

**SinoPac Financial Holdings Company
Limited and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
SinoPac Financial Holdings Company Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of SinoPac Financial Holdings Company Limited and its subsidiaries (collectively referred to as the Group) as of March 31, 2023 and 2022 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022 and related notes, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authority, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authority, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 19, 2023

Notice to Readers

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

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 45)	\$ 35,811,371	1	\$ 66,231,664	3	\$ 43,001,897	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7, 45 and 46)	282,842,337	11	281,921,054	11	166,574,603	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 14 and 45)	89,496,379	3	91,643,856	4	98,782,713	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 45 and 46)	332,334,986	12	336,138,847	13	395,140,969	16
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 46)	246,318,495	9	225,460,151	9	180,609,915	7
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 45)	91,080,718	3	67,873,919	3	47,436,583	2
RECEIVABLES, NET (Notes 4, 12 and 45)	99,184,714	4	90,209,758	3	112,898,392	5
CURRENT INCOME TAX ASSETS (Notes 4, 33 and 45)	244,263	-	125,953	-	139,801	-
DISCOUNTS AND LOANS, NET (Notes 5, 13, 45 and 46)	1,409,606,190	53	1,328,702,915	51	1,275,966,838	53
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 15)	1,064,311	-	1,011,812	-	870,577	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 16, 45 and 46)	47,967,891	2	45,018,164	2	44,640,268	2
INVESTMENT PROPERTY, NET (Notes 4, 17, 45 and 46)	2,360,831	-	2,390,819	-	2,417,845	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 18, 45 and 46)	13,213,378	1	13,287,583	-	13,353,066	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19, 45 and 46)	3,539,563	-	3,646,832	-	3,863,772	-
INTANGIBLE ASSETS, NET (Notes 4, 20 and 45)	2,325,197	-	2,310,197	-	2,233,096	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 33)	1,936,152	-	2,014,238	-	2,045,610	-
OTHER ASSETS, NET (Notes 4, 21 and 45)	<u>24,836,765</u>	<u>1</u>	<u>30,775,495</u>	<u>1</u>	<u>32,453,599</u>	<u>1</u>
TOTAL	<u>\$ 2,684,163,541</u>	<u>100</u>	<u>\$ 2,588,763,257</u>	<u>100</u>	<u>\$ 2,422,429,544</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 45)	\$ 83,700,541	3	\$ 72,477,217	3	\$ 76,640,056	3
DUE TO THE CENTRAL BANK AND BANKS	-	-	-	-	224,740	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)	49,353,171	2	59,764,822	2	50,371,046	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11, 23 and 45)	66,133,854	3	59,923,315	2	68,524,072	3
COMMERCIAL PAPERS ISSUED, NET (Notes 24 and 45)	22,858,420	1	19,102,966	1	41,722,300	2
PAYABLES (Notes 4, 25, 30, 41 and 45)	54,339,484	2	50,521,956	2	57,234,194	2
CURRENT INCOME TAX LIABILITIES (Notes 4, 33 and 45)	2,351,513	-	1,479,084	-	2,764,675	-
DEPOSITS AND REMITTANCES (Notes 26 and 45)	2,051,033,722	76	2,000,528,731	77	1,806,002,779	75
BONDS PAYABLE (Notes 4, 27 and 45)	71,243,595	3	71,242,261	3	67,990,071	3
SHORT-TERM BORROWINGS (Notes 28, 45 and 46)	5,712,984	-	3,864,926	-	5,740,594	-
LONG-TERM BORROWINGS (Notes 28, 45 and 46)	947,729	-	2,480,712	-	2,304,475	-
PREFERRED STOCK LIABILITIES (Notes 4 and 34)	18,437	-	18,437	-	18,437	-
PROVISIONS (Notes 4, 29 and 30)	2,976,226	-	3,099,728	-	3,582,546	-
OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)	81,406,388	3	69,764,427	3	55,636,915	2
LEASE LIABILITIES (Notes 4, 19 and 45)	3,019,951	-	3,132,839	-	3,297,169	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 33)	1,356,159	-	1,668,845	-	1,285,299	-
OTHER LIABILITIES (Notes 4, 32 and 45)	<u>13,950,232</u>	<u>1</u>	<u>15,674,254</u>	<u>1</u>	<u>15,744,769</u>	<u>1</u>
Total liabilities	<u>2,510,402,406</u>	<u>94</u>	<u>2,434,744,520</u>	<u>94</u>	<u>2,259,084,137</u>	<u>93</u>
EQUITY						
Capital stock						
Common stock	<u>121,337,646</u>	<u>4</u>	<u>113,837,646</u>	<u>4</u>	<u>112,710,541</u>	<u>5</u>
Capital surplus	<u>6,129,361</u>	<u>-</u>	<u>2,228,781</u>	<u>-</u>	<u>2,228,764</u>	<u>-</u>
Retained earnings						
Legal reserve	22,112,855	1	22,112,855	1	20,389,695	1
Special reserve	483,818	-	483,818	-	483,818	-
Unappropriated earnings	<u>34,205,332</u>	<u>1</u>	<u>29,555,849</u>	<u>1</u>	<u>29,565,111</u>	<u>1</u>
Total retained earnings	<u>56,802,005</u>	<u>2</u>	<u>52,152,522</u>	<u>2</u>	<u>50,438,624</u>	<u>2</u>
Other equity	<u>(10,507,877)</u>	<u>-</u>	<u>(14,200,212)</u>	<u>-</u>	<u>(2,032,522)</u>	<u>-</u>
Total equity	<u>173,761,135</u>	<u>6</u>	<u>154,018,737</u>	<u>6</u>	<u>163,345,407</u>	<u>7</u>
TOTAL	<u>\$ 2,684,163,541</u>	<u>100</u>	<u>\$ 2,588,763,257</u>	<u>100</u>	<u>\$ 2,422,429,544</u>	<u>100</u>

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) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
INTEREST INCOME	\$ 17,899,793	140	\$ 8,233,957	66
INTEREST EXPENSES	<u>(11,588,389)</u>	<u>(91)</u>	<u>(2,346,014)</u>	<u>(19)</u>
NET INTEREST REVENUE (Notes 4, 35 and 45)	<u>6,311,404</u>	<u>49</u>	<u>5,887,943</u>	<u>47</u>
NET REVENUES OTHER THAN INTEREST (Note 4)				
Service fee and commissions income, net (Notes 36 and 45)	3,590,628	28	4,889,447	39
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)	2,325,589	18	643,856	5
Realized gains on financial assets at fair value through other comprehensive income (Note 38)	103,038	1	146,907	1
Gains arising from derecognition of financial assets measured at amortized cost	12,890	-	8,291	-
Foreign exchange gains	183,828	2	666,413	5
Reversal of impairment loss on assets (Notes 16 and 39)	20,747	-	15,896	-
Share of profit of associates for using equity method (Note 15)	47,428	-	53,855	1
Net other revenue other than interest income (Notes 40 and 45)	<u>222,562</u>	<u>2</u>	<u>197,472</u>	<u>2</u>
Net revenues other than interest	<u>6,506,710</u>	<u>51</u>	<u>6,622,137</u>	<u>53</u>
NET REVENUE	<u>12,818,114</u>	<u>100</u>	<u>12,510,080</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 5, 6, 7, 12, 13, 16 and 29)	<u>(431,800)</u>	<u>(3)</u>	<u>(774,230)</u>	<u>(6)</u>
OPERATING EXPENSES				
Employee benefits expenses (Notes 4, 30, 41 and 45)	(4,508,477)	(35)	(4,328,111)	(35)
Depreciation and amortization expense (Notes 4, 17, 18, 19, 20, 42 and 45)	(576,602)	(5)	(558,298)	(4)
Other general and administrative expenses (Notes 43 and 45)	<u>(1,775,593)</u>	<u>(14)</u>	<u>(1,591,281)</u>	<u>(13)</u>
Total operating expenses	<u>(6,860,672)</u>	<u>(54)</u>	<u>(6,477,690)</u>	<u>(52)</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) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	\$ 5,525,642	43	\$ 5,258,160	42
INCOME TAX EXPENSE (Notes 4 and 33)	<u>(777,085)</u>	<u>(6)</u>	<u>(849,200)</u>	<u>(7)</u>
NET INCOME	<u>4,748,557</u>	<u>37</u>	<u>4,408,960</u>	<u>35</u>
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified to profit or loss				
Change in fair value of financial liability attributable to change in credit risk of liability (Note 34)	(5,380)	-	11,501	-
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income (Note 34)	2,326,636	18	757,419	6
Income tax related to items that will not be reclassified to profit or loss (Notes 33 and 34)	<u>(3,524)</u>	<u>-</u>	<u>(2,675)</u>	<u>-</u>
Items that will not be reclassified to profit or loss	<u>2,317,732</u>	<u>18</u>	<u>766,245</u>	<u>6</u>
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations (Note 34)	(2,442)	-	649,149	5
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 34)	1,277,909	10	(5,188,636)	(41)
Share of other comprehensive income (loss) of associates accounted for using equity method (Notes 15 and 34)	967	-	(1,640)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 33 and 34)	<u>(905)</u>	<u>-</u>	<u>(92,523)</u>	<u>(1)</u>
Items that will be reclassified to profit or loss	<u>1,275,529</u>	<u>10</u>	<u>(4,633,650)</u>	<u>(37)</u>
Other comprehensive income	<u>3,593,261</u>	<u>28</u>	<u>(3,867,405)</u>	<u>(31)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,341,818</u>	<u>65</u>	<u>\$ 541,555</u>	<u>4</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) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 44)				
Basic	\$ 0.41		\$ 0.39	
Diluted	\$ 0.41		\$ 0.39	

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) (Reviewed, Not Audited)

	Capital Stock (Note 34) Common Stock	Capital Surplus (Notes 4 and 34)	Retained Earnings (Notes 9 and 34)				Exchange Differences on Translating of Foreign Operations	Other Equity (Notes 4, 9 and 34)		Total	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings		Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability		
BALANCE AT JANUARY 1, 2022	\$ 112,710,541	\$ 2,228,764	\$ 20,389,695	\$ 483,818	\$ 25,033,001	\$ 45,906,514	\$ (1,891,151)	\$ 3,935,066	\$ (85,882)	\$ 1,958,033	\$ 162,803,852
Net income for the three months ended March 31, 2022	-	-	-	-	4,408,960	4,408,960	-	-	-	-	4,408,960
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	517,933	(4,396,839)	11,501	(3,867,405)	(3,867,405)
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	4,408,960	4,408,960	517,933	(4,396,839)	11,501	(3,867,405)	541,555
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	123,150	123,150	-	(123,150)	-	(123,150)	-
BALANCE AT MARCH 31, 2022	<u>\$ 112,710,541</u>	<u>\$ 2,228,764</u>	<u>\$ 20,389,695</u>	<u>\$ 483,818</u>	<u>\$ 29,565,111</u>	<u>\$ 50,438,624</u>	<u>\$ (1,373,218)</u>	<u>\$ (584,923)</u>	<u>\$ (74,381)</u>	<u>\$ (2,032,522)</u>	<u>\$ 163,345,407</u>
BALANCE AT JANUARY 1, 2023	\$ 113,837,646	\$ 2,228,781	\$ 22,112,855	\$ 483,818	\$ 29,555,849	\$ 52,152,522	\$ (1,190,869)	\$ (12,962,698)	\$ (46,645)	\$ (14,200,212)	\$ 154,018,737
Net income for the three months ended March 31, 2023	-	-	-	-	4,748,557	4,748,557	-	-	-	-	4,748,557
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	416	3,598,225	(5,380)	3,593,261	3,593,261
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	4,748,557	4,748,557	416	3,598,225	(5,380)	3,593,261	8,341,818
Issue of common stock	7,500,000	3,750,000	-	-	-	-	-	-	-	-	11,250,000
Share-based payments	-	150,580	-	-	-	-	-	-	-	-	150,580
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(99,074)	(99,074)	-	99,074	-	99,074	-
BALANCE AT MARCH 31, 2023	<u>\$ 121,337,646</u>	<u>\$ 6,129,361</u>	<u>\$ 22,112,855</u>	<u>\$ 483,818</u>	<u>\$ 34,205,332</u>	<u>\$ 56,802,005</u>	<u>\$ (1,190,453)</u>	<u>\$ (9,265,399)</u>	<u>\$ (52,025)</u>	<u>\$ (10,507,877)</u>	<u>\$ 173,761,135</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)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 5,525,642	\$ 5,258,160
Adjustments to reconcile profit (loss)		
Depreciation expense	473,815	468,332
Amortization expense	102,787	89,966
Provision for bad debt expense	548,016	939,786
Interest expenses	11,588,389	2,346,014
Net gains arising from derecognition of financial assets measured at amortized cost	(12,890)	(8,291)
Interest income	(17,899,793)	(8,233,957)
Dividend income	(151,910)	(117,981)
Net change in provisions for guarantee liabilities	(12,424)	(16,867)
Net change in other provisions	9,831	32,895
Share-based payments	150,580	-
Effect of exchange rate changes of corporated bonds payable	-	15,886
Share of profit of associates for using equity method	(47,428)	(53,855)
Losses on disposal and retirement of property and equipment	692	1,048
Reversal of impairment loss on financial assets	(20,747)	(15,896)
Net (gains) losses on changing in leasing contracts	(9)	646
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to banks	9,421,094	(12,524,301)
Decrease (increase) in financial assets at fair value through profit or loss	2,147,477	(10,766,366)
Decrease (increase) in financial assets at fair value through other comprehensive income	7,409,310	(891,538)
Increase in investments in debt instruments at amortized cost	(20,846,621)	(13,354,942)
Increase in securities purchased under resell agreements	(7,558,844)	(467,660)
Increase in receivables	(6,371,904)	(2,524,415)
Increase in discounts and loans	(81,357,803)	(85,873,714)
(Increase) decrease in other financial assets	(2,947,786)	1,140,563
Decrease in other assets	5,922,697	7,712,749
Increase in deposits from the Central Bank and banks	11,223,324	6,374,971
(Decrease) increase in financial liabilities at fair value through profit or loss	(10,417,031)	27,198,004
Increase in securities sold under repurchase agreements	6,210,539	30,727,154
Increase in payables	543,231	1,404,817
Increase (decrease) in deposits and remittances	50,504,991	(29,732,460)
Decrease in provisions for employee benefits	(119,762)	(240,555)
		(Continued)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Increase in other financial liabilities	\$ 11,641,961	\$ 7,964,885
Decrease in other liabilities	<u>(1,724,022)</u>	<u>(13,041,132)</u>
Net cash used in operations	(26,064,598)	(86,188,054)
Interest received	17,375,891	8,158,007
Dividends received	105,343	60,019
Interest paid	(10,399,014)	(2,249,886)
Income tax paid	<u>(245,962)</u>	<u>(110,451)</u>
Net cash used in operating activities	<u>(19,228,340)</u>	<u>(80,330,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(214,559)	(251,011)
Proceeds from disposal of property and equipment	11,942	4,696
Acquisition of intangible assets	(52,788)	(49,221)
Acquisition of right-of-use-assets	(6)	(178)
Acquisition of investment properties	<u>(283)</u>	<u>(341)</u>
Net cash used in investing activities	<u>(255,694)</u>	<u>(296,055)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	320,150	363,068
Increase in due to the Central Bank and banks	-	19,710
Increase in commercial papers issued	3,755,454	1,956,631
Bank debentures issued	-	5,000,000
Proceeds from long-term borrowings	7,338,755	6,720,641
Repayments of long-term borrowings	(7,322,187)	(6,719,465)
Repayments of lease liabilities	(235,697)	(231,096)
Proceeds from issuing of common stock	<u>11,250,000</u>	<u>-</u>
Net cash generated from financing activities	<u>15,106,475</u>	<u>7,109,489</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(50,585)</u>	<u>803,600</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,428,144)	(72,713,331)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>326,689,284</u>	<u>253,520,365</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 322,261,140</u>	<u>\$ 180,807,034</u>

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SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

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

	March 31	
	2023	2022
Cash and cash equivalents in consolidated balance sheets	\$ 35,811,371	\$ 43,001,897
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	205,827,362	91,196,272
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>80,622,407</u>	<u>46,608,865</u>
Cash and cash equivalents at the end of the period	<u>\$ 322,261,140</u>	<u>\$ 180,807,034</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 THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 May 19, 2023.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF 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 11.

The consolidated entities were as follows:

Investor	Investee	Main Business	% of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
SinoPac Financial Holdings Company Limited	Bank SinoPac	Commercial bank, trust and foreign exchange services	100	100	100	
	SinoPac Securities Corporation ("SinoPac Securities")	Securities brokering, dealing and underwriting	100	100	100	
	SinoPac Venture Capital Corporation. ("SinoPac Venture Capital")	Venture capital investment	100	100	100	
	SinoPac Securities Investment Trust Co., Ltd. ("SinoPac Securities Investment Trust")	Securities investment trust, discretionary investment and investment consulting services	100	100	100	
	SinoPac Leasing Corporation ("SinoPac Leasing")	Leasing, installment sales and financing	100	100	100	
Bank SinoPac	Bank SinoPac (China) Ltd. ("Bank SinoPac (China)")	Commercial bank	100	100	100	
	SinoPac Insurance Brokers Ltd. ("SinoPac Insurance Brokers")	Insurance brokerage business	100	100	100	
SinoPac Securities	SinoPac Futures Corporation ("SinoPac Futures")	Futures brokering, dealing, advisory, managed enterprise and securities investment consulting services	100	100	100	
	SinoPac Securities Investment Service Corporation ("SinoPac Securities Investment Service")	Securities investment consulting and offshore fund distributor business	100	100	100	
	SinoPac Securities Venture Capital Corporation ("SinoPac Securities Venture Capital")	Venture capital investment	100	100	100	
	SinoPac Securities (Cayman) Holdings Ltd. ("SinoPac Securities (Cayman)")	Investment holding company	100	100	100	
	SinoPac Financial Consulting (Shanghai) Ltd. ("SinoPac Financial Consulting (Shanghai)")	Corporation management, investment and business information consulting	100	100	100	

(Continued)

Investor	Investee	Main Business	% of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
SinoPac Securities (Cayman)	SinoPac Securities (Europe) Ltd. ("SinoPac Securities (Europe)")	Brokerage agency service	100	100	100	
	SinoPac Asset Management (Asia) Ltd. ("SinoPac Asset Management (Asia)")	Asset management and investment consulting	100	100	100	
	SinoPac Securities (Asia) Ltd. ("SinoPac Securities (Asia)")	Brokerage and dealing of stocks and futures	100	100	100	
SinoPac Securities (Asia)	SinoPac (Asia) Nominees Ltd. ("SinoPac (Asia) Nominees")	Trust accounts on overseas stocks	100	100	100	
	SinoPac Capital (Asia) Ltd. ("SinoPac Capital (Asia)")	Proprietary trading	100	100	100	
	SinoPac Solutions and Services Ltd. ("SinoPac Solutions and Services")	Fund administration service	100	100	100	
SinoPac Leasing	SinoPac International Leasing Corp. ("SinoPac International Leasing")	Financing and leasing	100	100	100	
	SinoPac Capital International (HK) Limited ("SinoPac Capital International (HK)")	Leasing, installment sales and financing	100	100	100	

(Concluded)

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

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

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

c. Derecognition of financial assets

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

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

Financial liabilities and equity instruments

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

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

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

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

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

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 is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Leases

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

a. The Group as lessor

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

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

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

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

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

b. The Group as lessee

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

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

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

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

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

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Intangible assets acquired in a business combination

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

c. Derecognition of intangible assets

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

Goodwill

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

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

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

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

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

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

d. Termination benefits

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

Share-based payment transaction

a. Equity-settled share based payment transaction

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

b. Cash-settled share based payment transaction

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

Revenue Recognition

a. Interest income and expense

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

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

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

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

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

b. Commission revenue

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

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. 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 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

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 6,416,537	\$ 8,050,200	\$ 8,005,396
Notes and checks for clearing	2,053,706	3,718,425	844,771
Deposits in banks and due from banks	21,122,826	45,184,778	31,224,833
Short-term bills	4,295,579	9,281,115	2,928,524
Excess futures margin	<u>1,924,977</u>	<u>-</u>	<u>-</u>
	35,813,625	66,234,518	43,003,524
Less: Allowance for credit losses	<u>(2,254)</u>	<u>(2,854)</u>	<u>(1,627)</u>
Net amount	<u>\$ 35,811,371</u>	<u>\$ 66,231,664</u>	<u>\$ 43,001,897</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Short-term bills	1.15%-1.52%	0.45%-1.6%	0.25%-0.50%

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

	March 31, 2023	December 31, 2022	March 31, 2022
Call loans to banks	\$ 182,171,871	\$ 170,342,445	\$ 76,849,906
Trade finance advance - interbank	9,734,465	11,051,789	9,033,402
Deposit reserve - checking accounts	32,412,316	43,522,334	28,554,161
Due from the Central Bank - interbank settlement funds	6,029,750	6,000,041	6,000,385
Deposit reserve - demand accounts	47,043,949	44,715,565	40,330,576
Deposit reserve - foreign currencies	609,578	614,471	572,430
Deposit - other	<u>4,846,570</u>	<u>5,678,754</u>	<u>5,249,371</u>
	282,848,499	281,925,399	166,590,231
Less: Allowance for credit losses	<u>(6,162)</u>	<u>(4,345)</u>	<u>(15,628)</u>
Net amount	<u>\$ 282,842,337</u>	<u>\$ 281,921,054</u>	<u>\$ 166,574,603</u>

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

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

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily classified as at fair value through profit or loss			
Operating securities - proprietary, net	\$ 30,618,176	\$ 27,976,715	\$ 36,637,252
Government bonds	7,031,727	5,127,237	9,922,707
Corporate bonds	6,822,020	7,060,615	3,001,135
Commercial papers	5,668,856	5,784,949	3,797,544
Certificates of deposits	3,258,446	1,094,691	3,617,639
Stocks	2,777,019	2,559,700	2,496,626
Operating securities - hedging, net	2,031,486	1,366,322	1,383,488
Operating securities - underwriting, net	452,364	496,048	698,573
Bank debentures	266,193	219,864	721,755
Interest rate swap contracts	11,095,943	11,685,849	8,481,404
Currency contracts	10,499,524	20,202,997	13,975,097
Future margin - marketable securities	1,542,238	848,754	-
Future margin - own funds	925,962	719,375	1,856,173
Forward contracts	922,205	819,409	610,686
Asset swap option contracts	818,596	453,594	1,177,031
Option contracts	222,989	470,665	421,490
Others	191,860	430,082	555,290
	<u>85,145,604</u>	<u>87,316,866</u>	<u>89,353,890</u>
Financial assets designated as at fair value through profit or loss			
Corporate bonds	4,350,775	4,326,990	9,157,975
Government bonds	-	-	270,848
	<u>4,350,775</u>	<u>4,326,990</u>	<u>9,428,823</u>
	<u>\$ 89,496,379</u>	<u>\$ 91,643,856</u>	<u>\$ 98,782,713</u>
Held-for-trading financial liabilities			
Borrowing security payable	\$ 11,902,626	\$ 11,159,808	\$ 11,224,138
Securities purchased under resell agreements - short sales bonds	570,765	1,059,287	5,167,945
Currency contracts	9,781,826	21,410,574	14,104,794
Interest rate swap contracts	8,057,373	7,883,216	6,411,375
Asset swap option contracts	1,577,930	1,042,104	2,369,393
Option contracts	1,501,576	2,042,672	1,243,448
Forward contracts	1,335,179	944,878	661,397
Liabilities for issuance of warrants, net	341,795	299,877	300,041
Others	205,530	491,400	612,065
	<u>35,274,600</u>	<u>46,333,816</u>	<u>42,094,596</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities designated as at fair value through profit or loss			
Bank debentures	\$ 1,795,904	\$ 1,790,442	\$ 1,613,414
Liabilities for structured notes	<u>12,282,667</u>	<u>11,640,564</u>	<u>6,663,036</u>
	<u>14,078,571</u>	<u>13,431,006</u>	<u>8,276,450</u>
	<u>\$ 49,353,171</u>	<u>\$ 59,764,822</u>	<u>\$ 50,371,046</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 March 31, 2023, December 31, 2022 and March 31, 2022, the par values of financial assets at FVTPL under repurchase agreements were \$13,739,469, \$14,003,922 and \$6,261,341, respectively.
- c. Information on financial liabilities designated as at fair value through profit or loss were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 1,795,904	\$ 1,790,442	\$ 1,613,414
Amounts due on maturity	<u>(1,786,116)</u>	<u>(1,800,452)</u>	<u>(1,605,042)</u>
	<u>\$ 9,788</u>	<u>\$ (10,010)</u>	<u>\$ 8,372</u>

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

Change in amount during the period	
For the three months ended March 31, 2023	<u>\$ (5,380)</u>
For the three months ended March 31, 2022	<u>\$ 11,501</u>
Accumulated amount of change	
As of March 31, 2023	<u>\$ (52,025)</u>
As of December 31, 2022	<u>\$ (46,645)</u>
As of March 31, 2022	<u>\$ (74,381)</u>

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

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Currency contracts	\$ 2,074,780,811	\$ 1,664,495,352	\$ 1,282,461,114
Interest rate swap contracts	1,259,602,427	1,221,953,801	899,982,513
Forward contracts	149,590,856	102,926,184	123,406,891
Option contracts	63,646,564	142,365,664	110,299,675
Asset swap contracts	23,941,424	25,264,789	19,086,767
Futures contracts	18,863,744	64,041,526	51,998,114
Principal guaranteed contracts	11,675,703	10,916,062	6,320,502
Cross-currency swap contracts	4,175,039	2,402,866	6,447,833
Equity-linked swap contracts	1,401,223	1,962,456	3,128,370
Credit-linked note	514,900	623,000	266,600
Equity derivatives contracts	-	-	132,368
Debt-linked note	-	-	2,862

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
Equity instruments at fair value through other comprehensive income	\$ 28,711,684	\$ 25,576,964	\$ 28,559,332
Debt instruments at fair value through other comprehensive income	<u>303,623,302</u>	<u>310,561,883</u>	<u>366,581,637</u>
	<u>\$ 332,334,986</u>	<u>\$ 336,138,847</u>	<u>\$ 395,140,969</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Stock	\$ 24,953,597	\$ 21,782,968	\$ 24,442,776
Real estate investment trust beneficiary securities	<u>3,758,087</u>	<u>3,793,996</u>	<u>4,116,556</u>
	<u>\$ 28,711,684</u>	<u>\$ 25,576,964</u>	<u>\$ 28,559,332</u>

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

Due to the refund from investee's liquidation, and management the risk of investment position, the Group sold the stocks at a fair value of \$1,718,333 and \$376,289 and transferred the income of loss \$99,074 and gain \$123,150 from other equity to retained earnings for the three months ended March 31, 2023 and 2022, respectively.

b. Debt instruments at fair value through other comprehensive income

	March 31, 2023	December 31, 2022	March 31, 2022
Bank debentures	\$ 90,643,161	\$ 92,060,256	\$ 101,927,162
Certificates of deposits	61,946,746	87,751,306	109,701,497
Commercial papers	56,143,285	43,112,630	61,864,192
Corporate bonds	42,929,697	42,417,134	46,789,680
Government bonds	26,616,113	26,659,866	30,199,645
Asset-based securities	15,147,199	15,311,285	11,587,576
Others	<u>10,197,101</u>	<u>3,249,406</u>	<u>4,511,885</u>
	<u>\$ 303,623,302</u>	<u>\$ 310,561,883</u>	<u>\$ 366,581,637</u>

1) Loss allowance of debt instruments at fair value through other comprehensive income were \$49,955, \$51,230 and \$62,157 on March 31, 2023, December 31, 2022 and March 31, 2022. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 50 and Tables 6 and 9.

2) Please refer to Note 46 for information relating to debt instrument at FVTOCI pledged as security.

3) As of March 31, 2023, December 31, 2022 and March 31, 2022, the par value of debt instruments at FVTOCI under repurchase agreements were \$16,806,449, \$21,529,140 and \$31,930,261, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
Certificates of deposits	\$ 71,799,442	\$ 60,038,758	\$ 50,363,108
Government bonds	61,739,834	62,307,008	56,051,134
Bank debentures	56,207,989	50,285,085	47,312,842
Asset-based securities	37,446,547	38,185,507	12,117,336
Corporate bonds	17,122,839	12,551,932	12,855,985
Others	<u>2,021,483</u>	<u>2,108,635</u>	<u>1,925,569</u>
	246,338,134	225,476,925	180,625,974
Less: Impairment loss	<u>(19,639)</u>	<u>(16,774)</u>	<u>(16,059)</u>
Net amount	<u>\$ 246,318,495</u>	<u>\$ 225,460,151</u>	<u>\$ 180,609,915</u>

a. Credit risk management and information of impairment valuation of investment in debt instruments at amortized cost are shown in Note 50 and Tables 6 and 10.

b. Please refer to Note 46 for information relating to investment in debt instruments at amortized cost pledged as security.

- c. As of March 31, 2023, December 31, 2022 and March 31, 2022, the par value of investment in debt instruments at amortized cost under repurchase agreements were \$4,739,634, \$1,302,984 and \$6,418,478, respectively.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial papers	\$ 54,576,543	\$ 31,990,324	\$ 18,338,482
Government bonds	25,062,724	23,570,549	20,525,566
Corporate bonds	5,078,556	4,196,355	4,262,530
Bank debentures	4,835,695	1,688,512	3,409,961
Negotiable certificates of deposits	<u>1,527,200</u>	<u>6,428,179</u>	<u>900,044</u>
	<u>\$ 91,080,718</u>	<u>\$ 67,873,919</u>	<u>\$ 47,436,583</u>
Agreed-upon resell amount	\$ 91,334,988	\$ 68,133,535	\$ 47,453,242
Par value	\$ 97,368,587	\$ 73,184,746	\$ 51,447,680
Expiry	December 2023	December 2023	December 2022

As of March 31, 2023, December 31, 2022 and March 31, 2022, the par value of securities purchased under resell agreements under repurchase agreements were \$35,595,454, \$27,542,840 and \$27,493,800, respectively.

12. RECEIVABLES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Credit card receivables	\$ 19,220,818	\$ 20,878,070	\$ 18,597,376
Margin loans receivable	16,231,350	15,200,052	23,971,438
Accounts receivable - factoring	13,468,106	16,881,776	15,228,770
Accounts receivable - settlement	10,259,044	7,548,441	12,474,613
Interest and revenue receivables	8,145,633	7,995,083	4,316,089
Acceptances	8,037,824	5,951,568	5,513,853
Accounts receivable - forfaiting	6,159,226	3,345,588	9,174,531
Accounts and notes receivable	5,109,006	3,679,608	3,595,030
Lease receivables and installment	3,867,263	3,603,736	3,846,705
Receivables from securities sale	2,086,862	808,351	7,175,875
Settlement price	1,222,506	-	4,805,137
Trust administration fee revenue receivable	857,130	795,298	746,497
Others	<u>5,341,456</u>	<u>4,330,750</u>	<u>4,336,791</u>
	100,006,224	91,018,321	113,782,705
Less: Allowance for credit losses	(818,931)	(806,022)	(883,737)
Premium or discount on receivables	<u>(2,579)</u>	<u>(2,541)</u>	<u>(576)</u>
Net amount	<u>\$ 99,184,714</u>	<u>\$ 90,209,758</u>	<u>\$ 112,898,392</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 Three Months Ended March 31	
	2023	2022
Balance, January 1	\$ 806,022	\$ 873,056
Provision	69,063	32,999
Write-off	(40,764)	(25,828)
Reclassification	(16,235)	(12,962)
Effect of exchange rate changes	<u>845</u>	<u>16,472</u>
Balance, March 31	<u>\$ 818,931</u>	<u>\$ 883,737</u>

Please refer to Note 50 and Tables 6 and 8 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 three months ended March 31, 2023 and 2022 were \$39,951 and \$41,959, respectively.

13. DISCOUNTS AND LOANS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Export negotiation	\$ 1,837,251	\$ 881,123	\$ 1,732,336
Discounts and overdrafts	2,243,047	37,037	57,239
Accounts receivable - financing	1,403,174	1,544,711	2,356,125
Short-term loans	198,137,460	159,039,843	171,400,158
Secured short-term loans	95,255,905	92,257,054	101,646,285
Medium-term loans	315,891,662	289,379,000	263,209,723
Secured medium-term loans	207,234,801	208,320,581	179,322,582
Long-term loans	15,565,349	14,461,761	11,440,367
Secured long-term loans	589,182,513	579,509,414	560,191,435
Non-performing loans transferred from loans	<u>1,219,012</u>	<u>1,262,288</u>	<u>1,328,890</u>
	1,427,970,174	1,346,692,812	1,292,685,140
Less: Allowance for credit losses	(17,999,946)	(17,612,485)	(16,310,432)
Less: Premium or discount on discounts and loans	<u>(364,038)</u>	<u>(377,412)</u>	<u>(407,870)</u>
Net amount	<u>\$ 1,409,606,190</u>	<u>\$ 1,328,702,915</u>	<u>\$ 1,275,966,838</u>

- a. Please refer to Note 50 and Tables 6 and 7 for the analysis of impairment loss on discounts and loans. Please refer to Note 46 for information on discounts and loans pledged as security. Except the accounting policy on impairment of financial assets in Note 4, SinoPac (China) also follows the local authority, maintaining an allowance of at least 1.5% of loans and 120% of non-performing loans from April 30, 2022.

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

	For the Three Months Ended March 31	
	2023	2022
Balance, January 1	\$ 17,612,485	\$ 15,557,839
Provision	470,180	912,235
Write-off	(65,258)	(266,286)
Effect of exchange rate changes	<u>(17,461)</u>	<u>106,644</u>
Balance, March 31	<u>\$ 17,999,946</u>	<u>\$ 16,310,432</u>

The Group received payments for loans previously written-off \$71,723 and \$118,318 for the three months ended March 31, 2023 and 2022, respectively, which were recognized as deduction of provision expenses.

14. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Funds	<u>\$ 67,699,206</u>	<u>\$ 63,394,864</u>	<u>\$ 61,644,487</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at fair value through profit or loss	<u>\$ 351,546</u>	<u>\$ 359,235</u>	<u>\$ 543,931</u>

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

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

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Golden Trust SinoPac Fund Management	\$ 967,404	\$ 914,748	\$ 771,443
Telexpress	<u>96,907</u>	<u>97,064</u>	<u>99,134</u>
	<u>\$ 1,064,311</u>	<u>\$ 1,011,812</u>	<u>\$ 870,577</u>

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

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

The associates' audited financial information is summarized as follows:

	For the Three Months Ended March 31	
	2023	2022
The Group's share of:		
Net income	\$ 47,428	\$ 53,855
Other comprehensive income (loss)	<u>967</u>	<u>(1,640)</u>
	<u>\$ 48,395</u>	<u>\$ 52,215</u>

16. OTHER FINANCIAL ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Customer margin deposits	\$ 33,190,041	\$ 32,966,447	\$ 35,504,854
Bank deposits not belonging to cash and cash equivalents	9,643,293	7,111,176	3,932,669
Purchase of the PEM Group's instruments	4,503,160	4,539,144	4,229,074
Long-term lease receivables and installment	2,381,573	2,191,760	2,527,472
Non-performing receivables transferred from other than loans	100,508	117,409	142,279
Others	<u>680,670</u>	<u>665,077</u>	<u>656,048</u>
	50,499,245	47,591,013	46,992,396
Less: Allowance for credit loss	(141,314)	(140,622)	(155,927)
Accumulated impairment	<u>(2,390,040)</u>	<u>(2,432,227)</u>	<u>(2,196,201)</u>
Net amount	<u>\$ 47,967,891</u>	<u>\$ 45,018,164</u>	<u>\$ 44,640,268</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:

	For the Three Months Ended March 31	
	2023	2022
Balance, January 1	\$ 140,622	\$ 167,568
Provision (reversal of provision)	4,464	(2,235)
Write off	(20,186)	(23,905)
Reclassifications	16,235	12,962
Effect of exchange rate changes	<u>179</u>	<u>1,537</u>
Balance, March 31	<u>\$ 141,314</u>	<u>\$ 155,927</u>

The Group received payments for loans previously written-off \$1,903 and \$12,411 for the three months ended March 31, 2023 and 2022, respectively, which were recognized as deduction of provision expenses.

Bank SinoPac was delegated by professional investors to sell the PEM Group's investment products amounting to US\$146,000 thousand through private placement. A U.S. Federal Court appointed a receiver for all assets that belonged to, were being managed by, or were in the possession of or control of the PEM Group. To protect the client's interests, Bank SinoPac bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, Bank SinoPac's board of directors resolved to abide by a court's appointment of a PEM Group receiver to take the PEM Group's insurance policies at the price of approximately US\$40.4 million. On March 7, 2011, the receiver transferred the insurance policies to a trustee established jointly by certain banks to hold insurance policies. And Bank SinoPac had submitted to the authorities the results of this policy transfer. As of March 31, 2023, a reserve of US\$78,416 thousand (NT\$2,390,040) had been set aside to cover the accumulated impairment losses. Bank SinoPac has reversal of impairment loss of \$22,819 and \$26,275 for PEM Group for the three months ended March 31, 2023 and 2022.

17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

For the Three Months Ended March 31, 2023				
	Land	Land Improvements	Buildings	Total
<u>Cost</u>				
Balance, January 1	\$ 1,924,060	\$ 7,010	\$ 938,638	\$ 2,869,708
Addition	-	189	94	283
Deduction	-	-	-	-
Reclassifications	(15,869)	-	(20,239)	(36,108)
Balance, March 31	<u>1,908,191</u>	<u>7,199</u>	<u>918,493</u>	<u>2,833,883</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	6,150	435,435	441,585
Depreciation	-	120	4,956	5,076
Deduction	-	-	-	-
Reclassifications	-	-	(10,913)	(10,913)
Balance, March 31	-	<u>6,270</u>	<u>429,478</u>	<u>435,748</u>
<u>Accumulated impairment</u>				
Balance, January 1	14,532	-	22,772	37,304
Addition	-	-	-	-
Deduction	-	-	-	-
Balance, March 31	<u>14,532</u>	-	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, March 31	<u>\$ 1,893,659</u>	<u>\$ 929</u>	<u>\$ 466,243</u>	<u>\$ 2,360,831</u>

For the Three Months Ended March 31, 2022				
	Land	Land Improvements	Buildings	Total
<u>Cost</u>				
Balance, January 1	\$ 1,936,290	\$ 6,790	\$ 943,706	\$ 2,886,786
Addition	-	219	122	341
Deduction	-	-	-	-
Reclassifications	-	-	-	-
Balance, March 31	<u>1,936,290</u>	<u>7,009</u>	<u>943,828</u>	<u>2,887,127</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	5,722	421,115	426,837
Depreciation	-	102	5,039	5,141
Deduction	-	-	-	-
Reclassifications	-	-	-	-
Balance, March 31	-	<u>5,824</u>	<u>426,154</u>	<u>431,978</u>

(Continued)

For the Three Months Ended March 31, 2022				
	Land	Land Improvements	Buildings	Total
<u>Accumulated impairment</u>				
Balance, January 1	\$ 14,532	\$ -	\$ 22,772	\$ 37,304
Addition	-	-	-	-
Deduction	-	-	-	-
Balance, March 31	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, March 31	<u>\$ 1,921,758</u>	<u>\$ 1,185</u>	<u>\$ 494,902</u>	<u>\$ 2,417,845</u> (Concluded)

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

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

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

The fair values of SinoPac Securities' investment properties as of March 31, 2023, December 31, 2022 and March 31, 2022 were \$243,380. The fair values were arrived at not through the valuations of independent experts but by reference to unobservable inputs (Level 3), i.e., neighboring area transaction prices and appraise from 2022 and 2021.

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

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

18. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment are summarized as follows:

For the Three Months Ended March 31, 2023								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<u>Cost</u>								
Balance, January 1	\$ 7,352,042	\$ 7,912,413	\$ 3,105,934	\$ 580,348	\$ 1,827,295	\$ 1,772,061	\$ 350,528	\$ 22,900,621
Addition	-	16,440	63,758	1,470	15,536	12,112	105,243	214,559
Deduction	-	(594)	(29,579)	(34,043)	(16,416)	(1,510)	-	(82,142)
Reclassifications	15,869	36,673	13,696	23,034	1,203	17,409	(136,701)	(28,817)
Effect of exchange rate changes	-	2,021	(3,370)	(17)	(562)	(1,720)	138	(3,510)
Balance, March 31	<u>7,367,911</u>	<u>7,966,953</u>	<u>3,150,439</u>	<u>570,792</u>	<u>1,827,056</u>	<u>1,798,352</u>	<u>319,208</u>	<u>23,000,711</u>
<u>Accumulated depreciation</u>								
Balance, January 1	84	4,556,743	1,998,470	309,235	1,299,192	1,449,314	-	9,613,038
Depreciation	6	50,060	106,392	22,574	32,683	25,555	-	237,270
Deduction	-	(533)	(27,845)	(24,004)	(15,877)	(1,249)	-	(69,508)
Reclassifications	-	10,913	-	-	-	-	-	10,913
Effect of exchange rate changes	-	385	(3,040)	(17)	(426)	(1,282)	-	(4,380)
Balance, March 31	<u>90</u>	<u>4,617,568</u>	<u>2,073,977</u>	<u>307,788</u>	<u>1,315,572</u>	<u>1,472,338</u>	<u>-</u>	<u>9,787,333</u>
<u>Net amount</u>								
Balance, March 31	<u>\$ 7,367,821</u>	<u>\$ 3,349,385</u>	<u>\$ 1,076,462</u>	<u>\$ 263,004</u>	<u>\$ 511,484</u>	<u>\$ 326,014</u>	<u>\$ 319,208</u>	<u>\$ 13,213,378</u>
For the Three Months Ended March 31, 2022								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<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	-	2,947	80,891	19,534	26,621	14,149	106,869	251,011
Deduction	-	-	(8,414)	(10,515)	(18,405)	(34,994)	(828)	(73,156)
Reclassifications	-	-	3,259	-	387	903	(58,642)	(54,093)
Effect of exchange rate changes	-	13,414	11,243	32	1,426	5,000	606	31,721
Balance, March 31	<u>7,339,812</u>	<u>7,779,475</u>	<u>2,837,166</u>	<u>686,641</u>	<u>1,730,814</u>	<u>1,674,671</u>	<u>451,823</u>	<u>22,500,402</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	5	46,692	99,305	33,257	30,499	22,323	-	232,081
Deduction	-	-	(8,097)	(6,627)	(17,729)	(34,959)	-	(67,412)
Reclassifications	-	-	(352)	-	352	458	-	458
Effect of exchange rate changes	-	2,141	8,646	32	982	3,745	-	15,546
Balance, March 31	<u>66</u>	<u>4,415,118</u>	<u>1,772,268</u>	<u>302,868</u>	<u>1,266,955</u>	<u>1,390,061</u>	<u>-</u>	<u>9,147,336</u>
<u>Net amount</u>								
Balance, March 31	<u>\$ 7,339,746</u>	<u>\$ 3,364,357</u>	<u>\$ 1,064,898</u>	<u>\$ 383,773</u>	<u>\$ 463,859</u>	<u>\$ 284,610</u>	<u>\$ 451,823</u>	<u>\$ 13,353,066</u>

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

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

Please refer to Note 46 for the information on property and equipment pledged as security. The amounts of other equipment and transportation equipment rented out as of March 31, 2023, December 31, 2022 and March 31, 2022 were \$231,833, \$242,551 and \$358,545, respectively.

19. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land and surface rights	\$ 930,487	\$ 939,537	\$ 966,419
Buildings	2,459,325	2,550,222	2,718,139
Machinery and computer equipment	101,613	110,070	133,735
Transportation equipment	15,929	12,476	11,893
Other equipment	4,036	4,445	3,464
Decommissioning restoration costs	<u>28,173</u>	<u>30,082</u>	<u>30,122</u>
	<u>\$ 3,539,563</u>	<u>\$ 3,646,832</u>	<u>\$ 3,863,772</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 132,751</u>	<u>\$ 373,678</u>
Depreciation charge for right-of-use assets			
Land and surface rights		\$ 9,050	\$ 8,984
Buildings		208,592	208,719
Machinery and computer equipment		8,417	8,399
Transportation equipment		2,190	1,850
Other equipment		413	459
Decommissioning restoration costs		<u>2,807</u>	<u>2,699</u>
		<u>\$ 231,469</u>	<u>\$ 231,110</u>
Right-of-use assets sublease revenue (financing interest revenue)		<u>\$ 252</u>	<u>\$ 271</u>

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

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts	<u>\$ 3,019,951</u>	<u>\$ 3,132,839</u>	<u>\$ 3,297,169</u>

Range of discount rate for lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land and surface rights	1.0212%- 2.1233%	1.0212%- 2.1233%	1.0212%- 1.6391%
Buildings	0.1553%- 8.0000%	0.1553%- 6.1000%	0.1553%- 6.1000%
Machinery and computer equipment	0.5754%- 2.3588%	0.5754%- 2.3588%	0.5754%- 1.0768%
Transportation equipment	0.1098%- 5.5000%	0.1098%- 5.5000%	0.3804%- 5.5000%
Other equipment	0.1023%- 5.3290%	0.1023%- 5.3290%	0.3410%- 5.8366%

c. Material lease-in activities and terms

The Group leases certain land and buildings for use as business locations and operating assets with lease expiration date in February 2049. The lease contract for major buildings in Taiwan for use as offices and branches specifies that lease payments will be adjusted a year on the basis of current announcement land value 5%. The lease contract for major buildings located in overseas branches stipulated fixed or regularly 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 March 31	
	2023	2022
Expenses relating to short-term leases	\$ 6,357	\$ 6,810
Expenses relating to low-value asset leases	\$ 10,207	\$ 10,498
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,380	\$ 1,107
Total cash outflow for leases	\$ (268,117)	\$ (265,795)

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	March 31, 2023	December 31, 2022	March 31, 2022
Goodwill	\$ 1,088,243	\$ 1,088,243	\$ 1,088,243
Computer software	1,063,167	1,031,354	908,877
Customer relationships	125,671	142,455	187,485
Membership fees	41,413	41,413	41,413
Others	<u>6,703</u>	<u>6,732</u>	<u>7,078</u>
	<u>\$ 2,325,197</u>	<u>\$ 2,310,197</u>	<u>\$ 2,233,096</u>

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

	Goodwill	Computer Software	Customer Relationships	Membership Fees	Others	Total
Balance January 1, 2023	\$ 1,088,243	\$ 1,031,354	\$ 142,455	\$ 41,413	\$ 6,732	\$ 2,310,197
Addition	-	52,788	-	-	-	52,788
Amortization	-	(86,342)	(16,380)	-	(65)	(102,787)
Reclassifications	-	64,925	-	-	-	64,925
Effect of exchange rate changes	-	442	(404)	-	36	74
Balance March 31, 2023	<u>\$ 1,088,243</u>	<u>\$ 1,063,167</u>	<u>\$ 125,671</u>	<u>\$ 41,413</u>	<u>\$ 6,703</u>	<u>\$ 2,325,197</u>
Balance January 1, 2022	\$ 1,088,243	\$ 874,300	\$ 201,651	\$ 41,413	\$ 6,893	\$ 2,212,500
Addition	-	49,221	-	-	-	49,221
Amortization	-	(73,826)	(16,075)	-	(65)	(89,966)
Reclassifications	-	54,996	-	-	-	54,996
Effect of exchange rate changes	-	4,186	1,909	-	250	6,345
Balance March 31, 2022	<u>\$ 1,088,243</u>	<u>\$ 908,877</u>	<u>\$ 187,485</u>	<u>\$ 41,413</u>	<u>\$ 7,078</u>	<u>\$ 2,233,096</u>

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

Items	Years
Computer software	3-10.58 years
Customer relationships	8-15 years

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

Information on goodwill is summarized as follows:

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

For the three months ended March 31, 2023, for the year ended December 31, 2022 and for the three months ended March 31, 2022 the amounts of net income affiliated with cash generating units were \$7,903, \$82,059 and \$29,652, respectively. The amounts of expected net income for the years 2023 and 2022 as assessed by the impairment test on goodwill would be \$28,252 and \$56,787, respectively. The recoverable amount was expected to be higher than the book value. Therefore, the Company found no objective evidence that goodwill had been impaired as of March 31, 2023 and 2022.

- b. As of March 31, 2023, SinoPac Securities and its subsidiaries had the following goodwill:

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

For the three months ended March 31, 2023, for the year ended December 31, 2022 and for the three months ended March 31, 2022, the amounts of net income which are not included share of profit of associates accounted for using equity method were \$573,642, \$1,117,350 and \$693,760, respectively. The amounts of expected net income were \$1,911,782 and \$3,668,182 in 2023 and 2022, respectively. The actual operating results were better than expected, the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2023. Affected by the poor investment environment of domestic and foreign financial markets, the actual operating results were not as expected, but the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2022.

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

For the three months ended March 31, 2023, for the year ended December 31, 2022 and for the three months ended March 31, 2022, actual net income of SinoPac Futures were \$142,528 and \$495,116 and \$104,707, respectively. The amounts of expected net income for the years 2023 and 2022 used as basis for the assessment of impairment on goodwill were \$391,486 and \$380,837, respectively. There was no significant difference between the results of actual operation and expected benefit. The recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired.

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

21. OTHER ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Securities borrowing margins	\$ 10,338,436	\$ 11,359,773	\$ 13,023,925
Amounts held for settlement	7,074,451	7,074,026	7,901,151
Guarantee deposits	5,073,522	9,085,542	8,755,091
Operating guarantee deposits and settlement fund	1,543,810	1,471,227	1,390,571
Prepayment	542,911	368,961	460,722
Temporary payments and suspense accounts	148,258	221,044	303,871
Receipts under custody from customers' security subscription	6,780	1,086,460	479,221
Collaterals	-	-	38,715
Others	<u>116,532</u>	<u>116,397</u>	<u>108,267</u>
	24,844,700	30,783,430	32,461,534
Less: Accumulated impairment	<u>(7,935)</u>	<u>(7,935)</u>	<u>(7,935)</u>
Net amount	<u>\$ 24,836,765</u>	<u>\$ 30,775,495</u>	<u>\$ 32,453,599</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

	March 31, 2023	December 31, 2022	March 31, 2022
Call loans from banks	\$ 71,091,176	\$ 59,956,018	\$ 65,058,614
Redeposits from Chunghwa Post	10,049,900	10,054,000	10,071,000
Call loans from Central Bank	1,523,945	1,536,178	1,431,075
Due to banks	<u>1,035,520</u>	<u>931,021</u>	<u>79,367</u>
	<u>\$ 83,700,541</u>	<u>\$ 72,477,217</u>	<u>\$ 76,640,056</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds	\$ 28,398,760	\$ 23,920,054	\$ 19,264,277
Bank debentures	19,333,390	17,979,374	23,640,422
Corporate bonds	12,101,485	12,178,153	20,471,953
Convertible bonds	<u>6,300,219</u>	<u>5,845,734</u>	<u>5,147,420</u>
	<u>\$ 66,133,854</u>	<u>\$ 59,923,315</u>	<u>\$ 68,524,072</u>
Agreed-upon repurchase price	\$ 66,508,344	\$ 60,272,934	\$ 68,586,963
Par value	\$ 70,881,006	\$ 64,378,886	\$ 72,103,880
Expiry	March 2024	November 2023	December 2022

24. COMMERCIAL PAPERS ISSUED, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial papers payables	\$ 22,885,000	\$ 19,120,000	\$ 41,743,000
Less: Unamortized discount	<u>(26,580)</u>	<u>(17,034)</u>	<u>(20,700)</u>
Net amount	<u>\$ 22,858,420</u>	<u>\$ 19,102,966</u>	<u>\$ 41,722,300</u>
Maturity date	2023.04-2023.06	2023.01-2023.03	2022.04-2022.08
Discount rate	0.9080%- 1.5580%	0.9080%- 1.6880%	0.30%- 0.9380%

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

25. PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable for settlement	\$ 17,499,785	\$ 13,519,230	\$ 24,645,493
Acceptances payable	8,164,177	5,751,986	5,327,821
Interests payable	5,697,853	4,509,812	1,767,970
Accounts payable - factoring	5,349,465	3,875,519	3,816,280
Accounts and notes payable	3,162,739	3,012,915	2,346,666
Accrued expense	3,023,670	5,469,023	3,073,507
Accounts payable for securities purchased	2,685,619	252,632	10,075,365
Notes and checks in clearing	2,053,706	3,718,425	844,771
Financing guarantees payable	1,396,568	3,973,588	1,520,984
Deposits on short sales	1,259,747	4,172,275	1,372,599
Others	<u>4,046,155</u>	<u>2,266,551</u>	<u>2,442,738</u>
	<u>\$ 54,339,484</u>	<u>\$ 50,521,956</u>	<u>\$ 57,234,194</u>

26. DEPOSITS AND REMITTANCES

	March 31, 2023	December 31, 2022	March 31, 2022
Checking	\$ 10,696,505	\$ 12,809,645	\$ 10,455,117
Demand	430,856,562	466,425,995	468,880,089
Savings - demand	551,622,688	525,698,441	532,641,877
Time deposits	737,733,835	688,239,431	533,960,324
Negotiable certificates of deposits	13,706,400	16,639,400	5,420,300
Savings - time	304,871,792	289,947,164	253,327,917
Inward remittances	1,291,909	666,295	1,213,282
Outward remittances	221,549	70,920	73,692
Others	32,482	31,440	30,181
	<u>\$ 2,051,033,722</u>	<u>\$ 2,000,528,731</u>	<u>\$ 1,806,002,779</u>

27. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2023
Bank debentures	\$ 56,250,802	\$ 56,250,137	\$ 55,549,184
Corporate bonds payable	<u>14,992,793</u>	<u>14,992,124</u>	<u>12,440,887</u>
	<u>\$ 71,243,595</u>	<u>\$ 71,242,261</u>	<u>\$ 67,990,071</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:

	March 31, 2023	December 31, 2022	March 31, 2022	Issue Period	Rates
First subordinated bank debentures issued in 2012 (B)	\$ -	\$ -	\$ 1,299,965	2012.09.18-2022.09.18	Fixed interest rate of 1.65%, interest is paid annually.
Third subordinated bank debentures issued in 2014 (B)	699,917	699,904	699,864	2014.09.30-2024.09.30	Fixed interest rate of 2.05%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,906	1,419,874	1,419,778	2016.12.23-2023.12.23	Fixed interest rate of 1.50%, interest is paid annually.
First subordinated bank debentures issued in 2017 (A)	149,979	149,973	149,956	2017.02.24-2024.02.24	Fixed interest rate of 1.60%, interest is paid annually.
First subordinated bank debentures issued in 2017 (B)	2,099,533	2,099,504	2,099,419	2017.02.24-2027.02.24	Fixed interest rate of 1.90%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (A)	199,975	199,970	199,955	2017.06.28-2024.06.28	Fixed interest rate of 1.70%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (B)	539,840	539,831	539,805	2017.06.28-2027.06.28	Fixed interest rate of 1.95%, interest is paid annually.
Fourth subordinated bank debentures issued in 2017	3,000,000	3,000,000	2,999,738	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)	649,872	649,857	649,812	2018.04.30-2025.04.30	Fixed interest rate of 1.40%, interest is paid annually.
First subordinated bank debentures issued in 2018 (B)	499,830	499,823	499,799	2018.04.30-2028.04.30	Fixed interest rate of 1.65%, interest is paid annually.
First subordinated bank debentures issued in 2019	1,999,705	1,999,649	1,999,491	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)	1,199,725	1,199,700	1,199,630	2019.01.25-2026.01.25	Fixed interest rate of 1.40%, interest is paid annually.
Second subordinated bank debentures issued in 2019 (B)	1,799,403	1,799,377	1,799,305	2019.01.25-2029.01.25	Fixed interest rate of 1.55%, interest is paid annually.
Third senior bank debentures issued in 2019	2,999,898	2,999,877	2,999,816	2019.06.26-2024.06.26	Fixed interest rate of 0.76%, interest is paid annually.
Fourth subordinated bank debentures issued in 2019	1,499,727	1,499,682	1,499,547	2019.08.23, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.	Fixed interest rate of 2.00%, interest is paid annually.

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022	Issue Period	Rates
Fifth subordinated bank debentures issued in 2019 (A)	\$ 1,749,528	\$ 1,749,494	\$ 1,749,392	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)	1,749,377	1,749,354	1,749,283	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	2,999,594	2,999,550	2,999,426	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	1,999,537	1,999,520	1,999,472	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	2,899,691	2,899,659	2,899,563	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	2,599,518	2,599,502	2,599,455	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	2,099,759	2,099,737	2,099,670	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	2,399,575	2,399,562	2,399,521	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	999,814	999,797	999,743	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	999,808	999,793	999,747	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	2,719,605	2,719,575	2,719,484	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	2,299,626	2,299,615	2,299,582	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	3,279,644	3,279,620	3,279,546	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	1,699,478	1,699,464	1,699,420	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	4,999,266	4,999,222	5,000,000	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>1,999,672</u>	<u>1,999,652</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>\$ 56,250,802</u>	<u>\$ 56,250,137</u>	<u>\$ 55,549,184</u>		

(Concluded)

b. Corporate bonds payable

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

	March 31, 2023	December 31, 2022	March 31, 2022	Issue Period	Rates
<u>The Company</u>					
First unsecured bonds issued in 2020	\$ 4,997,452	\$ 4,997,104	\$ 4,996,046	2020.01.15-2025.01.15 Principal is repayable on maturity date.	Fixed interest rate of 0.79%, interest is paid annually.
First unsecured bonds issued in 2021	4,995,341	4,995,020	4,994,046	2021.10.21-2026.10.21 Principal is repayable on maturity date.	Fixed interest rate of 0.56%, interest is paid annually.
<u>SinoPac Securities</u>					
First unsecured bonds issued in 2020	2,000,000	2,000,000	2,000,000	2020.01.08-2025.01.08 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
Second unsecured bonds issued in 2020 (Note)	-	-	450,795	2020.12.23-2022.12.23 Principal is repayable on maturity date.	Fixed interest rate of 3.20%, interest is paid annually.
First unsecured subordinated bonds issued in 2022 (A)	400,000	400,000	-	2022.05.27-2029.05.27 Principal is repayable on maturity date.	Fixed interest rate of 2.00%, interest is paid annually.
First unsecured subordinated bonds issued in 2022 (B)	600,000	600,000	-	2022.05.27-2032.05.27 Principal is repayable on maturity date.	Fixed interest rate of 2.20%, interest is paid annually.
Second unsecured subordinated bonds issued in 2022 (A)	1,450,000	1,450,000	-	2022.08.26-2029.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.40%, interest is paid annually.
Second unsecured subordinated bonds issued in 2022 (B)	<u>550,000</u>	<u>550,000</u>	<u>-</u>	2022.08.26-2032.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.50%, interest is paid annually.
	<u>\$ 14,992,793</u>	<u>\$ 14,992,124</u>	<u>\$ 12,440,887</u>		

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

28. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Credit loans	\$ 5,112,984	\$ 3,564,926	\$ 5,110,594
Guaranteed loans	<u>600,000</u>	<u>300,000</u>	<u>630,000</u>
	<u>\$ 5,712,984</u>	<u>\$ 3,864,926</u>	<u>\$ 5,740,594</u>
Maturity date	2023.4-2024.3	2023.1-2023.12	2022.4-2023.3
Range of interest rates per annum	1.52%- 5.99860%	1.33%- 5.98208%	0.972%- 5.07761%

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Credit loans	<u>\$ 947,729</u>	<u>\$ 2,480,712</u>	<u>\$ 2,304,475</u>
Maturity date	2023.4-2025.3	2023.1-2024.12	2022.4-2023.9
Range of interest rates per annum	4.525%- 5.77771%	4.75%- 5.49210%	1.33%- 4.57500%

SinoPac Securities

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

SinoPac Leasing

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

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

- 1) During the term of the Agreement, SinoPac Leasing should maintain following financial ratios:
 - a) Debt ratio: Ratio of liability to equity not more than 800%.
 - b) Interest coverage ratio: Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 110%.

- 2) The aforementioned financial ratios should be reviewed annually and determined based on SinoPac Leasing's annual consolidated financial statements audited by independent auditors.
- 3) Failing to meet the financial covenants, a penalty of 0.125% annual interest rate (calculated daily and paid monthly based on the outstanding principal, for the period starting from October 1 subsequent to the year breach to the date that the financial ratios were improved) would be imposed.

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

29. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
Provision for employee benefits	\$ 2,178,792	\$ 2,298,554	\$ 2,843,242
Provision for financing commitment	306,971	287,905	180,288
Provision for guarantee liabilities	327,041	339,536	379,318
Provision for decommissioning liabilities	157,936	157,546	146,862
Other provision	<u>5,486</u>	<u>16,187</u>	<u>32,836</u>
	<u>\$ 2,976,226</u>	<u>\$ 3,099,728</u>	<u>\$ 3,582,546</u>

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

	For the Three Months Ended March 31, 2023		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance at January 1	\$ 287,905	\$ 339,536	\$ 16,187
Provision (reversal of provision)	20,950	(12,424)	(10,570)
Effect of exchange rate changes	<u>(1,884)</u>	<u>(71)</u>	<u>(131)</u>
Balance at March 31	<u>\$ 306,971</u>	<u>\$ 327,041</u>	<u>\$ 5,486</u>

	For the Three Months Ended March 31, 2022		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance at January 1	\$ 163,432	\$ 395,361	\$ 23,836
Provision (reversal of provision)	14,365	(16,867)	8,254
Effect of exchange rate changes	<u>2,491</u>	<u>824</u>	<u>746</u>
Balance at March 31	<u>\$ 180,288</u>	<u>\$ 379,318</u>	<u>\$ 32,836</u>

30. PROVISION FOR EMPLOYEE BENEFITS

	March 31, 2023	December 31, 2022	March 31, 2022
Recognized in the consolidated balance sheets (payables and provisions)			
Defined contribution plans	\$ 80,033	\$ 77,703	\$ 76,073
Defined benefit plans	1,565,897	1,680,397	2,287,034
Preferential interest on employees' deposits	347,770	343,699	345,139
Others	<u>265,125</u>	<u>274,458</u>	<u>211,069</u>
	<u>\$ 2,258,825</u>	<u>\$ 2,376,257</u>	<u>\$ 2,919,315</u>

Others included long-term incentive compensation plans; deferred service leave and termination benefits. On March 31, 2023, December 31, 2022 and March 31, 2022, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$227,952, \$225,708 and \$177,001, respectively, the acquired total embedded value of which were \$192,799, \$192,799 and \$134,160, respectively.

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

	For the Three Months Ended March 31	
	2023	2022
Operating expenses	\$ 25,299	\$ 27,731

31. OTHER FINANCIAL LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Principal of structured products	\$ 47,460,026	\$ 36,117,642	\$ 19,493,638
Futures trader's equity	33,190,041	32,966,447	35,504,854
Equity for each customer in the account	603,438	525,327	603,666
Others	<u>152,883</u>	<u>155,011</u>	<u>34,757</u>
	<u>\$ 81,406,388</u>	<u>\$ 69,764,427</u>	<u>\$ 55,636,915</u>

32. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Securities lending refundable deposits	\$ 10,444,336	\$ 10,452,320	\$ 11,308,018
Guarantee deposits received	2,439,273	2,323,922	2,098,112
Temporary receipts and suspense accounts	638,369	671,652	583,214
Advance revenue	276,119	191,704	173,925
Deferred revenue	92,380	106,494	97,637
Receipts under custody from customers' security subscription	6,780	1,086,460	479,221
Receipt sub-brokerage under custody	-	394,676	477,515
Others	<u>52,975</u>	<u>447,026</u>	<u>527,127</u>
	<u>\$ 13,950,232</u>	<u>\$ 15,674,254</u>	<u>\$ 15,744,769</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 March 31	
	2023	2022
Current tax		
Current period	\$ 1,042,958	\$ 506,549
Prior periods	<u>56</u>	<u>14,529</u>
	<u>1,043,014</u>	<u>521,078</u>
Deferred tax		
Incurrence and reversal of temporary differences	<u>(265,929)</u>	<u>328,122</u>
Income tax expenses recognized in profit or loss	<u>\$ 777,085</u>	<u>\$ 849,200</u>

Due to the uncertainty of the earnings distribution in the 2023 shareholder's meeting, the potential consequence of imposing 5% income tax on unappropriated earnings could not be decided reliably.

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 March 31	
	2023	2022
<u>Deferred tax</u>		
Adjustments of current period		
Exchange difference on translation of foreign operations	\$ 2,084	\$ (129,904)
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	(6,320)	34,378
Share of the other comprehensive income of associate	<u>(193)</u>	<u>328</u>
Income tax recognized in other comprehensive income	<u>\$ (4,429)</u>	<u>\$ (95,198)</u>

- c. The income tax returns of SinoPac Securities through 2017 had been examined by the tax authorities, of which the 2012 to 2017 tax returns were disallowed items, such as the allocation principle of operating expenses and interest expenses as well as the amortization; therefore, the Corporation filed appeals for the authorities' reconsideration of the assessments. Even if this matter was still unresolved, the Corporation accrued and paid \$64,361 assessed by the tax authorities as additional income tax expenses.
- d. SinoPac Call Center was merged into Bank SinoPac in 2019. The assessed years of profit - seeking enterprise income tax were approved to 2017.
- e. The status of the subsidiaries' examined income tax returns is as follows:

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

34. EQUITY

a. Capital stock

1) Common stock

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

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

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

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

2) Preferred shares

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

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

- a) The current year's earnings will be first used to cover losses of the past years as well as settle all taxes payable. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the corporate charter. The remainder will then be used to pay the accrued dividends of the past years and dividend of the current year.
- b) In the 15 years after the offering, dividends will be calculated at floating rates, using the annual deposit interest rates of Chunghwa Post Co., Ltd. for the period starting from the capital increase record date to the first anniversary of the offering plus 0.7%; from the 16th year and on, dividends will be calculated at the annual interest rates of Chunghwa Post Co., Ltd. at the anniversary of the offering, plus 1.5%. Dividend are payable in cash annually on the basis of the actual offering price. The date of dividend payment will be determined by the board after the shareholders' meeting approves the Company's audited operating results. The Board will then decide the record date for the payment of the previous year's dividend. Dividends for the year of initial share offering and for the buyback year are calculated using the number of days the shares have been outstanding, and the dividend for the buyback year should be paid when a notice is served after the following year's shareholders' meeting.
- c) If no earnings are available, earnings are insufficient to fully pay dividends of preferred Class A stock, or the dividend payout will result in the consolidated capital adequacy ratio falling below the minimum amount set by laws and regulations or administrative bodies, the current year's dividends should be accrued together with those of the past years and paid preferentially in the following surplus years.
- d) For the distribution of the Company's residual assets, preference is given to preferred Class A shareholders instead of common shareholders, with the amount not exceeding the offering amount and accrued dividends payable.

- e) Preferred Class A shareholders do not have voting rights in shareholders' meetings but have the right to be elected as board directors. Nonetheless, preferred Class A shareholders are entitled to in the meetings of preferred Class A shareholders.
- f) Preferred Class A shareholders are not entitled to payouts from earnings as well as capital reserve meant for common stock, but they may receive dividends mentioned in paragraph (b) above.
- g) If new shares are issued, preferred Class A shareholders have the preferential right of subscription.
- h) Within three years of the preferred Class A stock offering, preferred Class A shareholders are entitled to convert all or part of their holdings into common stock on a one-for-one basis at any time, except when the registration of the conversion is suspended in accordance with relevant laws and regulations and when the offering falls within a period starting from the third business day after the date of the board of directors' announcement of its decision on the ex-dividend dates for the stock dividends, cash dividends and rights issues - which involve the suspension of stock registration on certain dates - till the record dates on the above dividends and rights. After conversion, the rights of the holders of the converted shares become the same as those of the common stock.
- i) Preferred Class A shares are not entitled to preferred dividends of the current year and the following year's dividend payout for the preferred stock if they had been converted into common stock before the record date (for common dividend distribution). In addition, if preferred stock dividends have already been paid in the year when preferred Class A shares have been converted to common stock, holders of the converted shares are not entitled to common dividends paid out in the year of the conversion. In the following years, accrued preferred dividends should be paid ahead of common dividends in the year and thereafter.
- j) Preferred Class A stock has no maturity date. Within 15 years of share offering, all or part of the preferred Class A shares may be bought back at a price based on the offering price plus accrued dividends of the past years and on the basis of the number of days the shares have been outstanding in the current year. For this buyback, the Company will use the money raised through earnings generation, new share offerings or any other means as permitted by relevant laws and regulations. If the Company wants to buy back preferred Class A shares, a written notice should be given to the shareholders 30 days before the buyback. The right to convert the preferred shares into common stock within this period will not be affected by this notice.

There were 70,000 thousand preferred Class A shares. Under IAS 32 "Financial Instruments: Presentation", the Company bifurcated the conversion rights embedded in the preferred Class A stock and the liability component, which amounted to \$290,940, recorded as capital surplus - conversion rights, 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 March 31, 2023, preferred Class A shares had been converted into 60,000 thousand common stock.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Share premium	\$ 6,080,278	\$ 2,182,571	\$ 2,182,571
Conversion rights	41,562	41,562	41,562
Employee stock option - issuance of common stocks for cash	2,873	-	-
Others	<u>4,648</u>	<u>4,648</u>	<u>4,631</u>
	<u>\$ 6,129,361</u>	<u>\$ 2,228,781</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.

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

The fair value of employee stock options uses the Black-Scholes pricing model. The inputs into the model were as follows:

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

The volatility was based on February 15, 2023 and the previous year as the sample period, the daily natural logarithmic return rate is calculated based on the restored stock price during the sample period, and the annualized rate is annualized with the standard deviation of the daily return rate.

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		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Balance January 1, 2023	\$ (1,190,869)	\$ 269,582	\$ (13,232,280)	\$ (46,645)	\$ (14,200,212)
Exchange differences					
Exchange differences on translation of foreign operations	(2,442)	-	-	-	(2,442)
Related income tax	2,084	-	-	-	2,084
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	2,326,636	1,281,379	-	3,608,015
Adjustment for loss allowance of debt instruments	-	-	(1,275)	-	(1,275)
Current disposal	-	-	(2,195)	-	(2,195)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	99,074	-	-	99,074
Related income tax	-	(3,524)	(2,796)	-	(6,320)
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	967	-	-	-	967
Related income tax	(193)	-	-	-	(193)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(5,380)	(5,380)
Balance March 31, 2023	<u>\$ (1,190,453)</u>	<u>\$ 2,691,768</u>	<u>\$ (11,957,167)</u>	<u>\$ (52,025)</u>	<u>\$ (10,507,877)</u>
Balance January 1, 2022	\$ (1,891,151)	\$ 4,503,408	\$ (568,342)	\$ (85,882)	\$ 1,958,033
Exchange differences					
Exchange differences on translation of foreign operations	649,149	-	-	-	649,149
Related income tax	(129,904)	-	-	-	(129,904)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	757,419	(5,123,518)	-	(4,366,099)
Adjustment for loss allowance of debt instruments	-	-	9,539	-	9,539
Current disposal	-	-	(74,657)	-	(74,657)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(123,150)	-	-	(123,150)
Related income tax	-	(2,675)	37,053	-	34,378
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	(1,640)	-	-	-	(1,640)
Related income tax	328	-	-	-	328
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	11,501	11,501
Balance March 31, 2022	<u>\$ (1,373,218)</u>	<u>\$ 5,135,002</u>	<u>\$ (5,719,925)</u>	<u>\$ (74,381)</u>	<u>\$ (2,032,522)</u>

d. Earnings distribution and dividend policy

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

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

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

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

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

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

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

	Appropriation of Earnings	Dividends Per Share (NT\$)
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.

The shareholders' meeting approved the 2022 appropriations of earnings and dividends per share on March 24, 2023 as follows:

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

The appropriations of earnings for 2022 is subject to the resolution of the shareholders' meeting in 2023.

35. NET INTEREST REVENUE

	For the Three Months Ended March 31	
	2023	2022
Interest income		
Discounts and loans	\$ 10,524,202	\$ 5,690,299
Investment securities interest	3,161,530	1,596,864
Due from the Central Bank and other banks	2,655,184	191,420
Securities purchased under resell agreements	457,579	42,466
Financing	313,223	400,710
Deposits	246,924	39,001
Credit card revolving interest rate income	128,067	124,166
Others	<u>413,084</u>	<u>149,031</u>
	<u>17,899,793</u>	<u>8,233,957</u>
Interest expense		
Deposits	(9,295,262)	(1,763,993)
Call loans from banks	(773,812)	(107,036)
Securities sold under repurchase agreements	(568,233)	(61,081)
Interest expense of structured products	(400,723)	(84,307)
Bank debentures	(213,564)	(191,468)
Borrowing	(185,012)	(90,079)
Others	<u>(151,783)</u>	<u>(48,050)</u>
	<u>(11,588,389)</u>	<u>(2,346,014)</u>
Net amount	<u>\$ 6,311,404</u>	<u>\$ 5,887,943</u>

36. SERVICE FEE AND COMMISSIONS INCOME, NET

	For the Three Months Ended March 31	
	2023	2022
Commissions and fee revenue		
Brokerage services	\$ 1,703,277	\$ 2,004,172
Trust and related services	719,174	842,393
Insurance services	314,633	1,416,122
Loan services	903,820	766,372
Credit card services	213,369	138,776
Others	<u>423,874</u>	<u>390,885</u>
	<u>4,278,147</u>	<u>5,558,720</u>
Commissions and fee expense		
Brokerage services	(143,581)	(192,841)
Credit card services	(197,826)	(151,946)
Interbank services	(89,104)	(79,837)
Trust services	(56,360)	(54,892)
Settlement and delivery services	(34,393)	(44,203)
Futures commission	(36,508)	(43,114)
Others	<u>(129,747)</u>	<u>(102,440)</u>
	<u>(687,519)</u>	<u>(669,273)</u>
Net amount	<u>\$ 3,590,628</u>	<u>\$ 4,889,447</u>

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

	For the Three Months Ended March 31	
	2023	2022
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Operating securities - proprietary, net	\$ 399,307	\$ 410,086
Operating securities - hedging, net	94,933	(205,636)
Government bonds	23,096	(226,824)
Corporate bonds	(246,782)	14,989
Currency swap contracts	855,656	(192,023)
Interest rate swap contracts	569,868	401,557
Issuance of call (put) warrants	513,238	(144,084)
Futures contracts	317,009	(270,236)
Forward contracts	301,393	(75,177)
Asset swap contracts	(129,153)	(220,658)
Option contracts	(257,422)	80,297
Others	(35,762)	72,600
	<u>2,405,381</u>	<u>(355,109)</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Operating securities - proprietary, net	1,327,114	(602,833)
Corporate bonds	417,150	(738,485)
Stocks	112,187	(6,887)
Securities lending and short sales bonds under resell agreements transactions	(1,247,101)	784,290
Option contracts	621,549	(367,907)
Currency swap contracts	103,657	(171,356)
Futures contracts	20,266	442,431
Asset swap contracts	(224,652)	48,115
Forward contracts	(284,727)	38,889
Issuance of call (put) warrants	(561,287)	442,883
Interest rate swap contracts	(742,352)	1,041,370
Others	109,800	(131,233)
	<u>(348,396)</u>	<u>779,277</u>
Interest income	<u>217,537</u>	<u>173,957</u>
Dividend income	<u>51,067</u>	<u>45,731</u>
	<u>\$ 2,325,589</u>	<u>\$ 643,856</u>

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

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

	For the Three Months Ended March 31	
	2023	2022
Dividend income		
Held at the end of the reporting period	\$ 98,794	\$ 72,075
Disposed in the reporting period	2,049	175
Gain from disposal of debt instruments	<u>2,195</u>	<u>74,657</u>
	<u>\$ 103,038</u>	<u>\$ 146,907</u>

39. REVERSALS OF IMPAIRMENT LOSS ON ASSETS

	For the Three Months Ended March 31	
	2023	2022
Reversal of impairment losses (impairment losses) on other financial assets	\$ 22,819	\$ 26,275
Others	<u>(2,072)</u>	<u>(10,379)</u>
	<u>\$ 20,747</u>	<u>\$ 15,896</u>

40. NET OTHER REVENUE OTHER THAN INTEREST INCOME

	For the Three Months Ended March 31	
	2023	2022
Securities lending	\$ 144,466	\$ 124,849
Operating assets rental income	48,069	56,133
Stock affairs agent revenue	27,478	27,762
Rental income	14,655	12,931
Transaction bonus	6,948	7,611
Expense arising from issuance of call (put) warrants	(42,214)	(54,164)
Others	<u>23,160</u>	<u>22,350</u>
	<u>\$ 222,562</u>	<u>\$ 197,472</u>

41. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended March 31	
	2023	2022
Salaries and wages	\$ 3,651,070	\$ 3,648,880
Labor insurance and national health insurance	300,723	294,129
Pension costs	129,009	127,422
Share-based payment transaction		
Equity-settled (Note 34)	150,580	-
Cash-settled	2,396	1,603
Others	<u>274,699</u>	<u>256,077</u>
	<u>\$ 4,508,477</u>	<u>\$ 4,328,111</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 three months ended March 31, 2023 and 2022, the compensation were \$471 and \$446, respectively and the remuneration of directors were \$11,302 and \$12,034, respectively. These amounts were estimated on the basis of the provisions of the Company's Articles of Incorporation and past experience.

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

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

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

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

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

42. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended March 31	
	2023	2022
Depreciation expense		
Land improvements	\$ 126	\$ 107
Buildings	55,016	51,731
Machinery and computer equipment	106,392	99,305
Transportation equipment	22,574	33,257
Other equipment	32,683	30,499
Leasehold improvements	25,555	22,323
Right-of-use assets	<u>231,469</u>	<u>231,110</u>
	473,815	468,332
Amortization expense	<u>102,787</u>	<u>89,966</u>
	<u>\$ 576,602</u>	<u>\$ 558,298</u>

43. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31	
	2023	2022
Taxation and fees	\$ 562,139	\$ 415,394
Automated equipment	275,591	245,732
Professional advisory	137,215	143,412
Marketing	126,587	130,744
Insurance	116,952	107,686
Communications expense	108,248	96,299
Location fee	106,597	108,944
Others	<u>342,264</u>	<u>343,070</u>
	<u>\$ 1,775,593</u>	<u>\$ 1,591,281</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 March 31	
	2023	2022
Basic EPS	<u>\$ 0.41</u>	<u>\$ 0.39</u>
Diluted EPS	<u>\$ 0.41</u>	<u>\$ 0.39</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 March 31	
	2023	2022
Net income for calculating basic EPS	\$ 4,748,557	\$ 4,408,960
Effect of potentially dilutive common stock:		
Preferred shares	262	219
Employee stock bonus	<u>-</u>	<u>-</u>
Net income for calculating diluted EPS	<u>\$ 4,748,819</u>	<u>\$ 4,409,179</u>

Shares

	Shares in Thousands	
	For the Three Months Ended March 31	
	2023	2022
The weighted-average number of common stock outstanding in the computation of basic EPS	11,525,431	11,383,765
Effect of potentially dilutive common stock:		
Preferred shares	10,000	10,000
Employee stock bonus	<u>44</u>	<u>53</u>
The weighted-average number of common stock outstanding in the computation of diluted EPS	<u>11,535,475</u>	<u>11,393,818</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 March 31 is identical to the diluted EPS.

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

Related Party	Relationship with the Group
SinoPac Foundation	Affiliate of the Company's chairman
The Bankers Association of the Republic of China (BAROC)	Affiliate of the Company's chairman
Global Unichip Corp. (GUC)	Affiliate of the Company's chairman's spouse
TransGlobe Life Insurance Inc. (TGL)	Affiliate of second-degree-in-laws of Sinopac Futures's chairman
Taiwan Stock Exchange (TWSE)	Affiliate of the Company's general manager (before June 2022)
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	The Company's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of the Company's corporate director
Quanta Computer Inc. (Quanta Computer)	Affiliate of the Company's director (before July 2022)
Pegatron Corporation (Pegatron)	Affiliate of the Company's director
President Chain Store Company (PCSC)	Affiliate of Bank SinoPac's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of Bank SinoPac's director
Uni-President Development Corp. (Uni-President Development)	Affiliate of Bank SinoPac's director
ScinoPharm Taiwan, Ltd. (ScinoPharm)	Affiliate of Bank SinoPac's director
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Yuanta Securities Co., Ltd. (Yuanta Securities)	Affiliate of second-degree-in-laws of Bank SinoPac's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate of Bank SinoPac's manager
Grand Bills Finance 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)

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

b. Significant transactions with related parties

1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
SinoPac Securities and its subsidiaries			
Bank deposits			
Grand Bills Finance	\$ 797,835	\$ 864,418	\$ -
TAIFEX	452,047	340,179	-
Hua Nan Bank	3,187	871,711	2,646
SinoPac Leasing and its subsidiaries			
Bank deposits			
Others	69	69	13

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

	March 31, 2023		For the Three Months Ended March 31, 2023
	Ending Balance	Interest Rate (%)	Interest Income
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 1,170,040	0.9-6.4	\$ 13,383
		December 31, 2022	
		Ending Balance	Interest Rate (%)
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank		\$ 1,226,221	0.16-8.5
		March 31, 2022	For the Three Months Ended March 31, 2022
	Ending Balance	Interest Rate (%)	Interest Income
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 225,398	0.16-3.6	\$ 1,851
Grand Bills Finance	200,000	0.59	68

3) Financial assets at fair value through profit or loss

	March 31, 2023	December 31, 2022	March 31, 2022
SinoPac Securities and its subsidiaries			
TAIFEX	\$ 2,004,403	\$ 1,235,136	\$ -
Elite Material	200,247	172,970	39,158
SinoPac Securities Investment Trust			
Funds	160,116	166,362	281,949
Others	344,270	157,118	256,500
SinoPac Securities Investment Trust			
Others	8,450	8,424	92,519
SinoPac Venture Capital			
Taigen Biopharmaceuticals	324,467	347,437	387,654
Others	219,381	210,982	330,031

4) Derivative financial instruments

March 31, 2023					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Currency swap contracts					
Hua Nan Bank	\$ 2,133,523	2021.11.11-2023.12.18	\$ 4,277	Financial assets at fair value through profit or loss	\$ 93,193
Hua Nan Bank	11,277,193	2022.4.18-2023.11.24	(107,203)	Financial liabilities at fair value through profit or loss	123,931
TGL	12,313,476	2022.12.12-2023.7.3	133,446	Financial assets at fair value through profit or loss	135,456
TGL	5,943,386	2023.1.6-2023.9.21	(15,321)	Financial liabilities at fair value through profit or loss	15,321
Interest rate swap contracts					
Hua Nan Bank	12,160,827	2020.11.13-2032.3.16	30,602	Financial assets at fair value through profit or loss	504,238
TAIFEX	7,630,000	2021.9.22-2032.5.31	44,929	Financial assets at fair value through profit or loss	58,962
TAIFEX	4,900,000	2022.1.10-2032.1.19	(38,963)	Financial liabilities at fair value through profit or loss	42,573
Forward contracts					
TGL	1,760,960	2022.10.17-2023.7.13	14,665	Financial assets at fair value through profit or loss	24,312
TGL	2,606,403	2022.4.12-2024.4.18	(17,017)	Financial liabilities at fair value through profit or loss	93,137
YFY International	152,395	2023.3.3-2023.9.6	384	Financial assets at fair value through profit or loss	384
YFY International	243,831	2023.1.13-2024.3.27	(3,453)	Financial liabilities at fair value through profit or loss	3,453
Option contracts					
Hua Nan Bank	59,344	2023.1.10-2023.4.5	-	Financial assets at fair value through profit or loss	-
Hua Nan Bank	59,344	2023.1.10-2023.4.5	-	Financial liabilities at fair value through profit or loss	-
Cross-currency swap contracts					
Hua Nan Bank	1,508,970	2023.2.3-2024.2.29	(20,461)	Financial liabilities at fair value through profit or loss	20,461
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills Finance	395,100	2020.9.14-2025.8.29	96,555	Financial liabilities at fair value through profit or loss	47,493

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

	March 31, 2022				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Interest rate swap contracts					
Hua Nan Bank	\$ 9,928,000	2020.11.13-2032.3.16	\$ 373,499	Financial assets at fair value through profit or loss	\$ 449,820
Currency swap contracts					
Hua Nan Bank	572,430	2021.11.11-2023.9.28	11,618	Financial assets at fair value through profit or loss	10,580
Hua Nan Bank	2,289,720	2021.10.5-2023.3.13	(58,093)	Financial liabilities at fair value through profit or loss	47,389
SinoPac Securities and its subsidiaries					
Asset swap option contracts					
Grand Bills Finance	318,300	2020.6.4-2025.3.2	(18,952)	Financial assets at fair value through profit or loss	13,370

5) Financial assets at fair value through other comprehensive income

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac and its subsidiaries			
Equity instruments			
TAIFEX	\$ 358,521	\$ 333,886	\$ 401,653
PCSC	205,898	207,808	-
Quanta Computer	-	-	290,507
Others	22,760	23,032	20,713
SinoPac Securities and its subsidiaries			
Equity instruments			
TAIFEX	337,009	313,852	377,553
Chunghwa Telecom	268,278	253,685	315,595
TWSE	-	-	776,910
Elite Material	-	-	100,878
Others	-	-	66,932
SinoPac Venture Capital			
Equity instruments			
Sun He Energy	113,786	109,690	112,887
Others	74,643	71,559	75,897

6) Securities purchased under resell agreements

	March 31, 2023		For the Three Months Ended March 31, 2023
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities and its subsidiaries			
Grand Bills Finance	\$ 426,705	\$ 372,975	\$ 4,202
Others	-	-	103
		December 31, 2022	
		Face Amount	Carrying Amount
SinoPac Securities and its subsidiaries			
Grand Bills Finance		\$ 399,406	\$ 351,154
Others		153,945	85,559
		March 31, 2022	For the Three Months Ended March 31, 2022
	Face Amount	Carrying Amount	Interest Income
Bank SinoPac and its subsidiaries			
Others	\$ -	\$ -	\$ 14
SinoPac Securities and its subsidiaries			
Grand Bills Finance	858,645	798,073	726
Others	367,068	217,623	735

7) Receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac and its subsidiaries			
Others	\$ 228,228	\$ 267,276	\$ 237,764
SinoPac Securities and its subsidiaries			
Others	57,499	51,626	35,370
SinoPac Securities Investment Trust			
Others	19,787	18,992	15,826
SinoPac Venture Capital			
Others	-	-	1
SinoPac Leasing and its subsidiaries			
Others	-	3	25

8) Loans

For the Three Months Ended March 31, 2023			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 10,397,808</u>	<u>\$ 10,905,041</u>	0-10.90	<u>\$ 47,524</u>

Category	March 31, 2023						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	223	\$ 317,166	\$ 308,923	V	-	None	Yes
Household mortgage loans	1,173	7,340,560	7,175,571	V	-	Real estate	Yes
Others:							
	Jhong Cing Investment	54,634	53,760	V	-	Real estate	Yes
	Kim Great	40,670	39,950	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	6,619	V	-	Real estate	Yes
	Hotai Investment	1,581	1,375	V	-	Vehicle	Yes
	Zetai Investment	875	788	V	-	Vehicle	Yes
	Others	3,142,722	2,810,822	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,247,315	2,913,314				
	Total	\$ 10,905,041	\$ 10,397,808				

For the Year Ended December 31, 2022		
Ending Balance	Highest Balance	Interest/ Fee Rates (%)
<u>\$ 10,413,666</u>	<u>\$ 11,782,074</u>	0-10.77

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

For the Three Months Ended March 31, 2022

Ending Balance	Highest Balance	Interest/Fee Rates (%)	Interest Income
<u>\$ 10,010,410</u>	<u>\$ 10,617,245</u>	0-6.53	<u>\$ 31,172</u>

Category	March 31, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	256	\$ 417,379	\$ 407,382	V	-	None	Yes
Household mortgage loans	1,132	6,769,237	6,617,120	V	-	Real estate	Yes
Others:							
	Froch Enterprise	248,808	99,867	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	57,264	V	-	Real estate	Yes
	Kim Great	43,566	42,830	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,474	V	-	Real estate	Yes
	Hotai Investment	2,406	2,200	V	-	Vehicle	Yes
	Zetai Investment	1,225	1,137	V	-	Vehicle	Yes
	Others	3,036,303	2,775,136	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	3,430,629	2,985,908				
	Total	\$ 10,617,245	\$ 10,010,410				

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) Guarantees

March 31, 2023

None.

December 31, 2022

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

March 31, 2022

None.

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

10) Property and equipment

In the three months ended March 31, 2023, the Company purchased property and equipment from its related parties for a total price of \$1,367, respectively, recognized as machinery and computer equipment.(In the three months ended March 31, 2022: None)

In the three months ended March 31, 2023 and 2022, Bank SinoPac and its subsidiaries purchased property and equipment from its related parties for a total price of \$2,180 and \$4,615, respectively, recognized as machinery and computer equipment and prepayments for equipment.

In the three months ended March 31, 2023 and 2022, SinoPac Securities and its subsidiaries purchased property and equipment from its related parties for a total price of \$3,446 and \$222, respectively, recognized as machinery and computer equipment and prepayments for equipment.

11) Intangible assets

In the three months ended March 31, 2023 and 2022, the Company purchased computer software from its related parties for a total price of \$194 and \$216, respectively.

In the three months ended March 31, 2023 and 2022, Bank SinoPac purchased computer software from its related parties for a total price of \$10,931 and \$4,485, respectively.

In the three months ended March 31, 2022, SinoPac Securities and its subsidiaries purchased computer software from its related parties for a total price of \$656. (In the three months ended March 31, 2023: None)

12) Other assets

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac and its subsidiaries			
Guarantee deposits			
Others	\$ 1,129	\$ 1,157	\$ 1,453
Prepayments			
Others	16	17	22
SinoPac Securities and its subsidiaries			
Clearing and settlement fund			
TAIFEX	224,476	224,818	144,159
TWSE	-	-	138,877
Guarantee deposits			
Others	2,330	2,330	2,637
Temporary payment			
Others	643	240	-
Prepayment			
Others	7	573	391
Securities borrowing margins			
TWSE	-	-	2,265,044
SinoPac Securities Investment Trust			
Guarantee deposits			
Others	11	11	11
SinoPac Leasing and its subsidiaries			
Guarantee deposits			
Others	642	640	633
Prepayments			
Others	17	20	27

Bank SinoPac and its subsidiaries signed an agreement with other related parties for the purchase. Bank SinoPac and its subsidiaries paid \$5,716 and \$7,845 for the three months ended March 31, 2023 and 2022, respectively, which were recognized as prepayments (other assets) or operating expenses.

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

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

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

13) Notes and bonds transaction

	For the Three Months Ended March 31, 2023	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities and its subsidiaries		
Grand Bills Finance	\$ 24,424,110	\$ 24,490,693
Hua Nan Bank	10,144,793	11,014,067
	For the Three Months Ended March 31, 2022	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities and its subsidiaries		
Grand Bills Finance	\$ 3,499,561	\$ 2,850,000
Chunghwa Telecom	500,000	-
Hua Nan Bank	-	1,250,000
Others	-	5,846

14) Deposits from the Central Bank and banks

	March 31, 2023		For the Three Months Ended March 31, 2023
	Ending Balance	Interest Rate (%)	Interest Expense
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 1,219,156	4.15-5.35	\$ 15,230
	December 31, 2022		
	Ending Balance	Interest Rate (%)	
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 1,228,942	0.11-5.35	
	March 31, 2022		For the Three Months Ended March 31, 2022
	Ending Balance	Interest Rate (%)	Interest Expense
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 1,144,860	0.11-2.8	\$ 814

15) Securities sold under repurchase agreements

March 31, 2023

None.

	<u>March 31, 2022</u>		<u>For the Three Months Ended March 31, 2022</u>
	<u>Face Amount</u>	<u>Carrying Amount</u>	<u>Interest Expense</u>
SinoPac Securities and its subsidiaries			
Others	\$ 40,166	\$ 40,264	\$ 251

16) Commercial papers issued

	<u>March 31, 2023</u>		<u>For the Three Months Ended March 31, 2023</u>
	<u>Face Amount</u>	<u>Interest Rate (%)</u>	<u>Interest Expense</u>
SinoPac Leasing and its subsidiaries			
Others	\$ -	1.488-1.588	\$ 302

	<u>December 31, 2022</u>	
	<u>Face Amount</u>	<u>Interest Rate (%)</u>
SinoPac Leasing and its subsidiaries		
Grand Bills Finance	100,000	0.4780-1.588

	<u>March 31, 2022</u>		<u>For the Three Months Ended March 31, 2022</u>
	<u>Face Amount</u>	<u>Interest Rate (%)</u>	<u>Interest Expense</u>
The Company			
Others	\$ -	0.7347	\$ 84
SinoPac Securities and its subsidiaries			
Grand Bills Finance	2,850,000	0.365-0.385	2,695
Hua Nan Bank	1,250,000	0.35	1,000
SinoPac Leasing and its subsidiaries			
Grand Bills Finance	400,000	0.478-0.838	628

17) Payables

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac and its subsidiaries			
Others	\$ 31,434	\$ 13,113	\$ 4,956
SinoPac Securities and its subsidiaries			
Others	40,026	34,874	88,466
SinoPac Leasing and its subsidiaries			
Others	10	-	13

18) Deposits

	March 31, 2023		For the Three Months Ended March 31, 2023
	Ending Balance	Interest Rate (%)	Interest Expense
Others	\$ 24,934,556	0-13	\$ 95,762
		December 31, 2022	
		Ending Balance	Interest Rate (%)
Others		\$ 23,404,540	0-13
			For the Three Months Ended March 31, 2022
	March 31, 2022		Interest Expense
	Ending Balance	Interest Rate (%)	
Others	\$ 29,404,103	0-13	\$ 41,761

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

19) Bonds payable

Bank SinoPac paid for the interest of bank debenture for the three months ended March 31, 2023 and 2022 in the amount of \$3,800.

20) Other financial liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
SinoPac Securities and its subsidiaries			
Futures traders' equity			
Others	\$ 57,984	\$ 50,156	\$ 53,655

21) Lease

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac and its subsidiaries as a lessee			
Right-of-use assets, net			
Others	\$ 61,446	\$ 73,472	\$ 109,551
Lease liabilities			
Others	62,514	74,670	110,963
SinoPac Securities and its subsidiaries as a lessee			
Right-of-use assets, net			
Others	4,139	4,387	156
Lease liabilities			
Others	4,153	4,399	158
SinoPac Leasing and its subsidiaries as a lessee			
Right-of-use assets, net			
Others	6,288	7,186	9,881
Lease liabilities			
Others	6,455	7,362	10,062

For the guarantee deposits on lease contracts with related parties, refer to Note 45,b. 12.

For guarantee deposits, interest income, lease interest expense, lease depreciation expense and other lease expense (recognized as operating expenses) on the lease contracts with related parties for the three months ended March 31, 2023 and 2022, refer to Note 45,b. 23, 24 and 28.

22) Other liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac and its subsidiaries			
Guarantee deposits received			
Others	\$ 1,117	\$ 1,587	\$ 1,587
SinoPac Securities and its subsidiaries			
Temporary receipts and suspense accounts			
Others	5	5	5
Prepayments			
Others	3	5	-

23) Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank SinoPac and its subsidiaries		
Others	\$ 1	\$ 1
SinoPac Securities and its subsidiaries		
Others	6,625	1,424
SinoPac Venture Capital		
Others	-	1
SinoPac Leasing and its subsidiaries		
Others	2	3

24) Interest expenses

	For the Three Months Ended March 31	
	2023	2022
Bank SinoPac and its subsidiaries		
Others	\$ 170	\$ 289
SinoPac Securities and its subsidiaries		
Others	5	-
SinoPac Leasing and its subsidiaries		
Others	29	43

25) Service fee and commissions income, net

	For the Three Months Ended March 31	
	2023	2022
Bank SinoPac and its subsidiaries		
Fee revenues		
Others	\$ 6,021	\$ 4,361
Fee expenses		
Others	5,370	2,004
SinoPac Securities and its subsidiaries		
Fee revenues		
Others	9,959	12,759
Fee expenses		
TAIFEX	85,279	109,304
Others	593	95,294
SinoPac Securities Investment Trust		
Fee revenues		
Others	56,711	46,646

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

	For the Three Months Ended March 31	
	2023	2022
SinoPac Securities and its subsidiaries		
Others	\$ 207	\$ 345
SinoPac Securities Investment Trust		
Others	94	(737)
SinoPac Venture Capital		
Others	3,747	5,583

27) Net other revenue other than interest income

	For the Three Months Ended March 31	
	2023	2022
Bank SinoPac and its subsidiaries		
Operating assets rental revenue		
Others	\$ 1,889	\$ 2,388
Other revenues		
Others	204	294
SinoPac Securities and its subsidiaries		
Stock affairs agent revenue		
Others	3,529	3,160
Expenses on issuance of call (put) warrants		
Others	-	38,803
Other net revenues		
Others	24,490	32,610
SinoPac Leasing and its subsidiaries		
Other expenses		
Others	22	38

28) Operating expenses

	For the Three Months Ended March 31	
	2023	2022
Donation		
SinoPac Foundation	\$ 24,000	\$ 35,000
Others		
The Company		
Others	1,832	2,188
Bank SinoPac and its subsidiaries		
Others	62,276	50,289
SinoPac Securities and its subsidiaries		
Others	39,463	48,310
SinoPac Securities Investment Trust		
Others	856	660
SinoPac Venture Capital		
Others	23	20
SinoPac Leasing and its subsidiaries		
Others	1,853	1,762

29) Other transactions

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

30) Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 22,013	\$ 22,606
Post-employment benefits	<u>343</u>	<u>418</u>
	<u>\$ 22,356</u>	<u>\$ 23,024</u>

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

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

Bank SinoPac and its subsidiaries

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

	March 31, 2023		For the Three Months Ended March 31, 2023
	Ending Balance	Interest Rate (%)	Interest Income
Call loans to bank Hwa Nan Bank	\$ 1,170,040	0.9-6.4	\$ 13,383
		December 31, 2022	
		Ending Balance	Interest Rate (%)
Call loans to bank Hwa Nan Bank		\$ 1,226,221	0.16-8.5
		March 31, 2022	
		Ending Balance	Interest Rate (%)
Call loans to bank Hwa Nan Bank	\$ 225,398	0.16-3.6	\$ 1,851
Grand Bills Finance	200,000	0.59	68

2) Derivative financial instruments

March 31, 2023					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Currency swap contracts					
Hua Nan Bank	\$ 2,133,523	2021.11.11- 2023.12.18	\$ 4,277	Financial assets at fair value through profit or loss	\$ 93,193
Hua Nan Bank	11,277,193	2022.4.18- 2023.11.24	(107,203)	Financial liabilities at fair value through profit or loss	123,931
TGL	12,313,476	2022.12.12- 2023.7.3	133,446	Financial assets at fair value through profit or loss	135,456
TGL	5,943,386	2023.1.6- 2023.9.21	(15,321)	Financial liabilities at fair value through profit or loss	15,321
Interest rate swap contracts					
SinoPac Securities	675,000	2020.8.3- 2024.8.12	407	Financial liabilities at fair value through profit or loss	6,715
Hua Nan Bank	12,160,827	2020.11.13- 2032.3.16	30,602	Financial assets at fair value through profit or loss	504,238
TAIFEX	7,630,000	2021.9.22- 2032.5.31	44,929	Financial assets at fair value through profit or loss	58,962
TAIFEX	4,900,000	2022.1.10- 2032.1.19	(38,963)	Financial liabilities at fair value through profit or loss	42,573
Forward contracts					
TGL	1,760,960	2022.10.17- 2023.7.13	14,665	Financial assets at fair value through profit or loss	24,312
TGL	2,606,403	2022.4.12- 2024.4.18	(17,017)	Financial liabilities at fair value through profit or loss	93,137
YFY International	152,395	2023.3.3- 2023.9.6	384	Financial assets at fair value through profit or loss	384
YFY International	243,831	2023.1.13- 2024.3.27	(3,453)	Financial liabilities at fair value through profit or loss	3,453
Cross-currency swap contracts					
Hua Nan Bank	1,508,970	2023.2.3- 2024.2.29	(20,461)	Financial liabilities at fair value through profit or loss	20,461
December 31, 2022					
	Contract (Notional) Amount	Contract Period		Account	Balance
Interest rate swap contracts					
SinoPac Securities	\$ 675,000	2020.8.3- 2024.8.12		Financial liabilities at fair value through profit or loss	\$ 7,122
Hua Nan Bank	11,123,563	2020.11.13- 2032.3.16		Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27- 2027.8.11		Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27- 2023.7.27		Financial liabilities at fair value through profit or loss	3,610
Forward contracts					
TGL	772,448	2022.10.17- 2023.7.13		Financial assets at fair value through profit or loss	16,430
TGL	3,081,540	2022.3.30- 2023.6.16		Financial liabilities at fair value through profit or loss	128,889
Currency swap contracts					
Hua Nan Bank	1,843,413	2021.11.11- 2023.10.5		Financial assets at fair value through profit or loss	88,916
Hua Nan Bank	3,686,826	2022.1.12- 2023.4.20		Financial liabilities at fair value through profit or loss	237,148
TGL	7,680,888	2021.1.21- 2023.4.14		Financial assets at fair value through profit or loss	74,865
TGL	9,038,066	2022.9.27- 2023.3.1		Financial liabilities at fair value through profit or loss	236,918

March 31, 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	\$ (7,457)	Financial liabilities at fair value through profit or loss	\$ 10,012
Hua Nan Bank	9,928,000	2020.11.13- 2032.3.16	373,499	Financial assets at fair value through profit or loss	449,820
Currency swap contracts					
SinoPac Securities	270,477	2021.11.9- 2022.5.12	11,282	Financial assets at fair value through profit or loss	12,742
Hua Nan Bank	572,430	2021.11.11- 2023.9.28	11,618	Financial assets at fair value through profit or loss	10,580
Hua Nan Bank	2,289,720	2021.10.5- 2023.3.13	(58,093)	Financial liabilities at fair value through profit or loss	47,389

3) Financial assets at fair value through other comprehensive income

	March 31, 2023	December 31, 2022	March 31, 2022
Equity instruments			
TAIFEX	\$ 358,521	\$ 333,886	\$ 401,653
PCSC	205,898	207,808	-
Quanta Computer	-	-	290,507

4) Current income tax assets and liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Receivable from adopting the linked-tax system	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>
Payable from adopting the linked-tax system	<u>\$ 1,860,505</u>	<u>\$ 989,706</u>	<u>\$ 875,852</u>

5) Loans

For the Three Months Ended March 31, 2023			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 10,397,808</u>	<u>\$ 10,975,041</u>	0-10.90	<u>\$ 47,656</u>

Category	March 31, 2023						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	223	\$ 317,166	\$ 308,923	V	-	None	Yes
Household mortgage loans	1,173	7,340,560	7,175,571	V	-	Real estate	Yes
Others:							
	SPL	70,000	-	V	-	Real estate	Yes
	Jhong Cing Investment	54,634	53,760	V	-	Real estate	Yes
	Kim Great	40,670	39,950	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	6,619	V	-	Real estate	Yes
	Hotai Investment	1,581	1,375	V	-	Vehicle	Yes
	Zetai Investment	875	788	V	-	Vehicle	Yes
	Others	3,142,722	2,810,822	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,317,315	2,913,314				
	Total	\$ 10,975,041	\$ 10,397,808				

For the Year Ended December 31, 2022

Ending Balance	Highest Balance	Interest/ Fee Rates (%)
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<u>\$ 10,483,666</u>	<u>\$ 12,182,074</u>	0-10.77
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Category	December 31, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	237	\$ 392,615	\$ 356,109	V	-	None	Yes
Household mortgage loans	1,164	7,494,220	7,122,009	V	-	Real estate	Yes
Others:							
	SPL	400,000	70,000	V	-	Real estate	Yes
	Froch Enterprise	248,808	-	V	-	None, Note 1	Yes
	Uni-President Development	130,000	-	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	54,634	V	-	Real estate	Yes
	Kim Great	43,566	40,670	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	6,833	V	-	Real estate	Yes
	Hotai Investment	2,406	1,581	V	-	Vehicle	Yes
	Zetai Investment	1,225	875	V	-	Vehicle	Yes
	Yong, Yu-Kang Construction	131	-	V	-	Certificates of deposits	Yes
	Others	3,370,782	2,830,955	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	4,295,239	3,005,548				
	Total	\$ 12,182,074	\$ 10,483,666				

For the Three Months Ended March 31, 2022

Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 10,010,410</u>	<u>\$ 10,617,245</u>	0-6.53	<u>\$ 31,190</u>

Category	March 31, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	256	\$ 417,379	\$ 407,382	V	-	None	Yes
Household mortgage loans	1,132	6,769,237	6,617,120	V	-	Real estate	Yes
Others:							
	Froch Enterprise	248,808	99,867	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	57,264	V	-	Real estate	Yes
	Kim Great	43,566	42,830	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,474	V	-	Real estate	Yes
	Hotai Investment	2,406	2,200	V	-	Vehicle	Yes
	Zetai Investment	1,225	1,137	V	-	Vehicle	Yes
	Others	3,036,303	2,775,136	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	3,430,629	2,985,908				
	Total	\$ 10,617,245	\$ 10,010,410				

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.

6) Guarantees

March 31, 2023

None.

December 31, 2022

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

March 31, 2022

None.

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

7) Notes and bonds transaction

For the three months ended March 31, 2023

None.

	For the Three Months Ended March 31, 2022	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities	\$ -	\$ 5,000,000

8) Deposits from the Central Bank and banks

	March 31, 2023	For the Three Months Ended March 31, 2023
	Ending Balance	Interest Rates (%)
Hua Nan Bank	<u>\$ 1,219,156</u>	<u>4.15-5.35</u>

	December 31, 2022	For the Three Months Ended March 31, 2022
	Ending Balance	Interest Rates (%)
Hua Nan Bank	<u>\$ 1,228,942</u>	<u>0.11-5.35</u>

	March 31, 2022	For the Three Months Ended March 31, 2022
	Ending Balance	Interest Rates (%)
Hua Nan Bank	<u>\$ 1,144,860</u>	<u>0.11-2.80</u>

9) Payables

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

10) Deposits

March 31, 2023		
	Ending Balance	Interest Rates (%)
SinoPac Securities	\$ 5,660,237	0-1.7
TGL	3,757,138	0.2-1
E Ink Holdings	2,015,120	0-1.565
GUC	1,920,113	0.001-1.01
ScinoPharm	1,032,285	0.53-1.565
Pegatron	1,015,468	1-1.3
Hsin-Yi Foundation	770,995	0.01-1.9
Transyork Technology (Yangzhou)	444,603	0.05-3.1
TAIFEX	400,000	0.285-1.135
BAROC	378,291	0-1.455
Dream Universe Limited	375,757	0.05-5.5
SinoPac Securities (Asia)	360,064	0-2.75
Hsin Yi Recreation	291,687	0.2-2
YFY International	275,120	0.001-5.08
China Color Printing	273,567	0.53-1.565
TaiGen Biotechnology	261,388	0-5
YFY Investment	247,391	0.05-4
SinoPac Securities Venture Capital	200,262	0.53
YFY Biotech Management	198,077	0-1.135
Hoss Investment	186,844	0.2-3.1
YuanHan Materials	165,369	0.001-1.565
SinoPac Securities Investment Service	161,017	0-4.7
Yong Hsin Yi Enterprise	153,490	0.53-5
Taiwan Riken Industrial	148,211	0.001-1.32
Shin Yuan Investment	127,630	0.001-5
Effion Eneritech	109,294	0.53-1.51
Rich Optronics (Yangzhou)	105,719	0.05-5.8
December 31, 2022		
	Ending Balance	Interest Rates (%)
SinoPac Securities	\$ 6,220,948	0-4.55
TGL	4,998,167	0.2-0.85
GUC	1,984,002	0.001-1.01
E Ink Holdings	1,034,254	0-1.44
ScinoPharm	1,034,040	0.405-1.44
Hsin-Yi Foundation	791,639	0.01-1.9
SinoPac Securities (Asia)	513,531	0-2.75
Transyork Technology (Yangzhou)	448,182	0.05-3.1
BAROC	432,384	0-1.455
TAIFEX	400,000	0.285-1.135
Hsin Yi Recreation	281,785	0.2-2
China Color Printing	271,554	0.405-1.44
SPL	268,751	0-0.85
TaiGen Biotechnology	248,812	0-3.25

(Continued)

	December 31, 2022	
	Ending Balance	Interest Rates (%)
Dream Universe Limited	\$ 222,946	0.05-2
YFY Biotech Management	194,824	0-1.135
Hoss Investment	184,407	0.2-1.7
YuanHan Materials	182,288	0.001-1.44
SinoPac Securities Venture Capital	179,980	0.405
SinoPac Securities Investment Service	173,052	0-1.44
SPIL	162,673	0.35-2.025
Yong Hsin Yi Enterprise	153,080	0.405-4.83
Taiwan Riken Industrial	146,724	0.001-1.195
YFY Investment	145,840	0.05-2.1
Effion Enertech	132,420	0.405-1.005
Hoss Capital	131,525	0.2-0.85
Shin Yuan Investment	126,312	0.001-4.83
Shin Foong Specialty And Applied Materials	106,957	0.405-0.85
Everterminal	100,301	0.285-0.865

(Concluded)

	March 31, 2022	
	Ending Balance	Interest Rates (%)
Pegatron	\$ 12,543,969	0.03-0.63
SinoPac Securities	6,181,803	0-0.82
SinoPac Securities (Asia)	1,505,303	0-0.9
E Ink Holdings	1,459,588	0.001-1.065
Hsin-Yi Foundation	804,449	0.01-2.3
Taigen Biotechnology	797,078	0-1.065
Transyork Technology (Yangzhou)	679,195	0.05-1
Shin Foong Specialty And Applied Materials	665,735	0.03-0.38
GUC	439,676	0.001-0.76
Dream Universe Limited	347,532	0.05-0.85
China Color Printing	274,430	0.03-1.065
Hsin Yi Recreation	258,636	0.03-1.7
YuanHan Materials	242,073	0.001-1.065
YFY Biotech Management	208,455	0-0.76
TAIFEX	200,001	0.03-0.76
Effion Enertech	177,355	0.03-0.58
SinoPac Securities Investment Service	151,070	0-1.065
Taiwan Riken Industrial	145,702	0-0.76
SinoPac Securities Venture Capital	145,605	0.03
Yong Hsin Yi Enterprise	145,436	0.03-1.065
YFY Investment	133,953	0.05-1.9
Shin Yuan Investment	118,968	0.001-0.85
SinoPac Capital (Asia)	114,474	0-0.2
TWSE	100,441	0.03-0.76

11) Lease

Bank SinoPac and its subsidiaries as a lessee.

	March 31, 2023	December 31, 2022	March 31, 2022
Right-of-use assets, net			
SPL	\$ 558,709	\$ 569,552	\$ 611,412
Lease liabilities			
SPL	599,669	608,016	641,416

SinoPac Securities and its subsidiaries

1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Bank SinoPac	\$ 4,248,964	\$ 5,098,342	\$ 6,045,110
Grand Bills Finance	797,835	864,418	-
TAIFEX	452,047	340,179	-
Hua Nan Bank	<u>3,187</u>	<u>871,711</u>	<u>2,646</u>
	<u>\$ 5,502,033</u>	<u>\$ 7,174,650</u>	<u>\$ 6,047,756</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
2) Current financial assets at fair value through profit or loss			
Futures margin-securities			
TAIFEX	\$ 1,542,238	\$ 848,754	\$ -
Futures margin-own funds			
TAIFEX	462,165	386,382	-
Operating securities			
Elite Material	185,976	170,573	-
Funds managed by SinoPac Securities			
Investment Trust	<u>160,116</u>	<u>166,362</u>	<u>281,949</u>
	<u>\$ 2,350,495</u>	<u>\$ 1,572,071</u>	<u>\$ 281,949</u>
3) Derivative financial instruments - contract (notional) amount			
Interest rate swap contracts			
Bank SinoPac	<u>\$ 675,000</u>	<u>\$ 675,000</u>	<u>\$ 675,000</u>
Currency swap contracts			
Bank SinoPac	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,477</u>
Assets swap options			
Grand Bills Finance	<u>\$ 395,100</u>	<u>\$ 421,600</u>	<u>\$ 318,300</u>

	March 31, 2023	December 31, 2022	March 31, 2022
4) Securities purchased under resell agreements			
Grand Bills Finance	\$ <u>372,975</u>	\$ <u>351,154</u>	\$ <u>798,073</u>
5) Securities borrowing deposits			
TWSE	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,265,044</u>
6) Current income tax assets			
SPH	\$ <u>292,326</u>	\$ <u>292,326</u>	\$ <u>213,326</u>
7) Restricted assets - current			
Bank SinoPac	\$ <u>1,205,560</u>	\$ <u>1,030,560</u>	\$ <u>1,030,560</u>
8) Guarantee deposits			
Bank SinoPac	\$ 715,639	\$ 715,626	\$ 715,598
TAIFEX	224,476	224,818	144,159
TWSE	<u>-</u>	<u>-</u>	<u>138,877</u>
	\$ <u>940,115</u>	\$ <u>940,444</u>	\$ <u>998,634</u>
9) Financial assets at fair value through other comprehensive income			
TAIFEX	\$ 337,009	\$ 313,852	\$ 377,553
Chunghwa Telecom	268,278	253,685	315,595
TWSE	-	-	776,910
Elite Material	<u>-</u>	<u>-</u>	<u>100,878</u>
	\$ <u>605,287</u>	\$ <u>567,537</u>	\$ <u>1,570,936</u>
10) Commercial papers payable - face amount			
Grand Bills Finance	\$ -	\$ -	\$ 2,850,000
Hua Nan Bank	<u>-</u>	<u>-</u>	<u>1,250,000</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,100,000</u>
11) Current income tax liabilities			
SPH	\$ <u>110,762</u>	\$ <u>97,457</u>	\$ <u>714,634</u>

12) Notes and bonds transaction

		For the Three Months Ended March 31, 2023	
		Purchase of Notes and Bonds	Sell of Notes and Bonds
Grand Bills Finance		\$ 24,424,110	\$ 24,490,693
Hua Nan Bank		10,144,793	11,014,067
		For the Three Months Ended March 31, 2022	
		Purchase of Notes and Bonds	Sell of Notes and Bonds
Bank SinoPac		\$ 5,000,000	\$ -
Grand Bills Finance		3,499,561	2,850,000
Chunghwa Telecom		500,000	-
Hua Nan Bank		-	1,250,000
<u>SinoPac Venture Capital</u>			
	March 31, 2023	December 31, 2022	March 31, 2022
1) Financial assets at fair value through profit or loss			
TaiGen Biopharmaceuticals	<u>\$ 324,467</u>	<u>\$ 347,437</u>	<u>\$ 387,654</u>
2) Financial assets at fair value through other comprehensive income			
Sun He Energy	<u>\$ 113,786</u>	<u>\$ 109,690</u>	<u>\$ 112,887</u>
<u>SinoPac Leasing and its subsidiaries</u>			
	March 31, 2023	December 31, 2022	March 31, 2022
1) Cash and cash equivalents			
Bank deposits			
Bank SinoPac	\$ 128,514	\$ 355,415	\$ 157,212
Bank SinoPac (China)	<u>60,514</u>	<u>162,673</u>	<u>58,435</u>
	<u>\$ 189,028</u>	<u>\$ 518,088</u>	<u>\$ 215,647</u>
2) Current income tax assets			
SPH	<u>\$ 306,570</u>	<u>\$ 306,570</u>	<u>\$ 69,944</u>
3) Commercial papers issued - face amount			
Grand Bills Finance	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 400,000</u>

- 4) As of March 31, 2023, December 31, 2022 and March 31, 2022, borrowings and derivative financial instruments from Bank SinoPac for SinoPac Leasing and its subsidiaries totaling \$976,395, \$1,029,618 and \$1,019,108, respectively, and investment properties were provided as collaterals for SinoPac Leasing's borrowings.

46. PLEDGED OR MORTGAGED ASSETS

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

Restricted Assets	Object	March 31, 2023	December 31, 2022	March 31, 2022	Remarks
Due from the Central Bank and call loans to banks	Deposit reserve - demand accounts	\$ -	\$ -	\$ 5,000,000	Note 1
Financial assets at fair value through other comprehensive income	Bank debentures	-	-	2,812,961	Note 2
Investment in debt instruments at amortized cost	Certificates of deposits	8,152,395	8,153,618	5,143,108	Note 3
Investment in debt instruments at amortized cost	Government bonds	1,502,462	1,462,398	1,610,426	Note 4
Discounts and loans	Loans	15,844,225	16,610,100	13,239,714	Note 5
Other financial assets	Certificates of deposits and time deposits	450,000	450,000	450,000	Note 6
Investment properties	Land and land improvements and buildings	716,054	716,367	717,834	Note 7
Properties and equipment	Land and buildings	1,032,083	1,036,540	1,049,906	Note 7
Right-of-use assets	Land and surface rights	930,278	939,300	966,366	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 March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Trust assets	\$ 800,392,244	\$ 754,698,688	\$ 704,267,568
Securities under custody	229,430,529	229,382,736	209,174,912
Agent for government bonds	90,330,500	84,867,900	75,798,000
Receipts under custody	22,171,180	24,867,070	26,392,250
Agent for marketable securities under custody	10,794,410	16,758,120	11,042,230
Guarantee notes payable	8,763,195	8,739,018	5,726,408
Appointment of investment	6,422,679	6,434,557	5,193,262
Goods under custody	1,051,173	1,083,102	1,105,904

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

In order to continue the 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 March 31, 2023, Bank SinoPac recognized operating expense in the amount of \$76,250 based on the renewed contract.

- b. The Group entered into contracts to buy computers and office equipment for \$888,403 and \$974,557, of which \$569,195 and \$522,734 had not been paid as of March 31, 2023 and 2022.
- c. Contingent liabilities and contingencies
- 1) The Securities and Futures Investors Protection Center (SFIPC) filed a lawsuit against Bank SinoPac and SinoPac Leasing Corporation's (SPL) subsidiary, Grand Capital International Limited (renamed as SinoPac Capital International Limited on October 4, 2018, liquidated), on the ground that Procomp Informatics Ltd. (Procomp) deposited US\$10,000 thousand in Bank SinoPac's Shisung Branch (formerly Sungshan Branch) and placed a restriction on the use of this deposit as a condition for a short-term loan to Addie International Limited granted by SPL and for allegedly helping Yeh, Sue-Fei and Procomp do irregular trading. But at the same time, Procomp used the restricted deposit for fictitious sale transactions. Later, when problems on Procomp's account arose, Bank SinoPac and SPL demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. Bank SinoPac was suspected of misleading investors by concealing the restricted status of Procomp's deposit and window dressing Procomp's financial statements. On behalf of investors, the SFIPC filed a lawsuit against Bank SinoPac, SPL and all other parties related to Procomp jointly. The amount of the claim was \$4,207,212 in total.

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

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

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

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

The Taiwan Taipei District Court ruled in favor of Bank SinoPac on February 27, 2020. Skwentex was dissatisfied and appealed in March 2020, 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. The appeal was rejected by the Taiwan District Court, after Chen Jun appealed to the Taiwan High Court, SinoPac Securities should pay Chen Jun NT\$3 million and interest calculated at an annual interest rate of 5% from September 17, 2018 to the settlement date. Since the plaintiff did not submit the original copy of the exhibit, the existence of the content rights of the plaintiff is still controversial, SinoPac Securities had appealed to the Supreme Court in November 14, 2022, and the appeal is expected to be remanded after a legal opinion is issued by the appointed lawyer.
- 4) Plaintiff Mr. Tang filed a civil complaint against SinoPac Securities (Asia) in January 2018. The plaintiff claimed that SinoPac Securities (Asia) committed a breach of obligation and liable for HK\$59,670 thousand for his loss in stock transfer without authorization. However, SinoPac Securities (Asia) transferred the stocks based on stock purchase and sale agreement and Mr. Tang's order and was not liable for the loss. SinoPac Securities (Asia) entrusted an external lawyer to handle the case and would take all necessary actions to defend SinoPac Securities (Asia) against the claim.

48. LEASE AGREEMENT

- a. The Group as lessee

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

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

	Within 1 Year	1 Year to 5 Years	Over 5 Years	Total
As of March 31, 2023	\$ 843,010	\$ 1,632,551	\$ 634,554	\$ 3,110,115
As of December 31, 2022	843,601	1,705,807	675,911	3,225,319
As of March 31, 2022	835,655	1,854,549	691,654	3,381,858

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:

March 31, 2023	Within 1 Year	1 Year to 5 Years	Over 5 Years	Total
Operating lease revenue	\$ 174,562	\$ 261,756	\$ 259,885	\$ 696,203
Financial lease revenue	2,198,747	1,760,776	57,875	4,017,398
Financial lease revenue, present value	1,954,597	1,636,281	55,308	3,646,186

December 31, 2022	Within 1 Year	1 Year to 5 Years	Over 5 Years	Total
Operating lease revenue	\$ 181,854	\$ 271,916	\$ 268,716	\$ 722,486
Financial lease revenue	1,969,067	1,506,283	64,251	3,539,601
Financial lease revenue, present value	1,757,458	1,388,238	61,295	3,206,991

March 31, 2022	Within 1 Year	1 Year to 5 Years	Over 5 Years	Total
Operating lease revenue	\$ 213,041	\$ 334,282	\$ 294,777	\$ 842,100
Financial lease revenue	2,084,881	1,684,306	49,132	3,818,319
Financial lease revenue, present value	1,875,311	1,576,946	46,339	3,498,596

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	March 31, 2023			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 10,398,585	\$ 8,452,496	\$ 102,150	\$ 1,843,939
Bonds	33,095,154	22,740,165	8,539,356	1,815,633
Others	15,556,870	6,244,263	9,312,607	-
Financial assets designated at fair value through profit or loss				
Bonds	4,350,775	4,350,775	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	28,711,684	23,858,819	2,081,039	2,771,826
Debt instruments at fair value through other comprehensive income				
Bonds	163,369,592	81,870,954	79,554,586	1,944,052
Certificates of deposits and others	140,253,710	557,303	139,696,407	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	12,473,391	12,473,391	-	-
Financial liabilities designated at fair value through profit or loss	1,795,904	-	1,795,904	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	26,094,995	2,478,312	21,111,804	2,504,879
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	22,801,209	348,051	20,958,478	1,494,680
Financial liabilities designated as at fair value through profit or loss	12,282,667	-	12,256,282	26,385

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

Financial Instruments Measured at Fair Value	March 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 11,654,437	\$ 9,443,226	\$ 27,464	\$ 2,183,747
Bonds	39,049,621	30,496,883	7,085,447	1,467,291
Others	11,696,217	3,916,454	7,779,763	-
Financial assets designated at fair value through profit or loss				
Bonds	9,428,823	9,428,823	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	28,559,332	23,434,022	1,703,358	3,421,952
Debt instruments at fair value through other comprehensive income				
Bonds	183,353,691	99,139,293	82,333,512	1,880,886
Certificates of deposits and others	183,227,946	525,338	182,263,940	438,668
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	16,392,083	16,392,083	-	-
Financial liabilities designated at fair value through profit or loss	1,613,414	-	1,613,414	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	26,953,615	1,862,953	24,107,813	982,849
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	25,702,513	327,430	24,654,849	720,234
Financial liabilities designated as at fair value through profit or loss	6,663,036	-	6,597,688	65,348

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 three months ended March 31, 2023, the Group transferred part of the government bonds and bank debentures amounts \$720,367 transferred from Levels 1 to 2 because the Group determined these investments were not in an active market.

For the three months ended March 31, 2022, the Group transferred part of the government bonds, corporate bonds and certificates of deposits amounts \$7,827,837 transferred from Levels 1 to 2 because the Group determined these investments were not in an active market.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

For the Three Months Ended March 31, 2023									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3 (Note)	Disposed/Sold	Transfer Out of Level 3 (Note)		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL									
Stock	\$ 2,132,325	\$ 118,051	\$ -	\$ 43,127	\$ -	\$ (113,388)	\$ (336,160)	\$ (16)	\$ 1,843,939
Bonds	1,855,295	19,022	-	10,004	-	(53,547)	-	(15,141)	1,815,633
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	2,759,596	-	(27,244)	44,919	-	(5,445)	-	-	2,771,826
Debt instruments at FVTOCI									
Bonds	1,954,346	-	(2,903)	1,599	-	-	-	(8,990)	1,944,052
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	2,616,402	(111,523)	-	-	-	-	-	-	2,504,879

For the Three Months Ended March 31, 2022									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3 (Note)	Disposed/Sold	Transfer Out of Level 3 (Note)		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL									
Stock	\$ 2,111,951	\$ 19,727	\$ -	\$ 163,260	\$ 68,773	\$ (159,028)	\$ (20,936)	\$ -	\$ 2,183,747
Bonds	1,300,317	(4,416)	-	113,904	-	(10,778)	-	68,264	1,467,291
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	3,373,295	-	48,657	-	-	-	-	-	3,421,952
Debt instruments at FVTOCI									
Bonds	1,641,729	-	29,042	168,237	-	-	-	41,878	1,880,886
Certificates of deposits	426,093	-	(21)	-	-	-	-	12,596	438,668
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	449,176	533,673	-	-	-	-	-	-	982,849

Note: Items are transferred to Level 3 for the three months ended March 31, 2023 and 2022 for lack of observable price (due to the inactive transaction in the securities market); items transferring out of Level 3 are because the price can be attained from the securities market.

For the three months ended March 31, 2023 and 2022, the gains on valuation included in net income with assets still held were \$268,795 and \$1,072,222, respectively.

For the three months ended March 31, 2023 and 2022, the losses on valuation included in other comprehensive income with assets still held were \$30,147 and \$77,678, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Three Months Ended March 31, 2023								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Derivative financial instruments</u>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 1,507,083	\$ (12,403)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,494,680
Financial liabilities designated as at fair value through profit or loss	18,035	(463)	21,799	-	(12,986)	-	-	26,385
For the Three Months Ended March 31, 2022								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Derivative financial instruments</u>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 757,540	\$ (37,306)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720,234
Financial liabilities designated as at fair value through profit or loss	89,753	(8,198)	22,704	-	(38,911)	-	-	65,348

For the three months ended March 31, 2023 and 2022, the gain or loss on valuation included in net income with liabilities still held were loss of \$290,529 and \$302,832, 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:

March 31, 2023

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL and held-for-trading					
financial liabilities					
Interest rate swap contracts	\$ 2,115,111	\$ 1,105,121	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	348,008	347,820	Sellers' quote	(Note 1)	-
Others	41,760	41,739	Sellers' quote	(Note 1)	-
	<u>\$ 2,504,879</u>	<u>\$ 1,494,680</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	\$ -	\$ 26,385	Self-built option pricing model	Volatility	3%-28% (Note 4)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	\$ 1,843,939	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	1,815,633	-	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 3,659,572</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	\$ 2,771,826	\$ -	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	1,944,052	-	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
	<u>\$ 4,715,878</u>	<u>\$ -</u>			

December 31, 2022

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

March 31, 2022

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL and held-for-trading					
financial liabilities					
Interest rate swap contracts	\$ 394,273	\$ 131,972	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	318,182	318,010	Sellers' quote	(Note 1)	-
Others	<u>270,394</u>	<u>270,252</u>	Sellers' quote	(Note 1)	-
	<u>\$ 982,849</u>	<u>\$ 720,234</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	<u>\$ -</u>	<u>\$ 65,348</u>	Self-built option pricing model	Volatility	3%-41% (Note 6)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	\$ 2,183,747	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	<u>1,467,291</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 3,651,038</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	\$ 3,421,952	\$ -	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	1,880,886	-	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	<u>438,668</u>	<u>-</u>	Sellers' quote	(Note 2)	-
	<u>\$ 5,741,506</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 28%.

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

Note 6: The stock price volatilities of structured notes issued by SinoPac Securities s and its' subsidiaries were between 3% and 41%.

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:

March 31, 2023

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (93,407)</u>	<u>\$ 93,407</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (21,021)</u>	<u>\$ 21,021</u>

December 31, 2022

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

March 31, 2022

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (87,201)</u>	<u>\$ 87,201</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (20,174)</u>	<u>\$ 20,174</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, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers, payables, deposits and remittances, short-term and long-term borrowings, liability component of preferred stock and other financial liabilities.

Items	March 31, 2023	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 246,318,495	\$ 237,296,927
Bonds payable	71,243,595	70,382,601

Items	December 31, 2022	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 225,460,151	\$ 215,147,668
Bonds payable	71,242,261	70,088,954
Items	March 31, 2022	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 180,609,915	\$ 177,571,677
Bonds payable	67,990,071	68,202,615

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	March 31, 2023			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 237,296,927	\$ 49,254,939	\$ 188,041,988	\$ -
Bonds payable	70,382,601	-	44,627,601	25,755,000

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

Assets and Liabilities Item	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 177,571,677	\$ 49,124,683	\$ 128,446,994	\$ -
Bonds payable	68,202,615	-	41,996,820	26,205,795

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

- The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, commercial papers payables, securities sold under repurchase agreements, short-term borrowings, payables and other financial liabilities approximate their fair value because of the short maturity or the similarity of the carrying amount and future price.
- 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. The credit committee helps the board of directors approve cases over general manager's authority and cases related to credit risk investment under the board's authorization, reporting to the Board of Directors on a regular basis.

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

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

c. Credit risk

1) Sources and definitions of credit risk

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

2) Policies and strategies

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

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

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

Credit risk management procedures and measurements are as follows:

a) Loan business (includes loan commitment and guarantee)

Loan business classification and qualities are as follows:

i. Classification

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

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

ii. Credit quality level

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

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

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

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

b) Investment business

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

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

3) Credit risk hedge or mitigation policies

a) Collateral

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

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

b) Credit risk limits and credit risk concentration control

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

c) Agreement of net settlement

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

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

a) Loan business

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

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

i. Quantitative indicators

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

ii. Qualitative indicators

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

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

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

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

b) Investment business

Bank SinoPac and its subsidiaries adopts external credit rating scales to measure whether the credit risk after the initial recognition is significantly increased for debt instrument measured at amortized cost and debt instrument measured at fair value through other comprehensive income.

The external credit rating is determined by international credit rating agency. When the external credit rating changes and the following situations occur, the credit risk is regarded to have significantly increased after the initial recognition.

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

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

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

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

5) Definition of financial asset default and credit impairment

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

a) Quantitative indicators

Principal or interest is overdue for more than three months.

b) Qualitative indicators

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

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

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

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

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

6) Write-off policy

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

- a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.
- b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed Bank SinoPac's reimbursable amount.
- c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to Bank SinoPac.

- d) Overdue and non-performing loans have not been recovered after more than 2 years from the maturity date.

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

7) Amendment to financial asset contract cash flows

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

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

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

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

8) Measurement of expected credit losses

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

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

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

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

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

9) Forward-looking information considerations

a) Credit assets

Bank SinoPac takes forward-looking information into account when determining whether the credit risk of the credit assets has increased significantly since the initial recognition and measures the expected credit losses. 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) consider prospective information when calculate expected credit losses, framework a prospective information forecast performance of model to ensure prospective factor, and framework a conduction model transfer prospective factor to expected credit losses, conduct prospective adjustment about parameter correlation of expected credit losses evaluate model and evaluate prospective information influence.

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

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

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

Off-Balance Sheet Items	The Maximum Credit Exposure		
	March 31, 2023	December 31, 2022	March 31, 2022
Undrawn credit card commitments	\$ 225,303,972	\$ 221,832,593	\$ 214,290,947
Undrawn loan commitments	55,228,887	45,067,636	45,802,502
Guarantees	33,303,967	34,537,369	38,031,973
Standby letter of credit	6,626,802	7,978,791	8,876,562

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	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 674,765,747	47.46	\$ 641,380,549	47.87	\$ 600,118,358	46.70
Public enterprise	17,532,565	1.23	22,366,382	1.67	7,969,008	0.62
Government sponsored enterprise and business	54,300,000	3.82	12,000,000	0.90	36,560,748	2.84
Nonprofit organization	191,298	0.01	192,340	0.01	245,470	0.02
Private	661,409,301	46.52	651,745,182	48.64	626,510,848	48.75
Financial institutions	13,598,684	0.96	12,262,932	0.91	13,708,784	1.07
Total	\$ 1,421,797,595	100.00	\$ 1,339,947,385	100.00	\$ 1,285,113,216	100.00

b) By region

Regions	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,159,151,446	81.53	\$ 1,077,234,867	80.39	\$ 1,032,324,694	80.33
Asia	145,512,699	10.23	141,222,369	10.54	138,676,745	10.79
North America	74,542,100	5.24	82,035,723	6.12	78,319,494	6.09
Others	42,591,350	3.00	39,454,426	2.95	35,792,283	2.79
Total	\$ 1,421,797,595	100.00	\$ 1,339,947,385	100.00	\$ 1,285,113,216	100.00

c) By collateral

Collaterals	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Credit Secured	\$ 511,554,646	35.98	\$ 441,814,944	32.97	\$ 425,108,059	33.08
Stocks	3,620,875	0.25	3,337,185	0.25	5,476,011	0.43
Bonds	13,517,235	0.95	10,871,060	0.81	14,910,329	1.16
Real estate	810,267,014	57.00	801,483,415	59.82	759,817,526	59.12
Movable collaterals	55,774,865	3.92	54,794,521	4.09	50,940,581	3.96
Guarantees	14,921,461	1.05	16,064,270	1.20	16,659,436	1.30
Others	12,141,499	0.85	11,581,990	0.86	12,201,274	0.95
Total	\$ 1,421,797,595	100.00	\$ 1,339,947,385	100.00	\$ 1,285,113,216	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 March 31, 2023, December 31, 2022 and March 31, 2022, the amount of discounts and loans were \$4,352,252, \$4,572,446 and \$5,570,904, with a provision for loss allowance of \$721,153, \$718,288 and \$859,908 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to \$2,869,932, \$3,010,962 and \$3,341,211.

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 \$48,626,946, \$48,781,006 and \$47,743,845 on March 31, 2023, December 31, 2022 and March 31, 2022.

13) Management policies of collaterals assumed

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

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

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

a) Overdue loans and receivables

Date			March 31, 2023				
Items			Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 508,161	\$ 282,232,080	0.18%	\$ 3,646,750	717.64%
	Unsecured		422,768	454,861,683	0.09%	5,105,026	1,207.52%
Consumer loan	Mortgage (Note 4)		178,915	354,565,090	0.05%	5,357,066	2,994.20%
	Cash card		13	1,815	0.72%	239	1,838.46%
	Micro credit (Note 5)		104,854	34,906,535	0.30%	613,366	584.97%
	Others (Note 6)	Secured	199,353	249,835,137	0.08%	2,609,365	1,308.92%
		Unsecured	2,652	1,660,722	0.16%	20,628	777.83%
Total			1,416,716	1,378,063,062	0.10%	17,352,440	1,224.84%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 25,711	\$ 19,220,818	0.13%	\$ 152,765	594.16%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	12,531,744	-	160,370	-

Date			March 31, 2022				
Items			Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 501,471	\$ 256,414,482	0.20%	\$ 3,287,998	655.67%
	Unsecured		840,384	380,171,356	0.22%	4,270,640	508.18%
Consumer loan	Mortgage (Note 4)		208,053	340,379,675	0.06%	5,168,457	2,484.20%
	Cash card		2	2,614	0.08%	341	17,050.00%
	Micro credit (Note 5)		81,408	27,892,193	0.29%	494,335	607.23%
	Others (Note 6)	Secured	242,557	239,233,350	0.10%	2,520,781	1,039.25%
		Unsecured	1,880	2,059,437	0.09%	24,021	1,277.71%
Total			1,875,755	1,246,153,107	0.15%	15,766,573	840.55%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 24,142	\$ 18,597,376	0.13%	\$ 201,618	835.13%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	14,710,701	-	187,559	-

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

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

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

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

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

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

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

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

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

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

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

b) Excluded NPLs and excluded overdue receivables

Date	March 31, 2023		March 31, 2022	
Items	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ 278	\$ 14,678	\$ 448	\$ 21,892
As a result of consumer debt clearance (Note 2)	18,231	551,099	16,624	607,171
Total	\$ 18,509	\$ 565,777	\$ 17,072	\$ 629,063

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	March 31, 2023		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (manufacture of made-up textile articles)	\$ 10,706,880	6.90
2	B Group (manufacture of panel and components)	9,904,481	6.39
3	C Group (real estate development activities)	7,261,744	4.68
4	D Group (real estate development activities)	6,279,840	4.05
5	E Group (metal casting)	6,193,191	3.99
6	F Group (real estate development activities)	5,457,000	3.52
7	G Group (manufacture of computer, peripheral equipment and software wholesale activities)	5,038,144	3.25
8	H Group (manufacture of computers)	4,686,279	3.02
9	I Group (department store)	4,502,144	2.90
10	J Company (real estate development activities)	3,803,000	2.45

Year	March 31, 2022		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (manufacture of computers)	\$ 10,495,680	7.35
2	B Group (other holding companies)	9,605,842	6.72
3	C Group (metal casting)	5,789,040	4.05
4	D Group (manufacture of other computer peripheral equipment)	5,581,193	3.91
5	E Group (manufacture of computer, peripheral equipment and software wholesale activities)	5,296,852	3.71
6	F Group (real estate development activities)	4,900,000	3.43
7	G Company (other metalworking activities)	4,700,000	3.29
8	H Company (real estate development activities)	4,005,000	2.80
9	I Group (manufacture of computers)	3,959,238	2.77
10	J Group (real estate development activities)	3,898,000	2.73

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

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 21,964,349	\$ 19,727,395	\$ 30,266,652	\$ 9,418,613	\$ -	\$ 81,377,009
Financial liabilities at fair value through profit or loss	-	1,786,116	-	-	-	1,786,116
Securities sold under repurchase agreements	20,422,193	8,114,381	2,517,134	958,972	-	32,012,680
Payables	7,659,852	902,583	188,220	1,508,943	1,864,317	12,123,915
Deposits and remittances	1,220,933,713	291,797,230	253,216,942	226,871,719	29,137,164	2,021,956,768
Bank debentures	61,065	65,686	184,552	1,943,237	56,867,823	59,122,363

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

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 30,187,256	\$ 22,569,901	\$ 20,590,196	\$ 1,340,804	\$ -	\$ 74,688,157
Due to the Central bank and banks	19	38	224,746	-	-	224,803
Financial liabilities at fair value through profit or loss	-	2,201,501	-	-	-	2,201,501
Securities sold under repurchase agreements	20,497,903	13,747,693	4,246,652	1,336,528	-	39,828,776
Payables	5,199,843	573,575	171,548	1,492,064	2,056,308	9,493,338
Deposits and remittances	1,146,266,354	223,232,715	166,589,142	213,953,504	26,672,358	1,776,714,073
Bank debentures	63,228	76,804	1,483,428	3,463,281	53,627,424	58,714,165

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 27,627	\$ 662,012	\$ -	\$ -	\$ 639,566	\$ 1,329,205
Payables	896,679	201,859	404,622	106,725	-	1,609,885
Deposits and remittances	3,675,464	5,201,112	1,618,763	312,278	584,637	11,392,254

(In Thousands of CNY)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 300,420	\$ 702,717	\$ -	\$ -	\$ 202,033	\$ 1,205,170
Payables	497,790	202,429	402,189	126,411	-	1,228,819
Deposits and remittances	6,877,873	2,024,026	1,723,529	510,084	100,610	11,236,122

(In Thousands of CNY)

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 219,721	\$ 292,370	\$ 1,299,543	\$ -	\$ -	\$ 1,811,634
Securities sold under repurchase agreements	624,405	-	-	-	-	624,405
Payables	349,781	201,829	402,150	102,788	-	1,056,548
Deposits and remittances	3,255,554	2,235,497	1,295,202	1,778,051	144,553	8,708,857

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

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 7,059,585	\$ -	\$ -	\$ -	\$ -	\$ 7,059,585

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

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 5,948,044	\$ -	\$ -	\$ -	\$ -	\$ 5,948,044

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 10,306	\$ -	\$ -	\$ -	\$ -	\$ 10,306

(In Thousands of CNY)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 14,794	\$ -	\$ -	\$ -	\$ -	\$ 14,794

(In Thousands of CNY)

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 9,646	\$ -	\$ -	\$ -	\$ -	\$ 9,646

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

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 810,656,593	\$ 606,610,375	\$ 442,773,259	\$ 184,012,341	\$ 3,717,915	\$ 2,047,770,483
Cash outflow	811,027,422	606,070,956	442,103,976	183,879,621	3,668,088	2,046,750,063

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

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 317,389,820	\$ 326,297,939	\$ 254,751,105	\$ 333,126,076	\$ 44,895,932	\$ 1,276,460,872
Cash outflow	318,022,040	325,604,344	254,566,783	333,194,677	44,772,013	1,276,159,857

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 4,611,996	\$ 7,027,490	\$ 6,665,140	\$ 1,289,633	\$ -	\$ 19,594,259
Cash outflow	4,603,876	7,022,124	6,631,279	1,284,394	-	19,541,673

(In Thousands of CNY)

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

(In Thousands of CNY)

March 31, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 3,232,955	\$ 11,542,798	\$ 1,476,258	\$ -	\$ -	\$ 16,252,011
Cash outflow	3,247,585	11,601,271	1,468,951	-	-	16,317,807

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

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 1,517,572	\$ 931,457	\$ 7,332,394	\$ 8,055,037	\$ 37,171,959	\$ 55,008,419
Guarantees	5,793,390	6,722,146	2,801,526	6,740,306	10,495,472	32,552,840
Standby letter of credit	1,646,417	2,025,237	2,234,514	640,119	-	6,546,287

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

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 1,251,487	\$ 2,262,819	\$ 3,658,516	\$ 3,147,608	\$ 34,478,982	\$ 44,799,412
Guarantees	9,775,318	7,643,435	4,195,805	5,016,962	11,074,446	37,705,966
Standby letter of credit	2,486,175	4,174,070	1,070,194	306,748	-	8,037,187

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	\$ -	\$ -	\$ 3,774	\$ 38,704	\$ 7,250	\$ 49,728
Guarantee	31,006	211,283	164,950	168,399	73,326	648,964
Standby letter of credit	1,506	16,655	-	-	-	18,161

(In Thousands of CNY)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	\$ -	\$ -	\$ -	\$ -	\$ 6,885	\$ 6,885
Guarantee	66,129	84,138	240,265	279,374	58,790	728,696
Standby letter of credit	18,418	38,419	-	-	-	56,837

(In Thousands of CNY)

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	\$ 37,200	\$ -	\$ 124,360	\$ 60,000	\$ 956	\$ 222,516
Guarantee	81,233	133,332	154,288	365,816	112,482	847,151
Standby letter of credit	86,565	99,634	-	-	-	186,199

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:

March 31, 2023	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	\$ 658,678	\$ 1,435,496	\$ 710,214	\$ 2,804,388
Operating lease income (lessor)	85,341	109,839	782	195,962

December 31, 2022	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	\$ 662,388	\$ 1,490,664	\$ 749,477	\$ 2,902,529
Operating lease income (lessor)	87,616	125,855	813	214,284

March 31, 2022	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	\$ 652,258	\$ 1,586,373	\$ 812,800	\$ 3,051,431
Operating lease income (lessor)	86,157	168,519	-	254,676

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)

	March 31, 2023						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,106,942,357	\$ 187,834,507	\$ 261,433,724	\$ 353,011,981	\$ 200,947,683	\$ 141,552,027	\$ 962,162,435
Main capital outflow on maturity	2,497,988,892	110,285,064	192,453,333	403,015,510	439,143,256	488,814,736	864,276,993
Gap	(391,046,535)	77,549,443	68,980,391	(50,003,529)	(238,195,573)	(347,262,709)	97,885,442

	March 31, 2022						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 1,944,558,647	\$ 167,904,913	\$ 234,015,914	\$ 268,419,516	\$ 150,921,939	\$ 230,619,624	\$ 892,676,741
Main capital outflow on maturity	2,288,754,686	86,262,909	140,651,103	306,577,410	325,580,263	525,144,764	904,538,237
Gap	(344,196,039)	81,642,004	93,364,811	(38,157,894)	(174,658,324)	(294,525,140)	(11,861,496)

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)

	March 31, 2023					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 56,576,261	\$ 20,286,957	\$ 14,670,374	\$ 8,870,041	\$ 3,936,343	\$ 8,812,546
Main capital outflow on maturity	58,159,552	21,116,268	16,031,255	11,737,791	5,244,195	4,030,043
Gap	(1,583,291)	(829,311)	(1,360,881)	(2,867,750)	(1,307,852)	4,782,503

(In Thousands of U.S. Dollars)

	March 31, 2022					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 42,771,602	\$ 11,234,199	\$ 8,583,394	\$ 6,256,213	\$ 7,471,771	\$ 9,226,025
Main capital outflow on maturity	43,700,988	11,200,345	11,122,796	6,909,058	8,497,903	5,970,886
Gap	(929,386)	33,854	(2,539,402)	(652,845)	(1,026,132)	3,255,139

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

e. Market risk

1) Definition of market risk

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

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

2) Management strategies and procedures

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

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

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

3) Organization and framework

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

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

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

4) Market risk control procedure

a) Identification and measurement

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

b) Supervision and reporting

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

5) Trading book risk management policies

a) Definitions

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

b) Strategies

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

c) Policies and procedures

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

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

d) Assessment policies

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

e) Measurements

- i. The risk valuation and calculation methods are described in Note 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 ± 100 bp, change in securities $\pm 15\%$ and change in exchange rate $\pm 3\%$) and serious scenario (change in interest rate ± 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 impact of the banking book due to adverse interest rate changes, and causes the current or potential risks to Bank SinoPac's economic value (the present value of future cash flows from assets, liabilities and off-balance sheet) and earnings.

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

a) Strategies

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

b) Risk measurement

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

c) Risk monitoring

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

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

10) Banking book equity risk management

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

a) Strategies

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

b) Risk measurement

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

c) Risk monitoring

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

11) Impact of interest rate benchmark reform

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

Bank SinoPac has formulated a LIBOR conversion plan to deal with product business strategy adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of interest rate benchmark. As of March 31, 2023, Bank SinoPac has identified all information systems and internal processes that need to be updated and has finished the updating, and is confirming the scope of the impact, including compliance with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. At present, the projects are implemented on time according to the schedule.

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

As of March 31, 2023, the financial instruments of Bank SinoPac and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

Non-derivatives	Book Value	
	Financial Assets	Financial Liabilities
USD LIBOR	\$ 77,536,509	\$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	\$ 77,536,509	\$ -

Derivatives	National Amount
USD LIBOR	\$ 26,331,653
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	\$ 26,331,653

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 Three Months Ended March 31, 2023		
	Average	Maximum	Minimum
Exchange rate risk	30,213	50,007	16,892
Interest rate risk	52,700	79,439	35,412
Equity risk	8,313	12,376	4,144
Total VaR	61,751	94,964	38,467

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

Note 2: Historical data period: 2023.01.03-2023.03.31.

	For the Three Months Ended March 31, 2022		
	Average	Maximum	Minimum
Exchange rate risk	14,682	28,734	8,748
Interest rate risk	58,202	186,224	30,050
Equity risk	3,938	6,180	1,082
Total VaR	60,718	188,654	33,149

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

Note 2: Historical data period: 2022.01.03-2022.03.31.

Bank SinoPac (China)'s trading book VaR overview

(In Thousands of CNY)

	For the Three Months Ended March 31, 2023		
	Average	Maximum	Minimum
Exchange rate risk	511	713	388
Interest rate risk	93	250	10
Equity risk	-	-	-
Total VaR	439	559	305

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

Note 2: Historical data period: 2023.01.01-2023.03.31.

(In Thousands of CNY)

	For the Three Months Ended March 31, 2022		
	Average	Maximum	Minimum
Exchange rate risk	1,529	2,166	1,214
Interest rate risk	191	553	12
Equity risk	-	-	-
Total VaR	447	735	290

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

Note 2: Historical data period: 2022.01.01-2022.03.31.

13) Exchange rate risks

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

March 31, 2023			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 19,276,085	30.47890	\$ 587,513,867
CNY	19,846,847	4.43347	87,990,401
Nonmonetary items			
USD	415,278	30.47890	12,657,217
<u>Financial liabilities</u>			
Monetary items			
USD	24,804,827	30.47890	756,023,842
CNY	19,248,669	4.43347	85,338,397
December 31, 2022			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,559,758	30.72355	\$ 570,221,653
CNY	15,476,520	4.40954	68,244,334
Nonmonetary items			
USD	414,738	30.72355	12,742,224
<u>Financial liabilities</u>			
Monetary items			
USD	23,919,788	30.72355	734,900,803
CNY	15,316,877	4.40954	67,540,382

March 31, 2022			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,777,357	28.62150	\$ 508,814,623
CNY	18,359,268	4.50795	82,762,662
Nonmonetary items			
USD	430,147	28.62150	12,311,452
<u>Financial liabilities</u>			
Monetary items			
USD	21,255,284	28.62150	608,358,111
CNY	17,832,927	4.50795	80,389,943

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

a) Interest rate sensitivity information (New Taiwan dollars)

March 31, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,331,488,446	\$ 19,524,498	\$ 99,963,826	\$ 118,991,837	\$ 1,569,968,607
Interest rate-sensitive liabilities	449,397,717	827,252,960	44,023,898	67,346,714	1,388,021,289
Interest rate-sensitive gap	882,090,729	(807,728,462)	55,939,928	51,645,123	181,947,318
Net worth					163,453,347
Ratio of interest rate-sensitive assets to liabilities (%)					113.11%
Ratio of interest rate-sensitive gap to net worth (%)					111.31%

March 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,195,150,637	\$ 24,286,168	\$ 59,039,695	\$ 108,724,990	\$ 1,387,201,490
Interest rate-sensitive liabilities	309,439,789	817,779,749	78,497,232	65,831,745	1,271,548,515
Interest rate-sensitive gap	885,710,848	(793,493,581)	(19,457,537)	42,893,245	115,652,975
Net worth					146,234,150
Ratio of interest rate-sensitive assets to liabilities (%)					109.10%
Ratio of interest rate-sensitive gap to net worth (%)					79.09%

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

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate-sensitive gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

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

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

March 31, 2023

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 12,867,841	\$ 767,487	\$ 166,745	\$ 3,803,725	\$ 17,605,798
Interest rate-sensitive liabilities	11,276,894	8,717,021	1,192,486	715,358	21,901,759
Interest rate-sensitive gap	1,590,947	(7,949,534)	(1,025,741)	3,088,367	(4,295,961)
Net worth					(202,746)
Ratio of interest rate-sensitive assets to liabilities (%)					80.39%
Ratio of interest rate-sensitive gap to net worth (%)					2,118.89%

March 31, 2022

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 11,498,502	\$ 710,723	\$ 553,969	\$ 3,056,265	\$ 15,819,459
Interest rate-sensitive liabilities	8,461,299	8,948,423	1,114,261	159,420	18,683,403
Interest rate-sensitive gap	3,037,203	(8,237,700)	(560,292)	2,896,845	(2,863,944)
Net worth					(81,559)
Ratio of interest rate-sensitive assets to liabilities (%)					84.67%
Ratio of interest rate-sensitive gap to net worth (%)					3,511.50%

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	March 31, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 3,647,417	\$ 3,491,341	\$ 3,647,417	\$ 3,491,341	\$ 156,076
Investments in debt instruments at amortized cost Transactions under repurchase agreements	4,694,218	4,437,896	4,640,356	4,437,896	202,460
Securities purchased under resell agreements Transactions under repurchase agreements	22,235,153	23,827,383	22,235,153	23,827,383	(1,592,230)

Category of Financial Asset	December 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 8,012,819	\$ 7,604,860	\$ 8,012,819	\$ 7,604,860	\$ 407,959
Investments in debt instruments at amortized cost Transactions under repurchase agreements	1,261,905	1,173,179	1,234,563	1,173,179	61,384
Securities purchased under resell agreements Transactions under repurchase agreements	17,884,383	19,532,939	17,884,383	19,532,939	(1,648,556)

Category of Financial Asset	March 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 17,667,332	\$ 16,520,829	\$ 17,667,332	\$ 16,520,829	\$ 1,146,503
Investments in debt instruments at amortized cost Transactions under repurchase agreements	6,423,121	6,144,573	6,302,739	6,144,573	158,166
Securities purchased under resell agreements Transactions under repurchase agreements	16,286,008	17,125,370	16,286,008	17,125,370	(839,362)

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:

March 31, 2023

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 17,464,473	\$ -	\$ 17,464,473	\$ 9,529,267	\$ 1,065,523	\$ 6,869,683
Securities purchased under resell agreements	<u>80,642,797</u>	<u>-</u>	<u>80,642,797</u>	<u>80,629,902</u>	<u>-</u>	<u>12,895</u>
	<u>\$ 98,107,270</u>	<u>\$ -</u>	<u>\$ 98,107,270</u>	<u>\$ 90,159,169</u>	<u>\$ 1,065,523</u>	<u>\$ 6,882,578</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 17,349,292	\$ -	\$ 17,349,292	\$ 9,529,267	\$ 3,334,046	\$ 4,485,979
Securities sold under repurchase agreements	<u>31,756,620</u>	<u>-</u>	<u>31,756,620</u>	<u>31,756,620</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,105,912</u>	<u>\$ -</u>	<u>\$ 49,105,912</u>	<u>\$ 41,285,887</u>	<u>\$ 3,334,046</u>	<u>\$ 4,485,979</u>

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

December 31, 2022

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 27,766,328	\$ -	\$ 27,766,328	\$ 16,356,878	\$ 1,139,620	\$ 10,269,830
Securities purchased under resell agreements	60,264,108	-	60,264,108	60,260,606	-	3,502
	<u>\$ 88,030,436</u>	<u>\$ -</u>	<u>\$ 88,030,436</u>	<u>\$ 76,617,484</u>	<u>\$ 1,139,620</u>	<u>\$ 10,273,332</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 28,889,250	\$ -	\$ 28,889,250	\$ 16,356,878	\$ 6,073,295	\$ 6,459,077
Securities sold under repurchase agreements	28,310,978	-	28,310,978	28,152,607	128,849	29,522
	<u>\$ 57,200,228</u>	<u>\$ -</u>	<u>\$ 57,200,228</u>	<u>\$ 44,509,485</u>	<u>\$ 6,202,144</u>	<u>\$ 6,488,599</u>

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

March 31, 2022

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 20,235,381	\$ -	\$ 20,235,381	\$ 7,369,690	\$ 905,858	\$ 11,959,833
Securities purchased under resell agreements	37,778,868	-	37,778,868	37,772,232	-	6,636
	<u>\$ 58,014,249</u>	<u>\$ -</u>	<u>\$ 58,014,249</u>	<u>\$ 45,141,922</u>	<u>\$ 905,858</u>	<u>\$ 11,966,469</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 19,931,245	\$ -	\$ 19,931,245	\$ 7,369,690	\$ 4,689,179	\$ 7,872,376
Securities sold under repurchase agreements	42,603,732	-	42,603,732	42,423,108	-	180,624
	<u>\$ 62,534,977</u>	<u>\$ -</u>	<u>\$ 62,534,977</u>	<u>\$ 49,792,798</u>	<u>\$ 4,689,179</u>	<u>\$ 8,053,000</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Equities	\$ 44,907	\$ 52,195	\$ 160,929
Interest rate risk	\$ 74,382	\$ 92,445	\$ 258,980
Overall market risk value	\$ 93,759	\$ 127,893	\$ 165,054
Percentage of net value	0.30%	0.43%	0.49%

For the Three Months Ended March 31						
	2023			2022		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Equities	\$ 30,889	\$ 18,736	\$ 54,898	\$ 132,902	\$ 74,246	\$ 265,238
Interest rate risk	65,894	42,596	88,995	166,629	73,656	262,331

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)

	March 31, 2023		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,845,048	30.474	\$ 56,225,672
NTD	773,977	1.000	773,977
HKD	379,256	3.879	1,471,200
CNY	1,628,888	4.433	7,221,627
EUR	111,335	33.159	3,691,914
AUD	24,306	20.346	494,752
JPY	27,868,670	0.229	6,377,101
ZAR	75,631	1.805	136,497
GBP	2,915	37.689	109,876

Financial liabilities

Monetary items			
USD	1,713,991	30.474	52,231,587
NTD	269,596	1.000	269,596
HKD	361,596	3.879	1,402,652
CNY	877,281	4.433	3,889,398
EUR	99,995	33.159	3,315,768
AUD	16,688	20.346	339,536
JPY	27,668,635	0.229	6,331,309

December 31, 2022			
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,653,019	30.721	\$ 50,784,103
NTD	752,789	1.000	752,789
HKD	638,238	3.938	2,513,423
CNY	1,555,618	4.406	6,859,568
EUR	103,576	32.725	3,389,547
AUD	40,489	20.839	844,019
JPY	25,361,842	0.232	5,893,589
ZAR	81,112	1.880	152,520
GBP	2,954	37.059	109,469
<u>Financial liabilities</u>			
Monetary items			
USD	1,513,334	30.721	46,490,891
NTD	247,258	1.000	247,258
HKD	625,338	3.938	2,462,580
CNY	826,644	4.406	3,642,302
EUR	100,977	32.725	3,304,487
AUD	19,629	20.839	409,048
JPY	24,950,513	0.232	5,798,036
March 31, 2022			
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,834,920	28.698	\$ 52,657,622
NTD	1,182,425	1.000	1,182,425
HKD	477,902	3.656	1,747,200
CNY	2,063,107	4.508	9,300,389
EUR	122,119	31.899	3,895,436
AUD	49,646	21.402	1,063,233
JPY	14,393,253	0.235	3,385,295
ZAR	148,223	1.983	293,860
GBP	4,923	37.599	185,112
<u>Financial liabilities</u>			
Monetary items			
USD	1,682,932	28.698	48,305,178
NTD	378,763	1.000	378,763
HKD	469,411	3.656	1,716,191
CNY	1,176,081	4.508	5,301,672
EUR	120,759	31.899	3,852,082
AUD	22,045	21.402	471,807
JPY	13,935,258	0.235	3,277,704
GBP	4,846	37.599	182,221

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

	March 31, 2023	December 31, 2022	March 31, 2022
Futures and options	\$ 65,800	\$ 150,851	\$ 173,728
Warrants	22,852	40,489	27,345
Interest rate swap contracts	27,675	53,593	6,958
Currency contracts	347	1,431	15,638
Asset swap option contracts	57,482	63,635	119,521
Equity-linked note	390	742	1,871
Credit-linked note	9,156	11,800	5,753
Principal-guaranteed note	1,957	1,362	35
Non-principal-guaranteed note	-	-	44
Issuance of ETNs	-	-	8

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 March 31, 2023, SinoPac Securities and its subsidiaries have identified all information systems and internal processes that need to be updated, including complying with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. And SinoPac Securities and its subsidiaries have started discussions with financial instrument counterparties on how to amend the affected contracts. At present, the projects are implemented on time according to the schedule.

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

As of March 31, 2023, the financial instruments of SinoPac Securities and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

		Book Value	
		Financial Assets	Financial Liabilities
Non-derivatives			
USD LIBOR		\$ 2,344,052	\$ 609,578
EUR LIBOR		-	-
GBP LIBOR		-	-
JPY LIBOR		-	-
CHF LIBOR		-	-
		<u>\$ 2,344,052</u>	<u>\$ 609,578</u>

		Book Value	
		Financial Assets	Financial Liabilities
Derivatives	Notional Amount		
USD LIBOR	\$ 32,847,111	\$ 907,809	\$ 861,970
EUR LIBOR	-	-	-
GBP LIBOR	-	-	-
JPY LIBOR	-	-	-
CHF LIBOR	-	-	-
	<u>\$ 32,847,111</u>	<u>\$ 907,809</u>	<u>\$ 861,970</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.

March 31, 2023		
	Carrying Value	Max. Credit Exposure Amount
Interest rate swap contracts	\$ 3,440,367	\$ 3,053,627
Asset swap option contracts	<u>818,596</u>	<u>1,057,414</u>
	<u>\$ 4,258,963</u>	<u>\$ 4,111,041</u>
December 31, 2022		
	Carrying Value	Max. Credit Exposure Amount
Interest rate swap contracts	\$ 3,929,411	\$ 3,018,312
Asset swap option contracts	<u>453,594</u>	<u>645,950</u>
	<u>\$ 4,383,005</u>	<u>\$ 3,664,262</u>
March 31, 2022		
	Carrying Value	Max. Credit Exposure Amount
Interest rate swap contracts	\$ 2,960,816	\$ 4,243,573
Asset swap option contracts	<u>1,177,031</u>	<u>1,381,819</u>
	<u>\$ 4,137,847</u>	<u>\$ 5,625,392</u>

SinoPac Securities and its subsidiaries' credit risk of major financial assets are as follows:

a) Cash and cash equivalents

Cash and cash equivalents are mainly bank deposits and short-term notes whose counterparties are financial institutions with good credit. SinoPac Securities and its subsidiaries not only comply with the Regulations Governing Securities Firms when use its funds but also set transaction limits for short-term notes based on counterparties credit ratings.

b) Accounts receivable

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

c) Debt instruments and derivative instruments trading

Of the overall transactions of SinoPac Securities and its subsidiaries as of March 31, 2023, were 56% in the financial service sector and 19% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above has a market share of 84%.

The investment targets of SinoPac Securities and its subsidiaries' debt instruments at fair value through other comprehensive income are limited to the domestic and foreign currency bonds approved by the authorities, and should have a rating of at least BBB+ from the latest external credit rating agency or a minimum of H3 from the internal financial holding department. The risk management department includes the investment positions in the control and management of the credit risk limits on a daily basis to ensure the debt security of the investment positions in the debt instruments measured at FVTOCI.

d) Brokerage business, financing business and the related credit business

SinoPac Securities and its subsidiaries use the financing concentration system and the Merton's probability default (PD) model to monitor individual stock that has a higher default risk, and analyze any abnormal conditions to control the default risk. The controls of the financing business and the brokerage related credit business (including securities business money lending, securities lending, money lending - any use, etc.) are as follows:

- i. Concentration control: In addition to risk grading individual stock and setting the number of individual stock financing (accommodation) and credit limit of individual stock in the whole company, credit limits for the counterparties and related accounts are also set.
- ii. High-risk stock control: Regularly review the list of high-risk stock and dynamically adjust the number of high-risk stock financing, financing purchase quota and individual credit limits.

e) Security borrowing collateral price and security borrowing margin

Security borrowing margin deposits refer to the transaction margin deposits placed with the TWSE and creditworthy domestic and foreign financial institutions; hence, the loss from credit risk is very low. Security borrowing collateral price refers to the transaction deposits placed by creditworthy securities firms for hedging transactions involving warrants and margin trading.

f) Guarantee deposits paid

Guarantee deposits paid mainly serves as the operating guarantee deposits and clearing and settlement fund. The operating guarantee deposits are the statutory deposit deposited with financial institution designated by the local authorities. The clearing and settlement funds are the statutory deposit with domestic and foreign stock and futures exchange. The risk for both operating guarantee 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 due obligations cannot be fulfilled (called “capital liquidity risk”), and due to insufficient market depth or disorder, the risk of significant changes of the market price when dealing with or offsetting the position held (called “market liquidity risk”).

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

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

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the unused credit lines of SinoPac Securities and its subsidiaries were \$86,724,991, \$90,151,809 and \$70,471,224, respectively.

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

March 31, 2023	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 910,178	\$ -	\$ -	\$ -	\$ 910,178
Commercial paper payable	4,750,000	-	-	-	4,750,000
Current financial liabilities at fair value through profit or loss	23,287,818	1,293,022	5,353,021	-	29,933,861
Liabilities for bonds with attached repurchase agreements	34,354,552	141,112	-	-	34,495,664
Securities financing refundable deposits	1,259,747	-	-	-	1,259,747
Deposits payable for securities financing	1,396,568	-	-	-	1,396,568
Securities lending refundable deposits	10,444,336	-	-	-	10,444,336
Futures traders' equity	33,255,509	-	-	-	33,255,509
Equity for each customer in the account	603,438	-	-	-	603,438
Notes and accounts payable	20,254,905	-	-	-	20,254,905
Other payables	1,448,977	-	-	-	1,448,977
Bonds payable	71,956	64,473	2,291,328	3,173,343	5,601,100
Long-term borrowings	916,411	-	-	-	916,411
Lease liabilities	63,242	183,137	377,028	23,913	647,320
	<u>\$ 133,017,637</u>	<u>\$ 1,681,744</u>	<u>\$ 8,021,377</u>	<u>\$ 3,197,256</u>	<u>\$ 145,918,014</u>

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

March 31, 2022	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 284,446	\$ -	\$ -	\$ -	\$ 284,446
Commercial paper payable	25,100,000	-	-	-	25,100,000
Current financial liabilities at fair value through profit or loss	21,843,168	368,571	5,688,240	207,048	28,107,027
Liabilities for bonds with attached repurchase agreements	24,367,236	1,576,164	-	-	25,943,400
Securities financing refundable deposits	1,372,599	-	-	-	1,372,599
Deposits payable for securities financing	1,520,984	-	-	-	1,520,984
Securities lending refundable deposits	11,308,018	-	-	-	11,308,018
Futures traders' equity	35,552,801	-	-	-	35,552,801
Equity for each customer in the account	603,666	-	-	-	603,666
Notes and accounts payable	34,451,128	-	-	-	34,451,128
Other payables	1,352,957	-	-	-	1,352,957
Other current financial liabilities	10,000	-	-	-	10,000
Long-term liabilities - current portion	5,968	458,897	-	-	464,865
Bonds payable	6,312	11,967	2,029,721	-	2,048,000
Long-term borrowings	859,359	-	-	-	859,359
Lease liabilities	63,658	179,408	466,624	21,360	731,050
	<u>\$ 158,702,300</u>	<u>\$ 2,595,007</u>	<u>\$ 8,184,585</u>	<u>\$ 228,408</u>	<u>\$ 169,710,300</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, none of the SinoPac Securities and its subsidiaries' lease contracts had remaining lease terms exceeding 10 years.

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

c. Transfers of financial assets

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

Category of Financial Asset	March 31, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 12,226,767	\$ 11,535,304	\$ 12,226,767	\$ 11,535,304	\$ 691,463
Financial assets at fair value through other comprehensive income	12,288,490	12,167,412	12,288,490	12,167,412	121,078
Bond investments under resale agreements	10,095,607	10,674,518	10,095,607	10,674,518	(578,911)

Category of Financial Asset	December 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 12,432,080	\$ 11,823,997	\$ 12,432,080	\$ 11,823,997	\$ 608,083
Financial assets at fair value through other comprehensive income	12,346,136	12,231,559	12,346,136	12,231,559	114,577
Bond investments under resale agreements	7,138,654	7,556,781	7,138,654	7,556,781	(418,127)

Category of Financial Asset	March 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 10,381,038	\$ 8,844,402	\$ 10,381,038	\$ 8,844,402	\$ 1,536,636
Financial assets at fair value through other comprehensive income	10,884,554	11,044,540	10,884,554	11,044,540	(159,986)
Bond investments under resale agreements	5,364,225	6,031,398	5,364,225	6,031,398	(667,173)

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:

March 31, 2023

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,266,291	\$ -	\$ 4,266,291	\$ 2,938,918	\$ -	\$ 1,327,373
Bond investments under resale agreements	10,437,921	-	10,437,921	10,437,921	-	-
Accounts receivable for sale of securities	<u>5,763,579</u>	<u>3,885,468</u>	<u>1,878,111</u>	<u>-</u>	<u>-</u>	<u>1,878,111</u>
	<u>\$ 20,467,791</u>	<u>\$ 3,885,468</u>	<u>\$ 16,582,323</u>	<u>\$ 13,376,839</u>	<u>\$ -</u>	<u>\$ 3,205,484</u>

Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 4,893,533	\$ -	\$ 4,893,533	\$ 2,938,918	\$ -	\$ 1,954,615
Liabilities for bonds with attached repurchase agreements	34,377,234	-	34,377,234	31,680,916	-	2,696,318
Accounts payable for securities purchased	<u>5,695,422</u>	<u>3,885,468</u>	<u>1,809,954</u>	<u>-</u>	<u>-</u>	<u>1,809,954</u>
	<u>\$ 44,966,189</u>	<u>\$ 3,885,468</u>	<u>\$ 41,080,721</u>	<u>\$ 34,619,834</u>	<u>\$ -</u>	<u>\$ 6,460,887</u>

December 31, 2022

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,385,357	\$ -	\$ 4,385,357	\$ 3,473,117	\$ -	\$ 912,240
Bond investments under resale agreements	7,609,811	-	7,609,811	7,609,811	-	-
Accounts receivable for sale of securities	<u>3,166,854</u>	<u>2,458,962</u>	<u>707,892</u>	<u>-</u>	<u>-</u>	<u>707,892</u>
	<u>\$ 15,162,022</u>	<u>\$ 2,458,962</u>	<u>\$ 12,703,060</u>	<u>\$ 11,082,928</u>	<u>\$ -</u>	<u>\$ 1,620,132</u>

Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 4,730,422	\$ -	\$ 4,730,422	\$ 3,473,117	\$ -	\$ 1,257,305
Liabilities for bonds with attached repurchase agreements	31,612,337	-	31,612,337	29,203,511	-	2,408,826
Accounts payable for securities purchased	<u>2,699,311</u>	<u>2,458,962</u>	<u>240,349</u>	<u>-</u>	<u>-</u>	<u>240,349</u>
	<u>\$ 39,042,070</u>	<u>\$ 2,458,962</u>	<u>\$ 36,583,108</u>	<u>\$ 32,676,628</u>	<u>\$ -</u>	<u>\$ 3,906,480</u>

March 31, 2022

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,165,485	\$ -	\$ 4,165,485	\$ 2,336,039	\$ -	\$ 1,829,446
Bond investments under resale agreements	9,657,715	-	9,657,715	4,751,099	-	4,906,616
Accounts receivable for sale of securities	<u>10,188,695</u>	<u>4,785,643</u>	<u>5,403,052</u>	<u>-</u>	<u>-</u>	<u>5,403,052</u>
	<u>\$ 24,011,895</u>	<u>\$ 4,785,643</u>	<u>\$ 19,226,252</u>	<u>\$ 7,087,138</u>	<u>\$ -</u>	<u>\$ 12,139,114</u>

Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 5,350,079	\$ -	\$ 5,350,079	\$ 2,336,039	\$ -	\$ 3,014,040
Liabilities for bonds with attached repurchase agreements	25,920,340	-	25,920,340	22,426,912	-	3,493,428
Accounts payable for securities purchased	<u>13,286,871</u>	<u>4,785,643</u>	<u>8,501,228</u>	<u>-</u>	<u>-</u>	<u>8,501,228</u>
	<u>\$ 44,557,290</u>	<u>\$ 4,785,643</u>	<u>\$ 39,771,647</u>	<u>\$ 24,762,951</u>	<u>\$ -</u>	<u>\$ 15,008,696</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.

Bank SinoPac

a. Overview

Bank SinoPac and its subsidiaries' capital management goals are as follows:

As a basic target, Bank SinoPac and its subsidiaries' eligible capital should be sufficient to meet their operation need, and higher than minimum requirements of the capital adequacy ratio. Eligible capital and legal capital are calculated under the regulations announced by the authority.

Bank SinoPac and its subsidiaries should have adequacy capital to bear the risks, measure capital demand according to risk combination and risk characteristics, fulfill the optimization of resource and capital allocation by risk management.

b. Capital management procedure

Bank SinoPac and its subsidiaries' capital adequacy ratio should meet regulations announced by the authority. Also, Bank SinoPac and its subsidiaries should maintain capital adequacy ratio by considering Bank SinoPac and its subsidiaries' business scale, major operating strategy, risk condition, eligible capital structure, and future capital increase plan, etc. Bank SinoPac and its subsidiaries reported to the authority regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

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

SinoPac Securities

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

SinoPac Securities' capital adequacy management procedures are as follows:

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

52. CROSS-SELLING INFORMATION

For the three months ended March 31, 2023 and 2022, Bank SinoPac charged SinoPac Securities for \$1,883 and \$2,092, respectively, as opening accounts.

The bonuses Bank SinoPac paid to SinoPac Securities were \$1,301 and \$1,402 for the three months ended March 31, 2023 and 2022 as part of the cross-selling agreement.

The bonus payments for the three months ended March 31, 2023 and 2022 made by Bank SinoPac from SinoPac Leasing were \$44 and \$22 as part of the cross-selling agreement.

The bonuses Bank SinoPac paid to SinoPac Leasing were \$6 for the three months ended March 31, 2022 as part of the cross-selling agreement.

For other transactions within the Group, please refer to Note 45 and Table 11.

53. BUSINESS SEGMENT FINANCIAL INFORMATION

For the Three Months Ended March 31, 2023

(In Thousands of New Taiwan Dollars)

Business Segment Item	Banking	Security	Others	Consolidated
Net interest revenue	\$ 5,896,962	\$ 298,950	\$ 115,492	\$ 6,311,404
Net revenues other than interest	3,867,679	2,420,967	218,064	6,506,710
Net revenues	9,764,641	2,719,917	333,556	12,818,114
Bad debts expense, commitment and reversal of guarantee liability (provision)	(391,565)	(2,687)	(37,548)	(431,800)
Operating expenses	(4,656,612)	(1,919,692)	(284,368)	(6,860,672)
Profit from continuing operations before tax	4,716,464	797,538	11,640	5,525,642
Income tax expense	(774,617)	(1,200)	(1,268)	(777,085)
Net income	3,941,847	796,338	10,372	4,748,557

For the Three Months Ended March 31, 2022

(In Thousands of New Taiwan Dollars)

Business Segment Item	Banking	Security	Others	Consolidated
Net interest revenue	\$ 5,447,978	\$ 326,795	\$ 113,170	\$ 5,887,943
Net revenues other than interest	3,996,620	2,434,209	191,308	6,622,137
Net revenues	9,444,598	2,761,004	304,478	12,510,080
Bad debts expense, commitment and reversal of guarantee liability (provision)	(773,614)	67	(683)	(774,230)
Operating expenses	(4,298,433)	(1,902,048)	(277,209)	(6,477,690)
Profit from continuing operations before tax	4,372,551	859,023	26,586	5,258,160
Income tax expense	(681,078)	(68,271)	(99,851)	(849,200)
Net income (loss)	3,691,473	790,752	(73,265)	4,408,960

54. PROFITABILITY

SinoPac Holdings and Its Subsidiaries

(%)

Items	March 31, 2023	March 31, 2022
Return on total assets		
Before income tax	0.21	0.22
After income tax	0.18	0.18
Return on net worth		
Before income tax	3.37	3.22
After income tax	2.90	2.70
Profit margin	37.05	35.24

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 three months ended March 31, 2023 and 2022.

SinoPac Holdings

(%)

	Items	March 31, 2023	March 31, 2022
Return on total assets	Before income tax	2.51	2.40
	After income tax	2.53	2.36
Return on net worth	Before income tax	2.88	2.75
	After income tax	2.90	2.70
Profit margin		98.31	96.32

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

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

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

Note 4: Income before (after) tax represents income for the three months ended March 31, 2023 and 2022.

Bank SinoPac

(%)

	Items	March 31, 2023	March 31, 2022
Return on total assets	Before income tax	0.20	0.20
	After income tax	0.16	0.17
Return on net worth	Before income tax	3.20	3.04
	After income tax	2.68	2.57
Profit margin		41.31	39.94

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

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

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

Note 4: Income before (after) tax represents income for the three months ended March 31, 2023 and 2022.

SinoPac Securities

(%)

	Items	March 31, 2023	March 31, 2022
Return on total assets	Before income tax	0.61	0.55
	After income tax	0.64	0.53
Return on net worth	Before income tax	2.55	2.51
	After income tax	2.66	2.39
Profit margin		30.86	30.55

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

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

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the three months ended March 31, 2023 and 2022.

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: Not required disclosure in quarterly report
- 13) Derivative financial transactions: Note 8
- 14) Other material transactions which will affect the decisions of financial report users: Tables 6 to 16
 - a) The book value of the maximum credit risk exposure of the financial assets: Table 6
 - b) Allowance for discounts and loans: Table 7
 - c) Allowance for accounts receivables: Table 8

- d) Change in allowance for debt instrument at fair value through other comprehensive income: Table 9
 - e) Change in allowance for debt instrument at amortized cost: Table 10
 - f) Related party transactions: Table 11
 - g) Balance sheets of SPH: Table 12
 - h) Comprehensive income statements of SPH: Table 13
 - i) Statement of changes in equity of SPH: Table 14
 - j) Statements of cash flows of SPH: Table 15
 - k) Statement of balance sheet and comprehensive income of SPH's subsidiaries: Table 16
 - l) Public announcements prescribed in financial holding company ACT Article 46: Not required disclosure in quarterly report
 - m) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 17
- 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's operating segments for the three months ended March 31, 2023 and 2022 are without change. The Group reports the following:

Banking - comprise Bank SinoPac and its subsidiaries; provides commercial banking, money lending and investment, insurance agent, insurance brokerage services.

Securities - comprise SinoPac Securities and its subsidiaries; provides securities dealing, future brokerage, securities dealing and future consulting, investment consulting and asset management services.

Other business segments - comprises SinoPac Leasing and its subsidiaries, SinoPac Securities Investment Trust, and SinoPac Venture Capital and other investment were not identified to disclose as on individual segment.

The Group' segment revenue, operating results and segment assets are shown in the following table.

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Three Months Ended March 31, 2023					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 5,880,650	\$ 305,376	\$ 166,703	\$ 6,352,729	\$ (41,325)	\$ 6,311,404
	Interest income	16,904,049	735,039	268,425	17,907,513	(7,720)	17,899,793
	Interest expenses	(11,023,399)	(429,663)	(101,722)	(11,554,784)	(33,605)	(11,588,389)
	Service fee and commissions income, net	1,882,516	1,661,262	52,615	3,596,393	(5,765)	3,590,628
	Others	2,000,564	775,574	201,209	2,977,347	(61,265)	2,916,082
	Total net revenue	9,763,730	2,742,212	420,527	12,926,469	(108,355)	12,818,114
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(391,565)	(2,687)	(37,548)	(431,800)	-	(431,800)
	Operating expenses	(4,673,870)	(1,933,157)	(193,956)	(6,800,983)	(59,689)	(6,860,672)
	Depreciation and amortization expense	(413,862)	(134,534)	(53,241)	(601,637)	25,035	(576,602)
	Profit (loss) from continuing operations before tax	4,698,295	806,368	189,023	5,693,686	(168,044)	5,525,642
	Income tax (expense) benefit	(774,617)	(1,200)	(31,514)	(807,331)	30,246	(777,085)
	Net income (loss)	3,923,678	805,168	157,509	4,886,355	(137,798)	4,748,557
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 1,064,311	\$ 1,064,311	\$ -	\$ 1,064,311
	Total assets	2,491,572,178	178,002,157	24,432,433	2,694,006,768	(9,843,227)	2,684,163,541

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Three Months Ended March 31, 2022					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 5,438,139	\$ 328,542	\$ 141,622	\$ 5,908,303	\$ (20,360)	\$ 5,887,943
	Interest income	7,643,690	404,200	188,567	8,236,457	(2,500)	8,233,957
	Interest expenses	(2,205,551)	(75,658)	(46,945)	(2,328,154)	(17,860)	(2,346,014)
	Service fee and commissions income, net	2,991,800	1,852,258	45,077	4,889,135	312	4,889,447
	Others	1,021,492	591,811	179,421	1,792,724	(60,034)	1,732,690
	Total net revenue	9,451,431	2,772,611	366,120	12,590,162	(80,082)	12,510,080
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(773,614)	67	(683)	(774,230)	-	(774,230)
	Operating expenses	(4,315,905)	(1,914,520)	(198,985)	(6,429,410)	(48,280)	(6,477,690)
	Depreciation and amortization expense	(387,967)	(131,620)	(64,263)	(583,850)	25,552	(558,298)
	Profit (loss) from continuing operations before tax	4,361,912	858,158	166,452	5,386,522	(128,362)	5,258,160
	Income tax expense	(681,078)	(68,271)	(30,076)	(779,425)	(69,775)	(849,200)
	Net income (loss)	3,680,834	789,887	136,376	4,607,097	(198,137)	4,408,960
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 870,577	\$ 870,577	\$ -	\$ 870,577
	Total assets	2,201,194,367	205,857,714	25,939,926	2,432,992,007	(10,562,463)	2,422,429,544

TABLE 1

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

**FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Financier	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
													Item	Value		
1	SinoPac Leasing	I-HWA Industrial Co., Ltd.	Other receivable	No	\$ 53,829	\$ 51,029	\$ 51,029	2.00-15.90	Short-term financing	\$ -	Operating use	\$ 99	-	\$ -	\$ 1,419,483 (Note 2)	\$ 1,892,644 (Note 2)
		Hsiang-Ming Fishery Co., Ltd.	Other receivable	No	233,333	217,500	107,500	2.00-15.90	Short-term financing	-	Operating use	1,396	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		ET New Media Holding Co., Ltd.	Other receivable	No	102,174	72,294	72,294	2.00-15.90	Short-term financing	-	Operating use	134	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		ING-KER International Co., Ltd.	Other receivable	No	11,276	10,907	10,907	2.00-15.90	Short-term financing	-	Operating use	23	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		Fengxin Development and Investment Co., Ltd	Other receivable	No	41,984	35,890	35,890	2.00-15.90	Short-term financing	-	Operating use	782	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		Xinyi Construction Co., Ltd.	Other receivable	No	75,200	70,400	70,400	2.00-15.90	Short-term financing	-	Operating use	1,529	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		TCHING YE FISHERY CO., Ltd.	Other receivable	No	64,500	64,500	24,500	2.00-15.90	Short-term financing	-	Operating use	540	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		Yuanli Engineering Co., Ltd.	Other receivable	No	107,000	93,625	93,625	2.00-15.90	Short-term financing	-	Operating use	1,983	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		HOME-CHAIN FOODS, Ltd.	Other receivable	No	70,000	70,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		Liwei Wind Solar Energy Co., Ltd.	Other receivable	No	60,000	60,000	60,000	2.00-15.90	Short-term financing	-	Operating use	120	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
		Taiwan Star Telecom Corporation Limited	Other receivable	No	200,000	200,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,419,483 (Note 2)	1,892,644 (Note 2)
2	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Other receivable	Yes	2,744,892 (Note 3)	2,473,101 (Note 3)	914,367 (Note 3)	6.14771	Short-term financing	-	Operating use	-	-	-	3,495,145 (Note 3)	3,495,145 (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 reviewed net worth \$4,731,611 of SinoPac Leasing as of March 31, 2023, respectively. The financial limit to each subsidiary of SinoPac Leasing is 40% of its reviewed net worth.
- Note 3: In August and September 2022, and June 2019, the board of directors of SinoPac Securities (Cayman) processed the credit line of US\$30,000 thousand, US\$30,000 thousand, and US\$30,000 thousand, respectively. The maximum balance and the ending balance were based on the credit line of US\$90,000 thousand (NT\$2,744,892), and US\$90,000 thousands (NT\$2,743,101), respectively. The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) as of March 31, 2023 was equal to US\$114,674 thousand (NT\$3,495,145). As of March 31, 2023, the actual balance of US\$30,000 thousand (NT\$914,367) 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 INVESTEEES

**ENDORSEMENT/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Individual Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Endorsement/ Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/ Guarantee to Net Asset Value of the Latest Financial Statement (%)	Maximum Endorsement/ Guarantee Amounts Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
1	SinoPac Leasing	SinoPac International Leasing Corp.	Subsidiary	\$ 37,852,891	\$ 3,573,559	\$ 3,329,718	\$ 1,056,239	\$ -	70.37	\$ 37,852,891 (Note 1)	Y	N	Y
		SinoPac Capital International (HK)	Subsidiary	37,852,891	12,516,160	11,703,898	2,842,576	-	247.36	37,852,891 (Note 1)	Y	N	N
2	SinoPac Venture Capital	SinoPac Leasing	Affiliate	1,379,649	407,174	407,174	-	-	14.76	2,759,298 (Note 2)	N	N	N

Note 1: The limit on individual endorsement or guarantee amounts is up to 200% of the net worth of SinoPac Leasing. The maximum amount of endorsement or guarantee is 800% of the net worth of SinoPac Leasing. But the amount of endorsement or guarantee is 800% of the worth of the subsidiaries of SinoPac Leasing, which held by more than 50%. The reviewed net worth of SinoPac Leasing as of March 31, 2023 was \$4,731,611.

Note 2: Endorsement or guarantee cannot exceed the net worth of SinoPac Venture Capital. The limit on individual endorsement or guarantee cannot exceed one-half of the net worth of SinoPac Venture Capital. The reviewed net worth as of March 31, 2023 was \$2,759,298.

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 INVESTEEES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SPH	<u>Stock</u> Taiwan Depository And Clearing Corporation	-	Financial assets at fair value through other comprehensive income	485	\$ 34,466	0.08	\$ 34,466	
SinoPac Futures	<u>Stock</u> Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director	Financial assets at fair value through other comprehensive income	1,194	83,259	0.25	83,259	
	GME Group Inc.	-	Financial assets at fair value through other comprehensive income	20	116,636	0.01	116,636	
	Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income	141	12,944	-	12,944	
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at fair value through other comprehensive income	25	2,600	-	2,600	
	Synnex Technology International Corporation	-	Financial assets at fair value through other comprehensive income	248	15,202	0.01	15,202	
	Asustek Computer Incorporation	-	Financial assets at fair value through other comprehensive income	61	16,622	0.01	16,622	
	GIGA-BYTE Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	220	29,370	0.03	29,370	
	Micro-Star International Co., Ltd.	-	Financial assets at fair value through other comprehensive income	92	13,248	0.01	13,248	
	Quanta Computer Inc.	-	Financial assets at fair value through other comprehensive income	208	18,533	0.01	18,533	
	Chicony Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	163	15,534	0.02	15,534	
	Huaku Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	161	14,973	0.06	14,973	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	663	14,825	0.01	14,825	
	TXC Corporation	-	Financial assets at fair value through other comprehensive income	152	13,528	0.05	13,528	
	Tripod technology Corporation	-	Financial assets at fair value through other comprehensive income	154	17,248	0.03	17,248	
	BizLink Holding Inc.	-	Financial assets at fair value through other comprehensive income	25	6,975	-	6,975	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Venture Capital	Wpg holdings limited	-	Financial assets at fair value through other comprehensive income	315	\$ 15,813	0.02	\$ 15,813	
	Far Eastone Telecommunications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	229	17,221	0.01	17,221	
	Primax Electronics Ltd.	-	Financial assets at fair value through other comprehensive income	84	5,074	0.02	5,074	
	Simplo Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	48	14,544	0.03	14,544	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income	387	16,215	0.05	16,215	
	<u>Fund</u>							
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss	2,007	20,021	0.91	20,021	
	Yuanta Global Leaders Balanced Fund-TWD(A)	-	Financial assets at fair value through profit or loss	977	10,254	0.11	10,254	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss	2,000	19,967	1.39	19,967	
	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund-TWD(A)	-	Financial assets at fair value through profit or loss	1,965	20,788	3.40	20,788	
	Cathay 15+ Year Technology Bond Select ETF	-	Financial assets at fair value through profit or loss	250	8,220	6.52	8,220	
	Cathay FTSE Emerging Markets ETF	-	Financial assets at fair value through profit or loss	500	9,745	7.43	9,745	
	<u>Stock</u>							
	Taigen Biopharmaceuticals Holdings Limited	Related party	Financial assets at fair value through profit or loss	21,631	324,467	3.02	324,467	
	Aerowin Technology Corporation	-	Financial assets at fair value through profit or loss	143	5,527	0.21	5,527	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,222	51,141	1.30	51,141	
	Kuang Hong Arts Management Incorporation	-	Financial assets at fair value through profit or loss	937	42,614	3.12	42,614	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,835	44,506	1.00	44,506	
	3S Silicon Tech, Inc.	-	Financial assets at fair value through profit or loss	1,559	20,454	6.63	20,454	
	Throughtek (tutk)	-	Financial assets at fair value through profit or loss	110	1,166	0.42	1,166	
	Centera Photonics Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,342	26,284	3.46	26,284	
	M2 Communication Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	197	452	1.58	452	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Protectlife International Biomedical Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	600	\$ 6,000	4.02	\$ 6,000	
	Andros Pharmaceuticals Co., Ltd.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,457	52,233	4.19	52,233	
	Knowledge Freeway Co., Ltd.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	572	19,728	11.44	19,728	
	J-metrics Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	10,884	4.29	10,884	
	Taisys Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	380	4,455	1.66	4,455	
	DA HO Marketing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,050	17,745	12.20	17,745	
	New Micropore, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,000	-	10.00	-	
	Toyo Automation Co., Ltd.	-	Financial assets at fair value through profit or loss	852	89,493	3.24	89,493	
	Global Investment Holdings	-	Financial assets at fair value through profit or loss	261	1,905	2.50	1,905	
	Boston Life Science Venture Co.	-	Financial assets at fair value through profit or loss	3,690	850	5.00	850	
	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	25,392	4.84	25,392	
	Taiwania Capital Buffalo II Bioventures, LP	-	Financial assets at fair value through profit or loss	-	87,261	-	87,261	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	716	50,908	3.13	50,908	
	Hantop Intelligence Technology Corporation	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,250	13,263	9.10	13,263	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000	95,200	6.07	95,200	
	Evergreen Steel Corporation	-	Financial assets at fair value through profit or loss	1,200	66,960	0.29	66,960	
	Active Technology Engineering Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,637	27,711	9.99	27,711	
	Lian Hong Art CO., Ltd.	-	Financial assets at fair value through profit or loss	122	3,642	0.34	3,642	
	Infinity Communication Tech. Inc. (Preferred stock A)	-	Financial assets at fair value through profit or loss	2,000	30,440	2.64	30,440	
	Morrison Opto-Electronics Ltd.	-	Financial assets at fair value through profit or loss	650	75,147	2.98	75,147	
	Biogend Therapeutics Co., Ltd.	-	Financial assets at fair value through profit or loss	688	23,082	0.56	23,082	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	1,000	37,030	2.84	37,030	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	1,000	\$ 32,000	0.94	\$ 32,000	
	Taiwania Capital Buffalo III Bioventures, LP	-	Financial assets at fair value through profit or loss	-	45,844	-	45,844	
	GE Technology Inc.	-	Financial assets at fair value through profit or loss	436	17,134	2.18	17,134	
	High Entropy Materials, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	2,500	21,900	5.25	21,900	
	Chenfull International CO., Ltd.	-	Financial assets at fair value through profit or loss	152	13,756	0.26	13,756	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	1,333	130,367	0.38	130,367	
	Mega Union Technology Inc.	-	Financial assets at fair value through profit or loss	759	53,130	1.25	53,130	
	Medeon Biodesign Inc.	Related party	Financial assets at fair value through profit or loss	437	26,418	0.50	26,418	
	Phoenix Pioneer Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,141	66,401	1.06	66,401	
	PharmaEssentia Corp.	-	Financial assets at fair value through profit or loss	348	126,043	0.11	126,043	
	Airoha Technology Corp.	-	Financial assets at fair value through profit or loss	58	37,137	0.04	37,137	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	11	67,367	1.60	67,367	
	CGK International Co., Ltd.	-	Financial assets at fair value through profit or loss	1,800	19,098	4.12	19,098	
	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	23,526	4.58	23,526	
	Apollo Medical Optics Inc.	-	Financial assets at fair value through profit or loss	1,667	19,083	3.48	19,083	
	Telexpress Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	542	5,518	3.33	5,518	
	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	22,049	8.50	22,049	
	Lian An Services Co., Ltd.	Affiliate of Bank SinoPac's manager	Financial assets at fair value through other comprehensive income	125	1,641	5.00	1,641	
	Ecrowd Media Inc.	Affiliate of SPH board of director	Financial assets at fair value through other comprehensive income	1,863	45,435	9.19	45,435	
	Mei Ta Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income	212	122,178	0.49	122,178	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Securities Investment Trust	Sheng Ho Energy Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income	9,990	\$ 113,786	9.99	\$ 113,786	
	NP Taiwan, Inc.	-	Financial assets at fair value through other comprehensive income	207	44,919	5.88	44,919	
	Brightman Optoelectronics (Cayman) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	855	6,912	11.69	6,912	
	Neutron Innovation (BVI) Limited	-	Financial assets at fair value through other comprehensive income	1,569	47,824	6.02	47,824	
	Mozido C-1	-	Financial assets at fair value through other comprehensive income	60	446	0.01	446	
	Mozido C-2	-	Financial assets at fair value through other comprehensive income	259	1,932	0.05	1,932	
	<u>Fund</u> SinoPac TAIEX ETF	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	7	555	-	555	
	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	7,895	-	7,895	
	<u>Stock</u> Greenfiltec Ltd.	-	Financial assets at fair value through profit or loss	202	19,659	0.95	19,659	
	SunWay Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	440	20,693	1.31	20,693	
SinoPac Securities Venture Capital	Bioptic Inc.	-	Financial assets at fair value through profit or loss	144	6,846	0.60	6,846	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	601	55,403	1.00	55,403	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	798	78,045	0.23	78,045	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	1,500	55,545	4.27	55,545	
	Green Shepherd Corporation	-	Financial assets at fair value through profit or loss	392	11,141	2.77	11,141	
	Tantti Laboratory Inc.	-	Financial assets at fair value through profit or loss	300	7,098	0.86	7,098	
	Chenfeng Optronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500	50,385	1.60	50,385	
	Phoenix Pioneer Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	695	14,692	0.23	14,692	
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	800	34,920	2.16	34,920	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Capital (Asia)	Taiwan Web Service Corporation	-	Financial assets at fair value through profit or loss	5,000	\$ 50,000	7.46	\$ 50,000	
	Horizon Fixture Group Co., Ltd.	-	Financial assets at fair value through profit or loss	500	28,500	1.14	28,500	
	Techzone Technology Materials Co., Ltd.	-	Financial assets at fair value through profit or loss	1,400	77,000	1.63	77,000	
	<u>Bond</u>							
	EMIRATES NBD BANK PJSC 3.6% 09NOV2031	-	Financial assets at fair value through profit or loss	110	1,906	-	1,906	
	MS 4.1 09/25/23 EMTN	-	Financial assets at fair value through profit or loss	24,826	110,265	-	110,265	
	ADBCH 3.4 11/06/24.	-	Financial assets at fair value through profit or loss	3,000	13,411	-	13,411	
	SOCGEN 3.5 07/09/26 EMTN	-	Financial assets at fair value through profit or loss	10,000	43,335	-	43,335	
	EMIRATES NBD BANK PJSC 3.76% 24NOV2027	-	Financial assets at fair value through profit or loss	710	3,120	-	3,120	
	QNB FINANCE LTD 2.8% 24FEB2028	-	Financial assets at fair value through profit or loss	30	124	-	124	
	EXPORT-IMPORT BANK KOREA 2.8% 03MAR2024	-	Financial assets at fair value through profit or loss	2,000	8,841	-	8,841	
	VOLKSWAGEN INTL FIN NV 3.4% 08DEC2023	-	Financial assets at fair value through profit or loss	4,000	17,718	-	17,718	
	QNB FINANCE LTD 3.5% 22APR2024	-	Financial assets at fair value through profit or loss	4,450	19,656	-	19,656	
	HKCG FINANCE LTD 3% 30OCT2023	-	Financial assets at fair value through profit or loss	5,000	22,160	-	22,160	
	EXPORT-IMPORT BANK KOREA 2.85% 25MAR2024	-	Financial assets at fair value through profit or loss	5,000	22,078	-	22,078	
	CNOOC 3 05/09/23	-	Financial assets at fair value through profit or loss	250	7,604	-	7,604	
	STANLN 5.2 01/26/24 REGS	-	Financial assets at fair value through profit or loss	1,600	48,650	-	48,650	
	COFCO 4.625 11/12/23	-	Financial assets at fair value through profit or loss	400	12,163	-	12,163	
	RBS 6 12/19/23	-	Financial assets at fair value through profit or loss	62	1,885	-	1,885	
	NIPLIF V5.1 10/16/44 REGS	-	Financial assets at fair value through profit or loss	700	20,767	-	20,767	
	BCHINA 5 11/13/24 REGS	-	Financial assets at fair value through profit or loss	800	24,217	-	24,217	
	SOCGEN 4.25 04/14/25 REGS	-	Financial assets at fair value through profit or loss	200	5,746	-	5,746	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	SAIL 2004-10 M1	-	Financial assets at fair value through profit or loss	5,000	\$ 19,205	-	\$ 19,205	
	STANLN 4.3 02/19/27 REGS	-	Financial assets at fair value through profit or loss	350	9,943	-	9,943	
	KSA 3.25 10/26/26 REGS	-	Financial assets at fair value through profit or loss	10	293	-	293	
	BOCAVI F 05/21/25 GMTN	-	Financial assets at fair value through profit or loss	500	15,131	-	15,131	
	POHANG 4 08/01/23 REGS	-	Financial assets at fair value through profit or loss	500	15,189	-	15,189	
	WB 3.5 07/05/24	-	Financial assets at fair value through profit or loss	2,000	59,241	-	59,241	
	CHSCOI V4 PERP	-	Financial assets at fair value through profit or loss	1,000	29,614	-	29,614	
	ABIBB 4.7 02/01/36 REGS	-	Financial assets at fair value through profit or loss	150	4,470	-	4,470	
	CSSSHI 2.5 02/13/25	-	Financial assets at fair value through profit or loss	2,000	57,865	-	57,865	
	MAYMK F 08/16/24 EMTN	-	Financial assets at fair value through profit or loss	3,000	91,367	-	91,367	
	CHLEAS 3.75 10/22/23 EMTN	-	Financial assets at fair value through profit or loss	300	8,891	-	8,891	
	SINO TRENDY INVST 2.95% 30OCT2025	-	Financial assets at fair value through profit or loss	300	8,345	-	8,345	
	SAUDI ARABIAN OIL CO 1.625% 24NOV2025	-	Financial assets at fair value through profit or loss	600	16,913	-	16,913	
	MIZUHO FIN GRP CAYMAN 3 4.6% 27MAR2024	-	Financial assets at fair value through profit or loss	400	12,005	-	12,005	
	AIRPORT AUTHORITY HK 2.1% PERP	-	Financial assets at fair value through profit or loss	2,000	55,608	-	55,608	
	SK BATTERY AMERICA INC 1.625% 26JAN2024	-	Financial assets at fair value through profit or loss	200	5,871	-	5,871	
	LEVC FINANCE LTD 1.375% 25MAR2024	-	Financial assets at fair value through profit or loss	200	5,874	-	5,874	
	TALENT YIELD INTNTNL 2% 06MAY2026	-	Financial assets at fair value through profit or loss	1,000	27,924	-	27,924	
	ZHEJIANG EXPRESSWAY CO 1.638% 14JUL2026	-	Financial assets at fair value through profit or loss	1,000	27,467	-	27,467	
	KOREA INV & SECS CO LTD 1.375% 19JUL2024	-	Financial assets at fair value through profit or loss	1,000	28,751	-	28,751	
	ANHUI TRANSPORTATION HK 1.618% 26AUG2026	-	Financial assets at fair value through profit or loss	1,400	38,094	-	38,094	
	BOC AVIATION LTD 4% 25JAN2024	-	Financial assets at fair value through profit or loss	200	6,024	-	6,024	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	ZHENGZHOU METRO GROUP 1.915% 15NOV2024	-	Financial assets at fair value through profit or loss	3,700	\$ 105,386	-	\$ 105,386	
	NATIONAL AUSTRALIA BANK 0.700003% 12JAN2027	-	Financial assets at fair value through profit or loss	500	15,089	-	15,089	
	NATIONAL AUSTRALIA BANK 0.430003% 12JAN2025	-	Financial assets at fair value through profit or loss	500	15,074	-	15,074	
	QIB SUKUK LTD 3.982% 26MAR2024	-	Financial assets at fair value through profit or loss	500	15,022	-	15,022	
	MORGAN STANLEY 0.67433% 24JAN2025	-	Financial assets at fair value through profit or loss	1,000	30,074	-	30,074	
	MALAYAN BANKING BHD 2.30186% 10AUG2023	-	Financial assets at fair value through profit or loss	2,000	60,984	-	60,984	
	CREDIT SUISSE AG LONDON 7.73% 15JUN2028	-	Financial assets at fair value through profit or loss	7,000	11,984	-	11,984	
	HON HAI PRECISION INDUST 0% 05AUG2026	-	Financial assets at fair value through profit or loss	2,000	53,820	-	53,820	
	SUNNY OPTICAL TECH 5.95% 17JUL2026	-	Financial assets at fair value through profit or loss	1,000	30,963	-	30,963	
	SK HYNIX INC 6.25% 17JAN2026	-	Financial assets at fair value through profit or loss	500	15,332	-	15,332	
	C 3.3 05/22/24 GMTN	-	Financial assets at fair value through profit or loss	49,370	218,490	-	218,490	
	MASQUH 4 08/06/25 EMTN	-	Financial assets at fair value through profit or loss	3,000	13,336	-	13,336	
	TAIHU PEARL ORIENTAL CO 3.15% 30JUL2023	-	Financial assets at fair value through profit or loss	1,000	30,107	-	30,107	
	MERCEDES-BENZ FIN NA 4.95% 30MAR2025	-	Financial assets at fair value through profit or loss	1,000	30,437	-	30,437	
	JPMORGAN CHASE & CO 4.323% 26APR2028	-	Financial assets at fair value through profit or loss	1,000	29,520	-	29,520	
	ADCBUH F 06/20/24 EMTN	-	Financial assets at fair value through other comprehensive income	5,000	152,559	-	152,559	
	QIBKQD F 02/07/25 EMTN	-	Financial assets at fair value through other comprehensive income	6,000	182,769	-	182,769	
	TAISEM 1 09/28/27	-	Financial assets at fair value through other comprehensive income	3,000	78,272	-	78,272	
	SINOPE 1.45 01/08/26	-	Financial assets at fair value through other comprehensive income	4,000	111,464	-	111,464	
	HYNMTR 1.3 01/08/26	-	Financial assets at fair value through other comprehensive income	1,000	27,255	-	27,255	
	HYNMTR 1.8 01/08/28	-	Financial assets at fair value through other comprehensive income	1,000	25,741	-	25,741	
	QNBK 1 3/8 01/26/26	-	Financial assets at fair value through other comprehensive income	3,000	82,593	-	82,593	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	CNOOC 4 1/2 10/03/23	-	Financial assets at fair value through other comprehensive income	4,000	\$ 121,566	-	\$ 121,566	
	FORCAY 3 3/8 04/22/25	-	Financial assets at fair value through other comprehensive income	6,720	197,406	-	197,406	
	BOCAVI 1 5/8 04/29/24	-	Financial assets at fair value through other comprehensive income	5,000	146,280	-	146,280	
	SANUK 1.673 06/14/27	-	Financial assets at fair value through other comprehensive income	2,000	52,858	-	52,858	
	SMBCAC 2.3 06/15/28	-	Financial assets at fair value through other comprehensive income	3,000	77,787	-	77,787	
	HPQ 1.45 06/17/26	-	Financial assets at fair value through other comprehensive income	1,000	27,244	-	27,244	
	ARAMCO 1.602 06/17/26	-	Financial assets at fair value through other comprehensive income	2,000	55,714	-	55,714	
	HYNMTR 2 06/15/28	-	Financial assets at fair value through other comprehensive income	500	12,792	-	12,792	
	HYNMTR 1 1/2 06/15/26	-	Financial assets at fair value through other comprehensive income	500	13,490	-	13,490	
	NOMURA 1.653 07/14/26	-	Financial assets at fair value through other comprehensive income	3,000	79,745	-	79,745	
	MIZUHO 1.554 07/09/27	-	Financial assets at fair value through other comprehensive income	1,000	26,827	-	26,827	
	CJANT 1 3/8 08/25/24	-	Financial assets at fair value through other comprehensive income	5,000	144,267	-	144,267	
	CMINLE 1 1/4 09/16/24	-	Financial assets at fair value through other comprehensive income	5,000	143,641	-	143,641	
	ICBCIL 1 5/8 11/02/24	-	Financial assets at fair value through other comprehensive income	4,000	115,428	-	115,428	
	FUBBAN 4.08 01/09/25	-	Financial assets at fair value through other comprehensive income	25,000	110,836	-	110,836	
	NOMURA 3.25 09/15/25 EMTN	-	Financial assets at fair value through other comprehensive income	10,000	44,334	-	44,334	
	<u>Stock</u>							
	CLP Holdings Limited	-	Financial assets at fair value through other comprehensive income	204	44,787	0.01	44,787	
	Power Assets Holdings Ltd	-	Financial assets at fair value through other comprehensive income	270	44,040	0.01	44,040	
	PCCW Solutions Limited	-	Financial assets at fair value through other comprehensive income	1,747	26,582	0.02	26,582	
	Uni-President China Holdings Ltd	-	Financial assets at fair value through other comprehensive income	786	24,163	0.02	24,163	
	China Construction Bank Corporation	-	Financial assets at fair value through other comprehensive income	2,458	48,563	-	48,563	

(Continued)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Lenovo Group Limited	-	Financial assets at fair value through other comprehensive income	1,568	\$ 51,734	0.01	\$ 51,734	
	CK Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income	252	41,767	0.01	41,767	
	China Resources Cement Holdings Limited	-	Financial assets at fair value through other comprehensive income	1,988	29,709	0.03	29,709	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through other comprehensive income	2,706	43,905	-	43,905	
	BOC Hong Kong (Holdings) Limited	-	Financial assets at fair value through other comprehensive income	456	43,276	-	43,276	
	Bank Of Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,996	38,273	0.01	38,273	
	Far East Horizon Limited	-	Financial assets at fair value through other comprehensive income	959	26,280	0.02	26,280	
	Bank Of China Limited	-	Financial assets at fair value through other comprehensive income	3,234	37,785	-	37,785	
	China Galaxy Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,025	31,040	0.05	31,040	
	<u>Fund</u>							
	CSOP Bitcoin Futures ETF	-	Financial assets at fair value through profit or loss	500	24,085	-	24,085	
	CSOP Ether Futures ETF	-	Financial assets at fair value through profit or loss	500	21,465	-	21,465	
	SAMSUNG NYSE FANG+ ETF	-	Financial assets at fair value through profit or loss	200	13,842	-	13,842	
	Samsung Bitcoin Futures Active ETF	-	Financial assets at fair value through profit or loss	1,000	46,851	-	46,851	

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 THREE MONTHS ENDED MARCH 31, 2023
(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 (Note)
SPH	Bank SinoPac	Investments accounted for using the equity method	-	Subsidiary	9,032,584	\$ 135,206,116	666,667	\$ 10,000,000	-	\$ -	\$ -	\$ -	9,699,251	\$ 145,206,116

Note: Excluding investment gains or losses, capital surplus, exchange differences on translation of foreign operations, change in the fair value attributable to changes in the credit risk of financial liabilities at FVTPL and valuation on financial instruments at FVTOCI for the three months ended March 31, 2023.

TABLE 5

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
SPH	Bank SinoPac	Subsidiary	\$ 3,295,697 (Note 1)	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SPH	Parent company of Bank SinoPac	1,055,238 (Note 1)	-	-	-	-	-
SinoPac Leasing	SPH	Parent company of SPL	306,570 (Note 1)	-	-	-	-	-
SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiary of SinoPac Securities (Cayman)	914,367 (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 INVESTEEES

TOTAL BOOK VALUE OF MAXIMUM CREDIT RISK EXPOSURES FINANCIAL ASSETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

	Principle				Allowance				
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
March 31, 2023									
Discounts and loans									
Corporate banking	\$ 783,269,497	\$ 464,682	\$ 3,266,696	\$ 787,000,875	\$ 2,412,879	\$ 28,720	\$ 531,263	\$ 6,426,420	\$ 9,399,282
Consumer banking	635,977,574	3,906,169	1,085,556	640,969,299	139,374	158,451	189,890	8,112,949	8,600,664
Receivables									
Credit card receivable	18,309,877	252,319	658,622	19,220,818	3,755	5,690	23,843	119,477	152,765
Net accounts receivable - factoring (Note 1)	8,118,641	-	-	8,118,641	14,704	-	-	160,227	174,931
Other receivable (Note 2)	69,164,594	132,107	502,680	69,799,381	91,926	13,496	423,444	102,349	631,215
Debt instrument at fair value through other comprehensive income	303,623,302	-	-	303,623,302	49,955	-	-	-	49,955
Investments in debt instruments at amortized cost	246,338,134	-	-	246,338,134	19,639	-	-	-	19,639

(Continued)

December 31, 2022	Principle				Allowance				
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	\$ 710,467,792	\$ 428,306	\$ 3,448,701	\$ 714,344,799	\$ 2,319,075	\$ 98,856	\$ 533,360	\$ 6,145,229	\$ 9,096,520
Consumer banking	627,429,256	3,789,809	1,128,948	632,348,013	137,496	188,342	190,131	7,999,996	8,515,965
Receivables									
Credit card receivable	19,955,115	251,091	671,864	20,878,070	4,145	5,890	23,401	133,083	166,519
Net accounts receivable - factoring (Note 1)	13,006,257	-	-	13,006,257	15,807	-	-	201,182	216,989
Other receivable (Note 2)	54,918,959	138,270	510,415	55,567,644	85,194	10,119	406,560	59,686	561,559
Debt instrument at fair value through other comprehensive income	310,561,883	-	-	310,561,883	51,230	-	-	-	51,230
Investments in debt instruments at amortized cost	225,476,925	-	-	225,476,925	16,774	-	-	-	16,774

March 31, 2022	Principle				Allowance				
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	\$ 677,067,026	\$ 1,617,939	\$ 4,432,906	\$ 683,117,871	\$ 1,662,277	\$ 379,412	\$ 679,063	\$ 5,381,745	\$ 8,102,497
Consumer banking	604,245,757	4,183,514	1,137,998	609,567,269	241,147	198,529	180,845	7,587,414	8,207,935
Receivables									
Credit card receivable	17,652,239	215,832	729,305	18,597,376	7,929	8,748	25,553	159,387	201,617
Net accounts receivable - factoring (Note 1)	11,412,490	-	-	11,412,490	8,215	-	-	187,452	195,667
Other receivable (Note 2)	81,851,018	505,419	269,873	82,626,310	90,783	2,723	390,984	153,113	637,603
Debt instrument at fair value through other comprehensive income	366,581,637	-	-	366,581,637	62,157	-	-	-	62,157
Investments in debt instruments at amortized cost	180,625,974	-	-	180,625,974	16,059	-	-	-	16,059

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

Note 2: Other receivables included nonperforming receivables transferred from other than loans, long-term lease receivables and installment which are classified as other financial assets.

(Concluded)

TABLE 7**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES**

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

For the Three Months Ended March 31, 2023	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 2,456,571	\$ 287,198	\$ 723,491	\$ 3,467,260	\$ 14,145,225	\$ 17,612,485
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(2,298)	102,584	(11,515)	88,771	-	88,771
From conversion to credit-impaired financial assets	(564)	(111,724)	111,089	(1,199)	-	(1,199)
To 12-month ECL	1,322	(54,376)	(32,292)	(85,346)	-	(85,346)
Derecognizing financial assets during the current period	(993,042)	(16,025)	(57,731)	(1,066,798)	-	(1,066,798)
Purchased or originated new financial assets	1,008,514	5,600	18,337	1,032,451	-	1,032,451
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	422,919	422,919
Write-off	-	-	(49,177)	(49,177)	(16,081)	(65,258)
Change in model/risk parameters	84,084	(26,085)	(1,389)	56,610		56,610
Effect of exchange rate changes and others	(2,334)	(1)	20,340	18,005	(12,694)	5,311
Balance, March 31	<u>\$ 2,552,253</u>	<u>\$ 187,171</u>	<u>\$ 721,153</u>	<u>\$ 3,460,577</u>	<u>\$ 14,539,369</u>	<u>\$ 17,999,946</u>

(Continued)

For the Three Months Ended March 31, 2022	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 1,761,784	\$ 561,877	\$ 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	(2,501)	141,502	(19,667)	119,334	-	119,334
From conversion to credit-impaired financial assets	(482)	(35,052)	110,531	74,997	-	74,997
To 12-month ECL	1,700	(67,254)	(5,880)	(71,434)	-	(71,434)
Derecognizing financial assets during the current period	(552,469)	(9,686)	(112,088)	(674,243)	-	(674,243)
Purchased or originated new financial assets	682,603	786	32,929	716,318	-	716,318
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	737,113	737,113
Write-off	-	-	(240,986)	(240,986)	(25,300)	(266,286)
Change in model/risk parameters	(25,247)	(15,165)	(25,028)	(65,440)	-	(65,440)
Effect of exchange rate changes and others	<u>38,036</u>	<u>933</u>	<u>91,974</u>	<u>130,943</u>	<u>51,291</u>	<u>182,234</u>
Balance, March 31	<u>\$ 1,903,424</u>	<u>\$ 577,941</u>	<u>\$ 859,908</u>	<u>\$ 3,341,273</u>	<u>\$ 12,969,159</u>	<u>\$ 16,310,432</u>

(Concluded)

TABLE 8**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES**
CHANGES IN ALLOWANCE FOR RECEIVABLES
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

For the Three Months Ended March 31, 2023	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 105,146	\$ 16,009	\$ 429,961	\$ 551,116	\$ 393,951	\$ 945,067
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(443)	6,211	(2,029)	3,739	-	3,739
From conversion to credit-impaired financial assets	(4)	(10,094)	29,781	19,683	-	19,683
To 12-month ECL	50	(940)	(291)	(1,181)	-	(1,181)
Derecognizing financial assets during the current period	(17,368)	(4,889)	(4,208)	(26,465)	-	(26,465)
Purchased or originated new financial assets	22,832	7,945	30,086	60,863	-	60,863
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	11,809	11,809
Write-off	-	(91)	(35,938)	(36,029)	(23,215)	(59,244)
Change in model/risk parameters	(3,533)	4,932	(795)	604	-	604
Effect of exchange rate changes and others	3,705	103	720	4,528	(492)	4,036
Balance, March 31	<u>\$ 110,385</u>	<u>\$ 19,186</u>	<u>\$ 447,287</u>	<u>\$ 576,858</u>	<u>\$ 382,053</u>	<u>\$ 958,911</u>

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans, long-term lease receivables and installments.

(Continued)

For the Three Months Ended March 31, 2022	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 101,087	\$ 19,770	\$ 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	(640)	7,260	(2,152)	4,468	-	4,468
From conversion to credit-impaired financial assets	(5)	(7,855)	18,627	10,767	-	10,767
To 12-month ECL	194	(1,294)	(42)	(1,142)	-	(1,142)
Derecognizing financial assets during the current period	(19,933)	(3,671)	(19,243)	(42,847)	-	(42,847)
Purchased or originated new financial assets	19,229	1	8,718	27,948	-	27,948
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	28,920	28,920
Write-off	-	(115)	(32,348)	(32,463)	(15,132)	(47,595)
Change in model/risk parameters	2,535	(2,913)	(1,693)	(2,071)	-	(2,071)
Effect of exchange rate changes and others	4,460	288	7,639	12,387	8,005	20,392
Balance, March 31	<u>\$ 106,927</u>	<u>\$ 11,471</u>	<u>\$ 416,537</u>	<u>\$ 534,935</u>	<u>\$ 499,952</u>	<u>\$ 1,034,887</u>

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans, long-term lease receivables and installments.

(Concluded)

TABLE 9**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME****FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

For the Three Months Ended March 31, 2023	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 51,230	\$ -	\$ -	\$ 51,230
Purchased new debt instrument	832	-	-	832
Derecognized	(1,703)	-	-	(1,703)
Change in model/risk parameters	-	-	-	-
Effect of exchange rate changes and others	(404)	-	-	(404)
Balance March 31	<u>\$ 49,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,955</u>

For the Three Months Ended March 31, 2022	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 52,619	\$ -	\$ -	\$ 52,619
Purchased new debt instrument	10,964	-	-	10,964
Derecognized	(2,970)	-	-	(2,970)
Change in model/risk parameters	-	-	-	-
Effect of exchange rate changes and others	1,544	-	-	1,544
Balance March 31	<u>\$ 62,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,157</u>

TABLE 10**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT AMORTIZED COST
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

For the Three Months Ended March 31, 2023	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 16,774	\$ -	\$ -	\$ 16,774
Purchased new debt instrument	3,241	-	-	3,241
Derecognized	(250)	-	-	(250)
Change in model/risk parameters	-	-	-	-
Effect of exchange rate changes and others	(126)	-	-	(126)
Balance March 31	<u>\$ 19,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,639</u>

For the Three Months Ended March 31, 2022	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 13,314	\$ -	\$ -	\$ 13,314
Purchased new debt instrument	2,521	-	-	2,521
Derecognized	(18)	-	-	(18)
Change in model/risk parameters	-	-	-	-
Effect of exchange rate changes and others	242	-	-	242
Balance March 31	<u>\$ 16,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,059</u>

TABLE 11

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

**RELATED-PARTY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Consolidated Net Revenue/Assets (Note 3)
0	SinoPac Financial Holdings	Bank SinoPac	a	Cash and cash equivalents, net	\$ 1,300,546	Note 4	0.05
		Bank SinoPac	a	Receivables, net	1,435,025	Note 4	0.05
		Bank SinoPac	a	Current income tax assets	1,860,505	Note 4	0.07
		Bank SinoPac	a	Payables	218	Note 4	-
		Bank SinoPac	a	Current income tax liabilities	1,055,020	Note 4	0.04
		SinoPac Securities	a	Current income tax assets	69,560	Note 4	-
		SinoPac Securities	a	Current income tax liabilities	285,120	Note 4	0.01
		SinoPac Securities	a	Other liabilities	251	Note 4	-
		SinoPac Leasing	a	Current income tax assets	6,705	Note 4	-
		SinoPac Leasing	a	Investments accounted for using equity method	47,463	Note 4	-
		SinoPac Leasing	a	Right-of-use assets, net	583,173	Note 4	0.02
		SinoPac Leasing	a	Current income tax liabilities	306,570	Note 4	0.01
		SinoPac Leasing	a	Lease liabilities	633,220	Note 4	0.02
		SinoPac Leasing	a	Interest expenses	7,470	Note 4	0.06
		SinoPac Leasing	a	Depreciation and amortization expense	11,585	Note 4	0.09
1	Bank SinoPac	SinoPac Financial Holdings	b	Receivables, net	218	Note 4	-
		SinoPac Financial Holdings	b	Current income tax assets	1,055,020	Note 4	0.04
		SinoPac Financial Holdings	b	Payables	1,435,025	Note 4	0.05
		SinoPac Financial Holdings	b	Current income tax liabilities	1,860,505	Note 4	0.07
		SinoPac Financial Holdings	b	Deposits and remittances	1,300,546	Note 4	0.05
		Bank SinoPac (China) Ltd.	c-1	Cash and cash equivalents, net	1,359	Note 4	-
		Bank SinoPac (China) Ltd.	c-1	Due from the Central Bank and call loans to other banks, net	1,523,274	Note 4	0.06
		Bank SinoPac (China) Ltd.	c-1	Receivables, net	114,727	Note 4	-
		SinoPac Insurance Brokers Ltd.	c-1	Deposits and remittances	101,401	Note 4	-
		SinoPac Securities	c-1	Deposits and remittances	4,128,821	Note 4	0.15
		SinoPac Securities	c-1	Net other revenue other than interest income	7,886	Note 4	0.06
		SinoPac Securities Investment Service	c-1	Deposits and remittances	111,017	Note 4	-
		SinoPac Securities Venture Capital	c-1	Deposits and remittances	200,262	Note 4	0.01
		SinoPac Leasing	c-1	Investments accounted for using equity method	37,661	Note 4	-
		SinoPac Leasing	c-1	Right-of-use assets, net	541,910	Note 4	0.02
		SinoPac Leasing	c-1	Lease liabilities	582,080	Note 4	0.02
		SinoPac Leasing	c-1	Interest expenses	6,867	Note 4	0.05
		SinoPac Leasing	c-1	Depreciation and amortization expense	10,759	Note 4	0.08

(Continued)

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Consolidated Net Revenue/Assets (Note 3)
2	Bank SinoPac (China) Ltd.	Bank SinoPac Bank SinoPac	c-2 c-2	Deposits from the central bank and banks Payables	\$ 1,524,633 114,727	Note 4 Note 4	0.06 -
3	SinoPac Insurance Brokers Ltd.	Bank SinoPac Bank SinoPac	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	39,296 62,105	Note 4 Note 4	- -
4	SinoPac Securities	SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac SinoPac Futures	b b b c-2 c-2 c-2 c-2 c-2 c-2 c-2 c-2 c-1	Current income tax assets Deferred income tax assets Current income tax liabilities Cash and cash equivalents, net Investments accounted for using equity method Other financial assets, net Right-of-use assets, net Lease liabilities Interest expenses Depreciation and amortization expense Other financial assets, net	273,122 12,249 69,560 2,923,261 1,121 1,205,560 47,599 48,612 116 7,662 586,394	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	0.01 - - 0.11 - 0.04 - - - - 0.06 0.02
5	SinoPac Futures	SinoPac Securities SinoPac Securities (Asia)	c-2 c-1	Other financial liabilities Other financial assets, net	586,394 2,396,522	Note 4 Note 4	0.02 0.09
6	SinoPac Securities Investment Service	Bank SinoPac Bank SinoPac	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	46,017 65,000	Note 4 Note 4	- -
7	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	c-1	Receivables, net	914,367	Note 4	0.03
8	SinoPac Securities Venture Capital	Bank SinoPac	c-2	Cash and cash equivalents, net	200,262	Note 4	0.01
9	SinoPac Securities (Asia)	SinoPac Futures SinoPac Securities (Cayman)	c-2 c-2	Other financial liabilities Long-term borrowings	2,396,522 914,367	Note 4 Note 4	0.09 0.03
10	SinoPac Leasing	SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings Bank SinoPac	b b b c-2	Current income tax assets Current income tax liabilities Net other revenue other than interest income Net other revenue other than interest income	306,570 6,705 16,471 15,117	Note 4 Note 4 Note 4 Note 4	0.01 - 0.13 0.12

(Continued)

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

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

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

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

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

Note 3: In the computation of percentage of 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 12**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****BALANCE SHEETS****MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022****(In Thousands of New Taiwan Dollars)**

ASSETS	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2022 (Reviewed)	LIABILITIES AND EQUITY	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2022 (Reviewed)
CASH AND CASH EQUIVALENTS	\$ 1,300,547	\$ 52,710	\$ 82,317	COMMERCIAL PAPERS ISSUED, NET	\$ 9,593,762	\$ 9,412,734	\$ 9,103,990
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	34,466	33,822	46,372	PAYABLES	166,601	198,834	162,714
RECEIVABLES, NET	1,435,734	1,435,123	1,435,147	CURRENT INCOME TAX LIABILITIES	3,707,206	2,845,516	3,692,406
CURRENT INCOME TAX ASSETS	1,952,401	1,060,291	2,007,425	CORPORATE BONDS PAYABLE	9,992,793	9,992,124	9,990,092
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	192,586,060	173,951,963	182,783,305	PREFERRED STOCK LIABILITIES	18,437	18,437	18,437
PROPERTY AND EQUIPMENT, NET	23,553	23,227	22,834	PROVISIONS	60,175	60,169	49,643
RIGHT-OF-USE ASSETS, NET	599,590	614,054	655,872	LEASE LIABILITIES	649,916	661,836	694,781
INTANGIBLE ASSETS, NET	4,093	4,229	2,518	OTHER LIABILITIES	<u>34,057</u>	<u>22,404</u>	<u>22,405</u>
DEFERRED INCOME TAX ASSETS	11,795	11,790	9,671	Total liabilities	<u>24,222,947</u>	<u>23,212,054</u>	<u>23,734,468</u>
OTHER ASSETS, NET	<u>35,843</u>	<u>43,582</u>	<u>34,414</u>	EQUITY			
				Capital stock			
				Common stock	<u>121,337,646</u>	<u>113,837,646</u>	<u>112,710,541</u>
				Capital surplus	<u>6,129,361</u>	<u>2,228,781</u>	<u>2,228,764</u>
				Retained earnings			
				Legal reserve	22,112,855	22,112,855	20,389,695
				Special reserve	483,818	483,818	483,818
				Unappropriated earnings	<u>34,205,332</u>	<u>29,555,849</u>	<u>29,565,111</u>
				Total retained earnings	<u>56,802,005</u>	<u>52,152,522</u>	<u>50,438,624</u>
				Other equity	<u>(10,507,877)</u>	<u>(14,200,212)</u>	<u>(2,032,522)</u>
				Total equity	<u>173,761,135</u>	<u>154,018,737</u>	<u>163,345,407</u>
TOTAL	<u>\$ 197,984,082</u>	<u>\$ 177,230,791</u>	<u>\$ 187,079,875</u>	TOTAL	<u>\$ 197,984,082</u>	<u>\$ 177,230,791</u>	<u>\$ 187,079,875</u>

TABLE 13**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED**
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
REVENUES		
Share of profit of subsidiaries and associates for using equity method	\$ 4,891,325	\$ 4,613,338
Others	2,098	112
EXPENSES AND LOSSES		
Operating expenses	(112,028)	(98,533)
Others	<u>(63,084)</u>	<u>(36,183)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	4,718,311	4,478,734
INCOME TAX BENEFIT (EXPENSE)	<u>30,246</u>	<u>(69,774)</u>
NET INCOME	4,748,557	4,408,960
OTHER COMPREHENSIVE INCOME	<u>3,593,261</u>	<u>(3,867,405)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,341,818</u>	<u>\$ 541,555</u>
BASIC EARNINGS PER SHARE	<u>\$0.41</u>	<u>\$0.39</u>
DILUTED EARNINGS PER SHARE	<u>\$0.41</u>	<u>\$0.39</u>

TABLE 14

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Common Stock	Capital Surplus	Retained Earnings				Exchange Differences on Translating of Foreign Operations	Other Equity		Total	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Changes in Fair Value of Financial Liability Attributable to Charge in Credit Risk of Liability		
BALANCE AT JANUARY 1, 2022	\$ 112,710,541	\$ 2,228,764	\$ 20,389,695	\$ 483,818	\$ 25,033,001	\$ 45,906,514	\$ (1,891,151)	\$ 3,935,066	\$ (85,882)	\$ 1,958,033	\$ 162,803,852
Net income for the three months ended March 31, 2022	-	-	-	-	4,408,960	4,408,960	-	-	-	-	4,408,960
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	517,933	(4,396,839)	11,501	(3,867,405)	(3,867,405)
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	4,408,960	4,408,960	517,933	(4,396,839)	11,501	(3,867,405)	541,555
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	123,150	123,150	-	(123,150)	-	(123,150)	-
BALANCE AT MARCH 31, 2022	<u>\$ 112,710,541</u>	<u>\$ 2,228,764</u>	<u>\$ 20,389,695</u>	<u>\$ 483,818</u>	<u>\$ 29,565,111</u>	<u>\$ 50,438,624</u>	<u>\$ (1,373,218)</u>	<u>\$ (584,923)</u>	<u>\$ (74,381)</u>	<u>\$ (2,032,522)</u>	<u>\$ 163,345,407</u>
BALANCE AT JANUARY 1, 2023	\$ 113,837,646	\$ 2,228,781	\$ 22,112,855	\$ 483,818	\$ 29,555,849	\$ 52,152,522	\$ (1,190,869)	\$ (12,962,698)	\$ (46,645)	\$ (14,200,212)	\$ 154,018,737
Net income for the three months ended March 31, 2023	-	-	-	-	4,748,557	4,748,557	-	-	-	-	4,748,557
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	416	3,598,225	(5,380)	3,593,261	3,593,261
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	4,748,557	4,748,557	416	3,598,225	(5,380)	3,593,261	8,341,818
Issuance of common stocks for cash	7,500,000	3,750,000	-	-	-	-	-	-	-	-	11,250,000
Share-based payments	-	150,580	-	-	-	-	-	-	-	-	150,580
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(99,074)	(99,074)	-	99,074	-	99,074	-
BALANCE AT MARCH 31, 2023	<u>\$ 121,337,646</u>	<u>\$ 6,129,361</u>	<u>\$ 22,112,855</u>	<u>\$ 483,818</u>	<u>\$ 34,205,332</u>	<u>\$ 56,802,005</u>	<u>\$ (1,190,453)</u>	<u>\$ (9,265,399)</u>	<u>\$ (52,025)</u>	<u>\$ (10,507,877)</u>	<u>\$ 173,761,135</u>

TABLE 15**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)****(Reviewed, Not Audited)**

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 4,718,311	\$ 4,478,734
Adjustments for:		
Depreciation expense	15,986	15,886
Amortization expense	330	198
Interest expense	58,069	36,142
Interest income	(2,098)	(113)
Net change in other provisions	1	1
Share-based payments	424	-
Share of profit of subsidiaries for using equity method	(4,891,325)	(4,613,338)
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(449)	1
Decrease in other assets	7,850	3,861
Decrease in payables	(9,640)	(13,033)
Increase (decrease) in provisions for employee benefits	5	(12)
Increase in other liabilities	11,654	1
Interest received	1,825	7
Interest paid	(79,994)	(58,115)
Income tax paid	(178)	(5,109)
Net cash used in operating activities	(169,229)	(154,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,848)	(4,185)
Acquisition of investments accounted for using equity method	(10,000,000)	-
Acquisition of intangible assets	(194)	(768)
Net cash used in investing activities	(10,002,042)	(4,953)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers issued	181,028	198,734
Issuance of common stock for cash	11,250,000	-
Payments of lease liabilities	(11,920)	(11,338)
Net cash generated from financing activities	11,419,108	187,396
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,247,837	27,554
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	52,710	54,763
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 1,300,547	\$ 82,317

TABLE 16-1**Bank SinoPac**

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

Assets	March 31, 2023	March 31, 2022	Liabilities	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 27,005,968	\$ 34,874,576	Deposits from the Central Bank and banks	\$ 79,652,660	\$ 74,547,220
Due from the Central Bank and call loans to banks	277,914,950	163,716,387	Due to the Central Bank and banks	-	224,740
Financial assets at fair value through profit or loss	44,436,264	50,614,686	Financial liabilities at fair value through profit or loss	18,863,251	21,530,291
Financial assets at fair value through other comprehensive income	294,822,561	361,660,454	Securities sold under repurchase agreements	31,756,620	39,790,772
Investments in debt instruments at amortized cost	246,318,495	180,609,915	Payables	22,469,561	14,851,805
Securities purchased under resell agreements	80,642,797	37,778,868	Current income tax liabilities	2,097,384	1,149,935
Receivables, net	50,270,235	50,473,253	Deposits and remittances	2,007,831,781	1,772,970,367
Current income tax assets	1,251,500	1,109,337	Bank debentures	56,250,802	55,549,184
Discounts and loans, net	1,360,387,945	1,230,033,925	Other financial liabilities	38,492,463	15,790,050
Investments accounted for using equity method	10,184,842	10,114,578	Provisions	2,420,211	2,972,460
Other financial assets, net	6,808,768	2,076,716	Lease liabilities	2,534,858	2,731,932
Property and equipment, net	9,474,326	9,460,613	Deferred income tax liabilities	842,326	999,740
Right-of-use assets, net	2,470,016	2,703,015	Other liabilities	<u>2,577,427</u>	<u>1,899,889</u>
Investment property, net	997,826	1,044,230	Total liabilities	<u>2,265,789,344</u>	<u>2,005,008,385</u>
Intangible assets, net	1,670,687	1,535,223			
Deferred income tax assets	1,192,172	1,190,541	Equity		
Other assets, net	<u>5,040,140</u>	<u>8,904,521</u>	Capital stock	96,992,508	86,889,193
			Capital surplus	15,581,418	12,147,640
			Retained earnings	52,933,373	46,092,443
			Other equity	<u>(10,407,151)</u>	<u>(2,236,823)</u>
			Total equity	<u>155,100,148</u>	<u>142,892,453</u>
Total assets	<u>\$ 2,420,889,492</u>	<u>\$ 2,147,900,838</u>	Total liabilities and equity	<u>\$ 2,420,889,492</u>	<u>\$ 2,147,900,838</u>

(Continued)

Bank SinoPac

Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2023	2022
Interest income	\$ 16,321,956	\$ 7,143,875
Interest expenses	<u>(10,502,034)</u>	<u>(2,016,264)</u>
Net interest revenue	5,819,922	5,127,611
Net revenues other than interest	<u>3,677,491</u>	<u>4,089,402</u>
Net revenue	9,497,413	9,217,013
Bad debts expense, commitment and guarantee liability provision	(347,895)	(756,540)
Operating expenses	<u>(4,458,983)</u>	<u>(4,118,185)</u>
Profit from continuing operations before tax	4,690,535	4,342,288
Income tax expense	<u>(766,857)</u>	<u>(661,454)</u>
Net income	3,923,678	3,680,834
Other comprehensive income	<u>3,215,425</u>	<u>(3,917,045)</u>
Total comprehensive income	<u>\$ 7,139,103</u>	<u>\$ (236,211)</u>
Basic earnings per share	<u>\$0.43</u>	<u>\$0.41</u>

(Concluded)

TABLE 16-2**SinoPac Securities**

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

Assets	March 31, 2023	March 31, 2022
Current assets	\$ 65,575,905	\$ 84,259,645
Current financial assets at fair value through profit or loss	36,631,767	42,446,298
Current financial assets at fair value through other comprehensive income	10,389,607	9,003,243
Non-current financial assets at fair value through profit or loss	138,481	137,709
Non-current financial assets at fair value through other comprehensive income	3,830,336	6,000,257
Investments accounted for using equity method	8,423,348	8,011,377
Property and equipment, net	1,997,215	1,993,707
Right-of-use assets, net	449,543	430,162
Investment property, net	276,390	279,112
Intangible assets	361,037	401,851
Deferred income tax assets	431,391	627,171
Other non-current assets	<u>1,493,275</u>	<u>1,161,327</u>
Total assets	<u>\$ 129,998,295</u>	<u>\$ 154,751,859</u>
Liabilities		
Current liabilities	\$ 93,086,868	\$ 118,312,584
Current lease liabilities	156,977	146,736
Bonds payable	5,000,000	2,000,000
Deferred income tax liabilities	211,505	123,419
Non-current lease liabilities	295,157	285,758
Other non-current liabilities	<u>418,761</u>	<u>482,260</u>
Total liabilities	<u>99,169,268</u>	<u>121,350,757</u>
Equity		
Capital stock	16,212,238	16,212,238
Capital surplus	522,986	476,766
Retained earnings	13,901,135	16,062,163
Other equity	<u>192,668</u>	<u>649,935</u>
Total equity	<u>30,829,027</u>	<u>33,401,102</u>
Total liabilities and equity	<u>\$ 129,998,295</u>	<u>\$ 154,751,859</u>

(Continued)

SinoPac Securities

Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2023	2022
Revenue	\$ 2,609,143	\$ 2,585,655
Commission fees	(106,796)	(133,475)
Employee benefits expense	(1,164,522)	(1,162,210)
Share of profit of subsidiaries for using equity method	231,526	96,127
Other operating expenditure	(391,623)	(112,450)
Other operating expense	(458,246)	(472,645)
Other gains and losses	<u>50,897</u>	<u>28,322</u>
Profit from continuing operations before tax	770,379	829,324
Income tax benefit (expense)	<u>34,789</u>	<u>(39,437)</u>
Net income	805,168	789,887
Other comprehensive income	<u>369,515</u>	<u>(107,439)</u>
Total comprehensive income	<u>\$ 1,174,683</u>	<u>\$ 682,448</u>
Basic earnings per share	<u>\$0.50</u>	<u>\$0.49</u>

(Concluded)

TABLE 16-3**SinoPac Venture Capital Corporation**

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

Assets	March 31, 2023	March 31, 2022
Current assets	\$ 213,784	\$ 381,326
Financial assets at fair value through profit or loss	1,955,144	1,913,859
Financial assets at fair value through other comprehensive income	412,640	363,479
Investments accounted for using equity method	96,907	99,134
Property and equipment, net	757	2,344
Right-of-use assets, net	1,929	3,485
Deferred income tax assets	103,159	89,709
Other non-current assets	<u>411</u>	<u>406</u>
Total assets	<u>\$ 2,784,731</u>	<u>\$ 2,853,742</u>
Liabilities		
Payables	\$ 10,319	\$ 12,605
Short-term borrowings	-	30,000
Current income tax liabilities	1,371	4,361
Deferred income tax liabilities	9,968	11,421
Provisions	1,821	1,580
Lease liabilities	<u>1,954</u>	<u>3,554</u>
Total liabilities	<u>25,433</u>	<u>63,521</u>
Equity		
Capital stock	2,500,000	2,500,000
Capital surplus	2,105	1,885
Retained earnings	414,064	486,350
Other equity	<u>(156,871)</u>	<u>(198,014)</u>
Total equity	<u>2,759,298</u>	<u>2,790,221</u>
Total liabilities and equity	<u>\$ 2,784,731</u>	<u>\$ 2,853,742</u>

(Continued)

SinoPac Venture Capital Corporation

Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2023	2022
Operating revenues	\$ 73,153	\$ 32,998
Operating expenses	<u>(8,049)</u>	<u>(7,972)</u>
Operating income	65,104	25,026
Nonoperating income and expenses	<u>475</u>	<u>5,450</u>
Profit from continuing operations before tax	65,579	30,476
Income tax benefit	<u>89</u>	<u>5,549</u>
Net income	65,668	36,025
Other comprehensive income	<u>16,775</u>	<u>(48)</u>
Total comprehensive income	<u>\$ 82,443</u>	<u>\$ 35,977</u>
Basic earnings per share	<u>\$0.26</u>	<u>\$0.14</u>

(Concluded)

TABLE 16-4**SinoPac Securities Investment Trust Co., Ltd.**

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

Assets	March 31, 2023	March 31, 2022
Current assets	\$ 782,141	\$ 831,722
Financial assets at fair value through profit or loss	8,450	92,519
Investments accounted for using equity method	967,404	771,443
Property and equipment, net	2,088	4,603
Right-of-use assets, net	10,895	17,058
Intangible assets	7	290
Deferred income tax assets	5,764	4,868
Other non-current assets	<u>134,160</u>	<u>128,463</u>
Total assets	<u>\$ 1,910,909</u>	<u>\$ 1,850,966</u>
Liabilities		
Current liabilities	\$ 22,152	\$ 19,124
Lease liabilities	11,066	17,356
Deferred income tax liabilities	107,356	64,650
Other non-current liabilities	<u>4,308</u>	<u>3,963</u>
Total liabilities	<u>144,882</u>	<u>105,093</u>
Equity		
Capital stock	1,420,000	1,420,000
Capital surplus	1,963	844
Retained earnings	363,657	334,508
Other equity	<u>(19,593)</u>	<u>(9,479)</u>
Total equity	<u>1,766,027</u>	<u>1,745,873</u>
Total liabilities and equity	<u>\$ 1,910,909</u>	<u>\$ 1,850,966</u>

(Continued)

SinoPac Securities Investment Trust Co., Ltd.

Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2023	2022
Operating revenues	\$ 60,579	\$ 52,590
Operating expenses	<u>(58,469)</u>	<u>(54,702)</u>
Operating income (loss)	2,110	(2,112)
Share of profit of associates for using equity method	47,780	53,508
Nonoperating income and expenses, net	<u>2,802</u>	<u>(12)</u>
Profit from continuing operations before tax	52,692	51,384
Income tax expense	<u>(10,525)</u>	<u>(10,424)</u>
Net income	42,167	40,960
Other comprehensive income	<u>3,901</u>	<u>21,172</u>
Total comprehensive income	<u>\$ 46,068</u>	<u>\$ 62,132</u>
Basic earnings per share	<u>\$0.30</u>	<u>\$0.29</u>

(Concluded)

TABLE 16-5**SinoPac Leasing Co., Ltd.**

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

Assets	March 31, 2023	March 31, 2022
Current assets	\$ 2,504,404	\$ 1,996,089
Investments accounted for using equity method	5,470,028	5,030,633
Property and equipment, net	273,932	397,073
Right-of-use assets, net	34,372	46,423
Investment property, net	5,714,693	5,778,598
Intangible assets	2,115	2,645
Deferred income tax assets	101,602	101,550
Other non-current assets	<u>689,503</u>	<u>804,602</u>
Total assets	<u>\$ 14,790,649</u>	<u>\$ 14,157,613</u>
Liabilities		
Current liabilities	\$ 7,987,780	\$ 6,750,785
Lease liabilities - current	27,260	26,826
Current income tax liabilities	15,323	496,403
Long-term borrowings	1,199,419	1,499,059
Lease liabilities - non-current	376,524	403,324
Deferred income tax liabilities	139,643	58,671
Other non-current liabilities	<u>313,089</u>	<u>346,610</u>
Total liabilities	<u>10,059,038</u>	<u>9,581,678</u>
Equity		
Capital stock	4,681,044	4,681,044
Capital surplus	3,668	1,498
Retained earnings	323,107	302,719
Other equity	<u>(276,208)</u>	<u>(409,326)</u>
Total equity	<u>4,731,611</u>	<u>4,575,935</u>
Total liabilities and equity	<u>\$ 14,790,649</u>	<u>\$ 14,157,613</u>

(Continued)

SinoPac Leasing Co., Ltd.

Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2023	2022
Operating revenues	\$ 119,690	\$ 123,340
Operating costs	(84,744)	(76,437)
Provision of bad debts expenses	(4,170)	(17,752)
Operating expenses	<u>(52,247)</u>	<u>(52,995)</u>
Operating loss	(21,471)	(23,844)
Nonoperating income and expenses	<u>83,571</u>	<u>91,622</u>
Profit for continuing operations before tax	62,100	67,778
Income tax expense	<u>(12,427)</u>	<u>(8,386)</u>
Net income	49,673	59,392
Other comprehensive (loss) income	<u>(12,999)</u>	<u>134,645</u>
Total comprehensive income	<u>\$ 36,674</u>	<u>\$ 194,037</u>
Basic earnings per share	<u>\$0.11</u>	<u>\$0.13</u>

(Concluded)

TABLE 17

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investment (Note 1)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Note 1)	Carrying Value (Note 1)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Golden Trust SinoPac Fund Management Co., Ltd.	Fund raising and sale, asset management business approved by CSRC	\$ 886,694	Investment in Mainland China directly	\$ 434,480	\$ -	\$ -	\$ 434,480	\$ 97,510	49.00	\$ 47,780	\$ 967,404	\$ -
Telexpress (Shanghai) Co., Ltd.	Management consultant	45,571	Investment in Mainland China companies through an existing company established in a third region	14,598	-	-	14,598	(574)	34.21	-	14,598	-
Yangzhou Brightman International Co., Ltd.	Panel thinning	630,382	Investment in Mainland China companies through an existing company established in a third region	71,038	-	-	71,038	-	11.69	-	71,038	-
Zhong Shan Dong Yi Technology Co., Ltd.	Cover glass	243,831	Investment in Mainland China companies through an existing company established in a third region	12,192	-	-	12,192	(7,229)	4.12	-	12,192	-
Dong Ming Technology Co., Ltd.	Cover glass	19,408	Investment in Mainland China companies through an existing company established in a third region	983	-	-	983	4,986	4.12	-	983	-
StreetVoice International Ltd.	Design of software and service for computer system integration	101,382	Investment in Mainland China companies through an existing company established in a third region	1,682	-	-	1,682	674	2.51	-	1,682	-
Dong Guan Transound Electronics Co., Ltd.	Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, earphone module, earphone, headphone	230,311	Investment in Mainland China companies through an existing company established in a third region	44,165	-	-	44,165	(5,988)	4.58	-	44,165	-
SinoPac International Leasing Corp.	Leasing and financing of machinery equipment	1,722,379	Investment in Mainland China directly	1,722,379	-	-	1,722,379	19,736	100.00	19,736	2,045,244	-
Bank SinoPac (China) Ltd.	Commercial bank	9,871,229	Investment in Mainland China directly	9,871,229	-	-	9,871,229	28,022	100.00	27,689	10,103,319	-
SinoPac Financial Consulting (Shanghai) Ltd.	Business management consulting, investment consulting, business intelligence consulting	60,958	Investment in Mainland China directly	60,958	-	-	60,958	(1,668)	100.00	(1,668)	33,427	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 12,233,704 (US\$ 350,617) (CNY 349,000)	\$ 12,233,704 (US\$ 350,617) (CNY 349,000)	\$ 110,945,861

- Note 1: Above figures have not been reviewed by independent certified public accountants, except for SinoPac International Leasing Corp., Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd. which were reviewed by independent certified public accountants and prepared in conformity with IFRSs.
- Note 2: Subsidiary invested in Telexpress (Shanghai) Co., Ltd. via Telexpress Corp.
- Note 3: Subsidiary invested in Yangzhou Brightman International Co., Ltd. via Brightman Optoelectronics (Cayman) Co., Ltd.
- Note 4: Subsidiary invested in CGK Zhongshan Co., Ltd. and CGK Shenzhen Technology Co., Ltd. via CGK International Co., Ltd.
- Note 5: Subsidiary invested in StreetVoice International Ltd. via Neutron Innovation (BVI) Limited.
- Note 6: Subsidiary invested in Dong Guan Transound Electronics Co., Ltd. via Transound Electronics Co., Ltd.
- Note 7: Foreign currencies are translated to N.T. dollars at the current rate on the date of balance sheet, only the gains or losses from investments are translated at the current period average rate.