671,277	24,266,734	(158,943)	24,107,791
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,272,820)	309	-	5,512	(1,266,999)	-	(1,266,999)
	Operating expenses	(8,590,391)	(3,723,538)	(16,066)	(384,540)	(12,714,535)	(111,624)	(12,826,159)
	Depreciation and amortization expense	(789,070)	(265,655)	(2,361)	(126,480)	(1,183,566)	50,922	(1,132,644)
	Profit (loss) from continuing operations before tax	8,794,159	1,218,530	(19,738)	292,249	10,285,200	(270,567)	10,014,633
	Income tax (expense) benefit	(1,293,921)	(326,524)	8,799	(76,781)	(1,688,427)	(98,379)	(1,786,806)
	Net income (loss)	7,500,238	892,006	(10,939)	215,468	8,596,773	(368,946)	8,227,827
		Banking	Security	Venture Capital	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 98,357	\$ 825,021	\$ 923,378	\$ -	\$ 923,378
	Total assets	2,170,233,735	201,437,676	2,772,630	23,384,292	2,397,828,333	(11,452,701)	2,386,375,632

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Six Months Ended June 30, 2021						
		Banking	Security	Venture Capital	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 9,931,041	\$ 582,881	\$ 390	\$ 243,443	\$ 10,757,755	\$ (33,097)	\$ 10,724,658
	Interest income	14,220,766	744,472	448	367,448	15,333,134	(17,256)	15,315,878
	Interest expenses	(4,289,725)	(161,591)	(58)	(124,005)	(4,575,379)	(15,841)	(4,591,220)
	Service fee and commissions income, net	4,157,496	4,956,265	-	92,134	9,205,895	(3,457)	9,202,438
	Others	1,343,883	1,403,498	105,902	243,004	3,096,287	(120,022)	2,976,265
	Total net revenue	15,432,420	6,942,644	106,292	578,581	23,059,937	(156,576)	22,903,361
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(913,295)	8,220	-	97,931	(807,144)	-	(807,144)
	Operating expenses	(7,685,100)	(4,165,067)	(15,815)	(392,011)	(12,257,993)	(116,169)	(12,374,162)
	Depreciation and amortization expense	(748,168)	(259,269)	(2,378)	(124,571)	(1,134,386)	54,701	(1,079,685)
	Profit (loss) from continuing operations before tax	6,834,025	2,785,797	90,477	284,501	9,994,800	(272,745)	9,722,055
	Income tax (expense) benefit	(929,505)	(374,223)	(5,256)	(93,870)	(1,402,854)	268,808	(1,134,046)
	Net income (loss)	5,904,520	2,411,574	85,221	190,631	8,591,946	(3,937)	8,588,009
		Banking	Security	Venture Capital	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 98,520	\$ 555,875	\$ 654,395	\$ -	\$ 654,395
	Total assets	2,084,771,998	184,560,255	2,915,095	21,715,592	2,293,962,940	(12,142,483)	2,281,820,457

TABLE 1

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**FINANCING PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
(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	\$ 126,450	\$ 59,430	\$ 59,430	2.00-15.90	Short-term financing	\$ -	Operating use	\$ 1,325	-	\$ -	\$ 1,351,142 (Note 2)	\$ 1,801,522 (Note 2)
		Hsiang-Ming Fishery Co., Ltd.	Other receivable	No	220,000	175,000	125,000	2.00-15.90	Short-term financing	-	Operating use	2,310	-	-	1,351,142 (Note 2)	1,801,522 (Note 2)
		ET Pet Co., Ltd.	Other receivable	No	61,708	22,500	22,500	2.00-15.90	Short-term financing	-	Operating use	66	-	-	1,351,142 (Note 2)	1,801,522 (Note 2)
		TAROKO Entertainment Co., Ltd.	Other receivable	No	31,240	17,962	17,962	2.00-15.90	Short-term financing	-	Operating use	53	Deposit	8,000	1,351,142 (Note 2)	1,801,522 (Note 2)
		Ocean Crown Trading Ltd.	Other receivable	No	41,000	30,000	30,000	2.00-15.90	Short-term financing	-	Operating use	103	-	-	1,351,142 (Note 2)	1,801,522 (Note 2)
		Shin Round Business Co., Ltd.	Other receivable	No	27,564	13,853	13,853	2.00-15.90	Short-term financing	-	Operating use	53	Deposit	1,500	1,351,142 (Note 2)	1,801,522 (Note 2)
		ET New Media Holding Co., Ltd.	Other receivable	No	75,000	62,733	62,733	2.00-15.90	Short-term financing	-	Operating use	1,333	-	-	1,351,142 (Note 2)	1,801,522 (Note 2)
		ING-KER International Co., Ltd.	Other receivable	No	12,000	12,000	12,000	2.00-15.90	Short-term financing	-	Operating use	40	-	-	1,351,142 (Note 2)	1,801,522 (Note 2)
		Fengxin Development and Investment Co., Ltd	Other receivable	No	50,000	50,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,351,142 (Note 2)	1,801,522 (Note 2)
2	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Other receivable	Yes	2,675,610 (Note 3)	2,675,610 (Note 3)	891,870 (Note 3)	3.01514	Short-term financing	-	Operating use	-	-	-	3,340,226 (Note 3)	3,340,226 (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 \$4,503,807 of SinoPac Leasing as of June 30, 2022, respectively. The financial limit to each subsidiary of SinoPac Leasing is 40% of its reviewed net worth.

Note 3: In June 2019 and September 2021, the board of directors of SinoPac Securities (Cayman) processed the credit line of US\$30,000 thousand and US\$60,000 thousand. The maximum balance and the ending balance were based on the credit line of US\$90,000 thousand (NT\$2,675,610). The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) as of June 30, 2022 was equal to US\$112,356 thousand (NT\$3,340,226). As of June 30, 2022, the actual balance of US\$30,000 thousand (NT\$891,870) had been eliminated in consolidated report.

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

**TABLE 2****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
(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	\$ 36,030,459	\$ 4,834,054	\$ 4,239,474	\$ 320,632	\$ -	94.13	\$ 36,030,459 (Note 1)	Y	N	Y
		SinoPac Capital International (HK)	Subsidiary	36,030,459	12,044,704	11,450,124	4,644,150	-	254.23	36,030,459 (Note 1)	Y	N	N
2	SinoPac Venture Capital	SinoPac Leasing	Affiliate	1,370,949	407,174	407,174	-	-	14.85	2,741,898 (Note 2)	N	N	N

Note 1: The limit on individual endorsement or guarantee amounts is up to 200% of the net worth of SinoPac Leasing. The maximum amount of endorsement or guarantee is 800% of the net worth of SinoPac Leasing. But the amount of endorsement or guarantee is 800% of the worth of the subsidiaries of SinoPac Leasing, which held by more than 50%. The audited net worth of SinoPac Leasing as of June 30, 2022 was \$4,503,807.

Note 2: Endorsement or guarantee cannot exceed the net worth of SinoPac Venture Capital. The limit on individual endorsement or guarantee cannot exceed one-half of the net worth of SinoPac Venture Capital. The audited net worth as of June 30, 2022 was \$2,741,898.

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.

**TABLE 3****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****MARKETABLE SECURITIES HELD****JUNE 30, 2022**

(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SPH	Stock Taiwan Depository And Clearing Corporation	-	Financial assets at fair value through other comprehensive income	362	\$ 41,975	0.08	\$ 41,975	
SinoPac Futures	Stock Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' general manager	Financial assets at fair value through other comprehensive income	1,048	85,124	0.25	85,124	
	GME Group Inc.	-	Financial assets at fair value through other comprehensive income	20	121,674	0.01	121,674	
	Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income	141	15,299	-	15,299	
	China General Plastics Corporation	-	Financial assets at fair value through other comprehensive income	334	10,207	0.06	10,207	
	China Steel Corporation	-	Financial assets at fair value through other comprehensive income	420	11,949	-	11,949	
	YC Inox Co., Ltd.	-	Financial assets at fair value through other comprehensive income	166	4,441	0.04	4,441	
	Inventec Corporation	-	Financial assets at fair value through other comprehensive income	413	10,387	0.01	10,387	
	Asustek Computer Incorporation	-	Financial assets at fair value through other comprehensive income	61	18,941	0.01	18,941	
	Micro-Star International Co., Ltd.	-	Financial assets at fair value through other comprehensive income	92	10,442	0.01	10,442	
	Chicony Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	163	12,078	0.02	12,078	
	Huaku Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	161	14,297	0.06	14,297	
	Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income	277	14,099	-	14,099	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	644	12,687	0.01	12,687	
	Mega Financial Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income	231	8,154	-	8,154	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Venture Capital	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	225	\$ 5,648	-	\$ 5,648	
	Getac Holdings Corporation	-	Financial assets at fair value through other comprehensive income	315	12,710	0.05	12,710	
	Holy Stone Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income	114	11,343	0.07	11,343	
	Novatek Microelectronics Corp.	-	Financial assets at fair value through other comprehensive income	37	11,174	0.01	11,174	
	TXC Corporation	-	Financial assets at fair value through other comprehensive income	152	13,786	0.05	13,786	
	Taiwan Mobile Co., Ltd.	-	Financial assets at fair value through other comprehensive income	25	2,700	-	2,700	
	Wistron Corporation	-	Financial assets at fair value through other comprehensive income	477	12,736	0.02	12,736	
	Far Eastone Telecommunications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	229	19,144	0.01	19,144	
	Simplo Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	48	12,216	0.03	12,216	
	Sigurd Microelectronics Corp.	-	Financial assets at fair value through other comprehensive income	116	6,020	0.03	6,020	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income	387	17,376	0.05	17,376	
	<u>Fund</u> Yuanta Real Multi-Asset Fund TWD	-	Financial assets at fair value through profit or loss	958	9,195	-	9,195	
	<u>Stock</u> Taigen Biopharmaceuticals Holdings Limited	Related party	Financial assets at fair value through profit or loss	22,005	374,088	3.07	374,088	
	Aerowin Technology Corporation	-	Financial assets at fair value through profit or loss	620	11,284	0.90	11,284	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,222	53,463	1.30	53,463	
	Kuang Hong Arts Management Incorporation	-	Financial assets at fair value through profit or loss	937	40,366	3.12	40,366	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,549	45,454	0.85	45,454	
	3S Silicon Tech, Inc.	-	Financial assets at fair value through profit or loss	1,559	17,087	6.63	17,087	
	Throughtek (tutk)	-	Financial assets at fair value through profit or loss	110	1,566	0.42	1,566	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Centera Photonics Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	3,127	\$ 36,273	8.40	\$ 36,273	
	Centera Photonics Inc. (Preferred stock A)		Financial assets at fair value through profit or loss	530	18,444	1.42	18,444	
	M2 Communication Inc.		Financial assets at fair value through profit or loss	197	3,235	1.58	3,235	
	Protectlife International Biomedical Inc.		Financial assets at fair value through profit or loss	2,000	24,000	5.04	24,000	
	Andros Pharmaceuticals Co., Ltd.		Financial assets at fair value through profit or loss	2,040	52,285	7.19	52,285	
	Knowledge Freeway Co., Ltd.		Financial assets at fair value through profit or loss	572	14,443	11.44	14,443	
	J-metrics Technology Co., Ltd.		Financial assets at fair value through profit or loss	1,200	17,256	4.29	17,256	
	Taisys Technologies Co., Ltd.		Financial assets at fair value through profit or loss	380	3,507	1.66	3,507	
	DA HO Marketing Co., Ltd.		Financial assets at fair value through profit or loss	1,050	11,750	12.20	11,750	
	New Micropore, Inc.		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	779	84,619	3.27	84,619	
	Global Investment Holdings		Financial assets at fair value through profit or loss	261	2,659	2.50	2,659	
	Boston Life Science Venture Co.		Financial assets at fair value through profit or loss	3,690	886	5.00	886	
	Taiwan Incubator Small & Medium Enterprises Development Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	3,417	36,772	4.84	36,772	
	Wellgen Medical Co., Ltd.		Financial assets at fair value through profit or loss	700	42	7.26	42	
	Taiwan Capital Buffalo II Bioventures LP		Financial assets at fair value through profit or loss	-	95,513	-	95,513	
	iXensor Co., Ltd.		Financial assets at fair value through profit or loss	515	5,670	0.94	5,670	
	Asia Metal Industries, Inc.		Financial assets at fair value through profit or loss	716	46,898	3.16	46,898	
	Hantop Intelligence Technology Corporation	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,250	11,713	10.21	11,713	
	Annji Pharmaceutical Co., Ltd.		Financial assets at fair value through profit or loss	4,000	80,000	6.07	80,000	
	Evergreen Steel Corporation		Financial assets at fair value through profit or loss	1,200	72,360	0.29	72,360	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Active Technology Engineering Inc.	Affiliate of SinoPac Venture Capital's manager	Financial assets at fair value through profit or loss	1,488	\$ 30,370	9.99	\$ 30,370	
	Lian Hong Art CO., Ltd.		Financial assets at fair value through profit or loss	118	5,749	0.34	5,749	
	Infinity Communication Tech. Inc. (Preferred stock A)		Financial assets at fair value through profit or loss	2,000	24,460	2.64	24,460	
	Morrison Opto-Electronics Ltd.		Financial assets at fair value through profit or loss	619	85,422	2.98	85,422	
	Biogend Therapeutics Co., Ltd.		Financial assets at fair value through profit or loss	596	13,231	0.58	13,231	
	Hui-Min Environment Tech Corp.		Financial assets at fair value through profit or loss	1,000	32,360	2.84	32,360	
	Obigen Pharma, Inc.		Financial assets at fair value through profit or loss	1,000	22,540	1.32	22,540	
	Taiwan Capital Buffalo III Bioventures LP		Financial assets at fair value through profit or loss	-	31,996	-	31,996	
	Syneurx International (Taiwan) Corp.		Financial assets at fair value through profit or loss	313	18,943	0.26	18,943	
	GE Technology Inc.		Financial assets at fair value through profit or loss	275	18,975	2.18	18,975	
	High Entropy Materials, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	2,500	25,000	5.25	25,000	
	Chenfull International CO., Ltd.		Financial assets at fair value through profit or loss	183	13,322	0.31	13,322	
	Evergreen Aviation Technologies Corporation		Financial assets at fair value through profit or loss	1,688	113,535	0.48	113,535	
	Mega Union Technology Inc.		Financial assets at fair value through profit or loss	500	30,000	1.11	30,000	
	Medeon Biodesign Inc.	Related party	Financial assets at fair value through profit or loss	364	26,418	0.50	26,418	
	Phoenix Pioneer Technology Co., Ltd.	Financial assets at fair value through profit or loss	3,300	62,700	1.11	62,700		
	PharmaEssentia Corp.	Financial assets at fair value through profit or loss	300	128,076	0.11	128,076		
	Airoha Technology Corp.	Financial assets at fair value through profit or loss	1	587	-	587		
	Asia Best Healthcare Co., Ltd.	Financial assets at fair value through profit or loss	11	58,012	1.60	58,012		
	CGK International Co., Ltd.	Financial assets at fair value through profit or loss	1,800	17,982	4.90	17,982		

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Securities Investment Trust Co., Ltd.	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	31,464	4.58	31,464	
	Apollo Medical Optics Inc.	-	Financial assets at fair value through profit or loss	1,667	19,333	3.48	19,333	
	Telexpress Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	542	5,187	3.33	5,187	
	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	21,131	8.50	21,131	
	Lian An Services Co., Ltd.	Affiliate of Bank SinoPac's manager	Financial assets at fair value through other comprehensive income	125	1,576	5.00	1,576	
	Ecrowd Media Inc.	Affiliate of SPH board of director	Financial assets at fair value through other comprehensive income	1,863	47,074	9.19	47,074	
	Mei Ta Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income	212	108,179	0.49	108,179	
	Sheng Ho Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income	9,990	113,986	9.99	113,986	
	Brightman Optoelectronics (Cayman) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	855	7,708	11.69	7,708	
	Neutron Innovation (BVI) Limited	-	Financial assets at fair value through other comprehensive income	1,569	41,362	6.02	41,362	
	Winking Entertainment Ltd.	-	Financial assets at fair value through other comprehensive income	260	12,575	1.65	12,575	
	Mozido C-1	-	Financial assets at fair value through other comprehensive income	60	528	0.01	528	
	Mozido C-2	-	Financial assets at fair value through other comprehensive income	259	2,286	0.05	2,286	
	Fund							
	SinoPac TAIEX ETF	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	10	731	-	731	
	SinoPac Emerging Markets Corporate Bond Fund-Accumulation-TWD	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	859	7,737	-	7,737	
	Sinopac TWD Money Market	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	5,977	84,082	-	84,082	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Securities Venture Capital	<u>Stock</u> Greenfiltec Ltd.	-	Financial assets at fair value through profit or loss	275	\$ 27,500	1.55	\$ 27,500	
			Financial assets at fair value through profit or loss	440	22,783	1.31	22,783	
			Financial assets at fair value through profit or loss	170	8,488	0.77	8,488	
			Financial assets at fair value through profit or loss	437	34,003	1.24	34,003	
			Financial assets at fair value through profit or loss	714	73,556	1.4	73,556	
			Financial assets at fair value through profit or loss	970	65,242	6.86	65,242	
			Financial assets at fair value through profit or loss	1,500	48,540	1.76	48,540	
			Financial assets at fair value through profit or loss	392	9,726	0.11	9,726	
			Financial assets at fair value through profit or loss	300	13,500	0.50	13,500	
			Financial assets at fair value through profit or loss	1,500	44,250	1.79	44,250	
			Financial assets at fair value through profit or loss	1,500	28,500	0.51	28,500	
SinoPac Capital (Asia) Ltd.	<u>Bond</u> CGB 3.6 06/27/28	-	Financial assets at fair value through profit or loss	1,500	6,892	-	6,892	
			Financial assets at fair value through profit or loss	10,000	42,712	-	42,712	
			Financial assets at fair value through profit or loss	700	20,645	-	20,645	
			Financial assets at fair value through profit or loss	5,000	19,075	-	19,075	
			Financial assets at fair value through profit or loss	10	290	-	290	
			Financial assets at fair value through profit or loss	2,620	77,870	-	77,870	
			Financial assets at fair value through profit or loss	500	14,745	-	14,745	
			Financial assets at fair value through profit or loss	500	14,925	-	14,925	
			Financial assets at fair value through profit or loss	2,000	57,917	-	57,917	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
ZHZHCC 3.8 11/14/22	-		Financial assets at fair value through profit or loss	200	\$ 5,947	-	\$ 5,947	
CHSCOI V4 PERP	-		Financial assets at fair value through profit or loss	1,000	29,295	-	29,295	
ABIBB 4.7 02/01/36 REGS	-		Financial assets at fair value through profit or loss	150	4,270	-	4,270	
CSSSHI 2.5 02/13/25	-		Financial assets at fair value through profit or loss	2,000	56,962	-	56,962	
CHLEAS 3.75 10/22/23 EMTN	-		Financial assets at fair value through profit or loss	300	8,838	-	8,838	
SINO TRENDY INVST 2.95% 30OCT2025	-		Financial assets at fair value through profit or loss	300	8,464	-	8,464	
MIZUHO FIN GRP CAYMAN 3 4.6% 27MAR2024	-		Financial assets at fair value through profit or loss	400	11,918	-	11,918	
SK BATTERY AMERICA INC 1.625% 26JAN2024	-		Financial assets at fair value through profit or loss	200	5,692	-	5,692	
CDBL FUNDING TWO 1.375% 04MAR2024	-		Financial assets at fair value through profit or loss	1,800	51,237	-	51,237	
LEVC FINANCE LTD 1.375% 25MAR2024	-		Financial assets at fair value through profit or loss	200	5,696	-	5,696	
TALENT YIELD INTNTNL 2% 06MAY2026	-		Financial assets at fair value through profit or loss	1,000	27,525	-	27,525	
KOREA INV & SECS CO LTD 1.375% 19JUL2024	-		Financial assets at fair value through profit or loss	1,000	28,096	-	28,096	
ANHUI TRANSPORTATION HK 1.618% 26AUG2026	-		Financial assets at fair value through profit or loss	1,400	37,527	-	37,527	
MACQUARIE GROUP LTD FLOATING 14OCT2025	-		Financial assets at fair value through profit or loss	1,500	43,892	-	43,892	
VOYAGE BONDS LTD 3.375% 28SEP2022	-		Financial assets at fair value through profit or loss	200	5,942	-	5,942	
BOC AVIATION LTD 4% 25JAN2024	-		Financial assets at fair value through profit or loss	200	5,944	-	5,944	
ZHENGZHOU METRO GROUP 1.915% 15NOV2024	-		Financial assets at fair value through profit or loss	3,700	104,936	-	104,936	
DEUTSCHE BANK NY1.269003% 16NOV2027	-		Financial assets at fair value through profit or loss	5,000	138,229	-	138,229	
STANDARD CHARTERED PLC 0.980003% 23NOV2025	-		Financial assets at fair value through profit or loss	3,000	87,306	-	87,306	
CNAC HK FINBRIDGE CO LTD 3.5% 19JUL2022	-		Financial assets at fair value through profit or loss	200	5,948	-	5,948	
CREDIT SUISSE AG LONDON 7.73% 15JUN2028	-		Financial assets at fair value through profit or loss	7,000	12,818	-	12,818	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	HON HAI PRECISION INDUST 0% 05AUG2026	-	Financial assets at fair value through profit or loss	2,000	\$ 52,771	-	\$ 52,771	
	NATIONAL AUSTRALIA BANK 0.700003% 12JAN2027	-	Financial assets at fair value through profit or loss	500	14,486	-	14,486	
	NATIONAL AUSTRALIA BANK 0.430003% 12JAN2025	-	Financial assets at fair value through profit or loss	500	14,643	-	14,643	
	QIB SUKUK LTD 3.982% 26MAR2024	-	Financial assets at fair value through profit or loss	500	14,890	-	14,890	
	JXWCIG 3.4 12/05/22	-	Financial assets at fair value through profit or loss	500	14,844	-	14,844	
	NIPLIF V5 10/18/42 REGS	-	Financial assets at fair value through profit or loss	3,400	101,083	-	101,083	
	COFCO 4.625 11/12/23	-	Financial assets at fair value through profit or loss	400	12,029	-	12,029	
	UNITED MEXICAN STATES 8% 24SEP2022	-	Financial assets at fair value through profit or loss	100	3,007	-	3,007	
	AIRPORT AUTHORITY HK 2.1% PERP	-	Financial assets at fair value through profit or loss	2,000	53,803	-	53,803	
	MORGAN STANLEY 0.67433% 24JAN2025	-	Financial assets at fair value through profit or loss	1,000	29,020	-	29,020	
	BANK OF NEW ZEALAND 0.860003% 27JAN2027	-	Financial assets at fair value through profit or loss	1,000	29,147	-	29,147	
	AIRPORT AUTHORITY HK 2.4% PERP	-	Financial assets at fair value through profit or loss	1,000	25,508	-	25,508	
	GS 3.625 01/22/23	-	Financial assets at fair value through profit or loss	10	298	-	298	
	STANLN 5.2 01/26/24 REGS	-	Financial assets at fair value through profit or loss	600	18,004	-	18,004	
	BCHINA 5 11/13/24 REGS	-	Financial assets at fair value through profit or loss	600	18,255	-	18,255	
	ADBCH 3.4 11/06/24.	-	Financial assets at fair value through profit or loss	5,000	22,378	-	22,378	
	DB 0 09/24/27 EMTN	-	Financial assets at fair value through profit or loss	30	438	-	438	
	BLACKSTONE PRIVATE CRE 4% 15JAN2029	-	Financial assets at fair value through profit or loss	10	242	-	242	
	C 2.7 10/27/22	-	Financial assets at fair value through profit or loss	10	297	-	297	
	MAYMK F 08/16/24 EMTN	-	Financial assets at fair value through profit or loss	3,000	89,207	-	89,207	
	TSMC ARIZONA CORP 3.25% 25OCT2051	-	Financial assets at fair value through profit or loss	1,000	23,808	-	23,808	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	MALAYAN BANKING BHD 2.30186% 10AUG2023	-	Financial assets at fair value through profit or loss	2,000	\$ 59,545	-	\$ 59,545	
	SAUDI ARABIAN OIL CO 1.625% 24NOV2025	-	Financial assets at fair value through profit or loss	600	16,457	-	16,457	
	EMIRATES NBD BANK PJSC 3.76% 24NOV2027	-	Financial assets at fair value through profit or loss	710	3,077	-	3,077	
	MSFT 4.45 11/03/45	-	Financial assets at fair value through profit or loss	66	1,997	-	1,997	
	RBS 6 12/19/23	-	Financial assets at fair value through profit or loss	40	1,210	-	1,210	
	CITIGROUP GLOBAL MARKETS 4.2% 21JUN2032	-	Financial assets at fair value through profit or loss	5,000	142,528	-	142,528	
	JNJ 4.375 12/05/33	-	Financial assets at fair value through profit or loss	30	922	-	922	
	3M COMPANY 5.7% 15MAR2037	-	Financial assets at fair value through profit or loss	20	668	-	668	
	EXPORT-IMPORT BANK KOREA 2.8% 03MAR2024	-	Financial assets at fair value through profit or loss	2,000	8,784	-	8,784	
	AAPL 3.85 08/04/46	-	Financial assets at fair value through profit or loss	60	1,631	-	1,631	
	C 3.3 05/22/24 GMTN	-	Financial assets at fair value through profit or loss	5,270	23,259	-	23,259	
	EMIRATES NBD BANK PJSC 3.7% 23FEB2032	-	Financial assets at fair value through profit or loss	3,000	53,428	-	53,428	
	MS 4.1 09/25/23 EMTN	-	Financial assets at fair value through profit or loss	14,483	64,596	-	64,596	
	QCOM 4.8 05/20/45	-	Financial assets at fair value through profit or loss	10	302	-	302	
	TSMC ARIZONA CORP 2.5% 25OCT2031	-	Financial assets at fair value through profit or loss	170	4,322	-	4,322	
	MO 3.875 09/16/46	-	Financial assets at fair value through profit or loss	50	1,014	-	1,014	
	DIS 2.75 09/01/49	-	Financial assets at fair value through profit or loss	24	506	-	506	
	ADGB 3.125 09/30/49 REGS	-	Financial assets at fair value through profit or loss	200	4,608	-	4,608	
	VLL INTERNATIONAL INC 5.75% 28NOV2024	-	Financial assets at fair value through profit or loss	300	8,604	-	8,604	
	TOYOTA MOTOR CORP 2.362% 25MAR2031	-	Financial assets at fair value through profit or loss	10	259	-	259	
	WALT DISNEY COMPANY/THE 2.65% 13JAN2031	-	Financial assets at fair value through profit or loss	10	261	-	261	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	NORTONLIFELOCK INC 5% 15APR2025	-	Financial assets at fair value through profit or loss	500	\$ 14,529	-	\$ 14,529	
	ADCBUH F 06/20/24 EMTN	-	Financial assets at fair value through other comprehensive income	5,000	149,070	-	149,070	
	QIBKQD F 02/07/25 EMTN	-	Financial assets at fair value through other comprehensive income	6,000	178,468	-	178,468	
	TAISEM 1 09/28/27	-	Financial assets at fair value through other comprehensive income	3,000	76,645	-	76,645	
	SINOPE 1.45 01/08/26	-	Financial assets at fair value through other comprehensive income	4,000	109,928	-	109,928	
	HYNMTR 1.3 01/08/26	-	Financial assets at fair value through other comprehensive income	1,000	26,494	-	26,494	
	HYNMTR 1.8 01/08/28	-	Financial assets at fair value through other comprehensive income	1,000	25,161	-	25,161	
	QNBK 1 3/8 01/26/26	-	Financial assets at fair value through other comprehensive income	3,000	80,950	-	80,950	
	CNOOC 4 1/2 10/03/23	-	Financial assets at fair value through other comprehensive income	4,000	120,549	-	120,549	
	CHIOLI 3.95 11/15/22	-	Financial assets at fair value through other comprehensive income	2,500	74,400	-	74,400	
	FORCAY 3 3/8 04/22/25	-	Financial assets at fair value through other comprehensive income	6,720	195,034	-	195,034	
	BOCAVI 1 5/8 04/29/24	-	Financial assets at fair value through other comprehensive income	5,000	142,344	-	142,344	
	SANUK 1.673 06/14/27	-	Financial assets at fair value through other comprehensive income	2,000	51,963	-	51,963	
	SMBCAC 2.3 06/15/28	-	Financial assets at fair value through other comprehensive income	3,000	72,551	-	72,551	
	HPQ 1.45 06/17/26	-	Financial assets at fair value through other comprehensive income	1,000	26,294	-	26,294	
	ARAMCO 1.602 06/17/26	-	Financial assets at fair value through other comprehensive income	2,000	54,205	-	54,205	
	HYNMTR 2 06/15/28	-	Financial assets at fair value through other comprehensive income	500	12,522	-	12,522	
	HYNMTR 1 1/2 06/15/26	-	Financial assets at fair value through other comprehensive income	500	13,144	-	13,144	
	NOMURA 1.653 07/14/26	-	Financial assets at fair value through other comprehensive income	3,000	78,199	-	78,199	
	MIZUHO 1.554 07/09/27	-	Financial assets at fair value through other comprehensive income	1,000	26,072	-	26,072	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	CJIANT 1 3/8 08/25/24	-	Financial assets at fair value through other comprehensive income	5,000	\$ 140,402	-	\$ 140,402	
	CMINLE 1 1/4 09/16/24	-	Financial assets at fair value through other comprehensive income	5,000	139,808	-	139,808	
	ICBCIL 1 5/8 11/02/24	-	Financial assets at fair value through other comprehensive income	4,000	112,849	-	112,849	
	FUBBAN 4.08 01/09/25	-	Financial assets at fair value through other comprehensive income	25,000	111,022	-	111,022	
	NOMURA 3.25 09/15/25 EMTN	-	Financial assets at fair value through other comprehensive income	10,000	44,409	-	44,409	
	<u>Stock</u>							
	Power Assets Holdings Ltd	-	Financial assets at fair value through other comprehensive income	134	25,059	0.01	25,059	
	PCCW Solutions Limited	-	Financial assets at fair value through other comprehensive income	2,744	43,152	0.04	43,152	
	China Everbright Limited	-	Financial assets at fair value through other comprehensive income	746	20,862	0.04	20,862	
	Jiangsu Expressway Company Limited	-	Financial assets at fair value through other comprehensive income	572	17,123	0.05	17,123	
	Uni-President China Holdings Ltd	-	Financial assets at fair value through other comprehensive income	690	17,597	0.02	17,597	
	Shanghai Industrial Holdings Limited	-	Financial assets at fair value through other comprehensive income	255	10,958	0.02	10,958	
	Beijing Enterprises Water Group Limited	-	Financial assets at fair value through other comprehensive income	1,794	16,111	0.02	16,111	
	NWS Holdings Limited	-	Financial assets at fair value through other comprehensive income	540	15,245	0.01	15,245	
	Xinyi Glass Holdings Limited	-	Financial assets at fair value through other comprehensive income	198	14,120	-	14,120	
	China Construction Bank Corporation	-	Financial assets at fair value through other comprehensive income	1,508	30,115	-	30,115	
	China Mobile Limited	-	Financial assets at fair value through other comprehensive income	143	26,459	-	26,459	
	CK Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income	122	22,237	-	22,237	
	Hengan International Group Company Limited	-	Financial assets at fair value through other comprehensive income	174	24,227	0.01	24,227	
	HKBN Ltd.	-	Financial assets at fair value through other comprehensive income	856	28,901	0.07	28,901	
	China Resources Cement Holdings Limited	-	Financial assets at fair value through other comprehensive income	1,376	27,479	0.02	27,479	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through other comprehensive income	2,174	\$ 38,389	-	\$ 38,389	
	CRRC Corporation Limited	-	Financial assets at fair value through other comprehensive income	1,040	11,507	0.02	11,507	
	Bank of Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,075	42,617	0.01	42,617	
	Bank of China Limited	-	Financial assets at fair value through other comprehensive income	3,817	45,272	-	45,272	
	Fund SAMSUNG NYSE FANG+ ETF	-	Financial assets at fair value through profit or loss	200	11,330	-	11,330	

Note: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rates on the balance sheet date.

(Concluded)

TABLE 4

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

ACQUIRED AND DISPOSED OF INVESTMENT AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL  
 (MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF, AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL)  
 FOR THE SIX MONTHS ENDED JUNE 30, 2022  
 (In Thousands of New Taiwan Dollars or Shares, Unless Stated Otherwise)

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
SinoPac Capital (Asia)	EMIRATES NBD BANK PJSC 3.7% 23FEB2032 C 3 08/06/30 GMTN	Financial assets at fair value through profit or loss		-	-	AUD -	19,000	AUD 18,269	16,000	AUD 15,890	AUD 15,384	AUD 506	3,000	AUD 2,885
	CHIOLI 5.375 10/29/23	Financial assets at fair value through profit or loss		-	-	CNY -	185,560	CNY 172,523	185,560	CNY 172,714	CNY 172,523	CNY 191	-	CNY -
	KSA 4.5 10/26/46 REGS	Financial assets at fair value through profit or loss		-	-	US\$ -	10,000	US\$ 10,235	10,000	US\$ 10,235	US\$ 10,235	US\$ -	-	US\$ -
	HPE 6.35 10/15/45	Financial assets at fair value through profit or loss		-	-	US\$ -	29,853	US\$ 30,639	29,853	US\$ 30,643	US\$ 30,639	US\$ 4	-	US\$ -
	CTL 5.625 04/01/25	Financial assets at fair value through profit or loss		-	-	US\$ -	13,065	US\$ 15,223	13,065	US\$ 15,231	US\$ 15,223	US\$ 8	-	US\$ -
	SOFTBK 5.125 09/19/27	Financial assets at fair value through profit or loss		-	-	US\$ -	11,550	US\$ 11,326	11,550	US\$ 11,325	US\$ 11,326	US\$ (1)	-	US\$ -
	PEMEX 6.5 03/13/27 REGS	Financial assets at fair value through profit or loss		-	300	US\$ 303	15,238	US\$ 14,311	15,538	US\$ 14,607	US\$ 14,614	US\$ (7)	-	US\$ -
	MO 5.375 01/31/44	Financial assets at fair value through profit or loss		-	-	US\$ -	15,587	US\$ 14,828	15,587	US\$ 14,866	US\$ 14,828	US\$ 38	-	US\$ -
	AGRBK F 01/28/22 FRCD	Financial assets at fair value through profit or loss		-	15,000	US\$ 14,991	-	US\$ -	15,000	US\$ 15,000	US\$ 14,991	US\$ 9	-	US\$ -
	MO 5.8 02/14/39	Financial assets at fair value through profit or loss		-	-	US\$ -	22,770	US\$ 23,138	22,770	US\$ 23,164	US\$ 23,138	US\$ 26	-	US\$ -
	MO 3.875 09/16/46	Financial assets at fair value through profit or loss		-	-	US\$ -	16,722	US\$ 13,929	16,672	US\$ 13,908	US\$ 13,895	US\$ 13	50	US\$ 34
	BAC V4.33 03/15/50 MTN	Financial assets at fair value through profit or loss		-	-	US\$ -	21,132	US\$ 19,698	21,132	US\$ 19,694	US\$ 19,698	US\$ (4)	-	US\$ -
	AAPL 2.55 08/20/60	Financial assets at fair value through profit or loss		-	-	US\$ -	23,345	US\$ 18,693	23,345	US\$ 18,700	US\$ 18,693	US\$ 7	-	US\$ -
	ALTRIA GROUP INC 4% 04FEB2061	Financial assets at fair value through profit or loss		-	-	US\$ -	24,089	US\$ 19,029	24,089	US\$ 19,046	US\$ 19,029	US\$ 17	-	US\$ -
	TSMC ARIZONA CORP 3.125% 25OCT2041	Financial assets at fair value through profit or loss		-	-	US\$ -	15,390	US\$ 13,875	15,390	US\$ 13,876	US\$ 13,875	US\$ 1	-	US\$ -

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units	Amount	Units	Settlements Amount	Carrying Value	Gain (Loss) on Disposal	Units	Amount
SinoPac Capital (Asia)	SOFTBK 5.125 09/19/27	Financial liabilities at fair value through profit or loss		-	-	US\$ -	400	US\$ 372	400	US\$ 373	US\$ 372	US\$ 1	-	US\$ -
	MO 5.375 01/31/44	Financial liabilities at fair value through profit or loss		-	-	US\$ -	6,165	US\$ 6,029	6,165	US\$ 6,025	US\$ 6,029	US\$ (4)	-	US\$ -
	MO 5.8 02/14/39	Financial liabilities at fair value through profit or loss		-	-	US\$ -	2,590	US\$ 2,657	2,590	US\$ 2,658	US\$ 2,657	US\$ 1	-	US\$ -
	MO 3.875 09/16/46	Financial liabilities at fair value through profit or loss		-	-	US\$ -	220	US\$ 173	220	US\$ 173	US\$ 173	US\$ -	-	US\$ -
	AAPL 2.55 08/20/60	Financial liabilities at fair value through profit or loss		-	-	US\$ -	3,240	US\$ 2,618	3,240	US\$ 2,617	US\$ 2,618	US\$ (1)	-	US\$ -
	ALTRIA GROUP INC 4% 04FEB2061	Financial liabilities at fair value through profit or loss		-	-	US\$ -	780	US\$ 613	780	US\$ 614	US\$ 613	US\$ 1	-	US\$ -
	US TREASURY N/B 1.25% 31DEC2026	Financial liabilities at fair value through profit or loss		-	-	US\$ -	13,000	US\$ 12,588	13,000	US\$ 12,899	US\$ 12,588	US\$ 311	-	US\$ -

**TABLE 5****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL****JUNE 30, 2022**

(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	\$ 2,385,412 (Note 1)	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SPH	Parent company of Bank SinoPac	1,055,357 (Note 1)	-	-	-	-	-
SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiary of SinoPac Securities (Cayman)	891,870 (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.

**TABLE 6****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**INFORMATION ON INVESTED ENTERPRISES  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
(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		
<u>Financial</u>										
Bank SinoPac	Taiwan	Commercial bank, trust and foreign exchange services	100	\$ 129,588,568	\$ 7,506,301	8,688,919	-	8,688,919	100	Subsidiary
SinoPac Securities Corporation	Taiwan	Brokerage, dealing and underwriting of securities	100	29,326,872	891,923	1,621,224	-	1,621,224	100	Subsidiary
SinoPac Leasing Corporation	Taiwan	Leasing, installment sales and financing service	100	4,545,768	132,242	468,104	-	468,104	100	Subsidiary
SinoPac Venture Capital Corporation	Taiwan	Venture capital investment	100	2,741,949	(10,953)	250,000	-	250,000	100	Subsidiary
SinoPac Securities Investment Trust Co., Ltd	Taiwan	Securities investment trust, discretionary investment and investment consulting service	100	1,639,199	89,506	142,000	-	142,000	100	Subsidiary
Taiwan Depository and Clearing Corporation	Taiwan	Computerized book-entry operation for securities	0.08	41,975	-	4,010	-	4,010	0.92	

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

**TABLE 7****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****TOTAL BOOK VALUE OF MAXIMUM CREDIT RISK EXPOSURES FINANCIAL ASSETS****JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021**

(In Thousands of New Taiwan Dollars)

June 30, 2022	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	\$ 638,109,200	\$ 534,515	\$ 4,262,530	\$ 642,906,245	\$ 1,666,384	\$ 302,948	\$ 762,822	\$ 5,815,946	\$ 8,548,100	
Consumer banking	615,010,392	4,250,119	1,119,877	620,380,388	109,443	168,584	176,351	7,867,668	8,322,046	
Receivables										
Credit card receivable	17,596,495	219,608	707,240	18,523,343	3,336	4,487	23,126	155,742	186,691	
Net accounts receivable - factoring (Note 1)	11,281,274	-	-	11,281,274	8,496	-	-	187,043	195,539	
Other receivable (Note 2)	78,163,935	522,154	430,317	79,116,406	79,746	4,052	367,835	110,091	561,724	
Debt instrument at fair value through other comprehensive income	313,583,808	-	-	313,583,808	54,548	-	-	-	54,548	
Investments in debt instruments at amortized cost	198,191,222	-	-	198,191,222	15,316	-	-	-	15,316	

(Continued)

December 31, 2021	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	\$ 600,423,259	\$ 1,298,095	\$ 5,365,365	\$ 607,086,719	\$ 1,514,107	\$ 338,389	\$ 830,166	\$ 4,787,285	\$ 7,469,947	
Consumer banking	594,790,808	4,056,995	1,172,758	600,020,561	246,812	224,353	197,957	7,418,770	8,087,892	
Receivables										
Credit card receivable	19,517,643	211,180	743,238	20,472,061	9,112	8,463	24,993	158,942	201,510	
Net accounts receivable - factoring (Note 1)	11,445,625	-	-	11,445,625	11,562	-	-	169,288	180,850	
Other receivable (Note 2)	77,645,565	653,628	489,379	78,788,572	80,413	11,307	412,038	149,929	653,687	
Debt instrument at fair value through other comprehensive income	376,591,994	-	-	376,591,994	52,619	-	-	-	52,619	
Investments in debt instruments at amortized cost	167,261,299	-	-	167,261,299	13,314	-	-	-	13,314	

June 30, 2021	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	\$ 646,600,968	\$ 846,766	\$ 4,999,775	\$ 652,447,509	\$ 2,042,840	\$ 185,644	\$ 1,117,553	\$ 4,274,023	\$ 7,620,060	
Consumer banking	559,500,034	4,462,730	1,191,493	565,154,257	135,949	259,597	202,961	7,024,579	7,623,086	
Receivables										
Credit card receivable	15,999,460	225,185	786,278	17,010,923	4,416	7,432	27,822	162,168	201,838	
Net accounts receivable - factoring (Note 1)	7,064,158	-	-	7,064,158	7,366	-	-	145,470	152,836	
Other receivable (Note 2)	88,352,751	855,481	555,008	89,763,240	78,191	4,272	424,270	171,915	678,648	
Debt instrument at fair value through other comprehensive income	353,035,264	-	-	353,035,264	56,491	-	-	-	56,491	
Investments in debt instruments at amortized cost	156,333,909	-	-	156,333,909	11,398	-	-	-	11,398	

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

Note 2: Other receivables included non-performing receivables transferred from other than loans, long-term lease receivables and installment which are classified as other financial assets.

(Concluded)

**TABLE 8****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**CHANGE IN ALLOWANCE FOR DISCOUNTS AND LOANS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

<b>For the Six Months Ended June 30, 2022</b>	<b>12 Months ECL</b>	<b>Lifetime ECL (Collectively Assessed)</b>	<b>Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)</b>	<b>Impairment in Accordance With IFRS 9</b>	<b>The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans</b>	<b>Total</b>
Balance, January 1	\$ 1,760,919	\$ 562,742	\$ 1,028,123	\$ 3,351,784	\$ 12,206,055	\$ 15,557,839
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(7,860)	467,879	(23,284)	436,735	-	436,735
From conversion to credit-impaired financial assets	(783)	(293,895)	215,595	(79,083)	-	(79,083)
To 12-month ECL	2,581	(140,577)	(5,880)	(143,876)	-	(143,876)
Derecognizing financial assets during the current period	(1,315,003)	(123,729)	(216,982)	(1,655,714)	-	(1,655,714)
Purchased or originated new financial assets	1,310,204	6,077	64,623	1,380,904	-	1,380,904
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	1,559,559	1,559,559
Write-off	-	-	(428,126)	(428,126)	(198,879)	(627,005)
Change in model/risk parameters	(25,211)	(5,642)	(25,028)	(55,881)	-	(55,881)
Effect of exchange rate changes and others	<u>50,980</u>	<u>(1,323)</u>	<u>330,132</u>	<u>379,789</u>	<u>116,879</u>	<u>496,668</u>
Balance, June 30	<u><u>\$ 1,775,827</u></u>	<u><u>\$ 471,532</u></u>	<u><u>\$ 939,173</u></u>	<u><u>\$ 3,186,532</u></u>	<u><u>\$ 13,683,614</u></u>	<u><u>\$ 16,870,146</u></u>

(Continued)

<b>For the Six Months Ended June 30, 2021</b>	<b>12 Months ECL</b>	<b>Lifetime ECL (Collectively Assessed)</b>	<b>Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)</b>	<b>Impairment in Accordance With IFRS 9</b>	<b>The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans</b>	<b>Total</b>
Balance, January 1	\$ 2,257,000	\$ 1,033,202	\$ 999,303	\$ 4,289,505	\$ 10,776,189	\$ 15,065,694
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(8,368)	552,007	(22,404)	521,235	-	521,235
From conversion to credit-impaired financial assets	(4,328)	(332,524)	620,744	283,892	-	283,892
To 12-month ECL	2,666	(637,842)	(9,370)	(644,546)	-	(644,546)
Derecognizing financial assets during the current period	(1,653,289)	(168,646)	(487,085)	(2,309,020)	-	(2,309,020)
Purchased or originated new financial assets	1,654,890	25,242	352,500	2,032,632	-	2,032,632
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	684,288	684,288
Write-off	-	-	(627,565)	(627,565)	(141,980)	(769,545)
Change in model/risk parameters	(44,732)	(23,529)	(37,518)	(105,779)	-	(105,779)
Effect of exchange rate changes and others	(25,050)	(2,669)	531,909	504,190	(19,895)	484,295
Balance, June 30	<u>\$ 2,178,789</u>	<u>\$ 445,241</u>	<u>\$ 1,320,514</u>	<u>\$ 3,944,544</u>	<u>\$ 11,298,602</u>	<u>\$ 15,243,146</u>

(Concluded)

**TABLE 9****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**
**CHANGES IN ALLOWANCE FOR RECEIVABLES  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

<b>For the Six Months Ended June 30, 2022</b>	<b>12 Months ECL</b>	<b>Lifetime ECL (Collectively Assessed)</b>	<b>Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)</b>	<b>Impairment in Accordance With IFRS 9</b>	<b>The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans</b>	<b>Total</b>
Balance, January 1	\$ 101,087	\$ 19,770	\$ 437,031	\$ 557,888	\$ 478,159	\$ 1,036,047
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(302)	15,425	(7,707)	7,416	-	7,416
From conversion to credit-impaired financial assets	(9)	(11,911)	36,470	24,550	-	24,550
To 12-month ECL	205	(2,005)	(51)	(1,851)	-	(1,851)
Derecognizing financial assets during the current period	(50,313)	(10,404)	(30,946)	(91,663)	-	(91,663)
Purchased or originated new financial assets	36,018	3	10,499	46,520	-	46,520
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(1,039)	(1,039)
Write-off	(1)	(168)	(73,550)	(73,719)	(38,693)	(112,412)
Change in model/risk parameters	2,494	(2,933)	(1,690)	(2,129)	-	(2,129)
Effect of exchange rate changes and others	2,399	762	20,905	24,066	14,449	38,515
Balance, June 30	<u>\$ 91,578</u>	<u>\$ 8,539</u>	<u>\$ 390,961</u>	<u>\$ 491,078</u>	<u>\$ 452,876</u>	<u>\$ 943,954</u>

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans, long-term lease receivables and installments.

(Continued)

<b>For the Six Months Ended June 30, 2021</b>	<b>12 Months ECL</b>	<b>Lifetime ECL (Collectively Assessed)</b>	<b>Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)</b>	<b>Impairment in Accordance With IFRS 9</b>	<b>The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans</b>	<b>Total</b>
Balance, January 1	\$ 165,078	\$ 33,565	\$ 496,254	\$ 694,897	\$ 398,229	\$ 1,093,126
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(832)	16,649	(24,680)	(8,863)	-	(8,863)
From conversion to credit-impaired financial assets	(13)	(32,746)	93,102	60,343	-	60,343
To 12-month ECL	334	(2,341)	(33)	(2,040)	-	(2,040)
Derecognizing financial assets during the current period	(71,664)	(12,372)	(24,125)	(108,161)	-	(108,161)
Purchased or originated new financial assets	50,860	3,230	16,763	70,853	-	70,853
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	127,018	127,018
Write-off	(2)	(493)	(103,578)	(104,073)	(42,256)	(146,329)
Change in model/risk parameters	(50,968)	5,542	(3,084)	(48,510)	-	(48,510)
Effect of exchange rate changes and others	(2,820)	670	1,473	(677)	(3,438)	(4,115)
Balance, June 30	<u>\$ 89,973</u>	<u>\$ 11,704</u>	<u>\$ 452,092</u>	<u>\$ 553,769</u>	<u>\$ 479,553</u>	<u>\$ 1,033,322</u>

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans, long-term lease receivables and installments.

(Concluded)

**TABLE 10****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTH ENDED JUNE 30, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

For the Six Months Ended June 30, 2022	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 52,619	\$ -	\$ -	\$ 52,619
Purchased new debt instrument	12,834	-	-	12,834
Derecognized	(7,235)	-	-	(7,235)
Change in model/risk parameters	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	<u>146</u>	<u>-</u>	<u>-</u>	<u>146</u>
Balance June 30	<u><u>\$ 54,548</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,548</u></u>

For the Six Months Ended June 30, 2021	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 64,341	\$ -	\$ -	\$ 64,341
Purchased new debt instrument	10,842	-	-	10,842
Derecognized	(11,077)	-	-	(11,077)
Change in model/risk parameters	(6,147)	-	-	(6,147)
Effect of exchange rate changes and others	<u>(1,468)</u>	<u>-</u>	<u>-</u>	<u>(1,468)</u>
Balance June 30	<u><u>\$ 56,491</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 56,491</u></u>

**TABLE 11****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT AMORTIZED COST****FOR THE SIX MONTH ENDED JUNE 30, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

For the Six Months Ended June 30, 2022	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 13,314	\$ -	\$ -	\$ 13,314
Purchased new debt instrument	2,772	-	-	2,772
Derecognized	(40)	-	-	(40)
Change in model/risk parameters	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	318	-	-	318
Balance June 30	<u>\$ 15,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,316</u>

For the Six Months Ended June 30, 2021	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 11,891	\$ -	\$ -	\$ 11,891
Purchased new debt instrument	672	-	-	672
Derecognized	(11)	-	-	(11)
Change in model/risk parameters	(786)	-	-	(786)
Effect of exchange rate changes and others	(368)	-	-	(368)
Balance June 30	<u>\$ 11,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,398</u>

TABLE 12

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

**RELATED-PARTY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
(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 Bank SinoPac Bank SinoPac Bank SinoPac SinoPac Securities SinoPac Securities SinoPac Securities SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing	a a a a a a a a a a a a a	Receivables, net	\$ 1,435,025	Note 4	0.06
				Current income tax assets	950,350	Note 4	0.04
				Payables	338	Note 4	-
				Current income tax liabilities	1,055,020	Note 4	0.04
				Current income tax assets	57,038	Note 4	-
				Current income tax liabilities	160,843	Note 4	0.01
				Other liabilities	251	Note 4	-
				Investments accounted for using equity method	35,335	Note 4	-
				Right-of-use assets, net	620,396	Note 4	0.03
				Lease liabilities	662,014	Note 4	0.03
				Interest expenses	15,713	Note 4	0.07
				Depreciation and amortization expense	23,185	Note 4	0.10
1	Bank SinoPac	SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings Bank SinoPac (China) Ltd. Bank SinoPac (China) Ltd. SinoPac Securities SinoPac Securities SinoPac Securities Investment Service SinoPac Securities (Asia) SinoPac Securities Venture Capital SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Leasing SinoPac Capital International (HK)	b b b b c-1	Receivables, net	338	Note 4	-
				Current income tax assets	1,055,020	Note 4	0.04
				Payables	1,435,025	Note 4	0.06
				Current income tax liabilities	950,350	Note 4	0.04
				Due from the Central Bank and call loans to other banks, net	2,818,714	Note 4	0.12
				Receivables, net	125,423	Note 4	0.01
				Deposits and remittances	4,807,004	Note 4	0.20
				Net other revenue other than interest income	15,771	Note 4	0.07
				Deposits and remittances	114,256	Note 4	-
				Deposits and remittances	434,694	Note 4	0.02
				Deposits and remittances	190,838	Note 4	0.01
				Receivables, net	207	Note 4	-
				Investments accounted for using equity method	26,008	Note 4	-
				Right-of-use assets, net	576,455	Note 4	0.02
				Deposits and remittances	129,977	Note 4	0.01
				Lease liabilities	608,485	Note 4	0.03
				Interest income	265	Note 4	-
				Interest expenses	14,442	Note 4	0.06
				Depreciation and amortization expense	21,533	Note 4	0.09
				Deposits and remittances	403,061	Note 4	0.02

(Continued)

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Consolidated Net Revenue/Assets (Note 3)
2	Bank SinoPac (China) Ltd.	Bank SinoPac Bank SinoPac SinoPac International Leasing	c-2 c-2 c-1	Deposits from the Central Bank and banks Payables Deposits and remittances	\$ 2,818,714 125,423 232,982	Note 4 Note 4 Note 4	0.12 0.01 0.01
3	SinoPac Securities	SinoPac Financial Holdings	b	Current income tax assets	148,845	Note 4	0.01
		SinoPac Financial Holdings	b	Deferred income tax assets	12,249	Note 4	-
		SinoPac Financial Holdings	b	Current income tax liabilities	57,038	Note 4	-
		Bank SinoPac	c-2	Cash and cash equivalents, net	3,776,444	Note 4	0.16
		Bank SinoPac	c-2	Investments accounted for using equity method	1,373	Note 4	-
		Bank SinoPac	c-2	Other financial assets, net	1,030,560	Note 4	0.04
		Bank SinoPac	c-2	Right-of-use assets, net	70,585	Note 4	-
		Bank SinoPac	c-2	Lease liabilities	71,868	Note 4	-
		Bank SinoPac	c-2	Interest expenses	356	Note 4	-
		Bank SinoPac	c-2	Depreciation and amortization expense	15,325	Note 4	0.06
		SinoPac Futures	c-1	Receivables, net	260,972	Note 4	0.01
		SinoPac Futures	c-1	Other financial assets, net	1,111,279	Note 4	0.05
4	SinoPac Futures	SinoPac Securities SinoPac Securities SinoPac Securities (Asia) SinoPac Securities (Asia)	c-2 c-2 c-1 c-1	Payables Other financial liabilities Other financial assets, net Other financial liabilities	260,972 1,111,279 2,624,010 285,471	Note 4 Note 4 Note 4 Note 4	0.01 0.05 0.11 0.01
5	SinoPac Securities Investment Service	Bank SinoPac Bank SinoPac	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	49,256 65,000	Note 4 Note 4	- -
6	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	c-1	Receivables, net	891,870	Note 4	0.04
7	SinoPac Securities Venture Capital	Bank SinoPac	c-2	Cash and cash equivalents, net	190,838	Note 4	0.01
8	SinoPac Securities (Asia)	Bank SinoPac SinoPac Futures SinoPac Futures SinoPac Securities (Cayman)	c-2 c-2 c-2 c-2	Cash and cash equivalents, net Other financial assets, net Other financial liabilities Long-term borrowings	434,694 285,471 2,624,010 891,870	Note 4 Note 4 Note 4 Note 4	0.02 0.01 0.11 0.04
9	SinoPac Capital (Asia)	SinoPac Solutions and Services	c-1	Securities sold under repurchase agreements	135,151	Note 4	0.01
10	SinoPac Solutions and Services	SinoPac Capital (Asia)	c-2	Securities purchased under resell agreements	135,151	Note 4	0.01
11	SinoPac Leasing	SinoPac Financial Holdings Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac	b c-2 c-2 c-2 c-2	Net other revenue other than interest income Cash and cash equivalents, net Payables Interest expenses Net other revenue other than interest income	32,615 129,977 207 265 29,953	Note 4 Note 4 Note 4 Note 4 Note 4	0.14 0.01 - - 0.12

(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)
12	SinoPac International Leasing	Bank SinoPac (China) Ltd. Bank SinoPac (China) Ltd.	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	\$ 189,417 43,565	Note 4 Note 4	0.01 -
13	SinoPac Capital International (HK)	Bank SinoPac	c-2	Cash and cash equivalents, net	403,061	Note 4	0.02

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 revenue/assets, 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 13

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****BALANCE SHEETS****JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021**

(In Thousands of New Taiwan Dollars)

ASSETS	December 31,			LIABILITIES AND EQUITY	December 31,		
	June 30, 2022	2021	June 30, 2021		June 30, 2022	2021	June 30, 2021
CASH AND CASH EQUIVALENTS	\$ 95,299	\$ 54,763	\$ 194,538	COMMERCIAL PAPERS ISSUED, NET	\$ 149,920	\$ 8,905,256	\$ 6,007,756
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	41,975	45,063	29,280	PAYABLES	9,261,161	198,384	147,156
RECEIVABLES, NET	1,435,183	1,435,147	1,435,174	CURRENT INCOME TAX LIABILITIES	2,755,391	3,335,455	2,915,889
CURRENT INCOME TAX ASSETS	1,026,244	1,715,143	1,491,581	CORPORATE BONDS PAYABLES	9,990,764	9,989,429	4,994,571
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	167,842,356	182,038,681	175,103,807	PREFERRED STOCK LIABILITIES	18,437	18,437	18,437
PROPERTY AND EQUIPMENT, NET	23,190	20,864	15,385	PROVISIONS	48,231	49,654	34,714
RIGHT-OF-USE ASSETS, NET	641,554	670,371	680,316	LEASE LIABILITIES	683,509	706,119	708,967
INTANGIBLE ASSETS, NET	2,320	1,120	1,357	OTHER LIABILITIES	22,405	22,405	22,404
DEFERRED INCOME TAX ASSETS	9,393	9,668	6,671	Total liabilities	22,929,818	23,225,139	14,849,894
OTHER ASSETS, NET	35,551	38,171	24,090	EQUITY			
				Capital stock			
				Common stock	112,710,541	112,710,541	112,710,541
				Stock dividend to be distributed	1,127,105	-	-
				Total capital stock	113,837,646	112,710,541	112,710,541
				Capital surplus	2,228,781	2,228,764	2,228,764
				Retained earnings			
				Legal reserve	22,112,855	20,389,695	19,171,226
				Special reserve	483,818	483,818	483,818
				Unappropriated earnings	21,904,229	25,033,001	26,035,925
				Total retained earnings	44,500,902	45,906,514	45,690,969
				Other equity	(12,344,082)	1,958,033	3,502,031
				Total equity	148,223,247	162,803,852	164,132,305
TOTAL	\$ 171,153,065	\$ 186,028,991	\$ 178,982,199	TOTAL	\$ 171,153,065	\$ 186,028,991	\$ 178,982,199

**TABLE 14****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED**
**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**


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	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
<b>REVENUES</b>				
Share of profit of subsidiaries and associates for using equity method	\$ 3,995,681	\$ 4,069,062	\$ 8,609,019	\$ 8,606,016
Others	27,152	132	27,264	499
<b>EXPENSES AND LOSSES</b>				
Operating expenses	(115,879)	(120,256)	(214,412)	(220,573)
Others	(59,483)	(32,119)	(95,666)	(66,741)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAX</b>				
	3,847,471	3,916,819	8,326,205	8,319,201
<b>INCOME TAX (EXPENSE)BENEFIT</b>				
	(28,604)	260,187	(98,378)	268,808
<b>NET INCOME</b>				
	3,818,867	4,177,006	8,227,827	8,588,009
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>				
	(9,924,201)	1,170,912	(13,791,606)	(325,436)
<b>TOTAL COMPREHENSIVE INCOME</b>				
	<u>\$ (6,105,334)</u>	<u>\$ 5,347,918</u>	<u>\$ (5,563,779)</u>	<u>\$ 8,262,573</u>
<b>BASIC EARNINGS PER SHARE</b>				
	<u>\$0.34</u>	<u>\$0.37</u>	<u>\$0.72</u>	<u>\$0.75</u>
<b>DILUTED EARNINGS PER SHARE</b>				
	<u>\$0.34</u>	<u>\$0.37</u>	<u>\$0.72</u>	<u>\$0.75</u>

TABLE 15

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Statement of Changes in Equity								Other Equity				
	Capital Stock			Retained Earnings				Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total	Total Equity	
	Common Stock	Stock Dividends to Be Distributed	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	\$ 112,710,541	\$ -	\$ 112,710,541	\$ 2,228,764	\$ 19,171,226	\$ 483,818	\$ 16,909,609	\$ 36,564,653	\$ (1,593,696)	\$ 6,041,813	\$ (82,343)	\$ 4,365,774	\$ 155,869,732
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	-	8,588,009	8,588,009	-	-	-	8,588,009
Other comprehensive income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	(326,545)	1,456	(347)	(325,436)	(325,436)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	8,588,009	8,588,009	(326,545)	1,456	(347)	(325,436)	8,262,573
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	538,307	538,307	-	(538,307)	-	(538,307)	-
BALANCE AT JUNE 30, 2021	<u>\$ 112,710,541</u>	<u>\$ -</u>	<u>\$ 112,710,541</u>	<u>\$ 2,228,764</u>	<u>\$ 19,171,226</u>	<u>\$ 483,818</u>	<u>\$ 26,035,925</u>	<u>\$ 45,690,969</u>	<u>\$ (1,920,241)</u>	<u>\$ 5,504,962</u>	<u>\$ (82,690)</u>	<u>\$ 3,502,031</u>	<u>\$ 164,132,305</u>
BALANCE AT JANUARY 1, 2022	\$ 112,710,541	\$ -	\$ 112,710,541	\$ 2,228,764	\$ 20,389,695	\$ 483,818	\$ 25,033,001	\$ 45,906,514	\$ (1,891,151)	\$ 3,935,066	\$ (85,882)	\$ 1,958,033	\$ 162,803,852
Appropriation and distribution of retained earnings generated in 2021													
Legal reserve	-	-	-	-	1,723,160	-	(1,723,160)	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	(9,016,843)	(9,016,843)	-	-	-	-	(9,016,843)
Stock dividends - common stock	-	1,127,105	1,127,105	-	-	-	(1,127,105)	(1,127,105)	-	-	-	-	-
Other changes in capital surplus					17	-	-	-	-	-	-	-	17
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	17	-	-	-	-	-	-	-	17
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	-	8,227,827	8,227,827	-	-	-	8,227,827
Other comprehensive income for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	557,174	(14,382,236)	33,456	(13,791,606)	(13,791,606)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	557,174	(14,382,236)	33,456	(13,791,606)	(5,563,779)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	510,509	510,509	-	(510,509)	-	(510,509)	-
BALANCE AT JUNE 30, 2022	<u>\$ 112,710,541</u>	<u>\$ 1,127,105</u>	<u>\$ 113,837,646</u>	<u>\$ 2,228,781</u>	<u>\$ 22,112,855</u>	<u>\$ 483,818</u>	<u>\$ 21,904,229</u>	<u>\$ 44,500,902</u>	<u>\$ (1,333,977)</u>	<u>\$ (10,957,679)</u>	<u>\$ (52,426)</u>	<u>\$ (12,344,082)</u>	<u>\$ 148,223,247</u>

**TABLE 16****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED**
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 8,326,205	\$ 8,319,201
Adjustments for:		
Depreciation expenses	31,830	29,019
Amortization expenses	395	237
Interest expenses	68,587	66,518
Interest income	(264)	(494)
Net change in other provisions	2	2
Share of profit of subsidiaries for using equity method	(8,609,019)	(8,606,016)
Changes in operating assets and liabilities		
Increase in receivables	-	(13)
Decrease in other assets	2,833	9,192
Increase in payables	51,496	38,287
(Decrease) increase in provisions for employee benefits	(1,425)	201
Interest received	16	292
Dividend received	9,016,843	8,203,251
Interest paid	(72,814)	(68,737)
Income tax refund (paid)	<u>10,732</u>	<u>(57,345)</u>
Net cash generated from operating activities	<u>8,825,417</u>	<u>7,933,595</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of properties and equipment	(5,993)	(4,298)
Acquisition of intangible assets	<u>(768)</u>	<u>-</u>
Net cash used in investing activities	<u>(6,761)</u>	<u>(4,298)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in commercial papers issued	(8,755,336)	(7,837,868)
Payments of lease liabilities	<u>(22,784)</u>	<u>(36,493)</u>
Net cash used in financing activities	<u>(8,778,120)</u>	<u>(7,874,361)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>40,536</b>	<b>54,936</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b><u>54,763</u></b>	<b><u>139,602</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>\$ 95,299</u></b>	<b><u>\$ 194,538</u></b>

**TABLE 17-1**

Assets	Bank SinoPac					
	Balance Sheets					
	June 30, 2022 and 2021					
	(In Thousands of New Taiwan Dollars)					
	June 30			June 30		
	2022	2021	Liabilities	2022	2021	
Cash and cash equivalents	\$ 43,550,636	\$ 23,044,388	Deposits from the Central Bank and banks	\$ 80,010,003	\$ 77,584,718	
Due from the Central Bank and call loans to banks	158,846,585	147,552,944	Due to the Central Bank and banks	-	130,290	
Financial assets at fair value through profit or loss	56,720,023	51,645,868	Financial liabilities at fair value through profit or loss	29,232,941	12,658,806	
Financial assets at fair value through other comprehensive income	306,511,142	348,903,278	Securities sold under repurchase agreements	43,809,237	12,598,303	
Investments in debt instruments at amortized cost	198,175,906	156,322,511	Payables	19,733,908	17,077,281	
Securities purchased under resell agreements	57,317,363	69,285,428	Current income tax liabilities	1,187,514	750,009	
Receivables, net	47,733,151	45,723,519	Deposits and remittances	1,716,543,826	1,718,295,256	
Current income tax assets	1,187,767	1,324,564	Bank debentures	57,548,630	48,568,256	
Discounts and loans, net	1,198,480,071	1,168,804,576	Other financial liabilities	20,281,331	8,386,222	
Investments accounted for using equity method	10,054,302	9,561,475	Provisions	2,901,921	3,135,780	
Other financial assets, net	4,392,000	4,995,601	Lease liabilities	2,735,281	2,356,257	
Property and equipment, net	9,488,371	9,336,768	Deferred income tax liabilities	1,002,193	765,211	
Right-of-use assets, net	2,692,477	2,354,671	Other liabilities	<u>2,007,217</u>	<u>3,778,346</u>	
Investment property, net	1,043,878	1,063,560	Total liabilities	<u>1,976,994,002</u>	<u>1,906,084,735</u>	
Intangible assets, net	1,543,267	1,494,987	<b>Equity</b>			
Deferred income tax assets	1,352,853	1,249,882	Capital stock	90,325,841	86,889,193	
Other assets, net	<u>10,152,794</u>	<u>2,457,301</u>	Capital surplus	12,147,640	12,147,640	
			Retained earnings	41,731,761	36,343,370	
			Other equity	(11,956,658)	3,656,383	
			Total equity	<u>132,248,584</u>	<u>139,036,586</u>	
Total assets	<u>\$ 2,109,242,586</u>	<u>\$ 2,045,121,321</u>	Total liabilities and equity	<u>\$ 2,109,242,586</u>	<u>\$ 2,045,121,321</u>	

(Continued)

**Bank SinoPac**

**Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Interest income	\$ 15,907,368	\$ 13,402,511
Interest expenses	<u>(4,868,493)</u>	<u>(3,987,278)</u>
Net interest revenue	11,038,875	9,415,233
Net revenues other than interest	<u>7,144,768</u>	<u>5,579,485</u>
Net revenue	18,183,643	14,994,718
Bad debts expense, commitment and guarantee liability provision	(1,238,805)	(862,337)
Operating expenses	<u>(8,197,523)</u>	<u>(7,313,739)</u>
Profit from continuing operations before tax	8,747,315	6,818,642
Income tax expense	<u>(1,247,077)</u>	<u>(914,122)</u>
Net income	7,500,238	5,904,520
Other comprehensive income	<u>(13,230,991)</u>	<u>(634,205)</u>
Total comprehensive income	<u>\$ (5,730,753)</u>	<u>\$ 5,270,315</u>
Basic earnings per share	<u>\$0.86</u>	<u>\$0.68</u>

(Concluded)

**TABLE 17-2**

**SinoPac Securities**  
**Balance Sheets**  
**June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets	\$ 81,929,107	\$ 64,950,684
Current financial assets at fair value through profit or loss	40,223,489	39,170,844
Current financial assets at fair value through other comprehensive income	10,593,831	6,361,952
Non-current financial assets at fair value through profit or loss	138,322	154,469
Non-current financial assets at fair value through other comprehensive income	5,193,203	4,679,556
Investments accounted for using equity method	7,809,272	7,249,698
Property and equipment, net	2,029,130	1,822,049
Right-of-use assets, net	444,684	424,197
Investment property, net	278,432	376,464
Intangible assets	396,765	424,943
Deferred income tax assets	524,142	818,082
Other non-current assets	<u>1,236,655</u>	<u>1,151,883</u>
Total assets	<u>\$ 150,797,032</u>	<u>\$ 127,584,821</u>
<b>Liabilities</b>		
Current liabilities	\$ 117,267,391	\$ 93,894,281
Current lease liabilities	148,107	144,827
Bonds payable	3,000,000	2,431,518
Deferred income tax liabilities	277,042	300,889
Non-current lease liabilities	298,946	280,539
Other non-current liabilities	<u>480,153</u>	<u>565,540</u>
Total liabilities	<u>121,471,639</u>	<u>97,617,594</u>
<b>Equity</b>		
Capital stock	16,212,238	16,212,238
Capital surplus	476,766	476,766
Retained earnings	12,634,554	12,795,770
Other equity	1,835	482,453
Total equity	<u>29,325,393</u>	<u>29,967,227</u>
Total liabilities and equity	<u>\$ 150,797,032</u>	<u>\$ 127,584,821</u>

(Continued)

**SinoPac Securities**

**Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ 4,698,407	\$ 6,327,181
Commission fees	(262,354)	(336,364)
Employee benefits expense	(2,136,010)	(2,626,477)
Share of profit of subsidiaries for using equity method	147,146	288,452
Other operating expenditure	(338,770)	(109,772)
Other operating expense	(1,025,685)	(882,223)
Other gains and losses	<u>73,125</u>	<u>71,157</u>
Profit from continuing operations before tax	1,155,859	2,731,954
Income tax expense	<u>(263,853)</u>	<u>(320,380)</u>
Net income	892,006	2,411,574
Other comprehensive income	<u>(774,068)</u>	<u>517,753</u>
Total comprehensive income	<u>\$ 117,938</u>	<u>\$ 2,929,327</u>
Basic earnings per share	<u>\$0.55</u>	<u>\$1.49</u>

(Concluded)

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

**Balance Sheets**  
**June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets	\$ 241,020	\$ 398,924
Financial assets at fair value through profit or loss	1,972,108	1,984,933
Financial assets at fair value through other comprehensive income	361,592	345,594
Investments accounted for using equity method	98,357	98,520
Property and equipment, net	1,947	3,544
Right-of-use assets, net	2,702	5,835
Deferred income tax assets	94,497	77,341
Other non-current assets	<u>407</u>	<u>404</u>
Total assets	<u><u>\$ 2,772,630</u></u>	<u><u>\$ 2,915,095</u></u>
<b>Liabilities</b>		
Payables	\$ 14,741	\$ 11,441
Current income tax liabilities	-	4,435
Deferred income tax liabilities	11,754	10,294
Lease liabilities	2,752	5,931
Other non-current liabilities	<u>1,485</u>	<u>863</u>
Total liabilities	<u><u>30,732</u></u>	<u><u>32,964</u></u>
<b>Equity</b>		
Capital stock	2,500,000	2,500,000
Capital surplus	1,902	1,885
Retained earnings	439,387	595,901
Other equity	<u>(199,391)</u>	<u>(215,655)</u>
Total equity	<u><u>2,741,898</u></u>	<u><u>2,882,131</u></u>
Total liabilities and equity	<u><u>\$ 2,772,630</u></u>	<u><u>\$ 2,915,095</u></u>

(Continued)

**SinoPac Venture Capital Corporation**

**Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Operating revenues	\$ (12,269)	\$ 110,465
Operating expenses	<u>(16,066)</u>	<u>(15,815)</u>
Operating (loss) income	<u>(28,335)</u>	<u>94,650</u>
Nonoperating income and expenses	<u>8,597</u>	<u>(4,173)</u>
(Loss) profit from continuing operations before tax	<u>(19,738)</u>	<u>90,477</u>
Income tax benefit (expense)	<u>8,799</u>	<u>(5,256)</u>
Net (loss) income	<u>(10,939)</u>	<u>85,221</u>
Other comprehensive income	<u>(1,424)</u>	<u>(78,188)</u>
 Total comprehensive income	 <u>\$ (12,363)</u>	 <u>\$ 7,033</u>
 Basic earnings per share	 <u><u>\$ (0.04)</u></u>	 <u><u>\$0.34</u></u>

(Concluded)

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

**Balance Sheets**  
**June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets	\$ 691,538	\$ 929,589
Financial assets at fair value through profit or loss	92,550	774
Investments accounted for using equity method	825,021	555,875
Property and equipment, net	3,932	6,422
Right-of-use assets, net	15,969	24,939
Intangible assets	149	995
Deferred income tax assets	7,176	12,683
Other non-current assets	<u>125,369</u>	<u>123,934</u>
Total assets	<u><u>\$ 1,761,704</u></u>	<u><u>\$ 1,655,211</u></u>
<b>Liabilities</b>		
Current liabilities	\$ 25,072	\$ 24,013
Lease liabilities	16,220	25,256
Deferred income tax liabilities	77,690	27,481
Other non-current liabilities	<u>3,772</u>	<u>3,599</u>
Total liabilities	<u><u>122,754</u></u>	<u><u>80,349</u></u>
<b>Equity</b>		
Capital stock	1,420,000	1,420,000
Capital surplus	844	844
Retained earnings	236,817	188,446
Other equity	<u>(18,711)</u>	<u>(34,428)</u>
Total equity	<u><u>1,638,950</u></u>	<u><u>1,574,862</u></u>
Total liabilities and equity	<u><u>\$ 1,761,704</u></u>	<u><u>\$ 1,655,211</u></u>

(Continued)

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

**Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Operating revenues	\$ 102,055	\$ 107,165
Operating expenses	<u>(109,013)</u>	<u>(115,234)</u>
Operating loss	<u>(6,958)</u>	<u>(8,069)</u>
Share of profit of associates accounted for using the equity method	118,627	77,759
Nonoperating income and expenses, net	<u>539</u>	<u>2,056</u>
Profit from continuing operations before tax	112,208	71,746
Income tax expense	<u>(22,665)</u>	<u>(14,322)</u>
Net income	<u>89,543</u>	<u>57,424</u>
Other comprehensive income	<u>11,939</u>	<u>(6,650)</u>
 Total comprehensive income	 <u>\$ 101,482</u>	 <u>\$ 50,774</u>
 Basic earnings per share	 <u>\$0.63</u>	 <u>\$0.40</u>

(Concluded)

**TABLE 17-5****SinoPac Leasing Corporation**

**Balance Sheets**  
**June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets	\$ 2,251,104	\$ 2,105,977
Investments accounted for using equity method	5,191,612	4,712,656
Property and equipment, net	358,082	406,177
Right-of-use assets, net	43,280	24,283
Investment property, net	5,762,572	5,809,667
Intangible assets	2,541	4,054
Deferred income tax assets	101,588	148,471
Other non-current assets	<u>775,256</u>	<u>524,912</u>
Total assets	<u>\$ 14,486,035</u>	<u>\$ 13,736,197</u>
<b>Liabilities</b>		
Current liabilities	\$ 7,604,190	\$ 4,054,075
Lease liabilities - current	26,895	20,444
Current income tax liabilities	18,505	498,428
Long-term borrowings	1,499,408	4,148,468
Lease liabilities - non-current	401,809	387,301
Deferred income tax liabilities	90,936	31,495
Other non-current liabilities	<u>340,485</u>	<u>311,104</u>
Total liabilities	<u>9,982,228</u>	<u>9,451,315</u>
<b>Equity</b>		
Capital stock	4,681,044	4,681,044
Capital surplus	1,498	1,498
Retained earnings	159,210	143,154
Other equity	<u>(337,945)</u>	<u>(540,814)</u>
Total equity	<u>4,503,807</u>	<u>4,284,882</u>
Total liabilities and equity	<u>\$ 14,486,035</u>	<u>\$ 13,736,197</u>

(Continued)

**SinoPac Leasing Corporation**  
**Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Operating revenues	\$ 244,588	\$ 218,537
Operating costs	(160,063)	(179,485)
Provision of bad debts expenses	(19,703)	(21,814)
Operating expenses	<u>(106,294)</u>	<u>(116,880)</u>
Operating loss	(41,472)	(99,642)
Nonoperating income and expenses	<u>192,421</u>	<u>266,102</u>
Profit for continuing operations before tax	150,949	166,460
Income tax expense	<u>(25,024)</u>	<u>(33,253)</u>
Net income	125,925	133,207
Other comprehensive income	<u>206,026</u>	<u>(131,619)</u>
 Total comprehensive income	 <u>\$ 331,951</u>	 <u>\$ 1,588</u>
 Basic earnings per share	 <u>\$0.27</u>	 <u>\$0.28</u>

(Concluded)

**TABLE 18****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****PUBLIC ANNOUNCEMENTS PRESCRIBED IN ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT  
JUNE 30, 2022 and 2021**

Credit extensions, guarantees or other transactions made by the Company and its subsidiaries with the same person, the same related person or the same affiliate as of June 30, 2022 and 2021 are summarized as follows:

Name	<u>June 30, 2022</u>	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
Client A	\$ 217,771,496	146.92
Client B	20,998,030	14.17
Client C	20,382,210	13.75
Client D	19,104,583	12.89
Client E	17,078,211	11.52
Client F	15,643,051	10.55
Client G	10,626,195	7.17
Client H	8,781,971	5.92
Client I	7,628,223	5.15
Client J	6,847,824	4.62
Client K	6,692,863	4.52
Client L	6,317,199	4.26
Client M	6,291,688	4.24
Client N	6,147,809	4.15
Client O	6,144,887	4.15
Client P	6,114,920	4.13
Client Q	5,975,304	4.03
Client R	5,704,986	3.85
Client S	5,373,414	3.63
Client T	5,318,185	3.59
Client U	5,140,314	3.47
Client V	5,024,414	3.39
Client W	5,021,926	3.39
Client X	4,799,638	3.24
Client Y	4,797,791	3.24
Client Z	4,763,280	3.21

(Continued)

June 30, 2022

Name	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
Client AA	\$ 4,651,467	3.14
Client AB	4,514,559	3.05
Client AC	4,447,897	3.00
Client AD	4,404,965	2.97
Client AE	4,224,443	2.85
Client AF	4,162,060	2.81
Client AG	4,056,060	2.74
Client AH	3,939,279	2.66
Client AI	3,630,737	2.45
Client AJ	3,547,969	2.39
Client AK	3,540,392	2.39
Client AL	3,537,751	2.39
Client AM	3,497,879	2.36
Client AN	3,494,908	2.36
Client AO	3,343,234	2.26
Client AP	3,335,637	2.25
Client AQ	3,158,212	2.13
Client AR	3,058,155	2.06
Client AS	3,040,447	2.05
Client AT	3,035,136	2.05
Client AU	3,005,000	2.03

2. With the same related person:

XX Tsai	6,993,409	4.72
XX Tsai	5,335,756	3.60
XX Chung	4,458,909	3.01
XX Chen	3,817,208	2.58
XX Chen	3,461,559	2.34

3. With the same affiliate:

IBF Financial Holdings Group	18,269,861	12.33
Cathay Financial Holdings Group	18,236,605	12.30
Chailease Group	12,278,433	8.28
Macquarie Group	11,285,202	7.61
Fubon Group	11,030,288	7.44
Kinpo Group	10,791,379	7.28
Hon Hai Group	10,119,579	6.83
China Development Bank Group	9,896,454	6.68

(Continued)

**June 30, 2022**

<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
King's Town Group	\$ 9,233,331	6.23
ASE Group	9,114,784	6.15
China Development Financial Holding Group	8,706,934	5.87
Shin Kong Group	8,639,659	5.83
BPCE Group	8,086,338	5.46
Hua Nan Financial Holdings Group	7,071,198	4.77
Far Eastern Group	7,026,344	4.74
Bank Of Panshin Group	6,923,683	4.67
Charoen Pokphand Group	6,855,094	4.62
Commonwealth Bank Group	6,704,760	4.52
Taiwan Cooperative Financial Holding Group	6,322,925	4.27
Phoenix Property Group	6,315,558	4.26
MiTAC-SYNNEX Group	6,018,564	4.06
NAB Group	6,004,902	4.05
Formosa Plastics Group	5,876,096	3.96
TSMC Group	5,874,449	3.96
Ruentex Financial Group	5,529,578	3.73
CMP Group	5,312,462	3.58
Hiyes International Group	5,295,272	3.57
Union Group	4,801,467	3.24
ANZ Group	4,764,314	3.21
CTCI Group	4,676,170	3.15
O-Bank Group	4,282,988	2.89
Wells Fargo & Company Group	4,201,543	2.83
North-Star Group	4,085,541	2.76
Highwealth Group	4,048,339	2.73
AU Optronics Group	3,988,238	2.69
Yuanta Financial Holding Group	3,910,635	2.64
Baolu Construction Group	3,888,000	2.62
CITIC Fund III & IV Group	3,841,046	2.59
HSBC Group	3,773,981	2.55
CTBC Financial Holding Group	3,767,942	2.54
Standard Chartered Group	3,751,257	2.53
Wisdom Marine Group	3,744,398	2.53
KHL Capital Group	3,707,063	2.50
RGE Group	3,606,937	2.43
BPEA Fund VII&VIII Group	3,589,927	2.42
Evergreen Group	3,508,438	2.37

(Continued)

**June 30, 2022**

<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
Yulon Motor Group	\$ 3,450,871	2.33
Yong Jing Group	3,434,391	2.32
GIGASOLAR Group	3,396,905	2.29
TA YA ELECTRIC WIRE & CABLE Group	3,309,079	2.23
Taishin Financial Holding Group	3,290,273	2.22
LCY Chemical Group	3,204,434	2.16
Banco Santander SA Group	3,171,381	2.14
Goldman Sachs Group	3,158,513	2.13
Central Trading & Development Group	3,144,597	2.12
Morgan Stanley Group	3,053,219	2.06
Yuan Lih Constructions Group	3,005,521	2.03

**June 30, 2021**

<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
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1. With the same person:

Client A	\$ 248,252,859	151.25
Client B	47,700,000	29.06
Client C	13,489,289	8.22
Client D	13,453,138	8.20
Client E	11,801,972	7.19
Client F	11,748,846	7.16
Client G	11,557,052	7.04
Client H	11,292,946	6.88
Client I	9,519,094	5.80
Client J	8,994,607	5.48
Client K	8,586,217	5.23
Client L	6,679,579	4.07
Client M	6,547,687	3.99
Client N	6,303,037	3.84
Client O	5,686,450	3.46
Client P	5,340,954	3.25
Client Q	5,319,357	3.24
Client R	5,209,408	3.17

(Continued)

June 30, 2021

Name	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
Client S	\$ 4,879,370	2.97
Client T	4,854,956	2.96
Client U	4,684,772	2.85
Client V	4,600,234	2.80
Client W	4,536,497	2.76
Client X	4,487,359	2.73
Client Y	4,437,908	2.70
Client Z	4,337,803	2.64
Client AA	4,172,019	2.54
Client AB	4,036,921	2.46
Client AC	3,942,556	2.40
Client AD	3,901,801	2.38
Client AE	3,896,116	2.37
Client AF	3,704,288	2.26
Client AG	3,687,103	2.25
Client AH	3,642,254	2.22
Client AI	3,593,654	2.19
Client AJ	3,501,666	2.13
Client AK	3,482,021	2.12
Client AL	3,477,458	2.12
Client AM	3,428,000	2.09
Client AN	3,425,982	2.09
Client AO	3,385,656	2.06
Client AP	3,379,379	2.06
Client AQ	3,300,953	2.01
Client AR	3,241,596	1.97
Client AS	3,204,465	1.95
Client AT	3,144,096	1.92
Client AU	3,103,732	1.89
Client AV	3,080,000	1.88
Client AW	3,061,491	1.87

2. With the same related person:

XX Chen	6,089,259	3.71
XX Wang	5,207,662	3.17
XX Tsai	4,925,393	3.00
XX Chung	3,535,109	2.15
XX Chen	3,477,567	2.12

(Continued)

**June 30, 2021**

Name	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
IBF Financial Holdings Group	\$ 16,134,485	9.83
Cathay Financial Holdings Group	13,399,461	8.16
Mega Holdings Group	12,665,159	7.72
China Development Bank Group	12,575,665	7.66
Taiwan Cooperative Financial Holding Group	12,480,521	7.60
Hon Hai Group	12,118,099	7.38
Union Group	11,442,621	6.97
Kinpo Group	11,019,776	6.71
ASE Group	11,014,245	6.71
Far Eastern Group	10,394,937	6.33
O-Bank Group	9,781,932	5.96
Fubon Financial Holding Group	9,661,407	5.89
Hua Nan Financial Holdings Group	9,062,583	5.52
Taishin Financial Holding Group	8,230,250	5.01
Chailease Group	8,116,189	4.94
King's Town Group	7,173,813	4.37
BPCE Group	6,201,137	3.78
Formosa Plastics Group	5,937,287	3.62
Macquarie Group	5,766,448	3.51
MiTAC-SYNNEX Group	5,584,488	3.40
Hiyes International Group	5,497,662	3.35
Charoen Pokphand Group	5,475,298	3.34
CTCI Group	5,290,246	3.22
CMP Group	5,181,277	3.16
AU Optronics Group	5,111,515	3.11
KDB Group	4,832,947	2.94
TSMC Group	4,577,145	2.79
Kaohsiung Transportation Group	4,553,221	2.77
Wells Fargo & Company Group	4,243,724	2.59
China Development Financial Holding Group	4,150,110	2.53
Ruentex Financial Group	4,125,024	2.51
ANZ Group	4,097,113	2.50
SoftBank Group	4,095,299	2.50
Standard Chartered Group	3,995,295	2.43
Highwealth Group	3,886,988	2.37
Wistron Group	3,788,899	2.31
Phoenix Property Group	3,766,916	2.30
Jean Group	3,739,000	2.28
Evergreen Group	3,723,417	2.27

(Continued)

**June 30, 2021**

Name	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
Wisdom Marine Group	\$ 3,625,623	2.21
WPG Holdings Group	3,625,343	2.21
New Green Power Group	3,582,641	2.18
Baolu Construction Group	3,528,000	2.15
China Steel Group	3,508,625	2.14
Yulon Motor Group	3,406,648	2.08
KHL Capital Group	3,366,022	2.05
YAGEO Group	3,031,131	1.85

(Concluded)

TABLE 19

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022	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	\$ 888,176	Investment in Mainland China directly	\$ 435,206	\$ -	\$ -	\$ 435,206	\$ 242,095	49.00	\$ 118,627	\$ 825,021	\$ -
Telexpress (Shanghai) Co., Ltd.	Management consultant	45,647	Investment in Mainland China companies through an existing company established in a third region	14,238	-	-	14,238	212	34.21	-	14,238	-
Yangzhou Brightman International Co., Ltd.	Panel thinning	631,435	Investment in Mainland China companies through an existing company established in a third region	69,290	-	-	69,290	-	11.69	-	69,290	-
Zhong Shan Dong Yi Technology Co., Ltd.	Cover glass	237,832	Investment in Mainland China companies through an existing company established in a third region	11,892	-	-	11,892	(13,493)	4.90	-	11,892	-
Dong Ming Technology Co., Ltd.	Cover glass	18,947	Investment in Mainland China companies through an existing company established in a third region	959	-	-	959	1,168	4.90	-	959	-
StreetVoice International Ltd.	Design of software and service for computer system integration	101,551	Investment in Mainland China companies through an existing company established in a third region	1,641	-	-	1,641	17,222	2.51	-	1,641	-
Shanghai Winking Entertainment Ltd.	Design development and manufacture of software	444,982	Investment in Mainland China companies through an existing company established in a third region	327	-	-	327	121,317	1.65	-	327	-
Shanghai Weilian Information Technology Co., Ltd.	Design development and manufacture of software (group art contract center, game overseas distribution agency)	91,784	Investment in Mainland China companies through an existing company established in a third region	577	-	-	577	3,342	1.65	-	577	-
Dong Guan Transound Electronics Co., Ltd.	Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, earphone module, earphone, headphone	230,696	Investment in Mainland China companies through an existing company established in a third region	43,079	-	-	43,079	11,862	4.70	-	43,079	-
SinoPac International Leasing Corp.	Leasing and financing of machinery equipment	1,709,241	Investment in Mainland China directly	1,709,241	-	-	1,709,241	59,991	100.00	59,991	1,977,419	-
Bank SinoPac (China) Ltd.	Commercial bank	9,628,358	Investment in Mainland China directly	9,628,358	-	-	9,628,358	153,469	100.00	152,361	9,983,737	-
SinoPac Financial Consulting (Shanghai) Ltd.	Business management consulting, investment consulting, business intelligence consulting	59,458	Investment in Mainland China directly	59,458	-	-	59,458	(1,802)	100.00	(1,802)	37,808	-

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 11,974,266 (US\$ 350,647) (CNY 349,000)	\$ 11,974,266 (US\$ 350,647) (CNY 349,000)	\$ 96,410,100

(Continued)

- Note 1: Above figures have not been audited by independent certified public accountants, except for Golden Trust SinoPac Fund Management Co., Ltd., SinoPac International Leasing Corp., Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd. which were audited by independent certified public accountants and prepared in conformity with IFRSs.
- Note 2: Subsidiary invested in Telexpress (Shanghai) Co., Ltd. via Telexpress Corp.
- Note 3: Subsidiary invested in Yangzhou Brightman International Co., Ltd. via Brightman Optoelectronics (Cayman) Co., Ltd.
- Note 4: Subsidiary invested in CGK Zhongshan Co., Ltd. and CGK Shenzhen Technology Co., Ltd. via CGK International Co., Ltd.
- Note 5: Subsidiary invested in StreetVoice International Ltd. via Neutron Innovation (BVI) Limited.
- Note 6: Subsidiary invested in Shanghai Winking Entertainment Ltd. and Shanghai Wishing Entertainment Ltd. via Winking Entertainment Ltd.
- Note 7: Subsidiary invested in Dong Guan Transound Electronics Co., Ltd. via Transound Electronics Co., Ltd.
- Note 8: In October 2011, SMS Consumer Fund LP, the re-investment business of Sinopac Securities, transferred its entire shareholding in SMS Holdings One I Ltd., and after the transfer, the shareholding ratio indirectly held in Beijing Shengzhuang Household Chemicals Ltd. was 0%. The initial payment of US\$831 thousand (NT\$23,792 thousand) was no remaining funds to be returned, and was approved by the Investment Review Committee of the Ministry of Economic Affairs in April 2022 to cancel the original investment case.
- Note 9: 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.

(Concluded)