



# Annual Report 2022

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# Letter to Shareholders

## 2022 Outlook and Market Retrospective

In 2022, we experienced the outbreak of war in Ukraine, China's zero-COVID policy, soaring inflation, central banks worldwide aggressively raising interest rates, the US placing China under a chip ban, the 20th National Congress of the Communist Party of China, the British debt crisis, and the collapse of FTX sending shockwaves through the cryptocurrency world. In sum, 2022 could be said the most uncertain, most severe year since the Second World War. Regarding inflation, we saw that war and the pandemic caused supply shortages, ultra-loose monetary policy caused excess demand, and a serious supply-demand imbalance led to soaring prices. Altogether, this led to the most serious inflation crisis of the past 40 years. Although Taiwan's inflation level was lower than those of other countries, CPI nonetheless reached a 14-year high of 3.59%. As for interest rate increases, in 2022, the Fed raised interest rates by 425 basis points, the ECB by 250 basis points, and the Central Bank of the Republic of China (Taiwan) by 62.5 basis points. In terms of the economic outlook, at the beginning of 2022, the IMF estimated that the global economy would grow by 4.9% for the year, but the actual result was just 3.4%. In the United

States, the GDP growth dropped from 5.9% in 2021 to 2.1% and that of the eurozone dropped from 5.4% to 3.5%. In China, it dropped sharply from 8.4% to 3.0%, while in Taiwan, it more than halved, from 6.53% to 2.45%. In the financial markets, S&P 500 and Taiwan stocks entered a bear market after hitting record highs of 4,818 points and 18,619 points respectively at the beginning of the year, with drops of as much as 19% and 22% respectively. The global bond market has also experienced a marked downtrend as markets factored in an ever-higher Fed terminal rate assumption. In total, in 2022, the market value of global listed companies saw some US\$25 trillion vanish into thin air, while the bond market fell by US\$9.6 trillion, a double downturn of a kind rarely seen in the last 150 years.



Chairman / Shi-kuan CHEN

## Business Strategy and Performance of SinoPac Holdings

Against the challenging macroeconomic environment, SinoPac Holdings continues to exercise the three major themes of "Supervision and Management," "Strategic Leadership," and "Realization of Synergy." In 2022, the consolidated after-tax net profit reached NT\$15.961 billion, the after-tax earnings per share was NT\$1.40, and the return on equity was 10.08%, delivering a stellar performance. SinoPac Holdings'

business strategy for 2022 to 2024 focuses on four major themes: digitalization, cross-border, integration, and sustainability. This effort has already shown concrete results in 2022:

1. Accelerating digital transformation: SinoPac Holdings is committed to the digital spirit of Collaboration, Empathy, Embrace change, Data-driven, and Success-driven. This commitment is driving a reengineering of the key customer journey, including a full digitalization of the counter service journey. The proactive implementation of AI accelerates the automation and smartification of business processes, which will blossom and bear fruit in multiple fields, from marketing via pinpoint personalized recommendations to our customers to smart detection of credit card fraud. The above actions effectively improved the digital penetration rate and activity of customers. In addition, our efforts in sharing digital culture and cultivating talents culminated in our winning the Best of the Best in Human Resource Development Award at the Taiwan Academy of Banking and Finance's 11th Taiwan Banking and Finance Best Practice Awards.
2. Boosting overseas revenues and expanding our international presence: SinoPac Holdings continues to reinforce the business characteristics of our overseas locations, promoting overseas digital transformation, striving to meet the cross-border financial service needs of both businesses and high-net-worth customers, and actively cutting into local retail markets. Bank SinoPac (China) branches have continued to cooperate closely with Bank SinoPac Hong Kong and Macao branches to expand their business customer base, showing double-digit growth in lending scale. In Southeast Asia, Bank SinoPac's Ho Chi Minh City Branch in Vietnam has continued to cultivate our corporate finance business, while also making every effort to develop local retail finance business.



3. Providing integrated services to optimize customer experience: SinoPac Holdings' goal is "One SinoPac," and to this end, we strive to boost customers' attachment to SinoPac through integrated services. Bank SinoPac's DAWHO digital accounts work together with SinoPac Securities' DAWHOTOU digital accounts to create a digital financial ecosystem, deepening integration in four major aspects: account opening, assets, transactions, and customer management. This also provides comprehensive financial services, from consumption and investing, to saving, and flexible funds. To provide our valued customers with a better financial experience, Bank SinoPac and SinoPac Securities co-launched a dual-platform preferential service for VIP customers of the two companies to earn high praise.
4. Exploring green opportunities and fulfilling sustainability commitments: SinoPac Holdings is committed to actively expanding the sustainable impacts through the core financial capabilities and moving towards net zero together with our customers. Bank SinoPac has long been deeply involved in the field of solar photovoltaic power, and our financing balance firmly places us as a leader in the industry. Bank SinoPac is the one and only financial services company that has received the Best Financial Service Provider Award in the Top Solar System Awards from the Bureau of Energy, Ministry of Economic Affairs, for seven consecutive years. Bank SinoPac continues to promote the development of renewable energy in Taiwan through innovative and diversified financial support. In 2022, Bank SinoPac involved in the field of geothermal power generation and energy storage financing, and introducing a trust mechanism to ensure the safety of private green power transactions.

### Management Strategy and Performance of Major Subsidiaries

Bank SinoPac's customer-centric business model fosters deep-rooted local service efforts. In 2022, our consolidated after-tax net profits reached a record high of NT\$14.713 billion, the after-tax earnings per share was NT\$1.63, and the return on equity was 10.47%. Bank SinoPac has also continued to expand our scale of assets, with an annual growth in consolidated assets of 10.78%. In response to the evolution of digital technology and market demand, Bank SinoPac's DAWHO digital accounts provide on-demand, convenient, and secure financial services which have been widely praised by the market. At the end of 2022, the cumulative number of accounts opened exceeded 1.34 million, and DAWHO had also been recognized by the The Asset with the Best Mobile Banking Application award. Bank SinoPac continues to develop our AI trading model, strengthening quantitative investment and accelerating digital development. We also actively participate in a range of financial transactions in the Taiwanese and Asian financial markets, including foreign exchange, interest rate, and trading equity securities and their derivative financial products. Bank SinoPac's trading platforms are well established, and Bank SinoPac was among the first members of Taiwan futures Exchange OTC Derivatives Clearing Business, and also a main conductor of inter-bank transactions in the Asia-Pacific region. In addition, Bank SinoPac actively builds defensive and structural growth portfolios, implementing risk diversification through diverse investment methods supplemented by dynamic hedging, thus establishing portfolios with stable, sustainable returns.



President / Stanley CHU

SinoPac Securities, meanwhile, continues to innovate in finance and develop wealth management and digital finance businesses. In 2022, the after-tax net profit reached NT\$1.582 billion, for EPS of NT\$0.98 and return on equity of 5.08%. SinoPac Securities has seen fruitful results in pan-wealth management: ranked No. 2 for consecutive years in the sub-brokerage business market, the AUM in trust reached NT\$32.779 billion, growing 10.22% year on year and ranking No. 3 in the market, and the securities lending balance of NT\$33.193 billion accounted for 112.11% of the securities firm's latest audited net worth, ranking No. 3 in the industry. SinoPac Securities led the market and launched the securities third-party trust business, expanding the scope of wealth management service. Moreover, SinoPac Securities is committed to the core concept of providing seamless digital services, innovating and optimizing our digital platforms, and showcasing the achievements of our digital service. Our one-stop service for online opening of Taiwan stock securities account,



sub-brokerage account, and SinoPac Inv. Service membership account; our whole new wealth management website that integrates investment and account management services; our DAWHOTOU App; and our SinoPac Stock Savings Plan for Taiwan and US stocks highlight our efforts to provide investors with more flexible and convenient digital financial services. SinoPac Securities is also developing in green digital finance. SinoPac Securities incorporated an “ESG zone” that provides ESG investment targets in the SinoPac Stock Savings Plan platform, and developed the Rich Club ESG website that promotes the concepts of sustainable investment. SinoPac Securities incorporates ESG sustainability values in of its digital transformation. SinoPac Securities’ robust development in digital finance is helping it realize its vision to be a prominent digital securities brand with exceptional wealth management services.

SinoPac Leasing Corporation also continues to provide diverse specialist financial leasing services for customers in Taiwan, in China, and beyond, focusing on reinforcing small and medium-sized leasing business and actively developing a customer base around green energy and niche markets in various regions. SinoPac SITC actively develops ESG and interest-bearing products, and the scale of public placement fund managed increased by 5.79% at the end of 2022 compared with the previous year. SinoPac Venture Capital focuses on six major industries: smart manufacturing, biotechnology & healthcare, circular economy, greentech, AIoT, and fintech, and actively manages our investment portfolio to reduce investment risks.

### Strong Capital Structure and Stable Credit Rating

SinoPac Holdings has a stable capital structure, with a capital adequacy rate at the end of 2022 of 121.52%; The consolidated capital adequacy ratio of Bank SinoPac as of the end of 2022 was 13.80%. Bank SinoPac’s asset quality remained excellent, with a non-performing loans ratio of 0.11%, which was 0.02% lower than that at the end of the previous year. On the whole, SinoPac Holdings’ credit rating outlook is stable, and the latest credit rating results are summarized as follows:

| Rating Category      | Credit Rating Company | Long-term Rating | Short-term Rating | Rating Outlook | Rating Date       |
|----------------------|-----------------------|------------------|-------------------|----------------|-------------------|
| International Rating | S&P Global Ratings    | BBB              | A-2               | Stable         | August 30, 2022   |
|                      | Fitch Ratings         | BBB+             | F2                | Stable         | February 16, 2023 |
| Domestic Rating      | Fitch Ratings         | AA-(tw)          | F1+(tw)           |                |                   |
|                      | Taiwan Ratings        | twA+             | twA-1             | Stable         | August 30, 2022   |

### Actively Promoting Sustainability and Transition to Net Zero

SinoPac Holdings has a long history of caring for Taiwan and exerting sustainable influence based on our four major sustainable development missions and policies: “Ethical Management, Wealth Management, Environmental Sustainability, and Social Prosperity.” These achievements have earned it kudos from throughout society. SinoPac Holdings was once again named a constituent stock of both the Dow Jones Sustainability World Index and Emerging Markets Index in 2022, and our MSCI ESG Rating was upgraded to a “Leader” class AA rating. We have also placed among the top 5% in the Taiwan Stock Exchange Corporate Governance Evaluations for three consecutive years. Besides, SinoPac Holdings has also been honored with the Excellence in CSR Awards Top 100 from Commonwealth Magazine and the Taiwan Institute for Sustainable Energy’s (TAISE) 2022 Taiwan Corporate Sustainability Awards (TCSA) Top 100 Sustainable Corporation and Sustainability Report Platinum Awards.

SinoPac Holdings has proactively responded to net zero. In response to global climate change and the international move toward net zero, the Board of Directors formally adopted the Net Zero 2050 Commitment, signed on to the Science-based Targets Initiative (SBTi), and submitted our carbon reduction goals. We also no longer undertake new project financing related to thermal coal and unconventional oil & gas and are working to gradually establish a more thorough carbon reduction policy. We also earned recognition in the form of the leadership rating of A- from the CDP (Carbon Disclosure Project) Climate Change Report evaluation for three consecutive years. Our subsidiaries are also competitively investing in the sustainable financial field. Bank SinoPac won the Best Bank for CSR in Taiwan 2022 from Asiamoney for two consecutive years. SinoPac Securities has actively developed its ESG bond underwriting business and was awarded the Sustainable Development Action Awards - Green Deal of the Year in Taiwan by International Business Magazine.



SinoPac Holdings places great importance on responsible investment and due diligence in governance and received wide recognition. Our subsidiaries together won three awards in the second Taiwan Sustainable Investment Awards from the Taiwan Institute for Sustainable Energy. SinoPac Securities won the Excellent Award for Institutional influence in Securities Company for the first time. SinoPac SITC and SinoPac Inv. Service both won awards for two consecutive years, winning the Excellent Award for Institutional Influence in Investment Trust Group and the Silver Award for ESG Innovation in Institutional Influence Group respectively.

SinoPac Holdings is committed to improving the climate awareness of our customers, the staff, and the public. We have advocated the concept of the “SinoPac Life Initiative” for four consecutive years, calling on our staff to practice caring for the Earth in their daily lives through doing just one “act of green” every day. The entirety of our Taiwan operating locations and the staff have also voluntarily responded to the call for the Earth hour lights out event. Bank SinoPac and SinoPac Securities also jointly held a “Holiday for the Carbon God,” using this to encourage the public to integrate sustainability ideas into their daily lives through acoustic music performances and low-carbon fashion fairs.

### Awards and Honors for the Customer-First Business Philosophy

SinoPac Holdings has made great strides in sustainable development, and our intentions in brand value, digital innovation, and various businesses are obvious to all. In 2022, we won more than 200 awards and honors at home and abroad, a new record high. The brand value of SinoPac Holdings is widely recognized, and we were honored with the Corporate Excellence Award in the 2022 Asia Pacific Enterprise Awards (APEA) from Enterprise Asia. Bank SinoPac has also received high praise in the form of recognition as one of the World’s Best Banks by Forbes for two consecutive years. SinoPac Securities was honored by Global Banking & Finance Review and Finance Derivative with the Brokerage Brand of the Year Awards in Taiwan 2022, and SinoPac Leasing Corporation was named an Excellent Company in 2022 by the Taipei Chamber of Commerce.

As for digital innovation, confronted with the challenges of the pandemic, Bank SinoPac has provided zero-contact online and offline integrated digital services through the “iBranch” platform. Our digital branch services and paperless green financial tellers won the Taiwan Academy of Banking and Finance’s Best Digital Finance award at the 11th Taiwan Banking and Finance Best Practice Awards, the Best Digital Branch Project award from The Asset magazine’s Triple A Digital Awards, bronze in the Best Management Innovation Awards in the Business Next magazine Future Commerce Awards, the Gold Award in Digital Business Optimization in the Commercial Times Digital Finance Awards, and the Digital Service Quality Award from Excellence magazine. Our industry-leading video-based insurance services also saw us honored with the COVID Management Initiative of the Year in both the ABF Retail and Wholesale Banking Awards from Asian Banking & Finance. Our overseas mobile banking service “easy by Bank SinoPac” also won The Digital Banker’s Award for Outstanding Digital Transformation by a Transaction/Wholesale Bank in COVID-19 in the Global Transaction Banking Innovation Awards. Bank SinoPac was awarded Best Mobile Banking Application and Best Retail Payment Project in The Asset magazine’s Triple A Digital Awards, Most Innovative Use of Technology in Taiwan in the Country Awards 2022 from FinanceAsia magazine, and Service Innovation of the Year in the ABF Retail Banking Awards 2022 from Asian Banking & Finance. Bank SinoPac, together with SinoPac Securities, SinoPac Futures, and SinoPac Inv. Service, also won 22 awards including Outstanding Enterprise, Best Product, and Most Popular Brand in the 19th National Brand Yushan Awards.

On the high-end financial management and financial inclusion front, Bank SinoPac and SinoPac Securities jointly won first place in Best Smart Financial Management Award for Banks, third place in the Best Friendly for Elder Award for Banks, and Best Wealth Management Securities Award in the 16th Wealth Management Banks and Securities Firms Evaluation by Business Today. They also won ten honors including Best Wealth Management Team for Domestic Banks, Most Recommended Bank in Taiwan, Best Print Marketing for Domestic Banks, and Best Wealth Management in Securities Firms in the 2022 Wealth Magazine Taiwan Financial Awards. Bank SinoPac is actively promoting trust business and was honored the third place of the Employees Benefit Trust Award in the 1st Trust 2.0 Planning Evaluation by Financial Supervisory Commission. Besides, Bank SinoPac has also promoted financial services for migrant labor for many years and won the Inclusive Finance Promotion Award at the 11th Taiwan Banking and Finance Best Practice Awards and the Financial Inclusion Initiative of the Year in the ABF Retail Banking Awards 2022 from Asian Banking & Finance. SinoPac Securities created a new customer investment service model ecosystem through digital innovation, winning the Best Customer Experience Enterprise in the 2022 CSEA Customer Service Excellence Awards held by the Taiwan Contact Center Development Association in our first participation in the awards, also becoming the only securities firm to win.

With regards to financial transactions, Bank SinoPac has performed well in foreign exchange transactions, not only winning three awards from internationally renowned institution Refinitiv, including being named in the Top 5 Trading Volume, Top Asian NDF Entity, and Top Asian NDF Trader. Bank SinoPac was also named Champion by Taipei Exchange in the 2022 New Taiwan Dollar Interest Rate Swap Trading Platform Competition. SinoPac Securities won the Editors' Triple Star in The Asset's Triple A Private Capital Awards for the industry's first equity swap electronic trading platform; It was also awarded the Best ETF Market Maker - Highly Commended in Taiwan by The Asset. Moreover, SinoPac Securities, SinoPac Futures, and Bank SinoPac jointly won four awards at the Taiwan Futures Exchange's 8th Futures Diamond Awards, including the Futures Introducing Broker Trading Volume Award.

### 2023 Outlook and Business Strategy

Looking forward to 2023, inflation is expected to cool down in an orderly manner, central banks will stop raising interest rates, and the market outlook will begin to rebound. In Taiwan, external demand is being affected by the slowdown in the growth of the major economies and in terminal demand. In the first half of the year, dynamism in the export sector will be depressed, while in the second half of the year, with the completion of industrial destocking, the global economic outlook will begin to warm up and exports are expected to recover. Domestic demand has already benefited from post-pandemic recovery and the re-opening of the border, and the increase in Taiwanese people's willingness to travel has driven consumption. It is estimated that the annual growth in 2023 will be 2.12%. As for the pandemic, as China abandons its zero-COVID policy, COVID is becoming endemic and supply chain bottlenecks are likely to ease. Furthermore, responses to climate change are pressing, requiring governments and businesses to work together to focus on sustainability, formulate laws and regulations to achieve the goal of net zero, and transition to a green economy.

SinoPac Holdings will continue to promote our medium and long-term strategies in 2023. With regards to accelerating digital transformation, in addition to customer acquisition from digital channels, our operations will continue to focus on improving the digital penetration rate and customer activity, improving profits by strengthening our customer bases. Moreover, we will keep strengthening our digital competitiveness through optimizing personalized recommendations through novel technology, driving the automation and smartification of operating processes. As for boosting overseas revenues and expanding our international presence, we will actively seize the business opportunities presented by the evolution of the international situation and the post-pandemic reconstruction of the industrial chain, continuing to deepen cross-border services, build digital platforms with a strong sales team, and actively expand our local retail customer bases. In the aspect of providing integrated services and optimizing customer experience, we will continue to work toward "One SinoPac," focus on optimizing customer cross-subsidiary account opening and asset integration services, and create new competitive advantages with comprehensive integrated services. As for exploring green opportunities and fulfilling sustainability commitments, we will continue to support the government's sustainable finance policy, expand the scale of renewable energy financing, maintain our leading position in solar photovoltaic financing, and continue to use various financial instruments and innovative ideas to assist the industry's transition to net zero. In addition, we plan to further improve our investment and financing exclusion policy for high-carbon emission industries and continue to move towards realizing our net zero commitment.

In 2022, SinoPac Holdings announced our commitment to "Together, a better life." This brand-new vision aims to connect everyday life with finance and give everyone the ability to keep pace with the times and practice happiness. Embracing the core SinoPac values of "Passion for Work, Continuous Learning, Accountability for Shared Success, Open Mindedness, and Creativity and Diversity," the Board of Directors, management team, and all staff will continue to strive to fulfill the duties on enhancing value for our shareholders, living up to the expectations which you have placed in us.

Chairman  
Shi-kuan CHEN



President  
Stanley CHU







# Corporate Profile and Corporate Governance Report

## I. Introduction

SinoPac Financial Holdings Company Limited (SinoPac Holdings, the Company) was established on May 9, 2002 (stock code: 2890), consisting of subsidiaries in a wide range of financial services including banking, securities, investment trusts, leasing, and venture capital. SinoPac Holdings maintains overseas service locations in Hong Kong, Macao, Nanjing, Shanghai, Guangzhou, Chongqing, Chengdu, Dongguan, Kunshan, Xiamen, Yinchuan, Ho Chi Minh, Hanoi, Yangon, Bangkok, Los Angeles, and London.

SinoPac Holdings was formed through a merger Bank SinoPac with National Securities, the first successful integration between a banking institution and a securities firm in the history of Taiwan's financial services industry. To strengthen the Company's international competitiveness and expand its business operations, at its shareholders' meeting held on August 26, 2005, SinoPac Holdings approved a share swap transaction with the International Bank of Taipei (Note) to make the latter a wholly owned subsidiary. On July 20, 2006, SinoPac Holdings changed its Chinese name from Chien Hua to Yong Feng. The merger of Bank SinoPac and International Bank of Taipei was completed in the same year. Bank SinoPac was established in 2006, and is a wholly-owned subsidiary of SinoPac Holdings. Bank SinoPac's main businesses include corporate banking, retail banking, wealth management, financial services and digital banking. Bank SinoPac has 125 branches in Taiwan including 83 branches in the Greater Taipei area and it has established service locations in major metropolitan areas in the Central and Southern Regions as well as Hualien and Kinmen.

Bank SinoPac has been actively extending its global reach by establishing a robust service network of 11 locations along the Pacific Rim, including three strategic service locations in Hong Kong, Kowloon, and Macao, as well as areas such as California, United States, and Vietnam. In 2014, Bank SinoPac's Mainland subsidiary, Bank SinoPac (China), officially commenced operations as the first licensed bank wholly owned by a Taiwan-based bank in Mainland China. With its headquarters situated in Nanjing, Bank SinoPac (China) has successfully established four branches in key cities including Shanghai, Guangzhou, Chengdu, and Nanjing. This comprehensive expansion allows Bank SinoPac to provide tailored financial services to its customers across these regions.

SinoPac Securities, established in 1988, was the first securities company in Taiwan to list on Taiwan's over-the-counter (OTC) market. SinoPac Securities' services include stockbroking, proprietary trading, underwriting, international business, fixed income, and new financial products, among others. SinoPac Securities is one of Taiwan's leading integrated securities companies with 47 service locations in Taiwan and overseas service locations in Hong Kong, Shanghai, and London. It offers a broad range of products and services, all of which are ranked at or near the top with in Taiwan's securities industry. Recent mergers and acquisitions (M&A) milestones include SinoPac Securities' merger with Pacific Securities in November 2012 and its merger with BEA Wealth Management Services (Taiwan) Ltd. in March 2016. SinoPac Securities' subsidiary SinoPac Securities (Cayman) Holdings Ltd. acquired Hong Kong-based Tung Shing Holdings Company Ltd. in April 2016. In September 2016, SinoPac Securities accepted the transfer of IBT Securities' brokerage business, business equipment, and the net assets of its margin trading and short selling accounts, providing a catalyst to improve SinoPac Securities' brokerage market share and profitability for the benefit of its shareholders.

SinoPac Leasing was established in 1997. Its main business is financial leases, providing corporate clients with operating fund channels in multiple currencies and with great flexibility. SinoPac Leasing actively expands its business and services to cover every region of the world. In 2011, SinoPac International Leasing Corp. was established in Nanjing City. In 2020, SinoPac Capital International (HK) Limited was established in Hong Kong. SinoPac Leasing has established operating locations in major cities in Taiwan, China, Hong Kong, and South East Asia, and the wide deployment of service locations can quickly grasp financial lease opportunities and service local customers.

SinoPac Securities Investment Trust was established in 1997, providing diversified and innovative mutual fund, private placement fund, and discretionary investment products and services. In 2014, SinoPac Securities Investment Trust formed a joint ventures asset management company with Xiamen International Trust Co., Ltd. in China, which was named Golden Trust SinoPac Fund Management Co., Ltd., to participate in China's asset management market. Recent years, SinoPac Securities Investment Trust has aggressively launched both active and passive ESG Taiwan equity funds, and continued implementation of stewardship and responsible investment, which was recognized by the third-party organizations.

SinoPac Venture Capital Corporation (SinoPac Venture Capital) was established in January 2003. In recent years, we have focused investments in the Electronic Commerce, E- Commerce, Financial Technology, FinTech, Industry 4.0, automation, cultural and creative industries, and biomedical industries. SinoPac Venture Capital invest mainly focuses on mature and pre-IPO enterprises, we proactively support our portfolio companies, establishing an ecosystem strategic model, assisting in deal sourcing, business cooperation, and establishing strategic partnerships.

Note: International Bank of Taipei originated from Taipei Mutual Loans and Savings Co., which was founded on May 4, 1948. It was changed to Taipei Business Bank in 1978, and then restructured to International Bank of Taipei on May 14, 1998. On December 26, 2005, it officially became a 100% subsidiary of SinoPac Holdings, after a share swap merger with the then SinoPac Holdings.

## II. Awards & Honors

February 28, 2023

### Sustainable Development

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| SinoPac Holdings | <ul style="list-style-type: none"> <li>• 《S&amp;P Global》 Constituent of Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index, and awarded Silver Class in the S&amp;P Global Sustainability Yearbook for two consecutive years</li> </ul>                                                                              |
|                  | <ul style="list-style-type: none"> <li>• 《Taiwan Stock Exchange》 Top 5% for 3 consecutive years in Corporation Corporate Governance Evaluation</li> </ul>                                                                                                                                                                                                   |
|                  | <ul style="list-style-type: none"> <li>• 《MSCI》 AA in MSCI ESG Ratings</li> </ul>                                                                                                                                                                                                                                                                           |
|                  | <ul style="list-style-type: none"> <li>• 《Carbon Disclosure Project, CDP》 Rated A- in the Leadership Category for three consecutive years</li> </ul>                                                                                                                                                                                                        |
|                  | <ul style="list-style-type: none"> <li>• 《HR Asia》 Best Companies to Work For in Asia for 3 consecutive years</li> </ul>                                                                                                                                                                                                                                    |
|                  | <ul style="list-style-type: none"> <li>• 《Taiwan Academy of Banking and Finance》 Human Resources Development Award in Taiwan Banking and Finance Best Practice Awards</li> </ul>                                                                                                                                                                            |
|                  | <ul style="list-style-type: none"> <li>• 《CommonWealth Magazine》 Excellence in Corporate Social Responsibility - TOP 50 Large Enterprise Group for 3 consecutive years</li> </ul>                                                                                                                                                                           |
|                  | <ul style="list-style-type: none"> <li>• 《Taiwan Institute for Sustainable Energy》 2022 Taiwan Corporate Sustainability Awards (TCSA) - Top 100 Sustainable Corporation Award, Sustainability Report - Platinum Award, Climate Leader Award, Gender Equality Leader Award, Innovative Growth Leader Award</li> </ul>                                        |
|                  | <ul style="list-style-type: none"> <li>• 《Enterprise Asia》 2022 Asia Responsible Enterprise Awards (AREA) - Corporate Sustainability Reporting Award, Green Leadership Award, Investment in People Award, Social Empowerment Award</li> </ul>                                                                                                               |
|                  | <ul style="list-style-type: none"> <li>• 《Enterprise Asia》 Corporate Excellence Award 2022 in the Asia Pacific Enterprise Awards (APEA)</li> </ul>                                                                                                                                                                                                          |
|                  | <ul style="list-style-type: none"> <li>• 《Global Banking &amp; Finance Review》 Best Corporate Governance Company in Taiwan 2022</li> </ul>                                                                                                                                                                                                                  |
|                  | <ul style="list-style-type: none"> <li>• 《International Business Magazine》 Cybersecurity Excellence Award</li> </ul>                                                                                                                                                                                                                                        |
|                  | <ul style="list-style-type: none"> <li>• 《Industrial Development Bureau, Ministry of Economic Affairs (R.O.C.)》 Rated A by the Taiwan Intellectual Property System (TIPS)</li> </ul>                                                                                                                                                                        |
|                  | <ul style="list-style-type: none"> <li>• 《Small and Medium Enterprise Administration, MOEA》 First Prize for Social Innovation Products and Services in 2022 Buying Power</li> </ul>                                                                                                                                                                         |
|                  | <ul style="list-style-type: none"> <li>• 《Department of Environmental Protection, Taipei City Government》 Excellence for Corporate's Green Procurement for Environmental Protection 2022 for the third time</li> </ul>                                                                                                                                      |
|                  | <ul style="list-style-type: none"> <li>• 《Environmental Protection Administration, Executive Yuan》 Excellence for Corporate's Green Procurement in the Environmental Protection 2021</li> </ul>                                                                                                                                                             |
| Bank SinoPac     | <ul style="list-style-type: none"> <li>• 《Asiamoney》 Taiwan's Best Bank for CSR for 2 consecutive year</li> </ul>                                                                                                                                                                                                                                           |
|                  | <ul style="list-style-type: none"> <li>• 《Taiwan Academy of Banking and Finance》 Inclusive Finance Promotion Award in Taiwan Banking and Finance Best Practice Awards</li> </ul>                                                                                                                                                                            |
|                  | <ul style="list-style-type: none"> <li>• 《Asian Banking &amp; Finance》 Financial Inclusion Initiative of the Year</li> </ul>                                                                                                                                                                                                                                |
|                  | <ul style="list-style-type: none"> <li>• 《Newsweek》 World's Most Socially Responsible Banks 2022</li> </ul>                                                                                                                                                                                                                                                 |
|                  | <ul style="list-style-type: none"> <li>• 《Taiwan Institute for Sustainable Energy》 2022 TSAA Taiwan Sustainable Action Award - Golden Award in SDG 4 Quality Education - Let's Go to the Theater, Silver Award in SDG 8 Decent Work and Economic Growth - FUN Biz, Golden Award in SDG 17 Partnerships For The Goals - SinoPac Donation Platform</li> </ul> |
|                  | <ul style="list-style-type: none"> <li>• 《Taiwan Institute for Sustainable Energy》 2022 Asia - Pacific Sustainability Action Awards - Gold Award in SDG10 Reduced Inequalities - Financial Services for Migrant Worker in Taiwan</li> </ul>                                                                                                                 |



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| Bank SinoPac                        | <ul style="list-style-type: none"> <li>• 《Anue Network》 Selected as Promising for Corporate Sustainability Prospects in ESG Benchmarking Enterprise Billboard</li> </ul>                                         |
|                                     | <ul style="list-style-type: none"> <li>• 《Sports Administration, Ministry of Education》 Sponsorship Bronze Award in 2022 Sports Activist Awards</li> </ul>                                                       |
|                                     | <ul style="list-style-type: none"> <li>• 《Health Promotion Administration, Ministry of Health and Welfare》 Motherhood Healthy Friendliness Award for the National Healthy Workplace</li> </ul>                   |
|                                     | <ul style="list-style-type: none"> <li>• 《Financial Supervisory Commission》 Key Startup Industry Loans - Special Award for the Renewable Energy Industry</li> </ul>                                              |
|                                     | <ul style="list-style-type: none"> <li>• 《Financial Supervisory Commission》 Enthusiastic Participation in Schools and Communities for Financial Knowledge Promotion Activities 2021</li> </ul>                   |
|                                     | <ul style="list-style-type: none"> <li>• 《Department of Health, Taipei City Government》 Excellent Breastfeeding Room Certification</li> </ul>                                                                    |
| SinoPac Securities                  | <ul style="list-style-type: none"> <li>• 《Taiwan Institute for Sustainable Energy》 Excellent Award for Institutional influence in Securities Company in the 2nd Taiwan Sustainable Investment Awards</li> </ul>  |
|                                     | <ul style="list-style-type: none"> <li>• 《Taiwan Stock Exchange》 List of companies with better institutional investor stewardship disclosure 2022</li> </ul>                                                     |
|                                     | <ul style="list-style-type: none"> <li>• 《International Business Magazine》 Sustainable Development Action Awards - Green Deal of the Year in Taiwan 2022</li> </ul>                                              |
|                                     | <ul style="list-style-type: none"> <li>• 《Business Today》 Second Place in the Best in ESG Award in the 16th Wealth Management Banks and Securities Firms Evaluation</li> </ul>                                   |
|                                     | <ul style="list-style-type: none"> <li>• 《Sports Administration, Ministry of Education》 Taiwan i Sports (Certificate of Corporate Wellness) in 2022</li> </ul>                                                   |
|                                     | <ul style="list-style-type: none"> <li>• 《New Taipei City Government》 Excellent Enterprise in the Family Friendly and Work Equality Measure in 2022</li> </ul>                                                   |
|                                     | <ul style="list-style-type: none"> <li>• 《Department of Health, Taipei City Government》 Excellent Breastfeeding Room Certification</li> </ul>                                                                    |
|                                     | <ul style="list-style-type: none"> <li>• 《Workforce Development Agency, Ministry of Labor》 Talent Quality - management System (TTQS) - Enterprise Version, Bronze</li> </ul>                                     |
| SinoPac Inv. Service                | <ul style="list-style-type: none"> <li>• 《Taiwan Institute for Sustainable Energy》 Silver Award for ESG Innovation in Institutional influence Group in the 2nd Taiwan Sustainable Investment Awards</li> </ul>   |
| SinoPac Securities Investment Trust | <ul style="list-style-type: none"> <li>• 《Taiwan Institute for Sustainable Energy》 Excellent Award for Institutional influence in Investment Trust Group in 2022 Taiwan Sustainable Investment Awards</li> </ul> |
|                                     | <ul style="list-style-type: none"> <li>• 《Taiwan Stock Exchange》 List of companies with better institutional investor stewardship disclosure 2022 - Domestic Investment Trust</li> </ul>                         |

## Brand Value

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| SinoPac Holdings | <ul style="list-style-type: none"> <li>• 《1111 Job Bank》 Golden Award for Happy Enterprise in 2022</li> </ul>                                                                                                                                      |
|                  | <ul style="list-style-type: none"> <li>• 《RMIM Magazine》 Most Desired for the Financial holdings and Insurance Industry by Financial Insurance Graduate Students</li> </ul>                                                                        |
| Bank SinoPac     | <ul style="list-style-type: none"> <li>• 《Forbes》 World's Best Banks 2022 for 2 consecutive years</li> </ul>                                                                                                                                       |
|                  | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 Most Recommended Bank in Taiwan and Best Print Marketing in Wealth Management Awards</li> </ul>                                                                                         |
|                  | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 The Most Popular Brand Award for The Warmest Air Financial Service Team of Woman's Home in the 19th National Brand Yushan Awards</li> </ul> |
|                  | <ul style="list-style-type: none"> <li>• 《Center for the study of Banking and Finance NTU》 Best International Development Capability Improvement Award in the Bank Competitive Evaluation 2021</li> </ul>                                          |
|                  | <ul style="list-style-type: none"> <li>• 《Refinitiv》 Top Asian NDF Entity</li> </ul>                                                                                                                                                               |
|                  | <ul style="list-style-type: none"> <li>• 《Excellence》 Best Customer Recommendation Award</li> </ul>                                                                                                                                                |
|                  | <ul style="list-style-type: none"> <li>• 《Small &amp; Medium Enterprise Credit Guarantee Fund》 Taiwan Outstanding Performance Award in Credit Insurance Award - Credit Manager</li> </ul>                                                          |

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| SinoPac Securities            | <ul style="list-style-type: none"> <li>• 《Global Banking &amp; Finance Review》 Brokerage Brand of the Year Awards in Taiwan in the 2022 Global Banking &amp; Finance Awards</li> </ul>                                                                                                                                                                 |
|                               | <ul style="list-style-type: none"> <li>• 《Finance Derivative》 Best Brokerage Brand in Taiwan in the 2022 Finance Derivative Awards</li> </ul>                                                                                                                                                                                                          |
|                               | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 Outstanding Enterprise, Most Popular Brand - AI BUNNY GOOD, Most Popular Brand - SinoPac Securities LINE Official Account, and Most Popular Brand - DAWHOTOU in the 19th National Brand Yushan Awards</li> </ul>                                |
|                               | <ul style="list-style-type: none"> <li>• 《Taiwan Contact Center Development Association》 Best Customer Experience Enterprise in the 2022 Customer Service Excellence Awards</li> </ul>                                                                                                                                                                 |
|                               | <ul style="list-style-type: none"> <li>• 《Outstanding Enterprise Manager Association》 The Top 10 Enterprises of the Year in the 17th Golden Torch Awards</li> </ul>                                                                                                                                                                                    |
|                               | <ul style="list-style-type: none"> <li>• 《Outstanding Enterprise Manager Association》 Outstanding Enterprises in the 2022 Golden Peak Awards</li> </ul>                                                                                                                                                                                                |
|                               | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 Best Service in Securities, Best Print Marketing in Securities - DAWHOTOU App - Review Your Investment Journey and Best Creative Audio - Visual Marketing in Securities - SinoPac Stock Savings Plan in the 2022 Wealth Management Awards</li> </ul>                                        |
|                               | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 Best Brokerage Customer Recommendation Premium Award in the 2022 Taiwan Financial Awards</li> </ul>                                                                                                                                                                                         |
|                               | <ul style="list-style-type: none"> <li>• 《Commercial Times》 Silver Award in the Category of Securities in the 2022 Taiwan Best Customer Center Awards</li> </ul>                                                                                                                                                                                       |
| SinoPac Futures               | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 Outstanding Enterprise, Most Popular Brand - Online Account Opening Platform, Most Popular Brand - SinoPac Night Show, and Most Popular Brand - SinoPac Futures Managed Enterprise Division in the 19th National Brand Yushan Awards</li> </ul> |
| SinoPac Leasing               | <ul style="list-style-type: none"> <li>• 《Taipei Chamber of Commerce》 Excellent Company in 2022</li> </ul>                                                                                                                                                                                                                                             |
| SinoPac International Leasing | <ul style="list-style-type: none"> <li>• 《China Jiangsu Financial Lease Association》 2022 Outstanding Financial Lease Company in Jiangsu Province</li> </ul>                                                                                                                                                                                           |
|                               | <ul style="list-style-type: none"> <li>• 《People's Bank of China Nanjing Branch and Jiangsu Province Local Financial Supervision Bureau》 evaluated Jiangsu Province Local Financial Organization -Four-Star Statistical Unit</li> </ul>                                                                                                                |

## Wealth Management

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| Bank SinoPac       | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 Best Wealth Management Team</li> </ul>                                                                                                                                                                                                                                                      |
|                    | <ul style="list-style-type: none"> <li>• 《Asiamoney》 Highly Regarded for Wealth Transfer / Succession Planning in Taiwan 2022 in the Private Banking Awards</li> </ul>                                                                                                                                                                                 |
| SinoPac Securities | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 Best Wealth Management in Securities in the 2022 Wealth Management Awards</li> </ul>                                                                                                                                                                                                        |
|                    | <ul style="list-style-type: none"> <li>• 《Business Today》 Best Wealth Management Securities Award, First Place in Best Customer Satisfaction Award, Third Place in the Best Securities Specialist Team Award, and Third Place in the Best Wealth Management Image Award in the 16th Wealth Management Banks and Securities Firms Evaluation</li> </ul> |
|                    | <ul style="list-style-type: none"> <li>• 《Excellence》 Best Wealth Management Award in the 2022 Securities Company Evaluation</li> </ul>                                                                                                                                                                                                                |

## Digital Finance and Innovation Development

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| SinoPac Holdings | <ul style="list-style-type: none"> <li>• 《International Business Magazine》 Best Wealth Management Bank in Taiwan 2022</li> </ul>                                                                          |
| Bank SinoPac     | <ul style="list-style-type: none"> <li>• 《Taiwan Academy of Banking and Finance》 Best Consumer Finance Award and Best Digital Finance Award in Taiwan Banking and Finance Best Practice Awards</li> </ul> |
|                  | <ul style="list-style-type: none"> <li>• 《BusinessNext》 Bronze Medal for The Best Management Innovation Awards in the Future Commerce Awards (FCA) 2022</li> </ul>                                        |
|                  | <ul style="list-style-type: none"> <li>• 《Commercial Times》 Gold Award in the Bank Group for the Digital Business Optimization Award in the 2nd Digital Finance Awards</li> </ul>                         |



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| Bank SinoPac         | <ul style="list-style-type: none"> <li>• 《The Asset》 Best Digital Branch Project, Best Mobile Banking Application, and Best Retail Payment Project in the Asset Triple A Digital Awards 2022</li> </ul>                                                |
|                      | <ul style="list-style-type: none"> <li>• 《The Digital Banker》 - Outstanding Digital Transformation by a Transaction/Wholesale Bank in COVID-19 in the Global Transaction Banking Innovation Awards 2022</li> </ul>                                     |
|                      | <ul style="list-style-type: none"> <li>• 《The Asian Banker》 Best Digital Account Opening/Onboarding Initiative in Taiwan 2022</li> </ul>                                                                                                               |
|                      | <ul style="list-style-type: none"> <li>• 《Asian Banking &amp; Finance》 COVID Management Initiative of the Year, Service Innovation of the Year in the ABF Retail Banking Awards 2022</li> </ul>                                                        |
|                      | <ul style="list-style-type: none"> <li>• 《Asian Banking &amp; Finance》 Taiwan Domestic COVID Management Initiative of the Year in the ABF Wholesale Banking Awards 2022</li> </ul>                                                                     |
|                      | <ul style="list-style-type: none"> <li>• 《FinanceAsia》 Most Innovative Use of Technology in Taiwan in the Country Awards 2022</li> </ul>                                                                                                               |
|                      | <ul style="list-style-type: none"> <li>• 《Global Banking &amp; Finance Review》 Excellence in Innovation Award – DACARD App in Taiwan 2022</li> </ul>                                                                                                   |
|                      | <ul style="list-style-type: none"> <li>• 《Finance Derivative》 Best Innovative Financial Services in Taiwan 2022 - DACARD App</li> </ul>                                                                                                                |
|                      | <ul style="list-style-type: none"> <li>• 《International Business Magazine》 The Most Innovative Digital Experience Award : DACARD App</li> </ul>                                                                                                        |
|                      | <ul style="list-style-type: none"> <li>• 《Excellence》 Best Innovative Service Award</li> </ul>                                                                                                                                                         |
| SinoPac Securities   | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 Best Product - SinoPac Stock Savings Plan and Best Product - DAWHOTOU App Conditional Order in the 19th National Brand Yushan Awards</li> </ul> |
|                      | <ul style="list-style-type: none"> <li>• 《Outstanding Enterprise Manager Association》 The Top Ten Innovative Design of the Year - DAWHOTOU App in the 17th Golden Torch Awards</li> </ul>                                                              |
|                      | <ul style="list-style-type: none"> <li>• 《Outstanding Enterprise Manager Association》 Outstanding Commodities - DAWHOTOU App in the 2022 Golden Peak Awards</li> </ul>                                                                                 |
|                      | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 Financial Services Innovation in Securities - DAWHOTOU App in the 2022 Wealth Management Awards</li> </ul>                                                                                  |
|                      | <ul style="list-style-type: none"> <li>• 《Wealth Magazine》 FinTech Innovative Application Award - Best FinTech Securities Gold Award - DAWHOTOU App in the 2022 Taiwan Financial Awards</li> </ul>                                                     |
|                      | <ul style="list-style-type: none"> <li>• 《Business Today》 Second Place in the Best AI Wealth Management Award in the 16th Wealth Management Banks and Securities Firms Evaluation</li> </ul>                                                           |
|                      | <ul style="list-style-type: none"> <li>• 《Excellence》 Best Digital Financial Services Award in the 2022 Securities Company Evaluation</li> </ul>                                                                                                       |
|                      | <ul style="list-style-type: none"> <li>• 《Commercial Times》 Digital Inclusion Award - Golden Award and Digital Innovation Award - Premium Award in the 2nd Digital Financial Service Awards</li> </ul>                                                 |
| SinoPac Futures      | <ul style="list-style-type: none"> <li>• 《Commercial Times》 Digital Business Optimization - Premium Award in the 2nd Digital Financial Service Awards</li> </ul>                                                                                       |
| SinoPac Inv. Service | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 Best Product - SinoPac+ Enterprise Sustainability Evaluation System in the 19th National Brand Yushan Awards</li> </ul>                         |

## Financial Products and Services

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| Bank SinoPac | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 the 19th National Brand Yushan Awards “Best Product - iBranch Platform, ShareShares Regular Saving Plan in US Stocks, Bank SinoPac DACARD App, Employees Benefit Trust, Renewable Energy Trading and Trust Mechanism, easy App”</li> </ul> |
|              | <ul style="list-style-type: none"> <li>• 《Business Today》 the 16th Wealth Management Banks and Securities Firms Evaluation - Bank Group “Best Smart Financial Management Award for Banks” - First Place” and “Best Friendly for Elder Award for Banks” - third place</li> </ul>                                                                   |
|              | <ul style="list-style-type: none"> <li>• 《Excellence》 Best Green Finance Achievement Award</li> </ul>                                                                                                                                                                                                                                             |
|              | <ul style="list-style-type: none"> <li>• 《Financial Supervisory Commission》 Phase 1 of Trust 2.0 Planning Evaluation “Employees Benefit Trust Award - Third Place”</li> </ul>                                                                                                                                                                     |



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|                                     | <ul style="list-style-type: none"> <li>• 《Overseas Credit Guarantee Fund (Taiwan)》 Excellence Award in the COVID-19 Project Bailout, Excellence Award in the National Credit for The New Southbound Policy</li> <li>• 《Bureau of Energy, Ministry of Economic Affairs (R.O.C.)》 Top Solar Awards - the 9th “Best Financial Service Provider Award” for seven consecutive years</li> <li>• 《Taiwan Academy of Banking and Finance》 Excellence Award for Best Corporate Trust Finance Award in the 11th Taiwan Banking and Finance Best Practice Awards</li> <li>• 《Commercial Times》 the 2th Trust Award - Gold Award for the Best Innovative Trust Award and Excellence Award for Fund Custody Trust Award</li> </ul> |
| SinoPac Securities                  | <ul style="list-style-type: none"> <li>• 《The Asset Magazine》 Editors' Triple Star - Equity Swap Electronic Trading platform in the Asset Triple A Private Capital Awards for Investment Solutions 2022</li> <li>• 《The Asset Magazine》 Best ETF Market Maker - Highly Commended in Taiwan in the Asset Triple A Sustainable Investing Awards 2022</li> <li>• 《National Enterprise Competitiveness Development Association》 Best Product - SinoPac ESG Impact and Best Product - Python API (Shioaji) in the 19th National Brand Yushan Awards</li> </ul>                                                                                                                                                             |
| SinoPac Futures                     | <ul style="list-style-type: none"> <li>• 《National Enterprise Competitiveness Development Association》 Best Product - SinoPac Futures LINE Official Account in the 19th National Brand Yushan Awards</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| SinoPac Inv. Service                | <ul style="list-style-type: none"> <li>• 《Smart》 Multi - Asset Fund of funds - Russell Investments Multi - Asset 90 Fund (Class B) in Taiwan Fund Awards 2022</li> <li>• 《International Business Magazine》 Best Comprehensive Investment Consultant Service Award - FengTouGood</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                            |
| SinoPac Securities Investment Trust | <ul style="list-style-type: none"> <li>• 《Benchmark》 Taiwan Annual Fund Awards - House Awards : Greater China Equity (Outstanding Achiever) ; Best China Equity ETF Issuer (Outstanding Achiever) 、 Best AI &amp; Robotics ETF Issuer (Best-in-Class) 」 ; Sustainability Awards 「ESG Integration (Outstanding Achiever) 」 、 「Impact Thematic - Sustainable Investing (Outstanding Achiever) 、 ESG Integration (Outstanding Achiever) 」 、 Top Funds 「US Fixed Income : SinoPac ICE 1-3 Year US Treasury ETF (Outstanding Achiever)</li> </ul>                                                                                                                                                                          |

## Financial Transactions

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|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bank SinoPac       | <ul style="list-style-type: none"> <li>• 《Refinitiv》 Top 5 Trading Volume and Top Asian NDF Trader</li> <li>• 《Taiwan Futures Exchange》 Trading Volume Growth in Bank Industry in the 8th Futures Diamond Award</li> <li>• 《Financial Supervisory Commission》 National Credit for The New Southbound Policy - Excellent Bank</li> <li>• 《Taiwan Clearing House》 eACH and eDDA Business Promotion Award, eACH Deposit Business Promotion Award, eDDA Online Banking 2FA Business Promotion Award, eFCS Withdrawal Business Service Award and eFCS Specific Withdrawal Business Promotion Award</li> <li>• 《Taipei Exchange》 2022 IRS Trading Platform Competition-Champion</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| SinoPac Securities | <ul style="list-style-type: none"> <li>• 《Central Bank of the Republic of China (Taiwan)》 Fourth Place in 2021 Government Bond Business Performance Review of Central Government Bond Dealers</li> <li>• 《Taiwan Stock Exchange》 Second Place in the Taiwan Equity ETF Market Making Award, and Third Place in the Taiwan Equity ETF Contribution Award in the 2022 ETF Competition</li> <li>• 《Taiwan Stock Exchange》 Warrant Efficiency Award and Warrants Trading Value Award in the 2022 Warrants Competition for Issuers</li> <li>• 《Taiwan Stock Exchange》 TWSE-listed Stock Market Making Competition in 2022 <ul style="list-style-type: none"> <li>• In First Quarter, Two-way Quote Excellence Award and Trading Volume Contribution Award</li> <li>• In Third Quarter, Two-way Quote Excellence Award, ESG Exclusive Award-Excellence and Trading Volume Contribution Award</li> <li>• In Fourth Quarter, Two-way Quote Excellence Award, ESG Exclusive Award-Excellence and Trading Volume Contribution Award</li> </ul> </li> <li>• 《Taipei Exchange》 First Place in the Best Partner in Promoting Companies to Register on PSB, and Second Place in the Best Performance of Advisory Recommending Companies to List on TPEx</li> </ul> |

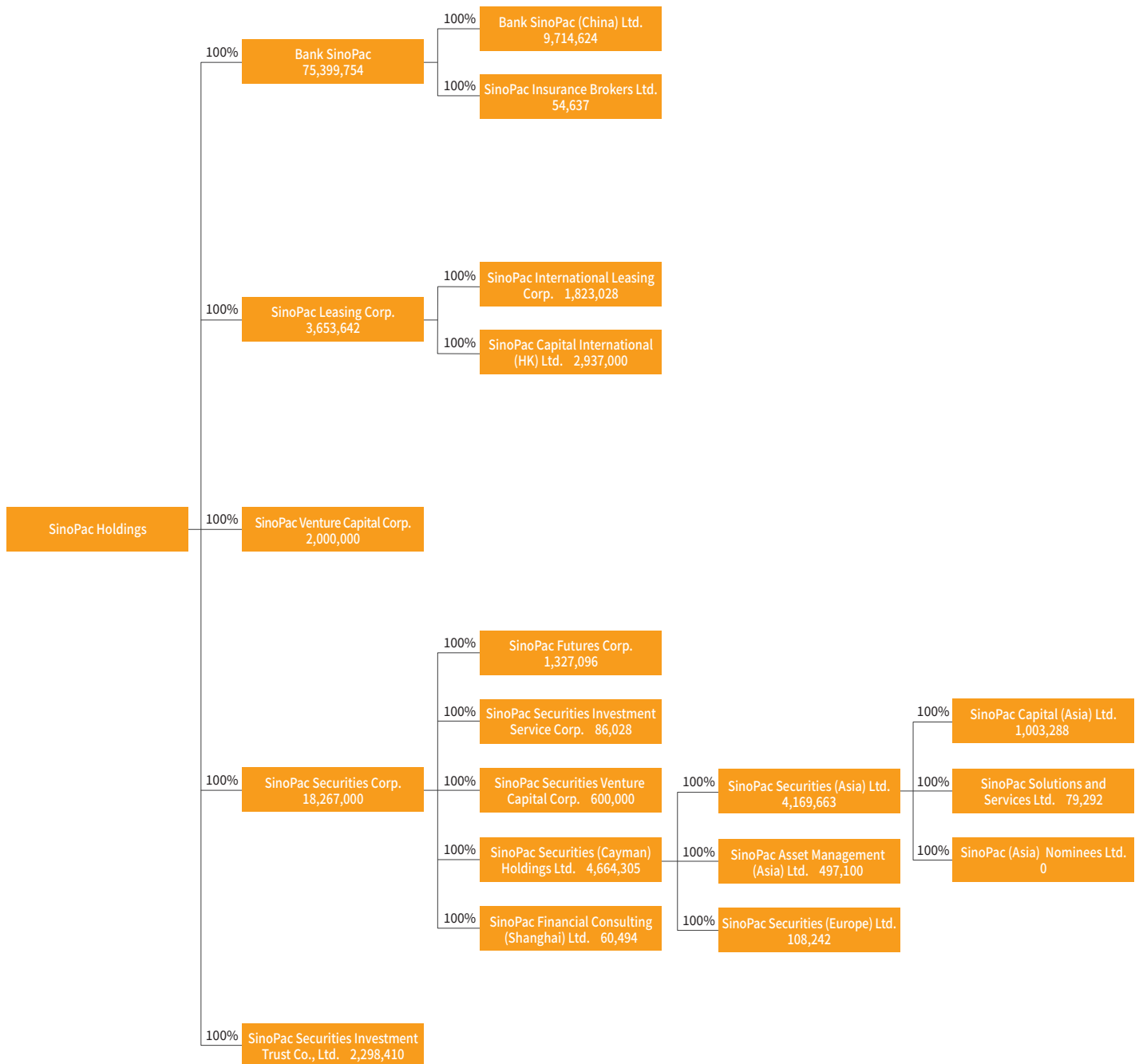


|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SinoPac Securities | <ul style="list-style-type: none"> <li>• 《Taipei Exchange》ETFs Awards in 2022 <ul style="list-style-type: none"> <li>• In H1, First Place in the Brokers of the Year-SIP Account Number and Third Place in the Brokers of the number of investors who traded</li> <li>• In H2, Second Place in the Brokers of the Year-SIP Account Number, and Third Place in the Brokers of the number of investors who traded</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                    | <ul style="list-style-type: none"> <li>• 《Taipei Exchange》First Place in the Brokers of the Year in the 2022 Warrants Awards</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                    | <ul style="list-style-type: none"> <li>• 《Taipei Exchange》Market Makers Awards in 2022 <ul style="list-style-type: none"> <li>• In First Quarter, Second Place in the Market Makers-Stock Coverage and Second Place in the Market Makers-Time Quotes</li> <li>• In Second Quarter, First Place in the Market Makers-Stock Coverage and First Place in the Heroes Create Liquidity Award</li> <li>• In Third Quarter, First Place in the Market Makers-Stock Coverage</li> <li>• In Fourth Quarter, First Place in the Market Makers-Stock Coverage</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                    | <ul style="list-style-type: none"> <li>• 《Taipei Exchange》Securities Firms Reward Program in 2022 <ul style="list-style-type: none"> <li>• In January, Second Place in the Best Contribution for Liquidity Providers and First Place in the Best Participation for Securities Brokers (Bo'ai Branch)</li> <li>• In March, Third Place in the Best Contribution for Liquidity Providers</li> <li>• In April, Third Place in the Best Contribution for Liquidity Providers</li> <li>• In May, First Place in the Best Contribution for Liquidity Providers</li> <li>• In June, First Place in the Best Contribution for Liquidity Providers and Fourth Place in the Best Participation for Securities Brokers (Songsshan Branch)</li> <li>• In July, First Place in the Best Contribution for Liquidity Providers and Fifth Place in the Best Participation for Securities Brokers (Neihu Branch)</li> <li>• In August, First Place in the Best Contribution for Liquidity Providers</li> <li>• In September, Fourth Place in the Best Participation for Securities Brokers (Neihu Branch)</li> </ul> </li> </ul> |
|                    | <ul style="list-style-type: none"> <li>• 《Taiwan Futures Exchange》Second Place in the Futures Introducing Broker Trading Volume Diamond Award and First Place in the Futures Trading Volume Growth Diamond Award in Securities Industry in the 8th TAIFEX Futures Diamond Awards</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                    | <ul style="list-style-type: none"> <li>• 《Economic Daily News》King of Most Promote Warrant, Excellent Promotion Award (Tainan Branch and Zhongxiao Branch), Excellent Progress Award (Brokerage Dept. and Wansheng Branch) in the 12th Warrant Millionaire Awards</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                    | <ul style="list-style-type: none"> <li>• 《Commercial Times》Excellence Award, Actual Combat Award (Tainan Branch and Xinzhuang Branch), and Excellent Performance Award (Xinzhuang Branch, Hsinchu Branch, Shizheng Branch) in the 13th Warrant Contest</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| SinoPac Futures    | <ul style="list-style-type: none"> <li>• 《CME Group》Best Partner for Agricultural Products Promotion Week for 2 consecutive years</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                    | <ul style="list-style-type: none"> <li>• 《Taiwan Futures Exchange》Futures Market Promotion Diamond Award in the 8th TAIFEX Futures Diamond Awards</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### III. Corporate Organization

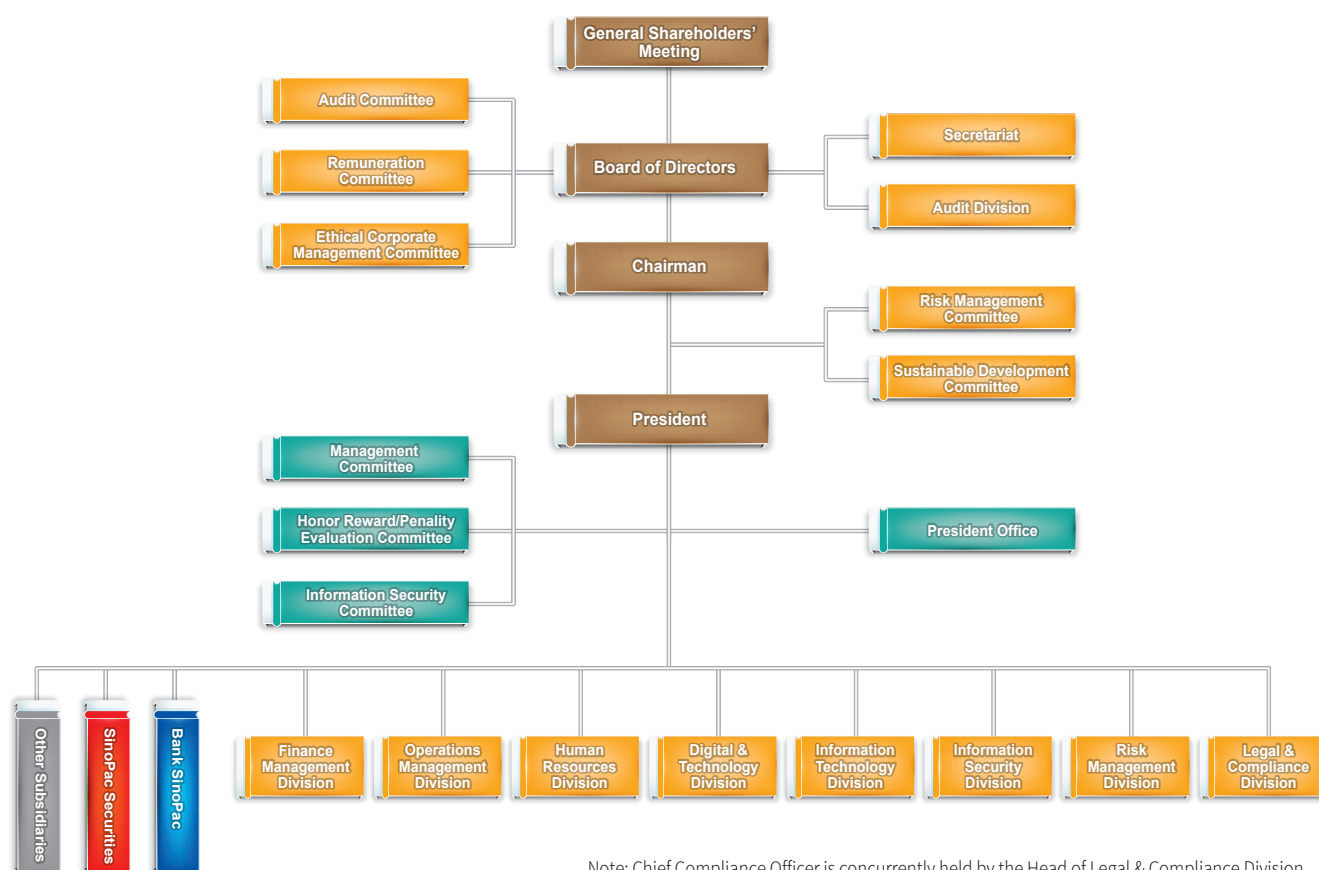
#### (I) SinoPac Holdings and Organizational Structure of Affiliates

● Reference date: February 28, 2023; Investment Amount Unit: NT\$ thousand





## (II) SinoPac Holdings and Its Subsidiaries



Note: Chief Compliance Officer is concurrently held by the Head of Legal & Compliance Division.

## (III) Duties and Functions of Major Divisions

1. President: In charge of formulating the business strategy of SinoPac Holdings, overseeing business performance, monitoring and coordinating the management of subsidiaries; serving as the representative of the management team; empowered to appoint managerial chiefs in charge of various affairs of SinoPac Holdings in response to business needs; assisted by the President Office with handling confidential information; and managing and maintaining the corporate image, corporate sponsorship, and other public affairs and media relations.
2. Finance Management Division: Led by the Chief Financial Officer (CFO) to be in charge of managing and maintaining investor relations; analyzing political and economic situations, industry dynamics and financial environments at home and abroad; financial planning; fund procurement; capital planning and liability management; evaluating and executing M&A and major investment strategies; acquiring and disposing of stakes for direct equity investments; credit rating; accounting and taxation; budgeting; performance analysis; and supervising and assisting subsidiaries in the planning and integration of financial accounting.
3. Operations Management Division: In charge of managing the overall business strategy; following up key performance indicators (KPIs) of subsidiaries; coordinating and facilitating cross-selling among subsidiaries; controlling and accepting major capital expenditures; asset revitalization management; administration and documentation;

environment, health, and safety (EHS), and general affairs; and supervising and assisting subsidiaries in the planning and integration of business operation.

4. Digital & Technology Division: In charge of managing overall digital finance and financial technology development strategies and research and development in digital applications and technologies; and supervising and assisting subsidiaries in the development of digital technologies and applications and the planning and integration of digital resources.
5. Information Technology Division: In charge of managing information development strategies and information and operations management; and supervising and assisting subsidiaries in the planning and integration of information.
6. Information Security Division: In charge of managing information security development strategies; and supervising and assisting subsidiaries in the planning and integration of information security.
7. Human Resources Division: In charge of managing human resources; and supervising and assisting subsidiaries in the planning and integration of human resources.
8. Risk Management Division: In charge of planning, supervising and managing risk management policies and control mechanisms; analyzing and disclosing major business risks; supervising the capital adequacy ratio; disclosing and responding to major incidents; and supervising and assisting subsidiaries in the planning and integration of risk management.
9. Legal & Compliance Division: In charge of handling regulatory compliance; legal matters; statutory research and consultation; related party management; material information management; personal information protection; antimony laundering (AML) management; and supervising and assisting subsidiaries in the planning and integration of legal & compliance.





## IV. Directors, President, and Principal Officers

### (I) Board of Directors

#### Board of Directors

February 28, 2023

| Position             | Nationality or Place of Registration | Name                                      | Gender       | Elected Date | Term (Year) | First Elected         | Shares Owned when Elected |       | Shares Owned Currently (Note) |       | Shares Owned by Spouse & Minors |   | Shares Held under Surrogate A/C |   | Education & Key Past Positions                                                                                                                                                                                                                                                                                                                                                                                                            | Positions Held Concurrently                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Related to Directors and Supervisors |      |              |
|----------------------|--------------------------------------|-------------------------------------------|--------------|--------------|-------------|-----------------------|---------------------------|-------|-------------------------------|-------|---------------------------------|---|---------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------|--------------|
|                      |                                      |                                           |              |              |             |                       | Number of shares issued   | %     | Number of shares issued       | %     | Number of shares issued         | % | Number of shares issued         | % |                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Position                             | Name | Relationship |
| Chairman             | R.O.C.                               | Hsinex International Corp./ Shi-kuan CHEN | Female/50-59 | 2020/5/13    | 3           | 2008/6/6<br>2020/5/13 | 175,489,715               | 1.56% | 177,446,612                   | 1.56% | 0                               | 0 | 0                               | 0 | President, Chung-Hua Institution for Economic Research<br>Deputy Dean of College of Management, National Taiwan University<br>Director, Chairperson and Professor, Department of International Business, National Taiwan University<br>Independent Director, DBS Bank (Taiwan) Ltd.<br>Director, Mega Financial Holding Co., Ltd.<br>Supervisor, Mega International Commercial Bank Co., Ltd.<br>Ph.D. in Economics, Yale University, USA | Director of Bank SinoPac<br>Chairman, SinoPac Securities Investment Trust Co., Ltd.<br>Chairman, SinoPac Foundation<br>Director, Central Bank of the Republic of China (Taiwan)<br>Executive Director, Independent Director Association Taiwan<br>Director, ROC-USA Business Council<br>Director, Dr. John C.H. Fei Memorial Foundation<br>Director, Academy of Promoting Economic Legislation<br>Director, Chun Ti Ching Hsin Foundation<br>Director, Yu Guohua Culture and Education Foundation<br>Director of NTU Economic Research Foundation<br>Director, Taiwan Economic Association<br>Executive Director, Taiwan Share Association<br>Executive Supervisor, The Bankers Association of Taipei<br>Executive Director, Financial Engineering Association of Taiwan<br>Supervisor, Taiwan Finance Association<br>Executive Supervisor, Banking Education Association of Taiwan<br>Executive Supervisor, BCSD Taiwan<br>Supervisor, The Bankers Association of the Republic of China | None                                 | None | None         |
| Independent Director | R.O.C.                               | Chi SCHIVE                                | Male/70-79   | 2020/5/13    | 3           | 2014/6/12             | 0                         | 0     | 0                             | 0     | 0                               | 0 | 0                               | 0 | Minister without Portfolio, Executive Yuan, R.O.C.<br>Chairman, Taiwan Stock Exchange Corporation<br>Ph.D., Case Western Reserve University, USA                                                                                                                                                                                                                                                                                          | Independent Director, SinoPac Securities<br>Independent Director, Asia Cement Corp.<br>Director, Pegatron Corporation<br>Director, China Foundation for the Promotion of Education and Culture<br>Director, Yu Chi-Chung Cultural & Educational Foundation<br>Director, China Foundation for the Promotion of Education and Culture<br>Director of NTU Economic Research Foundation<br>Director, Modern Women's Foundation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | None                                 | None | None         |

| Position             | Nationality or Place of Registration | Name                                    | Gender     | Elected Date | Term (Year) | First Elected         | Shares Owned when Elected |       | Shares Owned Currently (Note) |       | Shares Owned by Spouse & Minors |   | Shares Held under Surrogate A/C |   | Education & Key Past Positions                                                                                                                                                                                                                                                                                                                                                                                                         | Positions Held Concurrently                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Related to Directors and Supervisors |      |              |
|----------------------|--------------------------------------|-----------------------------------------|------------|--------------|-------------|-----------------------|---------------------------|-------|-------------------------------|-------|---------------------------------|---|---------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------|--------------|
|                      |                                      |                                         |            |              |             |                       | Number of shares issued   | %     | Number of shares issued       | %     | Number of shares issued         | % | Number of shares issued         | % |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Position                             | Name | Relationship |
| Independent Director | R.O.C.                               | James J. SHEU                           | Male/60-69 | 2020/5/13    | 3           | 2014/6/12             | 0                         | 0     | 0                             | 0     | 0                               | 0 | 0                               | 0 | President, China Trust Financial Holding Co., Ltd. MBA, The Wharton School, University of Pennsylvania, USA                                                                                                                                                                                                                                                                                                                            | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | None                                 | None | None         |
| Independent Director | R.O.C.                               | Wei-ta PAN                              | Male/60-69 | 2020/5/13    | 3           | 2020/5/13             | 0                         | 0     | 0                             | 0     | 0                               | 0 | 0                               | 0 | President, Soochow University<br>Dean, Department of Law, Soochow University<br>Independent Director, China Life Insurance Co., Ltd.<br>Independent Director, Quanta Computer Inc.<br>Commissioner, Central Election Committee, R.O.C.<br>Member, Legal Affairs Committee/Administrative Appeal Review Committee, Public Construction Commission, Executive Yuan, R.O.C.<br>Doctor of Law, University of Nebraska, USA                 | President, Soochow University<br>Independent Director, Radium Life Tech. Co., Ltd.<br>Director, Soochow University<br>Winston Hsiao-tzu Chang Academic Foundation<br>Director, Chen Chung and Chen Yeh-Jui Cultural and Educational Foundation<br>Director, Labor Education Research and Development Center of R.O.C.<br>Director, Modern Women's Foundation<br>Executive Director, Sino-seca Social Welfare Association<br>Director, Association of Cross-Strait Legal Exchange<br>Director, Taiwan Jurist Association<br>Director, Civil Air Transport Association of R.O.C.<br>Chairman, Law Research Exchange Association of Taiwan<br>Director, Rule - of - Law Building Foundation<br>Vice President, Red Cross Society of the Republic of China (Taiwan)<br>Executive Supervisor, Taiwan Higher Education Society<br>Director, International House of Taipei<br>Director, ESGWD Of Taichung City | None                                 | None | None         |
| Directors            | R.O.C.                               | Hsinex International Corp./ Stanley CHU | Male/50-59 | 2020/5/13    | 3           | 2008/6/6<br>2017/12/5 | 175,489,715               | 1.56% | 177,446,612                   | 1.56% | 0                               | 0 | 0                               | 0 | Executive Vice President, Spokesperson and Director, Taiwan Stock Exchange Corporation<br>Director of National Performing Arts Center<br>Chairman, Cathay Securities Corporation<br>Specialist Professor, Graduate Institute of International Business, National Taiwan University<br>Senior Executive Vice President and Director, Taiwan Futures Exchange<br>Chairman and President, KGI Futures<br>EMBA, National Taiwan University | President, SinoPac Holdings<br>Chairman of SinoPac Securities Corp.<br>Director of Bank SinoPac<br>Director of SinoPac Foundation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | None                                 | None | None         |



| Position  | Nationality or Place of Registration | Name                               | Gender     | Elected Date | Term (Year) | First Elected          | Shares Owned when Elected |       | Shares Owned Currently (Note) |       | Shares Owned by Spouse & Minors |   | Shares Held under Surrogate A/C |   | Education & Key Past Positions                                                                                                                                                                                                                                                                                                                                                                                                                                             | Positions Held Concurrently                                                                                                                                                                                                                                                                                                                                                     | Related to Directors and Supervisors |      |              |
|-----------|--------------------------------------|------------------------------------|------------|--------------|-------------|------------------------|---------------------------|-------|-------------------------------|-------|---------------------------------|---|---------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------|--------------|
|           |                                      |                                    |            |              |             |                        | Number of shares issued   | %     | Number of shares issued       | %     | Number of shares issued         | % | Number of shares issued         | % |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                 | Position                             | Name | Relationship |
| Directors | R.O.C.                               | Xing Yuan Co., Ltd./ Chi-hsing YEH | Male/50-59 | 2020/5/13    | 3           | 2020/5/13<br>2018/5/01 | 125,596,069               | 1.11% | 130,033,529                   | 1.14% | 0                               | 0 | 0                               | 0 | General Manager, Goods Come Co., Ltd.<br>Chief Operating Officer, PChome eBay Co., Ltd.<br>Prosecutor, Ministry of Justice and Taiwan New Taipei District Prosecutors Office<br>Juris Master, Soochow University<br>Bachelor of Electronics Engineering, National Chiao Tung University                                                                                                                                                                                    | Founder and Managing Partner, DaVinci Personal Data and High Tech Law Firm Representative, DaVinci Management Consulting firm Co., Ltd.<br>Chairman, Computer Audit Association, R.O.C.<br>Director, Taiwan Technology Industry Legal Officers Association<br>Director, Taiwan Cyber Security Alliance<br>Director, ECPAT Taiwan Supervisor, Artificial Intelligence Foundation | None                                 | None | None         |
| Directors | R.O.C.                               | Xing Yuan Co., Ltd./ Wei-thyr TSAO | Male/60-69 | 2020/5/13    | 3           | 2020/5/13              | 125,596,069               | 1.11% | 130,033,529                   | 1.14% | 0                               | 0 | 0                               | 0 | Senior Consultant of Taipei Fubon Commercial Bank Co., Ltd.<br>Managing Director, Acting President in Taiwan, and Head of Global Finance and Risk Solutions for Greater China, Barclays Capital Asia Ltd.<br>Managing Director, Morgan Stanley Asia Ltd.<br>Executive Vice President and Head of Group Fixed Income, China Development Financial Holding Co.<br>MBA, National Taiwan University<br>Bachelor of Power Mechanical Engineering, National Tsing Hua University | Chairman of Bank SinoPac<br>Independent Director, China Everbright Greentech Limited<br>Independent Non-Executive Director, Perfect Corp.                                                                                                                                                                                                                                       | None                                 | None | None         |

Note 1: "Shares Owned Currently" and "Shares Owned by Spouse and Minors" are data compiled as of December 31, 2022. For representative of an institution, "Shares Owned by Spouse and Minors" include that owned by the representative.  
Note 2: The Company's Chairman and President or personnel with equivalent position (chief manager) are not the same person, spouses or relatives within one degree of kinship.

**Major Shareholders of Corporate Shareholder (Table A)**

December 31, 2022

| Name of Corporate Shareholder | Major Shareholders of Corporate Shareholder (Note)                                  |
|-------------------------------|-------------------------------------------------------------------------------------|
| Hsinex International Corp.    | S.C. HO (53.13%), Yi-chia HO (24.48%), Yi-da HO (22.28%), Chen Yu Co., Ltd. (0.11%) |
| Xing Yuan Co., Ltd.           | S.C. HO (80%), Yi-chia HO (19%), Yi-da HO (1%)                                      |

Note: "Major shareholders" mean the top ten shareholders in terms of shareholding percentage of the corporation.

**Major Shareholders of Major Shareholders of Corporations in Table A (Tier-2 Corporate Shareholders)**

December 31, 2022

| Name of Tier-2 Corporate Shareholder (Note 1) | Major Shareholders of Tier-2 Corporate Shareholder (Note 2)                     |
|-----------------------------------------------|---------------------------------------------------------------------------------|
| Chen Yu Co., Ltd.                             | S.C. HO (50.75%), Yi-chia HO (22.92%), Sing-ju CHANG (20.00%), Yi-da HO (6.33%) |

Note 1: "Tier-2 corporate shareholders" mean the major shareholders of corporate directors and supervisors of SinoPac Holdings.

Note 2: "Major shareholders" mean the top ten shareholders in terms of shareholding percentage of the corporation.

**Board of Directors (II)**

February 28, 2023

## 1. Professional qualifications and independence information disclosure of Directors

| Qualifications<br>Title / Name | Professional Qualifications and Experience Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of Other TWSE / TPEX Listed Companies where He / She Concurrently Serves as Independent Director |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Chairman / Shi-kuan CHEN       | <p>President of Chung-Hua Institution for Economic Research, providing suggestions to the government regarding mid- to long-term economic policies</p> <p>Independent Director, DBS Bank (Taiwan) Ltd.</p> <p>Director, Mega Financial Holding Co., Ltd.</p> <p>Supervisor, Mega International Commercial Bank Co., Ltd.</p> <p>Director, Central Bank of the Republic of China (Taiwan)</p> <p>Reviewing member of the Financial Supervision Commission for Financial Regulatory Sandbox applications.</p> <p>Deputy Dean of College of Management, National Taiwan University</p> <p>Director, Chairperson and Professor, Department of International Business, National Taiwan University</p> <p>* The quality of professional directors is according to Subparagraph 3, Paragraph 1, Article 9 of Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.</p> | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. Not employed by SinoPac Holdings or an affiliate.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>3. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the second subparagraphs.</li> <li>4. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>5. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>6. Not a director, supervisor, or employee of a company or institution who is the Chairman, President or a person with an equivalent position of SinoPac Holdings or a spouse thereof.</li> <li>7. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>8. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.</p> <p>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.</p> | 0                                                                                                       |



| Qualifications<br><br>Title / Name   | Professional Qualifications and Experience Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Number of Other TWSE / TPEX Listed Companies where He / She Concurrently Serves as Independent Director |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Independent Director / Chi SCHIVE    | <p>Minister without Portfolio, Executive Yuan, R.O.C.<br/>Chairman, Taiwan Stock Exchange Corporation<br/>President of the Taiwan Academy of Banking and Finance<br/>Deputy Chairman of the Council for Economic Planning and Development, Executive Yuan<br/>Chair of the Department of Economics, National Taiwan University<br/>Professor and Director of the Graduate Institute of Industrial Economics/Dean of the School of Management, National Central University<br/>Chairman and President, KGI Futures</p> <p>* The quality of professional directors is according to Subparagraph 3, Paragraph 1, Article 9 of Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.</p> | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. The person has not held any position in the Company or its affiliates other than an independent Director of the subsidiary, SinoPac Securities.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>3. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the second subparagraphs.</li> <li>4. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>5. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>6. Other than acting as an independent Director of the subsidiary, SinoPac Securities, the person is not a director, supervisor, or employee of a company or institution who is the Chairman, President or a person with an equivalent position of SinoPac Holdings or a spouse thereof.</li> <li>7. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>8. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.<br/>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.<br/>Where the person is not elected in the capacity of the government, a corporation, or a representative thereof as provided in Article 27 of the Company Act.<br/>The person, and his spouse, or relatives within the second degree of kinship (or held by the person under other's name) do not hold more than 1% of the total issued shares of the Company or rank among the top ten natural person shareholders in shareholding.<br/>The person, person's spouse, or minor children (or held by the person under other's name) holds 0 shares of SinoPac Holdings.</p> | 2                                                                                                       |
| Independent Director / James J. SHEU | <p>Chief Risk Officer, China Trust Financial Holding Co., Ltd.<br/>President, China Trust Financial Holding Co., Ltd.<br/>Passed the Republic of China Accountant Examination</p> <p>* The quality of professional directors is according to Subparagraph 1, Paragraph 1, Article 9 of Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company</p>                                                                                                                                                                                                                                                                                                                                      | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. Not a director, supervisor, or employee of SinoPac Holdings or its affiliate.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>3. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the second subparagraphs.</li> <li>4. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>5. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>6. Not a director, supervisor, or employee of a company or institution who is the Chairman, President or a person with an equivalent position of SinoPac Holdings or a spouse thereof.</li> <li>7. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>8. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.<br/>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.<br/>Where the person is not elected in the capacity of the government, a corporation, or a representative thereof as provided in Article 27 of the Company Act.<br/>The person, and his spouse, or relatives within the second degree of kinship (or held by the person under other's name) do not hold more than 1% of the total issued shares of the Company or rank among the top ten natural person shareholders in shareholding.<br/>The person, person's spouse, or minor children (or held by the person under other's name) holds 0 shares of SinoPac Holdings.</p>                                                                                                                                                                     | 0                                                                                                       |

| Qualifications<br><br>Title /<br>Name   | Professional Qualifications and<br>Experience Conformance to Criteria of<br>Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Number of<br>Other TWSE<br>/ TPEX Listed<br>Companies<br>where He / She<br>Concurrently<br>Serves as<br>Independent<br>Director |
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| Independent<br>Director /<br>Wei-ta PAN | <p>President of Soochow University and Professor of Department of Law School</p> <ul style="list-style-type: none"> <li>• Authored books related to the Company Act, Negotiable Instruments Act, and commercial law. Equipped with sufficient knowledge and operating experience related to types of commercial transactions between companies, corporate governance, strategic planning, and laws and regulations.</li> </ul> <p>Independent Director, China Life Insurance Co., Ltd.</p> <ul style="list-style-type: none"> <li>• Participated in important policy discussions and promotion during the period. Reviewed the "business channel transformation project" to completely transform and optimize management and improve China Life's market competitiveness. During the term, assisted China Life in winning the Taiwan Corporate Governance Association Excellence Award twice, producing significant results.</li> <li>• The quality of professional directors is according to Subparagraph 3, Paragraph 1, Article 9 of Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.</li> </ul> | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. Not a director, supervisor, or employee of SinoPac Holdings or its affiliate.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>3. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the second subparagraphs.</li> <li>4. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>5. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>6. Not a director, supervisor, or employee of a company or institution who is the Chairman, President or a person with an equivalent position of SinoPac Holdings or a spouse thereof.</li> <li>7. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>8. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.<br/>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.<br/>Where the person is not elected in the capacity of the government, a corporation, or a representative thereof as provided in Article 27 of the Company Act.<br/>The person, and his spouse, or relatives within the second degree of kinship (or held by the person under other's name) do not hold more than 1% of the total issued shares of the Company or rank among the top ten natural person shareholders in shareholding.<br/>The person, person's spouse, or minor children (or held by the person under other's name) holds 0 shares of SinoPac Holdings.</p> | 1                                                                                                                               |
| Director /<br>Stanley CHU               | <p>Chairman, Cathay Securities Corporation Spokesman and Senior Executive Vice President, Taiwan Stock Exchange Corporation Senior Executive Vice President and Director, Taiwan Futures Exchange</p> <p>Adjunct Professional Expert, International Business, National Taiwan University Chairman and President, KGI Futures</p> <ul style="list-style-type: none"> <li>• The quality of professional directors is according to Subparagraph 1, Paragraph 1, Article 9 of Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>2. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the first subparagraphs.</li> <li>3. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>4. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>5. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>6. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.<br/>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0                                                                                                                               |





| Qualifications<br><br>Title / Name | Professional Qualifications and Experience<br>Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Conformance to Criteria of Independence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Number of Other TWSE / TPEX Listed Companies where He / She Concurrently Serves as Independent Director |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Director / Chi-hsing YEH           | <p>Founder and Managing Partner, DaVinci Personal Data and High Tech Law Firm<br/>Transaction Security Officer, eBay Taiwan<br/>Chief Operating Officer, PChome eBay Co., Ltd.<br/>Prosecutor, Ministry of Justice and Taiwan New Taipei District Prosecutors Office<br/>Passed the Republic of China Attorney Examination<br/>Passed the Republic of China Judge Examination<br/>Assistant Professor, Department of Law, Soochow University</p>                                                                                                                                                                                                                                                            | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. Not employed by SinoPac Holdings or an affiliate; not a director or supervisor of an affiliated.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>3. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the second subparagraphs.</li> <li>4. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>5. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>6. Not a director, supervisor, or employee of a company or institution who is the Chairman, President or a person with an equivalent position of SinoPac Holdings or a spouse thereof.</li> <li>7. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>8. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.<br/>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.</p> | 0                                                                                                       |
| Director / Wei-thyr TSAO           | <p>Managing Director, Acting President in Taiwan, and Head of Global Finance and Risk Solutions for Greater China, Barclays Capital Asia Ltd.<br/>Managing Director, Morgan Stanley Asia Ltd.<br/>Executive Vice President and Head of Group Fixed Income, China Development Financial Holding Co.<br/>Licensed Chartered Financial Analyst (CFA)<br/>* The quality of professional directors is according to Subparagraph 1, Paragraph 1, Article 9 of Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company</p> | <p>Meet the following conditions in two years prior to the nomination and during his term of Service:</p> <ol style="list-style-type: none"> <li>1. Not employed by SinoPac Holdings or an affiliate.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of SinoPac Holdings or is ranked in the top 10 in shareholdings.</li> <li>3. The person's spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship is not a director, supervisor, or employee of the Company or its affiliates or the persons in the second subparagraphs.</li> <li>4. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of SinoPac Holdings, of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that elects its authorized representative as a director or supervisor of SinoPac Holdings.</li> <li>5. Not a director, supervisor, or employee of a company who is a director of SinoPac Holdings or holds the majority of the voting shares.</li> <li>6. Not a director, supervisor, or employee of a company or institution who is the Chairman, President or a person with an equivalent position of SinoPac Holdings or a spouse thereof.</li> <li>7. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with SinoPac Holdings.</li> <li>8. Not a professional individual who is an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that offers audit services or offers commercial, legal, financial, or accounting services for which he/she has received the total remuneration of less than NT\$500,000 over the past two years to SinoPac Holdings or its affiliate, nor a spouse thereof.</li> </ol> <p>Not a spouse or a relative within the second degree of kinship with any Director.<br/>Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.</p>                                                | 0                                                                                                       |

## 2. Diversity and Independence of the Board of Directors

### (1) Diversity of the Board of Directors

- Board Diversity Policy

According to Article 34 of SinoPac Holdings' Corporate Governance Guidelines, the structure of Board of Directors shall comprise no fewer than seven directors based on the scale of operation and development of SinoPac Holdings and the shareholdings of its major shareholders, as well as in consideration of practical operational needs.

Diversity shall be considered when determining the composition of the Board of Directors. The percentage of directors concurrently serving as officers shall not be too high and shall comply with Article 28 concerning directors holding concurrent positions. An appropriate diversity policy, which should include but not be limited to criteria in the following two areas, shall be formulated based on SinoPac Holdings' business operations, operating dynamics, and development needs.

I. Fundamentals and Value: gender, age, nationality or country of origin, race or ethnicity, culture background, and other factors.

II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

Directors shall possess the knowledge, skills, and qualities needed to fulfill their duties. To reach the quality level of corporate governance, the Board of Directors as a whole shall possess the following competencies:

I. Ability to make operational judgments.

II. Ability to perform accounting and financial analysis.

III. Ability to perform business management (including in subsidiaries).

IV. Ability to perform crisis management.

V. Knowledge of the industry.

VI. An international market perspective.

VII. Ability to lead.

VIII. Ability to make decisions.

IX. Knowledge and ability to perform risk management.

- Board Diversity Targets

| Targets                                                                                                                                                                                                             | Achievement |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| At least 3 Independent Directors with no less than 20% of the Directors' seats                                                                                                                                      | Achieved    |
| Independent Directors have not served for more than three consecutive terms                                                                                                                                         | Achieved    |
| The percentage of Directors concurrently serving as officers not be too high                                                                                                                                        | Achieved    |
| The Board of Directors shall allocate at least one Director who has expertise in Bank and Securities industry                                                                                                       | Achieved    |
| At least one female director in the Board of Directors                                                                                                                                                              | Achieved    |
| The Board of Directors as a whole possesses 9 major capabilities                                                                                                                                                    | Achieved    |
| The Board of Directors as a whole possesses professional experience in 7 major industries including banking, business, law, accounting, finance, information on security/information technology and risk management | Achieved    |
| All Directors must sign the compliance statements for the Ethical Corporate Management Policy                                                                                                                       | Achieved    |

- Status of Board Diversity

The 7th Board of Directors consists of seven directors, including three independent directors, one director who currently serves as a managerial officer at SinoPac Holdings (where Director Mr. Stanley CHU concurrently serves as the President of SinoPac Holdings), and three directors who do not concurrently serve as a managerial officer at SinoPac Holdings. The composition of the Board of Directors is diverse with different professional experiences or backgrounds as described in the following. Chairman Madam Shi-kuan CHEN is an expert in international economics, macroeconomics, and international financial management, and is familiar with the operation of the financial industry. Director Mr. Stanley CHU has extensive leadership experience in the financial industry and a comprehensive understanding of the businesses of



SinoPac Holdings. Director Mr. Chi-hsing YEH is an expert in information security, financial supervision technology, and anti-money laundering, and also a professional lawyer. Director Mr. Wei-thyr TSAO is a renowned investment banker with extensive experience in international investment banking and finance. Independent Director Mr. Chi SCHIVE is a prominent economist with extensive experience in administrative practice. Independent Director Mr. James J. SHEU possesses complete qualifications in the financial industry and expertise in accounting and risk management. Independent Director Mr. Wei-ta PAN has a strong background in law, both professionally and in practice. Based on the professional skills of these seven directors, the Board of Directors as a whole possesses various skills, including the ability to make operational judgments, the ability to perform accounting and financial analysis, the ability to perform business management, the ability to perform crisis management, knowledge of the industry, an international market perspective, the ability to lead, the ability to make decisions, and the knowledge and ability to perform risk management.

At present, the Board of Directors comprises one female and six male directors, at the average age of 55 and above, holding three Ph.D. degrees and four Master's degrees. With diverse backgrounds and experiences, the Board of Directors is able to optimize its decision-making process through its diverse composition. To emphasize gender equality in the composition of the Board of Directors, the Board of Directors aimed to include at least one female director, where this goal has been achieved in 2020. Besides, Madam Shi-kuan CHEN was elected Chairman by the Board of Directors on May 13, 2020, thereby becoming the first private financial holding company in Taiwan to have a female chairman. The Board of Directors is composed of four directors with expertise in banking and three with expertise in securities, which complies with the businesses of the main subsidiaries of the company and the goal to establish at least one director with expertise in each of the businesses of the major subsidiaries of the company.

### The related implementation status is as follows:

| Title                | Name          | Basic Requirements |        |                                         |                    |                    |                    |                      | Industry Background |      |            |           |                  | Professional Competencies |          |     |            |         |                                              |                 |  |
|----------------------|---------------|--------------------|--------|-----------------------------------------|--------------------|--------------------|--------------------|----------------------|---------------------|------|------------|-----------|------------------|---------------------------|----------|-----|------------|---------|----------------------------------------------|-----------------|--|
|                      |               | Nationality        | Gender | Currently Serving as Managerial Officer | Age                |                    |                    | Term of Office       | Financial Holding   | Bank | Securities | Insurance | Other Industries | Banking                   | Commerce | Law | Accounting | Finance | Information Security/ Information Technology | Risk Management |  |
|                      |               |                    |        |                                         | 50 to 59 years old | 60 to 69 years old | 70 to 79 years old |                      |                     |      |            |           |                  |                           |          |     |            |         |                                              |                 |  |
| Chairman             | Shi-kuan CHEN | R.O.C.             | Female |                                         | V                  |                    |                    | 2020/5/13 to present | V                   | V    |            |           | V                | V                         | V        |     |            | V       | V                                            | V               |  |
| Independent Director | Chi SCHIVE    | R.O.C.             | Male   |                                         |                    |                    | V                  | 2014/6/12 to present | V                   |      | V          |           | V                | V                         | V        |     |            | V       |                                              | V               |  |
| Independent Director | James J. SHEU | R.O.C.             | Male   |                                         |                    | V                  |                    | 2014/6/12 to present | V                   | V    |            |           |                  | V                         | V        |     | V          | V       |                                              | V               |  |
| Independent Director | Wei-ta PAN    | R.O.C.             | Male   |                                         |                    | V                  |                    | 2020/5/13 to present | V                   |      |            | V         | V                | V                         | V        |     |            |         |                                              | V               |  |
| Directors            | Stanley CHU   | R.O.C.             | Male   | V                                       | V                  |                    |                    | 2017/12/5 to present | V                   | V    | V          |           |                  | V                         | V        |     |            | V       |                                              | V               |  |
| Directors            | Chi-hsing YEH | R.O.C.             | Male   |                                         | V                  |                    |                    | 2018/5/1 to present  | V                   |      |            |           | V                | V                         | V        | V   |            |         | V                                            | V               |  |
| Directors            | Wei-thyr TSAO | R.O.C.             | Male   |                                         |                    | V                  |                    | 2020/5/13 to present | V                   | V    | V          |           | V                | V                         | V        |     |            | V       |                                              | V               |  |

### (2) Independence of the Board of Directors:

The Board of Directors consists of seven directors, including three independent directors, one director who concurrently serves as a managerial officer (where Director Mr. Stanley CHU concurrently serves as the President of the Company), and three directors who do not concurrently serve as a managerial officer at SinoPac Holdings. Independent directors account for 42.86% and directors concurrently serving as managerial officers account for 14.29%. Three independent directors have not served for more than three consecutive terms. The seven directors are not related to or in spousal relationships with each other, ensuring independence.

## (II) President, Executive Vice Presidents, and Senior Vice Presidents of Divisions

### President, Executive Vice Presidents, and Senior Vice Presidents of Divisions

February 28, 2023

| Title                                                                                                 | Nationality       | Name            | Gender | Elected Date | Shares Owned (Note 1) |       | Shares Owned by Spouse & Minors (Note 1) |       | Shares Held under Surrogate A/C (Note 1) |   | Education & Key Past Positions                                                                                                                                                                                                                                                                                   | Positions Held Concurrently                                                                                                                                                                                                                                                                | Related to President, Executive Vice Presidents and Senior Vice Presidents of Divisions |      |              |
|-------------------------------------------------------------------------------------------------------|-------------------|-----------------|--------|--------------|-----------------------|-------|------------------------------------------|-------|------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------|--------------|
|                                                                                                       |                   |                 |        |              | No. of Shares         | %     | No. of Shares                            | %     | No. of Shares                            | % |                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                            | Title                                                                                   | Name | Relationship |
| President                                                                                             | R.O.C.            | Stanley CHU     | Male   | 2018/01/08   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Chairman of Cathay Securities Corporation<br>Director, Senior Executive Vice President and Spokesman, Taiwan Stock Exchange Corporation<br>Director, Senior Executive Vice President, Taiwan Futures Exchange<br>Chairman and President, KGI Futures Co. Ltd.<br>EMBA, National Taiwan University                | Chairman of SinoPac Securities Corp.<br>Director of SinoPac Holdings<br>Director of Bank SinoPac<br>Director of SinoPac Foundation                                                                                                                                                         | None                                                                                    | None | None         |
| Chief Auditor                                                                                         | R.O.C.            | James T.S. CHEN | Male   | 2019/01/25   | 0                     | 0     | 2,068                                    | 0.00% | 0                                        | 0 | Chief Auditor of AnShin Card Services Co., Ltd.<br>Chief Auditor of SinoPac Securities Corp.<br>Bachelor of Business Administration, Soochow University                                                                                                                                                          |                                                                                                                                                                                                                                                                                            | None                                                                                    | None | None         |
| Company Secretary & Chief Secretary                                                                   | R.O.C.            | Jenny HUANG     | Female | 2005/05/24   | 21,634                | 0.00% | 243,406                                  | 0.00% | 0                                        | 0 | Director of SinoPac Securities (Cayman) Holdings Ltd.<br>Manager of Legal Department, Yuen Foong Yu Paper Mfg. Co., Ltd.<br>Bachelor of Law, National Taiwan University                                                                                                                                          | Company Secretary & Chief Secretary, Senior Executive Vice President, Bank SinoPac                                                                                                                                                                                                         | None                                                                                    | None | None         |
| Chief Financial Officer & Spokesperson & Head of Finance Management Division                          | R.O.C., Hong Kong | Kerry HSU       | Female | 2014/04/28   | 12,017                | 0.00% | 0                                        | 0     | 0                                        | 0 | President of SinoPac Securities Investment Trust Co., Ltd.<br>Managing Director of SinoPac Asset Management (Asia) Ltd.<br>MBA, University of Texas at Arlington                                                                                                                                                 | Chairman of SinoPac Venture Capital Co., Ltd.<br>Director of Bank SinoPac<br>Director of SinoPac Asset Management (Asia) Ltd.<br>Director of SinoPac Securities Investment Trust Co., Ltd.<br>Director of Golden Trust SinoPac Fund Management Co., Ltd.<br>Director of SinoPac Foundation | None                                                                                    | None | None         |
| Chief Compliance Officer and Head of Legal & Compliance Division                                      | R.O.C.            | Patricia LIN    | Female | 2018/04/02   | 5                     | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Secretariat Division and Chief Compliance Officer, Fubon Financial Holdings<br>Chief Compliance Officer and Senior Vice President, Taipei Fubon Commercial Bank Co., Ltd.<br>Master of Laws, National Chengchi University<br>Master of International Business Administration, National Taipei University | Supervisor of SinoPac Securities Investment Trust Co., Ltd.<br>Supervisor of Sanjin Integrated Marketing Co., Ltd.                                                                                                                                                                         | None                                                                                    | None | None         |
| Head of Risk Management Division                                                                      | R.O.C.            | Darren YANG     | Male   | 2018/06/19   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | CRO of JihSun Financial Holding Co., Ltd.<br>Head of Risk Management Division of JihSun Securities Co., Ltd.<br>Master of Business Administration, National Chengchi University                                                                                                                                  |                                                                                                                                                                                                                                                                                            | None                                                                                    | None | None         |
| Head of President Office & Chief Information Security Officer & Head of Information Security Division | R.O.C.            | Sean LEE        | Male   | 2018/11/01   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Chief Information Security Officer, Fubon Financial Holdings<br>Chief Information Officer, Fubon Financial Holdings<br>M.S. University of Alabama at Birmingham                                                                                                                                                  | Chief Information Security Officer and Head of Information Security Division, Senior Executive Vice President, Bank SinoPac<br>Director of Telexpress Co., Ltd.<br>Director of TELEXPRESS Corp.                                                                                            | None                                                                                    | None | None         |



| Title                                   | Nationality | Name               | Gender | Elected Date | Shares Owned (Note 1) |       | Shares Owned by Spouse & Minors (Note 1) |       | Shares Held under Surrogate A/C (Note 1) |   | Education & Key Past Positions                                                                                                                                                                                                   | Positions Held Concurrently                                                                                                                                                  | Related to President, Executive Vice Presidents and Senior Vice Presidents of Divisions |      |              |
|-----------------------------------------|-------------|--------------------|--------|--------------|-----------------------|-------|------------------------------------------|-------|------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------|--------------|
|                                         |             |                    |        |              | No. of Shares         | %     | No. of Shares                            | %     | No. of Shares                            | % |                                                                                                                                                                                                                                  |                                                                                                                                                                              | Title                                                                                   | Name | Relationship |
| Head of Information Technology Division | R.O.C.      | Robert TSAI        | Male   | 2006/09/01   | 91,756                | 0.00% | 270,992                                  | 0.00% | 0                                        | 0 | Head of Enterprise Architecture Department, Senior Executive Vice President, Bank SinoPac<br>Head of Information Technology Division, Senior Executive Vice President, Bank SinoPac<br>Bachelor of Economics, Soochow University | Head of IT, Digital Banking & Operations and Head of Information Technology Division, Senior Executive Vice President, Bank SinoPac<br>Director of Bank SinoPac (China) Ltd. | None                                                                                    | None | None         |
| Head of Digital & Technology Division   | R.O.C.      | Tien-hao CHANG     | Male   | 2020/12/01   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Consultant of Bank SinoPac Professor, Department of Electrical Engineering, National Cheng Kung University<br>Ph.D., Department of Computer Science and Information Engineering, National Taiwan University                      | Executive Vice President of Digital Banking Division, Bank SinoPac<br>Chairman of Jun Yi Co., Ltd.                                                                           | None                                                                                    | None | None         |
| Head of Operations Management Division  | R.O.C.      | Hsin HO            | Male   | 2013/10/01   | 20,431                | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of President Office, SinoPac Holdings<br>First Vice President of CFO Office, SinoPac Holdings<br>Master of Finance, National Chung Cheng University                                                                         | Head of Administration Division, Senior Executive Vice President, Bank SinoPac                                                                                               | None                                                                                    | None | None         |
| Head of Human Resources Division        | R.O.C.      | Chia-hung LIAO     | Male   | 2013/08/26   | 14,422                | 0.00% | 0                                        | 0     | 0                                        | 0 | Chief Human Resources Officer & Head of CHRO Office, SinoPac Holdings<br>Deputy Head of Human Resources Division, Associate Executive Vice President, Bank SinoPac<br>Master of Science, National Sun Yat-sen University         | Head of Human Resources Division, Senior Executive Vice President, Bank SinoPac                                                                                              | None                                                                                    | None | None         |
| Chief Accountant                        | R.O.C.      | Hsiang-yuan CHANG  | Female | 2009/10/01   | 143,111               | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Accounting Department, Bank SinoPac<br>Acting Head of Accounting Division, SinoPac Holdings<br>Bachelor of Accountancy, National Cheng Kung University                                                                   | Head of Accounting Division, Associate Executive Vice President, Bank SinoPac<br>Supervisor of Bank SinoPac (China) Ltd.                                                     | None                                                                                    | None | None         |
| Chief Economist                         | R.O.C.      | Jack HUANG         | Male   | 2008/07/01   | 784,658               | 0.01% | 568,084                                  | 0.00% | 0                                        | 0 | Head of Research Division, SinoPac Holdings<br>Chairman of Department of Economics, National Chi Nan University<br>Ph.D. in Economics, University of Wisconsin, Madison                                                          | Chairman of SinoPac Securities Investment Service Corp.<br>Director of SinoPac Venture Capital Co., Ltd.                                                                     | None                                                                                    | None | None         |
| Chief Senior Consultant                 | R.O.C.      | Kuo-chi YU         | Male   | 2015/07/15   | 4,265,230             | 0.04% | 0                                        | 0     | 0                                        | 0 | President and Chief Financial Officer of SinoPac Holdings<br>Chairman of Bank SinoPac<br>MBA, Central Missouri State University                                                                                                  |                                                                                                                                                                              | None                                                                                    | None | None         |
| Executive Vice President                | R.O.C.      | Chia-hsing CHEN    | Male   | 2009/12/25   | 82,246                | 0.00% | 20,149                                   | 0.00% | 0                                        | 0 | Director of Bank SinoPac (China) Ltd.<br>Chief Executive of Operation, Senior Executive Vice President, Bank SinoPac<br>Master Degree of International Finance, National Taipei University                                       | Senior Executive Vice President of President Office, Bank SinoPac                                                                                                            | None                                                                                    | None | None         |
| Executive Vice President                | R.O.C.      | Benjamin LIN       | Male   | 2017/03/01   | 278,638               | 0.00% | 240,392                                  | 0.00% | 0                                        | 0 | Head of CFO Office, SinoPac Holdings<br>Director of SinoPac Bancorp<br>Bachelor of International Trade, Fu Jen Catholic University                                                                                               | Head of President Office and Acting Spokesperson, Senior Executive Vice President, Bank SinoPac                                                                              | None                                                                                    | None | None         |
| Executive Vice President                | R.O.C.      | Jeffrey C.C. HUANG | Male   | 2018/12/03   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Executive Vice President, KGI Bank<br>Ph.D. in Economics, Xiamen University                                                                                                                                                      | Head of Financial Markets Division, Senior Executive Vice President, Bank SinoPac<br>President of CFA Society Taiwan                                                         | None                                                                                    | None | None         |

| Title                                       | Nationality | Name            | Gender | Elected Date | Shares Owned (Note 1) |       | Shares Owned by Spouse & Minors (Note 1) |       | Shares Held under Surrogate A/C (Note 1) |   | Education & Key Past Positions                                                                                                                                                                                                      | Positions Held Concurrently                                                                                                                                                                                                                                                    | Related to President, Executive Vice Presidents and Senior Vice Presidents of Divisions |      |              |
|---------------------------------------------|-------------|-----------------|--------|--------------|-----------------------|-------|------------------------------------------|-------|------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------|--------------|
|                                             |             |                 |        |              | No. of Shares         | %     | No. of Shares                            | %     | No. of Shares                            | % |                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                | Title                                                                                   | Name | Relationship |
| Executive Vice President                    | R.O.C.      | Alton WANG      | Male   | 2019/07/01   | 7,809                 | 0.00% | 0                                        | 0     | 0                                        | 0 | President of Far East National Bank<br>Director of SinoPac Bancorp<br>MBA, San Diego State University                                                                                                                               | Head of Overseas Business & Corporate Products and Head of Overseas Business Division, Senior Executive Vice President, Bank SinoPac<br>Director of Bank SinoPac (China) Ltd.<br>Director of SinoPac Insurance Brokers Ltd.                                                    | None                                                                                    | None | None         |
| Acting Spokesperson & Senior Vice President | R.O.C.      | Vincent HSIAO   | Male   | 2019/05/06   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Senior Vice President of Corporate Strategy & Planning Department, China Development Financial Holding Co., Ltd.<br>Senior Vice President, CDB Capital Group<br>EMBA, National Chengchi University                                  | Spokesperson, Associate Executive Vice President of President Office, Bank SinoPac                                                                                                                                                                                             | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Sheng-pao CHANG | Male   | 2018/05/26   | 28,565                | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Operations Division, Bank SinoPac<br>MBA, National Sun Yat-sen University                                                                                                                                                   | Head of Business Planning Division, Associate Executive Vice President, Bank SinoPac                                                                                                                                                                                           | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Irene HUANG     | Female | 2018/05/26   | 15,246                | 0.00% | 0                                        | 0     | 0                                        | 0 | Deputy Head of Electronic Banking Division, Bank SinoPac<br>Head of Cash Payment and Management Department, Bank SinoPac<br>Bachelor of Public Administration, National Chengchi University                                         | Head of Digital Banking Division, Associate Executive Vice President, Bank SinoPac                                                                                                                                                                                             | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Ryan YEN        | Male   | 2020/07/01   | 2,024                 | 0.00% | 0                                        | 0     | 0                                        | 0 | HTC Director<br>Yahoo! Sr. Manager<br>CUHK MBA                                                                                                                                                                                      | Deputy Head of Digital Banking Division, Associate Executive Vice President, Bank SinoPac                                                                                                                                                                                      | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Maggie TANG     | Female | 2020/08/19   | 10,100                | 0.00% | 0                                        | 0     | 0                                        | 0 | Managing Director of IPG Mediabrands Taiwan<br>Master of Department of Bio-Industry Communication and Development, National Taiwan University                                                                                       | Associate Executive Vice President of Business Planning Division, Bank SinoPac<br>Director of SinoPac Foundation                                                                                                                                                               | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Che-hui CHIN    | Female | 2015/08/01   | 92                    | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Retail Banking Division, Associate Executive Vice President, Bank SinoPac<br>Head of President Office, SinoPac Holdings<br>Master of Science in Finance, University of Illinois at Urbana-Champaign                         | Associate Executive Vice President of Secretariat, Bank SinoPac                                                                                                                                                                                                                | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Tiffany CHENG   | Female | 2014/05/14   | 0                     | 0     | 7,885                                    | 0.00% | 0                                        | 0 | Head of Financial Markets Division, Bank SinoPac<br>Deputy Head of Financial Markets Division, and Head of Financial Product Department and Treasury Marketing Department, Bank SinoPac<br>MBA, University of California, Riverside |                                                                                                                                                                                                                                                                                | None                                                                                    | None | None         |
| Senior Vice President                       | R.O.C.      | Michelle LIN    | Female | 2017/09/01   | 59,771                | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Corporate Planning Division, SinoPac Securities Corp.<br>Supervisor of SinoPac Futures Corp.<br>MBA for Executive, National Taipei University                                                                               | Head of President Office, SinoPac Securities Corp.<br>Chairman of SinoPac Futures Corp.<br>Supervisor of SinoPac Financial Consulting (Shanghai) Ltd.<br>Supervisor of SinoPac Securities Venture Capital Corporation<br>Director of SinoPac Securities (Cayman) Holdings Ltd. | None                                                                                    | None | None         |





| Title                 | Nationality | Name        | Gender | Elected Date | Shares Owned (Note 1) |       | Shares Owned by Spouse & Minors (Note 1) |       | Shares Held under Surrogate A/C (Note 1) |   | Education & Key Past Positions                                                                                                                                                                                                                                                                           | Positions Held Concurrently                                                                                                                                                                                                                  | Related to President, Executive Vice Presidents and Senior Vice Presidents of Divisions |      |              |
|-----------------------|-------------|-------------|--------|--------------|-----------------------|-------|------------------------------------------|-------|------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------|--------------|
|                       |             |             |        |              | No. of Shares         | %     | No. of Shares                            | %     | No. of Shares                            | % |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                              | Title                                                                                   | Name | Relationship |
| Senior Vice President | R.O.C.      | Kevin CHAO  | Male   | 2018/10/01   | 42,144                | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Information Technology Division and System Development I Department, SinoPac Securities Corp. Head of Information Security Division, Associate Executive Vice President, Bank SinoPac Master of Computer Science, University of Maryland                                                         | Senior Executive Vice President of President Office and Chief Information Security Officer, SinoPac Securities Corp.                                                                                                                         | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | Ta-yu KAO   | Male   | 2021/02/01   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Associate Professor, Department of Information Management, Central Police University, Taiwan Section Chief of Information Department of Maritime Patrol Directorate General, Coast Guard Administration, Taiwan Ph.D., Department of Crime Prevention and Corrections, Central Police University, Taiwan | Deputy Head of Information Security Division, Associate Executive Vice President, Bank SinoPac                                                                                                                                               | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | Carol WANG  | Female | 2021/06/01   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Deputy Head of Integrated Marketing Division, Senior Vice President, Bank SinoPac Bachelor of Department of International Trade, Ming Chuan University                                                                                                                                                   | Deputy Head of Business Planning Division & Head of Integration Planning Department, Associate Executive Vice President, Bank SinoPac                                                                                                        | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | Mei LAN     | Female | 2022/04/01   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Head of the Legal Person Business Division, SinoPac Securities Corp. Head of Wealth and Finance Department, SinoPac Securities Corp. Head of Human Resources Division, SinoPac Securities Corp. Master of Business Administration, The University of Maryland                                            | Head of Operations Management Division and Head of Clearance & Settlement Dept., SinoPac Securities Corp. Director of SinoPac Securities (Europe) Ltd.                                                                                       | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | William SU  | Male   | 2022/04/01   | 0                     | 0     | 0                                        | 0     | 0                                        | 0 | Director of SinoPac Capital (Asia) Ltd. Director of SinoPac Securities (Asia) Ltd. Managing Director of SinoPac Asset Management (Asia) Ltd. Head of Korea Warrant Trading, KBCFP Master of Financial Engineering, Columbia University                                                                   | Head of the Digital Finance Division and Head of the Strategic Planning Dept. and Head of the Data Applications Dept., SinoPac Securities Corp. Director of SinoPac Solutions and Services Limited. Director of SinoPac (Asia) Nominees Ltd. | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | Robin HOU   | Male   | 2022/06/01   | 355,490               | 0.00% | 0                                        | 0     | 0                                        | 0 | Head of Channel Operations Division, Bank SinoPac EMBA of Management Executive Master of Management, National Cheng Kung University                                                                                                                                                                      | Senior Vice President of President Office, Bank SinoPac                                                                                                                                                                                      | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | Ally HSIEH  | Female | 2022/06/01   | 1,814                 | 0.00% | 0                                        | 0     | 0                                        | 0 | Deputy Head of Finance Management Division, Bank SinoPac Master of Finance and Management, Syracuse University USA                                                                                                                                                                                       | Head of Financial Management Division, Associate Executive Vice President, Bank SinoPac Supervisor of SinoPac Securities Investment Service Corp.                                                                                            | None                                                                                    | None | None         |
| Senior Vice President | R.O.C.      | Kelvin LIAO | Male   | 2022/07/01   | 610                   | 0.00% | 1,240                                    | 0.00% | 0                                        | 0 | Head of Risk Management Division, Bank SinoPac Master of Business Administration, National Sun Yat-sen University                                                                                                                                                                                        | Head of Corporate Banking Division and Head of Business Banking Department and Head of International Department, Associate Executive Vice President, Bank SinoPac                                                                            | None                                                                                    | None | None         |

| Title                 | Nationality | Name           | Gender | Elected Date | Shares Owned (Note 1) |   | Shares Owned by Spouse & Minors (Note 1) |   | Shares Held under Surrogate A/C (Note 1) |   | Education & Key Past Positions                                                                                                                            | Positions Held Concurrently                                    | Related to President, Executive Vice Presidents and Senior Vice Presidents of Divisions |      |              |
|-----------------------|-------------|----------------|--------|--------------|-----------------------|---|------------------------------------------|---|------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------|------|--------------|
|                       |             |                |        |              | No. of Shares         | % | No. of Shares                            | % | No. of Shares                            | % |                                                                                                                                                           |                                                                | Title                                                                                   | Name | Relationship |
| Senior Vice President | R.O.C.      | Josephine CHEN | Female | 2022/08/01   | 0                     | 0 | 0                                        | 0 | 0                                        | 0 | Chief Compliance Officer & Head of Legal & Compliance Division of Far Eastern International Bank<br>Practicing Lawyer<br>EMBA, National Taiwan University | Head of Legal Division, Executive Vice President, Bank SinoPac | None                                                                                    | None | None         |

Note 1: "Shares Held," "Shares Held by Spouse & Minors," "Shares Held in the Name of Others," etc., are based on available data as of December 31, 2022, and "Shareholding ratio" is rounded to two decimal places.

Note 2: The Company's Chairman and President or personnel with equivalent position (chief manager) are not the same person, spouses or relatives within one degree of kinship.

### (III) Information on Chairmen or Presidents retiring from a company or affiliates and reappointed as consultants and their remuneration

None.

### (IV) Remuneration and Compensation to Directors, President, and Executive Vice Presidents in 2022

#### Remuneration and Compensation to Directors

Unit : NT\$ thousand

| Position             |                      |                                           | Name   | Remuneration          |                           |                                |                           |                                      |                                                  |                                                  |                           | The Aggregate of A, B, C, and D and The Aggregate of A, B, C, and D as Percentage of Net Income (Note 3) |        | Relevant Remuneration Received by Who are also Employees |                           |                                |                           |                             |   |                           |                | The Aggregate of A, B, C, D, E, F, and G and The Aggregate of A, B, C, D, E, F, and G as Percentage of Net Income (Note 3) |      | Any Other Compensation from Other Investees or Parent Company |
|----------------------|----------------------|-------------------------------------------|--------|-----------------------|---------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------|---------------------------|--------------------------------|---------------------------|-----------------------------|---|---------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------------|
|                      |                      |                                           |        | Base Compensation (A) |                           | Retirement and Resignation (B) |                           | Directors' Compensation (C) (Note 1) |                                                  | Business-conducting Expenses (D)                 |                           |                                                                                                          |        | Salaries, Bonuses and Special Allowances (E)             |                           | Retirement and Resignation (F) |                           | Employees' Compensation (G) |   |                           |                |                                                                                                                            |      |                                                               |
|                      |                      |                                           |        | The Company           | All Consolidated Entities | The Company                    | All Consolidated Entities | The Company                          | All Consolidated Entities                        | The Company                                      | All Consolidated Entities |                                                                                                          |        | The Company                                              | All Consolidated Entities | The Company                    | All Consolidated Entities | The Company                 |   | All Consolidated Entities |                |                                                                                                                            |      |                                                               |
| Director             | Chairman             | Hsinex International Corp./ Shi-kuan CHEN | 14,500 | 26,767                | 0 (Note 4)                | 8 (Note 5)                     | 24,000                    | 36,264                               | 4,529 (including vehicle and gas expenses 1,027) | 7,782 (including vehicle and gas expenses 2,037) | 43,029 / 0.27%            | 70,822 / 0.44%                                                                                           | 27,331 | 27,417                                                   | 108 (Note 4)              | 108 (Note 5)                   | 0                         | 0                           | 0 | 0                         | 70,468 / 0.44% | 98,347 / 0.62%                                                                                                             | None |                                                               |
|                      | Director             | Hsinex International Corp./ Stanley CHU   |        |                       |                           |                                |                           |                                      |                                                  |                                                  |                           |                                                                                                          |        |                                                          |                           |                                |                           |                             |   |                           |                |                                                                                                                            |      |                                                               |
|                      | Director             | Xing Yuan Co., Ltd. / Chi-hsing YEH       |        |                       |                           |                                |                           |                                      |                                                  |                                                  |                           |                                                                                                          |        |                                                          |                           |                                |                           |                             |   |                           |                |                                                                                                                            |      |                                                               |
|                      | Director             | Xing Yuan Co., Ltd. / Wei-thyr TSAO       |        |                       |                           |                                |                           |                                      |                                                  |                                                  |                           |                                                                                                          |        |                                                          |                           |                                |                           |                             |   |                           |                |                                                                                                                            |      |                                                               |
| Independent Director | Independent Director | Chi SCHIVE                                | 0      | 0                     | 0                         | 0                              | 12,000                    | 13,500                               | 2,385                                            | 2,927                                            | 14,385 / 0.09%            | 16,427 / 0.10%                                                                                           | 0      | 0                                                        | 0                         | 0                              | 0                         | 0                           | 0 | 0                         | 14,385 / 0.09% | 16,427 / 0.10%                                                                                                             | None |                                                               |
|                      | Independent Director | James J. SHEU                             |        |                       |                           |                                |                           |                                      |                                                  |                                                  |                           |                                                                                                          |        |                                                          |                           |                                |                           |                             |   |                           |                |                                                                                                                            |      |                                                               |
|                      | Independent Director | Wei-ta PAN                                |        |                       |                           |                                |                           |                                      |                                                  |                                                  |                           |                                                                                                          |        |                                                          |                           |                                |                           |                             |   |                           |                |                                                                                                                            |      |                                                               |

#### I. Remuneration policies, systems, standards, and structures for independent directors and linkage thereof to powers, risks, and time spent :

According to Article 5 of SinoPac Holdings' Rules Governing the Scope of Powers of Independent Directors, "The remuneration, compensation and service fees of the independent directors of the Company shall be collected in accordance with Articles 28-1 and 36 of the Company's Articles of Incorporation and the "Payment Guidelines for Transportation and Attendance Allowances for Directors, Supervisors, and Consultants," and may be different from those paid to regular directors as appropriate." As independent directors have more powers, risks and time spent than regular directors, independent directors shall be entitled to reasonable annual remunerations, in addition to attendance allowances for functional committee meetings, in the case of low profitability. In addition to supervising and giving independent opinions, independent directors are expected to provide strategic guidance and improve business performance together with other Board members. In case of high profitability, independent directors' remuneration link to their performance as regular directors. If the independent directors of the Company concurrently act as the members of the Audit Committee, Remuneration Committee or Ethical Corporate Management Committee, attendance allowances will be paid in accordance with the respective committee charters, and no additional transportation allowance will be paid. The attendance allowances per attendance at the committee meetings shall be defined in the committee charters based on the independent directors' powers, risks, and time spent.

#### II. In addition to the table above, in the most recent fiscal year, compensation for services provided by directors of the company (including as a non-employee advisor for the parent company, and companies/investees in the financial report) is as follows: None



## Remuneration Range Table

| Bracket                                                  | Name of Directors                                 |                                                                  |                                                                |                                                                  |
|----------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|
|                                                          | The Aggregate of A, B, C, and D                   |                                                                  | The Aggregate of A, B, C, D, E, F and G                        |                                                                  |
|                                                          | The Company (Note 6)                              | All Consolidated Entities (Note 7) H                             | The Company (Note 6)                                           | All Consolidated Entities (Note 7) I                             |
| Under NT\$ 1,000,000                                     | Stanley CHU 、<br>Chi-hsing YEH 、<br>Wei-thyr TSAO | Chi-hsing YEH                                                    | Chi-hsing YEH 、<br>Wei-thyr TSAO                               | Chi-hsing YEH                                                    |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)    |                                                   |                                                                  |                                                                |                                                                  |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)    |                                                   |                                                                  |                                                                |                                                                  |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)    | Chi SCHIVE 、<br>James J. SHEU 、<br>Wei-ta PAN     | James J. SHEU 、<br>Wei-ta PAN                                    | Chi SCHIVE 、<br>James J. SHEU 、<br>Wei-ta PAN                  | James J. SHEU 、<br>Wei-ta PAN                                    |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)   | Xing Yuan Co., Ltd.                               | Stanley CHU 、<br>Chi SCHIVE 、<br>Xing Yuan Co., Ltd.             | Xing Yuan Co., Ltd.                                            | Chi SCHIVE 、<br>Xing Yuan Co., Ltd.                              |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)  |                                                   |                                                                  |                                                                |                                                                  |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)  | Shi-kuan CHEN 、<br>Hsinex International Corp.     | Shi-kuan CHEN 、<br>Wei-thyr TSAO 、<br>Hsinex International Corp. | Shi-kuan CHEN 、<br>Stanley CHU 、<br>Hsinex International Corp. | Shi-kuan CHEN 、<br>Wei-thyr TSAO 、<br>Hsinex International Corp. |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)  |                                                   |                                                                  |                                                                | Stanley CHU                                                      |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive) |                                                   |                                                                  |                                                                |                                                                  |
| Over NT\$100,000,000                                     |                                                   |                                                                  |                                                                |                                                                  |
| Total                                                    | 9                                                 | 9                                                                | 9                                                              | 9                                                                |

Note 1: Refer to the amount of compensation to be distributed to directors as approved by the Board of Directors in the most recent year.

Note 2: A total of NT\$2,467 thousand in wages were paid to drivers.

Note 3: Net income means after-tax income in 2022.

Note 4: SinoPac Holdings paid a total of NT\$108 thousand in compensation for retirement and resignation, which is the amount contributed by SinoPac Holdings, to directors who are concurrently employees of the Company.

Note 5: All the consolidated entities stated in the consolidated financial statements paid a total of NT\$116 thousand in compensation for retirement and resignation, which is the amount contributed by these entities, to directors who are concurrently employees of these entities.

Note 6: The name of directors to whom the total remuneration is paid by SinoPac Holdings shall be disclosed in the corresponding remuneration range.

Note 7: The name of directors to whom the total remuneration is paid by all the consolidated entities (including SinoPac Holdings) listed in the consolidated financial statements shall be disclosed in the corresponding remuneration range.

Note 8: TWSE/TPEx listed financial holding companies that exhibit any of the conditions listed in Item 2, Point 2 or Item 6 shall disclose remuneration of the 5 most highly remunerated managers on an individual basis: None

Note 9: The remuneration disclosed in the Remuneration Range Table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

## Remuneration and Compensation to President and Executive Vice Presidents

Unit : NT\$ thousand

| Title                                                                                                 | Name                   | Salaries (A) |                           | Retirement and Resignation (B) |                           | Bonuses and Special Allowances (C)              |                                                    | Employees' Compensation (D) (Note 5) |                 |                           |                 | The Aggregate of A, B, C, and D and The Aggregate of A, B, C, and D as Percentage of net income (%) (Note 6) |                           | Any Other Compensations from Other Investees or Parent Company |
|-------------------------------------------------------------------------------------------------------|------------------------|--------------|---------------------------|--------------------------------|---------------------------|-------------------------------------------------|----------------------------------------------------|--------------------------------------|-----------------|---------------------------|-----------------|--------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------|
|                                                                                                       |                        | The Company  | All Consolidated Entities | The Company                    | All Consolidated Entities | The Company                                     | All Consolidated Entities                          | The Company                          |                 | All Consolidated Entities |                 | The Company                                                                                                  | All Consolidated Entities |                                                                |
|                                                                                                       |                        |              |                           |                                |                           |                                                 |                                                    | Cash Dividends                       | Stock Dividends | Cash Dividends            | Stock Dividends |                                                                                                              |                           |                                                                |
| President                                                                                             | Stanley CHU            | 33,850       | 81,519                    | 496 (Note 7)                   | 15,898 (Note 8)           | 36,461 (including vehicle and gas expenses 638) | 112,080 (including vehicle and gas expenses 2,633) | 0                                    | 0               | 0                         | 0               | 70,807 / 0.44 %                                                                                              | 209,497 / 1.31 %          | None                                                           |
| Chief Auditor                                                                                         | James T.S. CHEN        |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Company Secretary & Chief Secretary                                                                   | Jenny HUANG            |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Chief Financial Officer & Spokesperson & Head of Finance Management Division                          | Kerry HSU              |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Chief Compliance Officer and Head of Legal & Compliance Division                                      | Patricia LIN           |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Head of President Office & Chief Information Security Officer & Head of Information Security Division | Sean LEE               |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Head of Human Resources Division                                                                      | Chia-hung LIAO         |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Head of Operations Management Division                                                                | Hsin HO                |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Head of Information Technology Division                                                               | Robert TSAI            |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Chief Senior Consultant                                                                               | Kuo-chi YU             |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Chia-hsing CHEN        |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Benjamin LIN           |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Jeffrey C.C. HUANG     |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Alton WANG             |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Henry LIN (Note 1)     |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Matt CHUANG (Note 2)   |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |
| Executive Vice President                                                                              | Philip J. WEI (Note 3) |              |                           |                                |                           |                                                 |                                                    |                                      |                 |                           |                 |                                                                                                              |                           |                                                                |



## Remuneration Range Table

| Bracket                                                  | Name of President And Executive Vice Presidents |                                                                                                   |
|----------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                                          | The Company (Note 9)                            | All Consolidated Entities (Note 10) E                                                             |
| Under NT\$ 1,000,000                                     |                                                 | Henry LIN                                                                                         |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)    |                                                 |                                                                                                   |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)    |                                                 |                                                                                                   |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)    | Philip J. WEI                                   | Chia-hsing CHEN                                                                                   |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)   | Patricia LIN 、 James T.S. CHEN                  | Hsin HO 、 Sean LEE 、 Benjamin LIN 、 Patricia LIN 、 James T.S. CHEN 、 Jenny HUANG 、 Chia-hung LIAO |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)  | Kerry HSU 、 Kuo-chi YU                          | Alton WANG 、 Kuo-chi YU 、 Robert TSAI                                                             |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)  | Stanley CHU                                     | Matt CHUANG 、 Kerry HSU 、 Jeffrey C.C. HUANG 、 Philip J. WEI                                      |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)  |                                                 | Stanley CHU                                                                                       |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive) |                                                 |                                                                                                   |
| Over NT\$100,000,000                                     |                                                 |                                                                                                   |
| Total                                                    | 6                                               | 17                                                                                                |

Note 1: Henry LIN retired from his position as Executive Vice President with effect from January 16, 2022.

Note 2: Matt CHUANG was adjusted from his position as Executive Vice President with effect from July 1, 2022.

Note 3: Philip J. WEI retired from his position as Executive Vice President with effect from July 19, 2022.

Note 4: A total of NT\$5,862 thousand in wages were paid to drivers.

Note 5: Refer to the amount of compensation to be distributed to President and Executive Vice Presidents as approved by the Board of Directors in the most recent year.

Note 6: Net income means after-tax income in 2022.

Note 7: SinoPac Holdings paid a total of NT\$496 thousand in compensation for retirement and resignation, which is the amount contributed by SinoPac Holdings, to President and Executive Vice Presidents who are concurrently employees of SinoPac Holdings.

Note 8: All the consolidated entities stated in the consolidated financial statements paid a total of NT\$15,898 thousand in compensation for retirement and resignation, of which NT\$14,304 thousand is the actual amount, and the rest is the amount contributed by these entities, to President and Executive Vice Presidents who are concurrently employees of these entities.

Note 9: The name of President and Executive Vice Presidents to whom the total remuneration is paid by SinoPac Holdings shall be disclosed in the corresponding remuneration range.

Note 10: The name of President and Executive Vice Presidents to whom the total remuneration is paid by all the consolidated entities (including SinoPac Holdings) listed in the consolidated financial statements shall be disclosed in the corresponding remuneration range.

Note 11: TWSE/TPEX listed financial holding companies that exhibit any of the conditions listed in Item 2, Point 2 or Item 6 shall disclose remuneration of the 5 most highly remunerated managers on an individual basis: None

Note 12: The remuneration disclosed in the Remuneration Range Table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

## Employee Remuneration Distributed to Managers and Distribution Situation

None.

(V) Correlation between the remuneration and benefit policy, standard, and package of Director, President & Executive Vice President, its procedures for determining remuneration, and business performance and future risks for the last two years

A. The Company and all consolidated entities' total amount of remuneration paid to the Company's directors, president & executive vice president, etc., and the analysis of the proportion of the after-tax net profit of only the parent company's financial statements in the last two years are as follows:

| Unit : NT\$ thousand                                               |      |                           |                                                          |                           |                                                          |                           |                                                          |                           |                                                          |
|--------------------------------------------------------------------|------|---------------------------|----------------------------------------------------------|---------------------------|----------------------------------------------------------|---------------------------|----------------------------------------------------------|---------------------------|----------------------------------------------------------|
| Position                                                           | Year | The Company               |                                                          |                           |                                                          | All Consolidated Entities |                                                          |                           |                                                          |
|                                                                    |      | 2021                      |                                                          | 2022                      |                                                          | 2021                      |                                                          | 2022                      |                                                          |
|                                                                    |      | Total remuneration amount | Proportion of total remuneration to after-tax net profit | Total remuneration amount | Proportion of total remuneration to after-tax net profit | Total remuneration amount | Proportion of total remuneration to after-tax net profit | Total remuneration amount | Proportion of total remuneration to after-tax net profit |
| Directors (excluding remuneration to those who serve as employees) |      | 58,251                    | 0.36%                                                    | 57,414                    | 0.36%                                                    | 74,618                    | 0.46%                                                    | 87,249                    | 0.55%                                                    |
| President & Executive Vice President                               |      | 73,824                    | 0.46%                                                    | 70,807                    | 0.44%                                                    | 213,471                   | 1.32%                                                    | 209,497                   | 1.31%                                                    |

## B. Directors

- In 2022, the total remuneration paid by the Company to Directors (excluding remuneration to those who serve as employees) was NT\$57,414 thousand and accounted for 0.36% of the net profit after tax of the Company. The remuneration (excluding remuneration to those who serve as employees) paid by companies in the consolidated financial statements (including SinoPac Holdings) was NT\$87,249 thousand and accounted for 0.55% of the net profit after tax of all companies.
- The Company's remuneration for Directors includes transportation and attendance allowances and remuneration.
  - The payments for transportation and attendance allowances shall be processed in accordance with the "Payment Guidelines for Transportation and Attendance Allowances for Directors, Supervisors, and Consultants" adopted by the Board of Directors. If the independent directors of the Company concurrently act as the members of the Audit Committee, Remuneration Committee or Ethical Corporate Management Committee, attendance allowances will be paid in accordance with the respective committee charters, and no additional transportation allowance will be paid. The attendance allowances per attendance at the committee meetings shall be defined in the committee charters based on the independent directors' powers, risks, and time spent.
  - Article 36 of the Company's "Articles of Incorporation" provides that "In the event the Company makes a profit during the fiscal year it shall set aside no less than 0.01% of the profits for employee remuneration. The remuneration for Directors shall be no higher than 1%. However, the Company's accumulated losses shall have been covered. This Company shall distribute director compensation in cash. Employees compensation may be distributed in cash or in the form of shares. Employees eligible for compensation include employees of the Company and subsidiaries who meet the criteria set forth by the board of directors. The distribution ratio of compensation of directors and the distribution form and ratio of employees' compensation shall be approved by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting. When calculating employee and director





remuneration, the profits of the current year (profits before tax deducted by pre-tax interest for distribution of remuneration to employees and directors) shall be deducted by accumulated deficit before calculating employee and director remuneration. The Articles of Incorporation have established the distribution standards and procedures for director remuneration and they link director remuneration to the Company's profitability and performance. The rate and amount of directors' remuneration for the current year would be based on the performance of directors, the financial and operational performance of the company, the implementation of corporate governance and ESG, and the reasonableness of the correlation of future risks, considering the industry standard with the peers, and should be considered and approved by the Compensation Committee and the Board of Directors and reported to the shareholders' meeting.

- (3) The remuneration for the Chairman of the Board shall be determined by the Remuneration Committee and the Board of Directors in accordance with prevailing rates of the industry.
- (4) Director remuneration of the Company shall be distributed in accordance with prevailing rates of the industry based on individual participation and contribution to the Company's operations, the Company's overall operations and forecast, and risk factors that have already occurred.
- (5) The "Regulations Governing the Evaluation of the Performance of the Board of Directors" were established by the Company on June 22, 2018 to evaluate the performance of the Board of Directors every year. The results of individual Directors' performance evaluation will be used as the basis for determining their individual remuneration.
- (6) According to Article 5 of SinoPac Holdings' Rules Governing the Scope of Powers of Independent Directors, "The remuneration, compensation and service fees of the independent directors of the Company shall be collected in accordance with Articles 28-1 and 36 of the Company's Articles of Incorporation and the "Payment Guidelines for Transportation and Attendance Allowances for Directors, Supervisors, and Consultants," and may be different from those paid to regular directors as appropriate." As independent directors have more powers, risks and time spent than regular directors, independent directors shall be entitled to reasonable annual remunerations, in addition to attendance allowances for functional committee meetings, in the case of low profitability. In addition to supervising and giving independent opinions, independent directors are expected to provide strategic guidance and improve business performance together with other Board members. In case of high profitability, independent directors' remuneration link to their performance as regular directors. Over the past two years, SinoPac Holdings posted high profitability and did not define separate standards for independent directors' remunerations. Independent directors received the same remunerations as regular directors.

### C. President & Executive Vice President

The remuneration of the President and Executive Vice Presidents of SinoPac Holdings is commensurate with their respective professional standing and reference to industry standard and subject to the Company's Remuneration Committee and the final approval of the Board. In addition to the monthly fixed basic salary and allowances, according to Article 36 of the company's "Articles of Incorporation", "In the event the Company makes a profit during the fiscal year it shall set aside no less than 0.01% of the profits for employee remuneration. The remuneration for Directors shall be no higher than 1%. However, the Company's accumulated losses shall have been covered. "; and take into consideration factors such as the overall annual operating results, individual performance, and future risks. The results of performance evaluation conducted by the Company in accordance with the "Employee Appraisal Standards". According to the "Regulations Governing Long-term Incentives," the Company shall calculate remuneration for managers after considering Non-financial performance indicators, as like ethical risk events or other risk events that have a negative impact on the corporate image and reputation or involve internal mismanagement or personnel malpractice and distribute it in proportion to Financial performance indicators, as like the target achievement rate, profitability, operational efficiency, and managers' contributions. Whenever necessary, the Company shall review the managers' remuneration system according to the business operations and laws and regulations. Remuneration under this structure aligns management reward and the company performance and reinforces the benefits of the investors.

## V. Corporate Governance

### (I) Operation of the Board of Directors

#### A. Operation of the Board of Directors

A total of 13 meetings were held by the Board of Directors in 2022. The attendance of Board members in these meetings is listed as follows:

#### Status of Directors' Attendance in 2022

| Position             | Name                                       | Attendance in Person | Attendance by Proxy | Attendance Rate (%) |
|----------------------|--------------------------------------------|----------------------|---------------------|---------------------|
| Chairman             | Hsinex International Corp. / Shi-kuan CHEN | 13                   | 0                   | 100%                |
| Directors            | Hsinex International Corp. / Stanley CHU   | 13                   | 0                   | 100%                |
| Directors            | Xing Yuan Co., Ltd. / Wei-thyr TSAO        | 13                   | 0                   | 100%                |
| Directors            | Xing Yuan Co., Ltd. / Chi-hsing YEH        | 13                   | 0                   | 100%                |
| Independent Director | Chi SCHIVE                                 | 13                   | 0                   | 100%                |
| Independent Director | James J. SHEU                              | 13                   | 0                   | 100%                |
| Independent Director | Wei-ta PAN                                 | 13                   | 0                   | 100%                |

Others:

1. Matters listed in Article 14-3 of the Securities and Exchange Act and any recorded resolution of the Board of Directors for which an independent director has an objection or reservation that should be noted:

(1) SinoPac Holdings has established the Audit Committee. Matters listed in Article 14-3 of the Securities and Exchange Act are included in those listed in Article 14-5 of the Securities and Exchange Act. For more information, refer to the "Status of Operations of the Audit Committee" below.

(2) Resolution of the Board of Directors should be approved by the attending directors unanimously.

2. Recusal of directors due to conflict of interest

| Agenda                                                                                                                                                                                                                                                                                          | Name of Directors | Reason for Recusal                                                                                                  | Voting Status                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Approved Bank SinoPac's proposed donation of NT\$27 million and SinoPac Securities' proposed donation of NT\$8 million to the "SinoPac Foundation." The donations totaled NT\$35 million, helping the foundation to implement its 2022 work plan.<br>(Board of Directors' meeting on 2022/1/21) | Shi-kuan CHEN     | The director is the chairman of the donation recipient SinoPac Foundation.                                          | The independent director recused himself from voting in accordance with the law |
|                                                                                                                                                                                                                                                                                                 | Stanley CHU       | This person is also a director of the donation recipient SinoPac Foundation.                                        |                                                                                 |
| The appropriation and distribution of employee bonus at SinoPac Holdings Group for 2021<br>(Board of Directors' meeting on 2022/1/21)                                                                                                                                                           | Stanley CHU       | The director is one of the recipients of the bonus.                                                                 | The independent director recused himself from voting in accordance with the law |
| The distribution of performance bonus for chairmen at SinoPac Holdings and its subsidiaries for 2021.<br>(Board of Directors' meeting on 2022/1/21)                                                                                                                                             | Shi-kuan CHEN     | The director is one of the recipients of the bonus.                                                                 | The independent director recused himself from voting in accordance with the law |
|                                                                                                                                                                                                                                                                                                 | Stanley CHU       |                                                                                                                     |                                                                                 |
| 2021 Remuneration for the directors of Bank SinoPac<br>(Board of Directors' meeting on 2022/2/25)                                                                                                                                                                                               | Shi-kuan CHEN     | The director is one of the recipients of remuneration for the directors of Bank SinoPac.                            | The independent director recused himself from voting in accordance with the law |
|                                                                                                                                                                                                                                                                                                 | Wei-thyr TSAO     |                                                                                                                     |                                                                                 |
|                                                                                                                                                                                                                                                                                                 | Stanley CHU       | The director is one of the applicable subjects of remuneration payment standards for the directors of Bank SinoPac. |                                                                                 |



| Agenda                                                                                                                                                                                                                                  | Name of Directors | Reason for Recusal                                                                                                    | Voting Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021 Remuneration for the directors of Bank SinoPac (Board of Directors' meeting on 2022/2/25)                                                                                                                                          | Stanley CHU       | The director is appointed as a director of Bank SinoPac and has been recommended to be the chairman.                  | The independent director recused himself from voting in accordance with the law                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                                         | Chi SCHIVE        |                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Director appointment of the subsidiary, Bank SinoPac (Board of Directors' meeting on 2022/6/24)                                                                                                                                         | Wei-thyr TSAO     | The director is appointed as a director of Bank SinoPac and has been recommended to be the chairman.                  | The independent director recused himself from voting in accordance with the law                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                                         | Shi-kuan CHEN     | The director is appointed as a director of Bank SinoPac.                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                                         | Stanley CHU       |                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Chairman’s remuneration of the subsidiary, Bank SinoPac (Board of Directors' meeting on 2022/7/22)                                                                                                                                      | Wei-thyr TSAO     | This person is the recipient of the compensation in this case.                                                        | The independent director recused himself from voting in accordance with the law                                                                                                                                                                                                                                                                                                                                                                                                                          |
| The stock registration and transfer services contract signed between the Company and its subsidiary, SinoPac Securities, has expired, and it is proposed for renewal. (Board of Directors' meeting on 2022/10/21)                       | Stanley CHU       | The director is the chairman of SinoPac Securities, the counterparty of this contract.                                | The independent director recused himself from voting in accordance with the law                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                                         | Chi SCHIVE        | The director is an independent director of SinoPac Securities, the counterparty of this contract.                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| A donation of NT\$109,297,968 was made by the subsidiary, Bank SinoPac, to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan in 2022. (Board of Directors' meeting on 2022/10/21)                                         | Wei-thyr TSAO     | The director is the chairman of Bank SinoPac, the donor of this case.                                                 | This case has an interest in the company of which they are directors, but Bank SinoPac is a 100% owned subsidiary of SinoPac Holdings. Although the two companies are legally two independent corporate entities, they are actually one in the economic sense. There is no conflict of interest between the two, and the deliberation of the case by directors Shi-kuan CHEN, Stanley CHU, and Wei-thyr TSAO is not likely to harm the interests of the Company. Therefore there is no need for recusal. |
|                                                                                                                                                                                                                                         | Shi-kuan CHEN     | The director is a director of Bank SinoPac, the donor of this case.                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                                         | Stanley CHU       |                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| The subsidiary, Bank SinoPac, Bank SinoPac intends to issue a maximum of 670 million shares of common stock in a private placement for cash, which will be fully subscribed by the Company. (Board of Directors' meeting on 2022/11/18) | Shi-kuan CHEN     | The director is a director of Bank SinoPac, the investee company in this case.                                        | This case has an interest in the company of which they are directors, but Bank SinoPac is a 100% owned subsidiary of SinoPac Holdings. The issued shares for the capital increase of Bank SinoPac will be wholly purchased by SinoPac Holdings and shall not harm the interests of the companies. Therefore, there is no need for recusal.                                                                                                                                                               |
|                                                                                                                                                                                                                                         | Stanley CHU       |                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                                         | Wei-thyr TSAO     |                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2023 Internal audit plan of SinoPac Holdings (Board of Directors' meeting on 2022/12/23)                                                                                                                                                | Stanley CHU       | The audit plan should not be disclosed to the director, who concurrently serves as the President of SinoPac Holdings. | The independent director recused himself from voting in accordance with the law                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Long-term incentive plan for 2023 (Board of Directors' meeting on 2022/12/23)                                                                                                                                                           | Stanley CHU       | The director is the subject of the proposal.                                                                          | The independent director recused himself from voting in accordance with the law                                                                                                                                                                                                                                                                                                                                                                                                                          |

### 3. Goals and results of strengthening the functions of the Board of Directors in the current year and the most recent year:

(1) SinoPac Holdings is committed to enhancing the transparency of information on the operation of the Board of Directors by disclosing the status of continuing education/training and attendance in Board of Directors' meetings among directors via the Market Observation Post System (MOPS), company website, and annual reports; the status of major resolutions of the Board of Directors disclosed on SinoPac Holdings' website and annual reports; and the status of recusal of directors during Board of Directors' meetings on annual reports. In addition, SinoPac Holdings purchases liability insurance for its directors and supervisors.

#### (2) Succession Planning for Board Members and Key Management Personnel

##### • Succession Planning for Board Members

SinoPac Holdings adopts a candidate nomination system during the election of directors. According to Article 34 of SinoPac Holdings' Corporate Governance Guidelines, diversity shall be considered when determining the composition of the Board of Directors. The percentage of directors concurrently serving as officers shall not be too high and shall comply with Article 28 concerning directors holding concurrent positions. An appropriate diversity policy, which should include but not be limited to criteria in the following two areas, basic conditions and value (gender, age, nationality or country of origin, race or ethnicity, culture background, and other factors) as well as professional knowledge and skills (professional background such as law, accounting, industry, finance, marketing or technology; professional skills; and industry experience), shall be formulated based on SinoPac Holdings' business operations, operating dynamics, and development needs. At the same time, SinoPac Holdings has established the "Regulations Governing the Evaluation of the Performance of the Board of Directors," where performance evaluation shall be conducted on the Board of Directors each year with a view to confirming the effectiveness of the operation of the Board of Directors and assessing the performance of the directors, so as to serve as a reference for nomination of directors for re-appointment.

SinoPac Holdings' Seventh Board of Directors consists of seven directors, including three independent directors, one director who concurrently serves as a managerial officer at SinoPac Holdings (where Director Mr. Stanley CHU concurrently serves as the President of SinoPac Holdings), and three directors who do not concurrently serve as a managerial officer at SinoPac Holdings. The composition of the Board of Directors is diverse with different professional experiences (e.g., financial holdings, banking, securities, insurance, and others) or backgrounds (e.g., banking, commerce, law, accounting, finance, information security/information technology, and risk management). In addition, these directors possess the knowledge, skills, and competencies required to perform their duties. SinoPac Holdings will continue to enhance diversity in the structure of the Board of Directors in the future.

As far as succession planning for Board members is concerned, SinoPac Holdings has put in place a well-established management associate program. At present, many senior executives in the Group possess the management and professional competencies required to serve as directors. At the same time, SinoPac Holdings is also searching for professional talents externally, so as to make preparations for succession planning for directors. As regards independent directors who are required to possess the necessary professional experience in commerce, law, finance, accounting or other businesses of SinoPac Holdings, SinoPac Holdings is also seeking candidates for independent directors, so as to serve as a reference for the election of independent directors in the future.

In addition, SinoPac Holdings regularly provides directors with numerous opportunities to attend various seminars, conferences, workshops or courses on topics related to corporate governance, such as finance, risk management, commerce, law, accounting or internal control systems. At least six hours of training courses are arranged for each director every year, in order to enhance the professional knowledge of Board members and enable them to acquire new knowledge.

##### • Succession Planning for Key Management Personnel

I. In order to build the cornerstone of the Company's sustainable operation, it has been planned since 2015 and gradually launched the "SinoPac Management Echelon Talent Review and Reserve Development Plan" in 2017. The targets include the presidents, coach supervisors and head supervisors of each subsidiary of the Company, and gradually expand down to the division-level supervisors of each subsidiary. Using scientific evaluation methods and feedback from the internal decision-making supervisor team, the internal selection is made layer by layer, and the potential talent pool is thus cultivated. The specific methods and implementation steps of the overall project plan include the following:

1. Confirm talent requirements: In accordance to the future strategic development of the Company, through comprehensive interviews and discussions with the upper level, similar rank, peers, and subordinates, we set the specifications and required skills of important senior executives (including president, supervisor, division supervisor, etc.) and examine with adjustments every three years.



2. Identify high-potential talents: From March to July each year, it identifies personal characteristics and leadership potential using international professional assessment tools. It integrates internal information from different dimensions and conducts a comprehensive inventory analysis for the management echelon. The management echelon is divided into three layers: "talent pool", "high potential talents" and "reserve talents for key positions". It screens high-potential reserve talents with a professional and objective standpoint.
  3. Effectively utilize talents: Every October a talent development committee is held to discuss and confirm the results of the management echelon talent inventory, the reserve candidates for key positions in major subsidiaries, and the development plan for reserve candidates for key positions. Through the inspection of various aspects, including ethics, experience, performance, development will, personality traits and functions, etc., no more than 3 reserve training candidates are nominated for each key position. It is divided into two types of preparation schedules, including standby (immediately to within one year) and reserve cultivation (three to five years). The chairman and the president jointly review the results regularly every six months, and make adjustments to ensure that key position reserve candidates have the qualifications and abilities to take on important positions.
  4. Accelerate talent cultivation: In order to continuously improve the leadership and management functions of high-potential talents, in addition to improving the six management functions through on-the-job management training, we also design a leadership development checklist using institutionalized tools, such as internal and external training, rotation, attendance at important meetings, leading cross-departmental major projects, etc., to accumulate experiences and sharpen the mind. Also, the Individual Development Program (IDP) has been launched in 2020 for key reserve talents. Through functional tasks and challenges, combined with company and departmental mission goals, to strengthen the advantages and capabilities of the current positions, and improve the readiness of the reserve positions.
- II. In the fourth quarter of each year, the Company and its subsidiaries' high-level supervisors (including the president) hold a strategic consensus camp for training and to discuss the future strategic planning and goals. Since 2019, thematic courses have been arranged according to the needs of the organization and stimulated different thinking and influence in the management echelon through discussions in the course.
- III. Every year, the "SinoPac Outstanding Leadership Academy" is held for high-potential talents above the senior director level for 6-8 months, and the "SinoPac EMBA+" is held for mid-level high-potential talents for 8-10 months. Its purpose is to improve the strategic thinking ability of middle and senior executives, to enhance their leadership, and to establish values of talent cultivation as well as self-awareness, with the purpose of establishing a common management language of SinoPac management echelon from top to bottom. Meanwhile, through the rich knowledge from the external professors of National Taiwan University and National Chengchi University and by visiting benchmark companies, the latest management thinking and industry trends can be learned. On the other hand, through years of leadership experiences of internal mid and senior executives, more management leadership practices can be shared and exchanged, and to create a project cultivation plans that begin with the goal in mind. It enhances the team's business vision and strategic structure, thereby enriching the successor talent pool of important management levels.

## B. Evaluation of the performance of the Board of Directors

| Cycle of Evaluation                                                                                                                                                                                                                                                                          | Period of Cycle of Evaluation             | Scope of Evaluation                                                                                                                                                 | Method of Evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Content of Evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Results of Evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Internal self-evaluation: An internal evaluation of the performance of the Board of Directors and functional committees is conducted once every year. (Where an external performance evaluation has been arranged for the current year, the internal performance evaluation may be exempted) | From January 1, 2022 to December 31, 2022 | The performance evaluation of individual directors.                                                                                                                 | The individual directors are handled through internal self-evaluation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | The evaluation of the performance of the individual directors shall include the following:<br>(1) Understanding of the goals and missions of SinoPac Holdings;<br>(2) recognition of duties as directors;<br>(3) degree of participation in the operations of SinoPac Holdings;<br>(4) management of internal relationship and communication;<br>(5) professionalism and continuing education; and<br>(6) internal control.                                                                                                                                                                                                                                                                                  | The self-evaluation results of "Board members" are all "excellent".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| External self-evaluation: The performance of the Board of Directors shall be evaluated by external independent institutions or external experts/scholars at least once every three years.                                                                                                    | From January 1, 2022 to December 31, 2022 | The respective performance evaluations of the Board of Directors, Audit Committee, Remuneration Committee, and Ethical Corporate Management Committee are included. | EY Business Advisory Services Inc. was appointed to execute the 2022 Annual performance evaluation of the Board of Directors, Audit Committee, Remuneration Committee, and Ethical Corporate Management Committee. EY Business Advisory Services Inc. is one of the Big Four accounting firm groups with an outstanding reputation. The external evaluation committee members have consulting service or practical counseling experience in the fields of corporate governance, internal control, and risk control, etc. They also have extensive experience in external performance evaluation of the board of directors of financial holding companies. In addition, it is not part of the same group to which the Company's certifying accounting firm belongs, so it maintains professionalism and independence. The external evaluation committee members are responsible for evaluating the effectiveness of the Company's Board of Directors and the functional committee with a fair and objective attitude, and in no circumstances will their independence be affected. | EY Business Advisory Services Inc. evaluates the three major aspects of the Board of Directors and the functional committees, including structure, people, and process and information, etc., by using document review, director self-evaluation questionnaires, and on-site interviews. The eight projects have been covered, including the structure and process of the Board of Directors and functional committees, members of the Board of Directors and the functional committees, corporate and organizational structure, roles and responsibilities, behavior and culture, training and development of directors, supervision of risk control, reporting and disclosure, and performance monitoring. | EY Business Advisory Services Inc. further evaluates the qualitative metrics in three stages, including: Basics, Advanced, and Benchmarks. After a comprehensive evaluation, the overall performance of the Company in terms of structure, people, and process and information of the Board of Directors and the functional committees are evaluated as benchmarks.<br><br>【Summary of General Review】<br>1. In addition to the functional committees required by law, there is also an ethical corporate management committee, whose members include not only the independent directors but also the independent directors of subsidiaries.<br>2. The composition of the current board of directors includes: Senior managers, outside directors and independent directors. Senior managers have a full understanding and consensus on the company's industry, core values, and strategic development; independent directors have not only independence, but also the capabilities of finance, commerce, law, accounting, financial management, information security/information technology, and risk management, etc. The members of the Board of Directors have diverse range of expertise and all possess the knowledge, skills, and qualities needed to fulfill their duties, and are able to fully utilize their professional knowledge and skills.<br>3. All directors gave benchmark evaluations for internal relations and business orientation, indicating that directors generally agree that the interaction between the Board of Directors and the management team is good, and communication among directors are good; In addition, the president and each |



| Cycle of Evaluation | Period of Cycle of Evaluation | Scope of Evaluation | Method of Evaluation | Content of Evaluation | Results of Evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------|-------------------------------|---------------------|----------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     |                               |                     |                      |                       | <p>manager will attend the Board meeting to report on the implementation status and prepare for inquiries in order to provide communication channels between directors and the core management team.</p> <p>4. The Audit Committee communicates with audit supervisors and CPAs on major issues such as audit reports, audit results of financial statements, accounting estimates, amendments to International Financial Reporting Standards (IFRSs) and related securities and tax regulations, etc., and performs its supervisory function.</p> <p><b>【Matters of Advice】</b></p> <p>1. It is advised that, in order to respond to the Company's development goals, external legal trends, and various emerging risks, the Company continues to assist the Board of Directors through functional committees, or considers separating the risk management committee and sustainable development committee to be under the Board of Directors for the purpose of ensuring the suitability and effectiveness of the overall medium and long-term risk management and resource allocation.</p> <p>2. The governmental authority actively promotes the gender equality plan for directors to encourage the increase of the proportion of female directors. Emphasizing the proportion of female directors is also an international trend. Therefore, it is advised to optimize specific management objectives for the diversity policy of board members, such as the number of independent directors and the number of female directors that are more than legally required.</p> <p>3. Currently, the Company has established a personnel review committee and a talent pool for senior managers, and a nomination system is adopted for director candidates. Therefore, it is advised that the Company can establish a special nomination committee in addition to continuously maintaining benchmarks. The nomination committee will search, review and nominate director candidates based on the professional knowledge, skills, experience, gender and other diverse backgrounds and independent standards. The formation of the Board of Directors and advisor team with the professional and practical experience required to meet the Company's development strategic goals will continue at different stages in the future, through gradually building a talent pool of directors via multiple channels. By strengthening the nomination and talent succession plan this way, the sustainable operation is ensured.</p> |



| Cycle of Evaluation | Period of Cycle of Evaluation | Scope of Evaluation | Method of Evaluation | Content of Evaluation | Results of Evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------|-------------------------------|---------------------|----------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     |                               |                     |                      |                       | <p>4. It is advised that the Company can arrange advanced learning and development plans for directors. By recording directors' training hours and continuous professional development plans, course content and training hours that exceed the governmental authority's training requirement are provided. In addition, directors in different fields or specialties are matched with the courses they need. In addition to strengthening their own professional fields, directors can also strengthen other professional knowledge required to perform their functions as directors.</p> <p>5. In addition to requiring CPAs to issue an independence statement, it is recommended that when assessing the independence of attestation CPAs, the audit committee can inquire with the audit supervisor and CPAs to find out whether there are any restrictions during the audit process at least once a year when the management is not present.</p> <p><b>【Response Measures by the Company】</b></p> <p>1. The Company will continue to assist the Board of Directors through functional committees, and with practical considerations, prioritizing the independence of the Risk Management Committee and Sustainable Development Committee under the Board of Directors.</p> <p>2. The Company is the first private financial holdings company in Taiwan to have a female chairman. Efforts will continue to be made to increase the proportion of female directors in the future.</p> <p>3. A nomination committee will be established to support the election of directors of the Company, in accordance with the implementation timetable of the Financial Supervisory Commission's "Corporate Governance 3.0 -Sustainable Development Roadmap."</p> <p>4. The Company's certified public accountants and internal audit officers shall independently communicate with the Audit Committee at least twice a year; any issues related to the audit process can be discussed.</p> <p>5. Starting from fiscal year 2023, members of the Board of Directors will be required to receive three hours of climate-related education and training every year.</p> |



## (II) Status of operations of the Audit Committee

The Audit Committee is responsible for supervising the implementation of internal control and compliance with laws and regulations, controlling existing or potential risks, helping the Board of Directors make decisions with its professional division of labor and independence.

The tasks of the Audit Committee mainly include the following:

1. Establish or amend the internal control system in accordance with Article 14-1 of the SEA.
2. Assess the effectiveness of the internal control system.
3. Establish or amend procedures for obtaining or disposing of assets, engaging in derivatives transactions, and handling material monetary loans in accordance with Article 36-1 of the SEA.
4. Matters involving Director's personal interests.
5. Material asset or derivatives transactions.
6. Material monetary loans.
7. The offering, issuance, or private placement of any equity-type securities.
8. Appointment, dismissal, or remuneration of external auditors.
9. Appointment and dismissal of financial, accounting, or internal auditing supervisors.
10. Annual financial statements signed or sealed by the Chairman, manager and accounting officer and semi-annual financial statements audited and certified by the CPAs.
11. Material matters related to other companies or competent authorities.

To perform its duties, the Audit Committee has the authority to conduct any appropriate review and investigation and to engage a lawyer, CPA or consultant to help perform its duties.

The Audit Committee held 12 meetings throughout the year with the average actual attendance rate of each committee member being 100%, and the main focus of the committee's work in 2022 is listed as follows:

- Examine various documents prepared by the Board of Directors and submitted to the shareholders' meeting (e.g., business report, financial statement, and earning distribution plan), and issue Audit Committee's review reports in accordance with the relevant laws and regulations.
- Review annual and semi-annual financial statements.
- Review and deliberate on the appointment and remuneration of CPAs. The Company appoints CPAs once a year and assesses the independence of CPAs based on a series of criteria, such as whether the CPA is a stakeholder of the Company, whether the CPA owns shares of the Company, whether the CPA holds any position at the Company, whether the CPA has faced disciplinary actions, and whether the CPA has not been replaced for seven years.
- Review and deliberate on the Company's internal audit plan.
- Review and deliberate on the Company's statement of internal control system.
- Review the Company's proposal of cash capital increase and issuance of new shares.
- Review the amendments to some provisions of the "Procedures for Acquisition or Disposal of Assets" of the Company.
- Review and deliberate on amendments to the Company's rules and regulations related to internal control system.
- Review the proposal of donations.
- Review the proposal of re-contract on the stock registration and transfer services contract.
- Review audit reports submitted by the Audit Division, reports on the implementation of the legal compliance system submitted by the Legal & Compliance Department, reports on potential risks and management submitted by the Risk Management Division, and other special case reports.

A total of twelve meetings were held by the Audit Committee in 2022. The attendance of independent directors in these meetings is listed as follows:

| Position             | Name          | Attendance in Person | Attendance by Proxy | Attendance Rate (%) |
|----------------------|---------------|----------------------|---------------------|---------------------|
| Convener             | James J. SHEU | 12                   | 0                   | 100%                |
| Independent Director | Chi SCHIVE    | 12                   | 0                   | 100%                |
| Independent Director | Wei-ta PAN    | 12                   | 0                   | 100%                |

Others:

1. Matters listed in Article 14-5 of the Securities and Exchange Act and proposals not approved by the Audit Committee but approved by more than two thirds of the Board members

(1) Matters listed in Article 14-5 of the Securities and Exchange Act

| Date of Audit Committee Meeting | Meeting Term                                   | Agenda                                                                                                                                                                                                                                                   | Resolution of the Audit Committee                                                        | The Company's Response to the Comments of the Audit Committee                                                                        |
|---------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 2022/1/17                       | 1st meeting of the 3rd Audit Committee in 2022 | Subsidiary Bank SinoPac has proposed donation of NT\$27 million and SinoPac Securities has proposed donation of NT\$8 million to the "SinoPac Foundation." The donations totaled NT\$35 million, helping the foundation to implement its 2022 work plan. | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Approved by the Board of Directors' meeting on 2022/1/21.                                                                            |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2021 and the business report of SinoPac Holdings for 2021.                                                                                                            | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15 and subsequently acknowledged by the 2022 Annual Shareholders' Meeting.               |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | The earnings distribution plan of SinoPac Holdings for 2021.                                                                                                                                                                                             | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15 and subsequently acknowledged by the 2022 Annual Shareholders' Meeting.               |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | Proposal of the issuance of 112,710,542 new shares by capitalization of profits in 2021 by the Company.                                                                                                                                                  | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15 and subsequently approved by the resolution of the 2022 Annual Shareholders' Meeting. |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | Appointment and compensation of CPAs in 2022 for SinoPac Holdings and its subsidiaries                                                                                                                                                                   | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15.                                                                                      |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | Amendments to some provisions of the "Procedures for Acquisition or Disposal of Assets" of the Company.                                                                                                                                                  | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15 and subsequently approved by the resolution of the 2022 Annual Shareholders' Meeting. |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | Revised the Company's "Information Security Policy Measures" and renamed as "Information Security Policy".                                                                                                                                               | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15.                                                                                      |
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022 | The Statement of Internal Control of SinoPac Holdings for 2021.                                                                                                                                                                                          | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. | Adopted by the Board of Directors on 2022/3/15.                                                                                      |



| Date of Audit Committee Meeting | Meeting Term                                    | Agenda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Resolution of the Audit Committee                                                                                                                                                                                                                                                                         | The Company's Response to the Comments of the Audit Committee                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2022/5/16                       | 5th meeting of the 3rd Audit Committee in 2022  | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2022 Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Adopted as proposed and subsequently submitted to the Board of Directors for resolution.                                                                                                                                                                                                                  | Adopted by the Board of Directors on 2022/5/20.                                                                                                                                                                                                                                                                                                                                                                    |
| 2022/8/15                       | 8th meeting of the 3rd Audit Committee in 2022  | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2022 Q2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Adopted as proposed and subsequently submitted to the Board of Directors for resolution.                                                                                                                                                                                                                  | Adopted by the Board of Directors on 2022/8/19.                                                                                                                                                                                                                                                                                                                                                                    |
| 2022/9/16                       | 9th meeting of the 3rd Audit Committee in 2022  | In response to the letter from the Financial Supervisory Commission requesting the Company to review the specific control mechanism for interaction with major shareholders, the Company proposed the amendments to the Company's "Operation Guidelines for Handling Shareholders' Meeting Interviews and Letters" and renamed it as "Operational Procedures for Handling Shareholders' Meeting Interviews and Letters"; also drafted the contents of the letter of commitment signed by the chairman, president, chief auditor and senior managers of the Company and its subsidiaries. | After the text of Appendix II and III were amended, the attending committee members passed the amendments unanimously, and subsequently submitted to the Board of Directors for approval. If the governmental authority has further guidance, it'll be referred to the Board of Directors for discussion. | After the revision of the resolution of the Audit Committee on 2022/9/16, the text of Item (1) listed in the Commitment Letter of Appendix IV to Appendix IX of the Company's "Operational Measures for Handling Interviews and Letters at Shareholders' Meetings" was additionally revised according to the guidance of the competent authority, and subsequently adopted by the Board of Directors on 2022/9/23. |
| 2022/10/14                      | 10th meeting of the 3rd Audit Committee in 2022 | The Company plans to issue a maximum of 800 million shares of common stock for cash capital increase in 2022 through public subscription and placement, and cooperate with the formulation of the Company's "2022 Cash Capital Increase Through Employee Stock Purchase Plan Measures."                                                                                                                                                                                                                                                                                                  | Adopted as proposed and subsequently submitted to the Board of Directors for resolution.                                                                                                                                                                                                                  | After the text of Appendix II and III and the briefings were amended, the Board of Directors agreed on and approved the amendments on 2022/10/21.                                                                                                                                                                                                                                                                  |
| 2022/10/14                      | 10th meeting of the 3rd Audit Committee in 2022 | The stock registration and transfer services contract signed between the Company and its subsidiary, SinoPac Securities, had expired, and a renewal was proposed.                                                                                                                                                                                                                                                                                                                                                                                                                        | Adopted as proposed and subsequently submitted to the Board of Directors for resolution.                                                                                                                                                                                                                  | Adopted by the Board of Directors on 2022/10/21.                                                                                                                                                                                                                                                                                                                                                                   |
| 2022/11/14                      | 11th meeting of the 3rd Audit Committee in 2022 | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2022 Q3.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Adopted as proposed and subsequently submitted to the Board of Directors for resolution.                                                                                                                                                                                                                  | Adopted by the Board of Directors on 2022/11/18.                                                                                                                                                                                                                                                                                                                                                                   |

| Date of Audit Committee Meeting | Meeting Term                                    | Agenda                                                                                                                                                                                         | Resolution of the Audit Committee                                                                                                                                                 | The Company's Response to the Comments of the Audit Committee                                                                                                                                                                        |
|---------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2022/11/14                      | 11th meeting of the 3rd Audit Committee in 2022 | The subsidiary, Bank SinoPac, intends to handle private equity cash capital increase and to issue a maximum of 670 million common stock shares, which will be fully subscribed by the Company. | After the text of the presentation was amended, it was adopted by the attending committee members unanimously, and subsequently submitted to the Board of Directors for approval. | Adopted by the Board of Directors on 2022/11/18.                                                                                                                                                                                     |
| 2022/12/16                      | 12th meeting of the 3rd Audit Committee in 2022 | 2023 Internal audit plan of SinoPac Holdings.                                                                                                                                                  | Adopted as proposed and subsequently submitted to the Board of Directors for resolution.                                                                                          | In response to the "2023 Financial Examination Focuses" published by the Financial Supervisory Commission on 2022/12/23, the review descriptions in the audit plan was adjusted and adopted by the Board of Directors on 2022/12/23. |

(2) Proposals not approved by the Audit Committee but approved by more than two thirds of the Board members  
None.

## 2. Recusal of independent directors due to conflict of interest

| Agenda                                                                                                                                                                                                      | Name of Directors | Reason for Recusal                                                                                              | Voting Status                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| The stock registration and transfer services contract signed between the Company and its subsidiary, SinoPac Securities, had expired, and a re-contracting was proposed.<br>(Audit Committee on 2022/10/14) | Chi SCHIVE        | The independent director is an independent director of SinoPac Securities, the transaction object of this case. | The independent director recused himself from voting in accordance with the law |

## 3. Communication between independent directors, audit officers, and CPAs

- (1) The internal audit officer shall present the audit report to the Audit Committee each quarter. In the first quarter of every year, the officer shall present the internal control efficacy evaluation for the previous year (submit the internal control statement) and present the audit items individually to the Audit Committee. At the end of each year, the officer shall present the annual audit plan individually and convene a meeting if necessary.
- (2) The Audit Committee shall meet with the CPAs at least six times each year. In addition to the audit reports (annual report, semi-annual report), review report (quarterly report), and matters of advice, the meetings shall fully communicate significant accounting estimates and selection or changes in accounting principles and internal control audits in order stay fully appraised of the Company's financial situation. The audit strategy and focuses shall be communicated to the CPAs individually before the reporting of the audit plan and opinions in the second and fourth quarters, in order to supervise the formulation of the Company's financial statements. From 2022 onwards, the Company's interim financial statements shall first be approved by the Audit Committee before they are discussed and approved by the Board of Directors, with a view to strengthening the Audit Committee's role in supervising the Company's finances.



(3) Summary of communication between independent directors and audit officers

| Date of Audit Committee Meeting | Meeting Term                                    | Agenda                                                                                      | Key Points of Communication                                                                                                                                                                                                                                                                                                                                                         | Communication Results                                                                    |
|---------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 2022/3/7                        | 3rd meeting of the 3rd Audit Committee in 2022  | The Audit Report of SinoPac Holdings                                                        | The internal audit officer presented the audit report.                                                                                                                                                                                                                                                                                                                              | Approved for future reference and subsequently reported to the Board of Directors.       |
|                                 |                                                 | The Statement of Internal Control of SinoPac Holdings for 2021.                             | The internal audit officer reported the status of operation of the internal control system in 2021.                                                                                                                                                                                                                                                                                 | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |
| 2022/5/10                       | 4th meeting of the 3rd Audit Committee in 2022  | The Audit Report of SinoPac Holdings                                                        | The internal audit officer presented the audit report.                                                                                                                                                                                                                                                                                                                              | Approved for future reference and subsequently reported to the Board of Directors.       |
| 2022/8/15                       | 8th meeting of the 3rd Audit Committee in 2022  | The Audit Report of SinoPac Holdings                                                        | The internal audit officer presented the audit report.                                                                                                                                                                                                                                                                                                                              | Acknowledged and subsequently reported to the Board of Directors.                        |
| 2022/10/14                      | 10th meeting of the 3rd Audit Committee in 2022 | The Audit Report of SinoPac Holdings                                                        | The internal audit officer presented the audit report.                                                                                                                                                                                                                                                                                                                              | Acknowledged and subsequently reported to the Board of Directors.                        |
| 2022/11/14                      | 11th meeting of the 3rd Audit Committee in 2022 | Analysis report of the internal audit on the key points of information security inspection. | Analysis report of the audit supervisor individual reports on the key points of information security inspection.                                                                                                                                                                                                                                                                    | Acknowledged.                                                                            |
| 2022/12/16                      | 12th meeting of the 3rd Audit Committee in 2022 | The Audit Report of SinoPac Holdings                                                        | The internal audit officer presented the audit report.                                                                                                                                                                                                                                                                                                                              | Acknowledged and subsequently reported to the Board of Directors.                        |
|                                 |                                                 | 2023 Internal audit plan of SinoPac Holdings.                                               | The internal audit officer presented the internal audit plan of SinoPac Holdings for 2023 to the Audit Committee respectively. The key audit items and reviews of audit execution descriptions will be reviewed in accordance with the 2023 annual financial audit key points announced by the competent authority, and the content of the audit plan will be adjusted accordingly. | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |

## (4) Summary of communication between independent directors and CPAs

| Audit Committee Date | Meeting Term                                    | Agenda                                                                                                                                        | Key Points of Communication                                                                                                                                                                                                                                                        | Communication Results                                                                    |
|----------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 2022/3/7             | 3rd meeting of the 3rd Audit Committee in 2022  | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2021 and the business report of SinoPac Holdings for 2021. | The CPAs reported their audit work and opinions on the consolidated financial statements and business report.                                                                                                                                                                      | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |
|                      |                                                 | The earnings distribution plan of SinoPac Holdings for 2021.                                                                                  | The CPAs were present for queries.                                                                                                                                                                                                                                                 | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |
| 2022/5/16            | 5th meeting of the 3rd Audit Committee in 2022  | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2022 Q1.                                                   | The CPA's presentation of the review results of the consolidated financial statements of the Company and its subsidiaries for 2022 Q1.                                                                                                                                             | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |
| 2022/6/17            | 6th meeting of the 3rd Audit Committee in 2022  | CPAs' opinions on financial statements and internal controls were reported to the Audit Committee respectively.                               | The CPAs reported the audit plan for the 2022 second quarter financial report and proposed their opinions on financial statements and internal controls.                                                                                                                           | Acknowledged.                                                                            |
| 2022/8/15            | 8th meeting of the 3rd Audit Committee in 2022  | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2022 Q2.                                                   | The CPAs reported their audit work and opinions on the consolidated financial statements and business report.                                                                                                                                                                      | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |
| 2022/11/14           | 11th meeting of the 3rd Audit Committee in 2022 | The consolidated financial statements of SinoPac Holdings and its subsidiaries for 2022 Q3.                                                   | The CPA's presentation of the review results of the consolidated financial statements of the Company and its subsidiaries for 2022 Q3.                                                                                                                                             | Adopted as proposed and subsequently submitted to the Board of Directors for resolution. |
| 2022/12/16           | 12th meeting of the 3rd Audit Committee in 2022 | CPAs' opinions on financial statements and internal controls were reported to the Audit Committee respectively.                               | The CPAs reported the plan for the audit of SinoPac Holdings' 2022 financial statements, Audit Quality Index Information (AQI), Key Audit Matters of the Statement on Auditing Standards No. 75, and put forward their opinions on the financial statements and internal controls. | Acknowledged.                                                                            |





### (III) Corporate Governance Status and Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons

| Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Operating Status           |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Yes                        | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                               |
| <p>1. Shareholding Structure &amp; Shareholders' Rights of Financial Holding Company (the Company)</p> <p>(1) Has the Company stipulated internal operation procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies?</p> <p>(2) Has the Company possessed a list of major shareholders and a list of ultimate owners of these major shareholders?</p> <p>(3) Has the Company established and implemented risk management mechanism and "firewall" between the Company and its affiliated enterprises?</p> | <p>V</p> <p>V</p> <p>V</p> |    | <p>(1) Shareholder suggestions are handled by the personnel in charge. The company website also has a Shareholder Services area disclosing shareholder contact information.</p> <p>(2) A list of major shareholders of SinoPac Holdings is handled by the Secretariat of the Board of Directors. A list of major shareholders of subsidiaries is handled by the Finance Management Division.</p> <p>(3) To effectively manage the risks arising from the operations of SinoPac Holdings and its subsidiaries, the Board of Directors serves as the highest supervisory unit in charge of approving the risk management policy and risk appetite or limit and giving the management authority for daily risk management. The Risk Management Division takes in charge of developing the risk management policies, guidelines, and systems for SinoPac Holdings and its subsidiaries. In addition to implementing the risk management policies, guidelines, and systems approved by the Board of Directors, the Risk Management Division is responsible to regularly evaluate the performance of SinoPac Holdings and its subsidiaries in terms of risk management. Credit extension to stakeholders, such as Directors, Supervisors, persons in charge, and major shareholders of SinoPac Holdings and its subsidiaries, and any other deals comply with Articles 32, 33, and 33-1~33-4 of the Banking Act and Articles 44 and 45 of the Financial Holding Company Act.</p> <p>SinoPac Holdings has established the "Firewall Policy," which specifies the firewall regulations governing personnel, information, business dealings or transactions, and the cross-industry provision of financial products and service, to prevent conflict of interest that may arise from the business dealings or transactions between SinoPac Holdings and its subsidiaries.</p> | No divergence                                                                                                 |
| <p>2. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Board of Directors formulated diversification policies and specific management goals?</p>                                                                                                                                                                                                                                                                                                                                                                                                        | V                          |    | <p>(1) According to Chapter 4 "Strengthening the Functions of the Board of Directors" in the "Corporate Governance Guidelines" of SinoPac Holdings, a diversity policy shall be adopted in the composition of the Board of Directors. In addition, a series of management goals are specified in these</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No divergence                                                                                                 |

| Item                                                                                                                                | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                                     | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                               |
| (2) In addition to Remuneration Committee and Audit Committee, has the Company established other functional committees voluntarily? | V                |    | <p>guidelines as follows. The Board of Directors shall have at least three independent directors, which is no less than 20% of the total number of directors, where the independent directors shall serve in their position for no more than three terms. At the same time, directors concurrently serving as managers shall not account for a large proportion of the total number of directors. Moreover, the Board of Directors shall have at least one director with professional experience in banking and securities each, and at least one female director. The Board of Directors, on the whole, shall possess nine major competencies in corporate governance and seven types of professional competencies, including banking, commerce, law, accounting, finance, information security/information technology, and risk management. Lastly, all the directors shall sign the statement of ethical corporate management policy. All the management goals above have been achieved. The Company's Board of Directors is composed of seven directors (including three independent directors), where the independent directors account for 42.86% of the total number of directors. The three independent directors serve in their positions for no more than three terms; directors concurrently serving as managers account for 14.29% of the total number of directors; four directors possess professional experience in banking and three possess professional experience in securities. The position of Chairman is held by a female director, making SinoPac Holdings the first private financial holdings company in Taiwan to have a female chairman. The composition of the Board of Directors is diverse with different professional experiences or backgrounds, while the directors possess the knowledge, skills, and competencies required to perform their duties. In an effort to fulfill the Company's commitment to ethical corporate management, all the directors have signed the statement of ethical corporate management policy. The diversity policy has been disclosed on the Company website and MOPS.</p> <p>(2) SinoPac Holdings has established the Audit Committee and the Remuneration Committee. Both Committees are composed of 3 Independent Directors. On March 23, 2018, SinoPac Holdings established the Ethical Corporate Management Committee, which was composed of 3 Independent Directors and the Independent Directors of Bank SinoPac and SinoPac Securities. The organization, responsibility, and operations of these 3 committees comply with the "Audit Committee Organizational Charter," the "Remuneration Committee Organizational Charter," and the "Ethical Corporate Management Committee Organizational Charter," respectively.</p> | No divergence                                                                                                 |



| Item                                                                                                                                                                                                                                                                                  | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                                                                                                                                                                                       | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                               |
| (3) Has the Company established standards to measure the performance of the Board, conducted the evaluation annually, and reported the results of evaluation to the Board of Directors and referred to the said results when determining each director's compensation and reelection? | V                |    | (3) To implement corporate governance and enhance the Board's functions, and to set forth performance objectives to improve the operation efficiency of the Board of Directors, SinoPac Holdings formulated the "Regulations Governing the Evaluation of the Performance of the Board of Directors" in 2018. The performance of the Board of Directors and functional committees should be evaluated according to the evaluation procedures and standards set forth in the "Regulations Governing the Evaluation of the Performance of the Board of Directors" on an annual basis. The performance evaluation of the Board of Directors and functional committees should be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years, and the results of performance evaluation should be reported to the Board of Directors before the end of March the following year. In 2022, the Company appointed EY Business Advisory Services Inc. to handle the evaluation of the performance of the Board and functional committees while was that of individual board members handled through internal self-evaluation. The results of this external performance evaluation show that the comprehensive performance of the Company in terms of structure, people, and process and information of the Board of Directors and the functional committees are benchmarks. The self-evaluation results of the individual directors were "excellent" in every aspect, showing that the external and internal evaluations both made positive comments on the efficiency and effectiveness of the Board and functional committees. The operation of the Board and functional committees was good. The self-evaluation results were reported to the Board of Directors on February 24, 2023 and will be the basis of the 2022 remuneration for directors and the nomination of directors (including the independent directors) for the next term. In the future, the advice provided by Ernst & Young will serve as a reference for the Company to continuously improve the effectiveness of the Board of Directors and functional committees. | No divergence                                                                                                 |
| (4) Has the Company evaluated external auditors' independence regularly?                                                                                                                                                                                                              | V                |    | (4) The Company engages CPAs each year, with their independence and suitability evaluated every year. CPAs shall be evaluated for<br>1. Issuance of a letter on auditors' independence (no violation on The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10);<br>2. absence of disclosure of relevant Company information to the outside world;<br>3. absence of conflict of interest with the Company due to other interests;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                               |

| Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  |    | <p>4.compliance with relevant regulations on the tenure and rotation of CPAs;</p> <p>5.absence of a stakeholder or shareholders with the Company, or the holding of any position within the Company;</p> <p>6.professional competency;</p> <p>7.audit quality;</p> <p>8.communication and feedback;</p> <p>9.and absence of disciplinary action taken against them.</p> <p>In addition, the Company also requires CPAs and accounting firms to provide Audit Quality Indicators (AQIs), evaluating the independence and suitability of CPAs from the five aspects of professionalism, quality control, independence, supervision, and innovation ability and 13 AQI indicators as a reference for the selection of 2023 accountants.</p> <p>The independence and suitability of the Company's CPAs have been evaluated and found to be satisfactory, and this has been examined and approved by the Audit Committee on March 6, 2023 and the Board of Directors on March 24, 2023.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No divergence                                                                                                 |
| 3. Has the Company appointed adequate personnel and a corporate governance officer to be in charge of corporate governance matters (including but not limited to providing required information for directors and supervisors to perform their duties, helping directors and supervisors comply with laws and regulations, handling matters related to the Board meetings and shareholders' meetings according to the law, and producing minutes of the Board meetings and shareholders' meetings)? | V                |    | <p>The Secretariat of the Board is responsible for overseeing and coordinating corporate governance-related matters; providing directors with information required for performing their duties; assisting directors in legal compliance; handling matters related to Board of Directors' meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders' meetings; and preparing minutes of Board of Directors' meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders' meetings. On May 24, 2019, the Board of Directors passed the resolution to appoint the Chief Secretary under the Secretariat of the Board as Corporate Governance Officer, whose scope of duties includes handling matters related to Board of Directors' meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders' meetings in accordance with the law; preparing minutes of Board of Directors' meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders' meetings; assisting directors in taking office and continuing education/training; providing directors with information required for performing their duties; as well as assisting directors in legal compliance.</p> <p>The duties performed in 2021 are listed as follows:</p> <p>(1) Assisted independent directors and directors in performing their duties, provided them with the necessary information, and arranged for continuing education/training for them.</p> <p>(2) Facilitated the procedures for Board of Directors' meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders' meetings, and matters related to legal compliance of resolutions.</p> | No divergence                                                                                                 |



| Item                                                                                                                                                                                                                                                                                | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                                                                                                                                                                                     | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                               |
|                                                                                                                                                                                                                                                                                     |                  |    | <p>(3) Drafted the agendas for a Board of Directors' meeting and notified directors thereof seven days prior to the meeting; convened meetings and provided meeting materials; reminded directors of necessary recusal in advance; and prepared and distributed the minutes of a Board of Directors' meeting to directors within 20 days after the meeting.</p> <p>(4) Drafted the agendas for an Audit Committee meeting or a Remuneration Committee meeting and notified the committee members thereof seven days prior to the meeting; convened meetings and provided meeting materials; reminded the committee members of necessary recusal in advance; and prepared and distributed the minutes of a meeting to the committee members within 20 days after the meeting.</p> <p>(5) Registered the date of a shareholders' meeting in advance and prepared the meeting notice, handbook, and meeting minutes within the statutory time limit in accordance with the law.</p> <p>(6) Assisted directors in legal compliance.</p> <p>The status of continuing education / training for directors in 2022 is listed as follows:</p> <p>(1) The Chinese National Association of Industry and Commerce, Taiwan/2022 Board of Directors and general shareholders' meeting notes and discussion of frequently asked questions, 3 hours</p> <p>(2) Taiwan Academy of Banking and Finance/Corporate governance lecture - Discussion on changes in labor laws and common labor disputes, 3 hours</p> <p>(3) Taiwan Academy of Banking and Finance/Corporate governance lecture - Sustainable development of enterprises and disclosure of non-financial information, 3 hours</p> <p>(4) Taiwan Academy of Banking and Finance/Corporate governance lecture - Analysis and impact of the system of controlled foreign companies (CFC), 3 hours.</p> | No divergence                                                                                                 |
| 4. Has the Company established communication channels with stakeholders (including shareholders, employees, and customers), set up a specific area on the website for engagement, and adequately responded to their concerns regarding significant corporate social responsibility? | V                |    | <p>SinoPac Holdings identified and reviewed the groups of stakeholders in each year. The key stakeholder groups, including employees, customers, shareholders (investors), suppliers, media, communities/NPO/NGO, and regulatory agencies, for dedicated communication channels. For example, SinoPac Holdings has established a Stakeholder Engagement area on the company website, regularly holds investor conferences, issues press releases, participates in seminars and forums, and works with regulators in policy suggestions, to ensure that feedback and stakeholder concerns are considered in the future business development, product design, service channels, and community feedback. By doing so, SinoPac Holdings aims to maintain good interaction and engagement with all stakeholders.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | No divergence                                                                                                 |

| Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Operating Status           |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Yes                        | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                               |
| <p>5. Information Disclosure</p> <p>(1) Has the Company established a company website to disclose information regarding the Company's finance, business and corporate governance status?</p> <p>(2) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?</p> <p>(3) Has the Company publicly announced and registered the annual financial statements after the close of each fiscal year, the quarterly financial statements after the end of the first, second, and third quarters of each fiscal year, and the monthly operating status within the respective time limits set forth in the Financial Holding Company Act and the Securities and Exchange Act?</p> | <p>V</p> <p>V</p> <p>V</p> |    | <p>(1) SinoPac Holdings has set up a website to disclose company information, including financial updates, business operations, and corporate governance.</p> <p>(2) SinoPac Holdings has set up both Chinese and English websites and has designated personnel to be in charge of collecting and disclosing company information. SinoPac Holdings has also appointed the spokesperson and the acting spokesperson to be in charge of disclosing company information in a uniform manner.</p> <p>(3) SinoPac Holdings has publicly announced and registered the annual financial statements after the close of each fiscal year and the monthly operating status within the respective time limits set forth in the Financial Holding Company Act and the Securities and Exchange Act. According to the FSC Official Letter No. 10110002230, the Q1 and Q3 financial statements have been publicly announced and registered within 60 days after the end of the first and third quarters, respectively, and the Q2 financial statements have been audited and certified by the CPAs and registered within two months after the end of the second quarter.</p> | No divergence                                                                                                 |
| <p>6. Has the Company provided any other material information that may assist in the understanding of corporate governance of the Company (including but not limited to employee rights, care for colleagues, investor relations, stakeholder rights, director and supervisor training, risk management and risk evaluation standards, customer service and policies,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | V                          |    | <p>(1) SinoPac Holdings holds Board meetings on a monthly basis. The average actual attendance rate of directors was 100% in 2022.</p> <p>(2) Directors with conflict of interest relating to any agenda shall recuse themselves from voting in accordance with the law.</p> <p>(3) SinoPac Holdings has purchased liability insurance for directors and supervisors.</p> <p>(4) SinoPac Holdings has established risk management guidelines as the basis principles of risk management for SinoPac Holdings and its subsidiaries. Each major subsidiary has also established various relevant risk management policies and rules for its businesses.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No divergence                                                                                                 |



| Item                                                                                                                | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|                                                                                                                     | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                               |
| liability insurance for directors and supervisors, and donations to political parties, stakeholders and charities)? |                  |    | <p>(5) Bank SinoPac and SinoPac Securities have customer service center, where dedicated customer service personnel offers free customer service hotlines and online services as a mechanism to provide customers with the fastest and most convenient services and solve customers' problems, in hopes of protecting consumers and satisfying customers.</p> <p>(6) SinoPac Holdings has established work rules and regulations governing salaries and benefits as the basic principles of personnel management for SinoPac Holdings and its subsidiaries. Each major subsidiary has also established various relevant personnel management policies and rules based on its business characteristics in compliance with these principles. As regards employee training and development, the Human Resources Division is responsible for planning and conducting training and career development.</p> <p>(7) In order to realize the spirit of corporate governance, SinoPac Holdings actively communicates with investors its overall vision and strategies.</p> <p>(8) SinoPac Holdings discloses information, such as financial statements, material information, and investor conferences, on a regular basis and in real time to assist investors and the market in understanding its business operations, financial position, and strategy implementation.</p> <p>(9) With respect to investor relations, SinoPac Holdings has set up the "Investor Relations" section on its company website to disclose accurate and complete information of SinoPac Holdings to the public, including major announcements, press releases, and annual reports. Dedicated personnel from the Finance Management Division has been appointed to respond to investors' inquiries.</p> <p>(10) A feedback mechanism has been set up on the websites of SinoPac Holdings and its subsidiaries, with a view to providing investors with a channel of communication and handling investors' complaints and suggestions efficiently.</p> <p>(11) To prevent insider trading, the "Equity Management Policy," "Work Rules," and "Ethical Management Procedures and Guidelines for Conduct" established by SinoPac Holdings clearly prohibit directors, managers, insiders, and employees from being involved in insider trading. These regulations have been disclosed on the Intranet for all employees to follow and prevent insider trading. SinoPac Holdings also organized the following training courses on insider trading for directors, managerial officers and employees on a regular basis or from time to time:</p> | No divergence                                                                                                 |



| Item | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
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|      | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                               |
|      |                  |    | <p>a. Education for directors and executive managers of the Company and its subsidiaries was held on December 9, 2022 with 1.5 hours of training and 163 participants.</p> <p>b. On January 19, 2022, April 13, 2022, July 21, 2022, October 20, 2022, SinoPac Holdings organized training for directors to educate them about common patterns in the violation of the Securities and Exchange Act associated with the registration of change of equity among insiders, and ensure that such changes are made in accordance with the relevant regulations, so as to avoid penalties and to inform the directors of the closed period during which no trading in company stock is permitted.</p> <p>c. In 2022, SinoPac Holdings organized an online training course on ethical corporate management for all employees of SinoPac Holdings and its subsidiaries. The training lasted 1 hour and a total of 11,922 employees participated in 2022.</p> <p>(12) In 2022, SinoPac Holdings and its subsidiaries did not make any donation to any political parties, and the donations to interested parties and NPO were as follows:</p> <p>a. In January 2022, Bank SinoPac and SinoPac Securities donated NT\$27,000,000 and NT\$8,000,000 to the Sinopac Foundation to promote social welfare activities and fulfill corporate social responsibilities.</p> <p>b. In October 2022, Bank SinoPac donated NT\$109,297,968 to the Small &amp; Medium Enterprise (SME) Credit Guarantee Fund of Taiwan.</p> <p>c. In 2022, Bank SinoPac donated NT\$14,000,000 to National Cheng Kung University in order to set up an industry-academia collaboration platform, whose goals are to foster startups and talents, to reward outstanding students, to cultivate industrial talents, and to speed up digital transformation.</p> <p>d. In September and December 2022, Bank SinoPac (China) donated a cumulative total of CNY400,000 to Guanghe County Education Bureau of Gansu Province to help improve the teaching conditions of Alimatu Elementary School in Guanghe County.</p> <p>e. In November 2022, Bank SinoPac (China) donated CNY200,000 to the Red Cross of Xingren City in Guizhou Province, to help improve the teaching conditions of the Sixth Secondary School in Xingren City.</p> | No divergence                                                                                                 |



| Item                                                                                                                                                                   | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                        | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                               |
| 7. The TWSE Corporate Governance Center released its Corporate Governance Evaluation results. Please disclose any improvements done and plans for future improvements. | V                |    | <ul style="list-style-type: none"> <li>In the results of the Taiwan Stock Exchange's 8th Corporate Governance Evaluation in 2021, the Company was ranked in the top 5% of listed companies, marking our third consecutive year in the top tier, and ranked in the top 10% of the Finance and Insurance category for the second consecutive year. The Company also continues to be included as a constituent of the TWSE Corporate Governance 100 Index and the FTSE4Good TIP Taiwan ESG Index.</li> <li>Status of improvements:               <ul style="list-style-type: none"> <li>(1) The Company's interim financial statements shall first be approved by the Audit Committee before they are discussed and approved by the Board of Directors.</li> </ul> </li> <li>Plans for future improvements:               <ul style="list-style-type: none"> <li>(1) It shall upload the changes in the shareholding of insiders in the previous month to the TWSE MOPS before the 10th of each month (inclusive).</li> <li>(2) It shall upload the uninterrupted audio and video recordings after the shareholder meeting.</li> </ul> </li> </ul> | No significant divergence                                                                                     |

#### Continuing Education/Training of Directors

To implement corporate governance, SinoPac Holdings informs Directors of related corporate governance training. In 2022, the education and training of Directors complied with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."

| Position | Name          | Organizer                             | Course Name                                                                         | Training Hours | In Compliance with the Guidelines for the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies |
|----------|---------------|---------------------------------------|-------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman | Shi-kuan CHEN | Taiwan Academy of Banking and Finance | Corporate Governance Forum - Friendly Finance of Fair Treatment for Customers       | 3              | YES                                                                                                                                                                        |
|          |               | Taiwan Insurance Institute            | How to Implement the Protection of Elderly Consumers by the Board of Directors      | 3              |                                                                                                                                                                            |
|          |               | Taiwan Insurance Institute            | Analysis of the Principle of Fair Treatment for Customers                           | 3              |                                                                                                                                                                            |
|          |               | Taiwan Academy of Banking and Finance | Requirements for the Board of Directors from Relevant Regulations Governing AML-CTF | 3              |                                                                                                                                                                            |

| Position             | Name          | Organizer                                                                 | Course Name                                                                                                                                             | Training Hours | In Compliance with the Guidelines for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies |
|----------------------|---------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Independent Director | Chi SCHIVE    | Taiwan Academy of Banking and Finance                                     | Corporate Governance Forum - Friendly Finance of Fair Treatment for Customers                                                                           | 3              | YES                                                                                                                                                     |
|                      |               | Taiwan Corporate Governance Association                                   | How Directors' Decisions Avoid Breach of Trust and Non-arm's Length Transactions                                                                        | 3              |                                                                                                                                                         |
|                      |               | Taiwan Academy of Banking and Finance                                     | International Trends in AML and the Application of Fintech                                                                                              | 2              |                                                                                                                                                         |
|                      |               | Securities and Futures Institute                                          | Discussion of Employees' Compensation and Directors' Remuneration Issues - Starting from the Amendment of Article 14 of the Securities and Exchange Act | 3              |                                                                                                                                                         |
| Independent Director | James J. SHEU | The Chinese National Association of Industry and Commerce, Taiwan (CNAIC) | Foresight into the global technology industry and trends in supply chain development in the post-pandemic era                                           | 3              | YES                                                                                                                                                     |
|                      |               | Taiwan Independent Director Association                                   | Information security protection, strategy, and crisis management through the perspective of the metaverse boom                                          | 3              |                                                                                                                                                         |
| Independent Director | Wei-ta PAN    | Taiwan Corporate Governance Association                                   | Quick interpretation and preparation of ESG disclosure requirements of Corporate Governance 3.0                                                         | 3              | YES                                                                                                                                                     |
|                      |               | Taiwan Corporate Governance Association                                   | Development Trends in Green Industry - Prospects for Low-Carbon Investment and Corresponding Business Strategies                                        | 3              |                                                                                                                                                         |
| Directors            | Stanley CHU   | Taiwan Academy of Banking and Finance                                     | Corporate Governance Forum - Friendly Finance of Fair Treatment for Customers                                                                           | 3              | YES                                                                                                                                                     |
|                      |               | Taiwan Academy of Banking and Finance                                     | Fintech and Anti-money Laundering                                                                                                                       | 3              |                                                                                                                                                         |
| Directors            | Chi-hsing YEH | Taiwan Corporate Governance Association                                   | Establishment and operation of the Audit Committee                                                                                                      | 3              | YES                                                                                                                                                     |
|                      |               | Securities and Futures Institute                                          | Experiences in Corporate Mergers and Acquisitions - Focusing on Hostile Takeovers                                                                       | 3              |                                                                                                                                                         |
| Directors            | Wei-thyr TSAO | Taiwan Academy of Banking and Finance                                     | Corporate Governance Forum - Friendly Finance and Fair Treatment for Customers                                                                          | 3              | YES                                                                                                                                                     |
|                      |               | Taiwan Insurance Institute                                                | Analysis of the Principle of Fair Treatment for Customers                                                                                               | 3              |                                                                                                                                                         |
|                      |               | Taiwan Academy of Banking and Finance                                     | International Trends in AML and the Application of Fintech                                                                                              | 2              |                                                                                                                                                         |
|                      |               | Securities and Futures Institute                                          | Technological Development and Business Opportunities of Electric Vehicles and Smart Cars                                                                | 3              |                                                                                                                                                         |
|                      |               | Securities and Futures Institute                                          | Key Technologies and Opportunities of Quantum Technology                                                                                                | 3              |                                                                                                                                                         |



## (IV) Status of Operations of the Remuneration Committee

### A. Information on the members of the Remuneration Committee

| Shareholding Distribution (Common Stock) |                        |                                                                                              | Dec. 31, 2022             |
|------------------------------------------|------------------------|----------------------------------------------------------------------------------------------|---------------------------|
| Identity                                 | Qualifications<br>Name | Term of Office                                                                               | Number of Other TWSE/TPEX |
| Independent Director(Convener)           | Chi SCHIVE             | 2014/6/12 to present, 8.5years of service as a Remuneration Committee Member of the Company. | 1                         |
| Independent Director                     | James J. SHEU          | 2014/6/12 to present, 8.5years of service as a Remuneration Committee Member of the Company. | 0                         |
| Independent Director                     | Wei-ta PAN             | 2020/5/13 to present, 2.5years of service as a Remuneration Committee Member of the Company. | 1                         |

Note: For the professional qualifications, experience and independence of the members of the Remuneration Committee, please refer to Table 1 Director Information (2) for relevant information on page 20-23.

### B. Operations of the Remuneration Committee

1. The Remuneration Committee is composed of three (3) members.
2. Term of the 4rd Remuneration Committee: From May 13, 2020 to May 12, 2023. A total of 10 meetings were held by the Remuneration Committee in 2022. The attendance of the committee members is listed as follows:

| Position | Name          | Attendance in Person | Attendance by Proxy | Attendance Rate (%) |
|----------|---------------|----------------------|---------------------|---------------------|
| Convener | Chi SCHIVE    | 10                   | 0                   | 100%                |
| Member   | James J. SHEU | 10                   | 0                   | 100%                |
| Member   | Wei-ta PAN    | 10                   | 0                   | 100%                |

Others: None

The purpose of the Remuneration Committee is to evaluate the remuneration policy and system for Directors and managers in a professional and objective manner. Recommendations are then provided to the Board of Directors for reference in decision-making.

The Remuneration Committee shall exercise the care of an administrator with good faith, faithfully fulfill the following functions and power, and submit the recommendations to the Board of Directors for discussion.

1. Formulate and regularly review the policy, system, standard, and structure of performance evaluations and remunerations for Directors and managers.
2. Regularly evaluate and set the remunerations for Directors and managers.

If the remunerations for Directors, Supervisors, and managers of subsidiaries are required to be approved by the Board of Directors of SinoPac Holdings in accordance with hierarchical responsibility, they shall be submitted to the Board of Directors for discussion after the Remuneration Committee provide recommendations.

### 3. Resolutions of the Remuneration Committee in 2022

| Date of Remuneration Committee Meeting | Agenda                                                                               | Resolutions of the Remuneration Committee                                                                                             | SinoPac Holdings' Response to the Opinions of the Remuneration Committee                                            |
|----------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| 2022/1/17                              | The appropriation and distribution of employee bonuses at SinoPac Holdings for 2021. | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval. | Adopted by the Board of Directors on 2022/1/21 and subsequently submitted to the 2022 Annual Shareholders' Meeting. |

| Date of Remuneration Committee Meeting | Agenda                                                                                                                                                                                                                                                                     | Resolutions of the Remuneration Committee                                                                                                                                                                                                                                                                                                                                                                           | SinoPac Holdings' Response to the Opinions of the Remuneration Committee                                            |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| 2022/1/17                              | The distribution of performance bonus for the chairmen at SinoPac Holdings and its subsidiaries for 2021.                                                                                                                                                                  | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                                                                                                                               | Adopted by the Board of Directors on 2022/1/21.                                                                     |
| 2022/1/17                              | Review and approval of remuneration and change of duties and appointment for managers in the Company and its subsidiaries.                                                                                                                                                 | Adopted as proposed by the attending committee members unanimously after the text in the presentation was amended and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                                                                                | Adopted by the Board of Directors on 2022/1/21.                                                                     |
| 2022/2/18                              | Remuneration for the directors of SinoPac Holdings for 2021.                                                                                                                                                                                                               | Apart from the independent director remuneration which was not discussed, the remaining proposals were adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                        | Adopted by the Board of Directors on 2022/2/25 and subsequently submitted to the 2022 Annual Shareholders' Meeting. |
| 2022/2/18                              | Approved the remuneration for the directors of the subsidiaries Bank SinoPac and SinoPac Securities for 2021, the remuneration for the independent directors of Bank SinoPac (China) for 2021, and the remuneration for the outside directors of SinoPac Leasing for 2021. | The proposal on remuneration for the independent directors of SinoPac Securities was adopted by the remaining attending committee members unanimously while committee member Mr. Chi SCHIVE recused himself in accordance with the law; meanwhile, the remaining proposal was adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval. | Adopted by the Board of Directors on 2022/2/25.                                                                     |
| 2022/3/18                              | Review and approval of remuneration and changes of duties and appointments for managers in subsidiaries.                                                                                                                                                                   | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                                                                                                                               | Adopted by the Board of Directors on 2022/3/25.                                                                     |
| 2022/5/16                              | Performance-based salary adjustments for managers at SinoPac Holdings and promotions and salary adjustments for managers at SinoPac Holdings and its subsidiaries for 2022.                                                                                                | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                                                                                                                               | Adopted by the Board of Directors on 2022/5/20.                                                                     |
| 2022/5/16                              | Review and approval of remuneration and pension for managers after changes of duties in the Company.                                                                                                                                                                       | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                                                                                                                               | Adopted by the Board of Directors on 2022/5/20.                                                                     |
| 2022/6/17                              | Proposal of remuneration of the chairman of the subsidiary SinoPac Leasing Corp.                                                                                                                                                                                           | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                                                                                                                                                                                                                                               | Adopted by the Board of Directors on 2022/6/24.                                                                     |



| Date of Remuneration Committee Meeting | Agenda                                                                                                                                                                                                                              | Resolutions of the Remuneration Committee                                                                                                                                                     | SinoPac Holdings' Response to the Opinions of the Remuneration Committee |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 2022/6/17                              | Review and approval of remuneration of managers after changes of duties in the Company and its subsidiaries.                                                                                                                        | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Adopted by the Board of Directors on 2022/6/24.                          |
| 2022/7/15                              | The remuneration of the chairman of the subsidiary Bank SinoPac.                                                                                                                                                                    | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Adopted by the Board of Directors on 2022/7/22.                          |
| 2022/7/15                              | Review of remuneration and appointment for managers in the subsidiaries                                                                                                                                                             | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Adopted by the Board of Directors on 2022/7/22.                          |
| 2022/9/16                              | Annual review of remuneration policy, system, standards, and structure for the chairman, directors, and supervisors of SinoPac Holdings                                                                                             | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Acknowledged by the Board of Directors on 2022/9/23.                     |
| 2022/9/16                              | Annual review of remuneration policy, system, standards, and structure for the managers of SinoPac Holdings                                                                                                                         | Adopted as proposed by the attending committee members unanimously.                                                                                                                           | Acknowledged by the Board of Directors on 2022/9/23.                     |
| 2022/9/16                              | Amendment of articles of the "Annual Performance Bonus Distribution Measures" of the subsidiary SinoPac Securities.                                                                                                                 | Adopted as proposed by the attending committee members unanimously after the description was amended in compliance with the meeting minutes and the text of Appendix II and III were amended. | Acknowledged by the Board of Directors on 2022/9/23.                     |
| 2022/9/16                              | Review of remuneration for managers after change of duties in subsidiaries.                                                                                                                                                         | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Adopted by the Board of Directors on 2022/9/23.                          |
| 2022/10/14                             | Review of remuneration of subsidiaries' managers and approval of employment remuneration.                                                                                                                                           | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Adopted by the Board of Directors on 2022/10/21.                         |
| 2022/10/14                             | Annual review of internal self-evaluation indicators and contents of the self-evaluation questionnaire as stipulated in the "Regulations Governing the Evaluation of the Performance of the Board of Directors" of SinoPac Holdings | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Acknowledged by the Board of Directors on 2022/10/21.                    |
| 2022/11/14                             | Review of remuneration for managers after change of duties in subsidiaries and the Company.                                                                                                                                         | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.                                                         | Adopted by the Board of Directors on 2022/11/18.                         |

| Date of Remuneration Committee Meeting | Agenda                                                                                                             | Resolutions of the Remuneration Committee                                                                                             | SinoPac Holdings' Response to the Opinions of the Remuneration Committee                                   |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 2022/12/16                             | Long-term incentive plan for 2023                                                                                  | Adopted by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval.             | Adopted by the Board of Directors on 2022/12/23.                                                           |
| 2022/12/16                             | Proposal of remuneration of the chairman of the subsidiary SinoPac Securities (Asia) Ltd.                          | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval. | Adopted with amendment by the Board of Directors on 2022/12/23 after the text in the appendix was amended. |
| 2022/12/16                             | Proposal of review and approval of remuneration and change of duties and appointment for managers in subsidiaries. | Adopted as proposed by the attending committee members unanimously and subsequently submitted to the Board of Directors for approval. | Adopted by the Board of Directors on 2022/12/23.                                                           |

## (V) Operations of the Ethical Corporate Management Committee

### A. Responsibility and Qualifications of Members

The Ethical Corporate Management Committee consists of Independent Directors with three (3) to nine (9) members, of which the Independent Directors of SinoPac Holdings are ex officio members, and the remaining members include Independent Directors of Bank SinoPac and SinoPac Securities. At present, the Ethical Corporate Management Committee consists of eight (8) Independent Directors of SinoPac Holdings, Bank SinoPac, and SinoPac Securities. The Ethical Corporate Management Committee shall convene at least once every six months. It is responsible to review the ethical corporate management policies and prevention programs and supervise the performance of the managerial departments. The Ethical Corporate Management Committee is mainly engaged in the following tasks and reports its compliance and resolutions to the Board of Directors on a regular basis.

1. Assist in incorporating good faith and ethical values into the business strategy to review related precautionary measures for ethical corporate management and supervise the check-and-balance mechanisms in line with the laws and regulations.
2. Supervising the management in regularly analyzing and assessing the risks of unethical conduct in the business scope, deliberating on plans to prevent unethical conduct according thereto, and reviewing standard operating procedures and code of conduct for each plan.
3. Supervise the managerial departments to plan internal organization, structure, and job functions; set up mutual supervision and check-and-balance mechanisms for business activities with high risk of unethical conduct within the scope of business.
4. Supervise the promotion and communication of awareness training with respect to ethics policies.
5. Establish a whistle-blowing system and supervise the effectiveness of its implementation.
6. Assist the Board of Directors to supervise the managerial departments in reviewing and assessing whether the preventive measures taken for the purpose of implementing ethical corporate management are carried out effectively and prepare regular assessment reports on the compliance of related operating procedures with ethical corporate management.
7. Supervise the management in preparing and maintaining the ethical corporate management policy and other related documentations, such as statement of compliance, fulfillment of commitment, status of implementation, etc.





## B. Term of Office

Members of the Ethical Corporate Management Committee shall have the same term as that of the Board of Directors of SinoPac Holdings. If the Independent Directors of SinoPac Holdings or subsidiaries have their term of office expire without renewal, resign, or be dismissed, their qualifications for the members of the Ethical Corporate Management Committee will automatically become void.

## C. 2022 Work Plans and Results

### 1. Conducted the 2021 evaluation of the performance of the Ethical Corporate Management Committee

According to Subparagraph 2, Paragraph 1, Article 6 of the "Regulations Governing the Evaluation of the Performance of the Board of Directors," the self-evaluation results of each committee member are compiled and submitted for reference for review and improvement by the Ethical Corporate Management Committee. The summary of the self-evaluation results of the 2021 Ethical Corporate Management Committee Performance Evaluation is as follows:

#### (1) Evaluated Dimensions

(A) Degree of participation in the operations of SinoPac Holdings; (B) recognition of duties as Ethical Corporate Management Committee members; (C) improvement in the quality of decision-making; (D) composition and election of the Ethical Corporate Management Committee members; and (E) internal control.

(2) The self-evaluation result of the 2021 Ethical Corporate Management Committee Performance Evaluation was "excellent" with an average weighted score of 98.75. This indicates that all committee members gave the efficiency and effectiveness of the Committee positive reviews. Overall operational status is still good.

### 2. Deliberated the results of the unethical behavior prevention plan compliance review of the Company and its subsidiaries.

(1) According to Article 21 of the "Guidelines for Ethical Corporate Management," the audit units of the Company and its subsidiaries shall review compliance with unethical behavior prevention solutions. If the review results show any deficiencies, continuous tracking shall be implemented and the tracking and improvements shall be reported to the Ethical Corporate Management Committee, and reported to the Board of Directors.

(2) In accordance with the matters for improvement in the report resulting from the abovementioned review submitted to the Company by the examination bureau, the Company shall ask the audit unit to investigate the validity of the matters listed in the notice letters from competent authorities, and the results shall be reported to the Ethical Corporate Management Committee.

### 3. Supervising the effectiveness of the whistle-blowing system

Reviewing the "regular reports on the handling of whistle-blowing cases": The regular reports on the handling of whistle-blowing cases received by SinoPac Holdings and its subsidiaries over the past six months were submitted to the Ethical Corporate Management Committee.

### 4. Supervision of the ethical corporate management policy advocacy and training

(1) Continue to conduct the signing of the statement of compliance with the ethical management policy by all employees of the Company and its subsidiaries

According to Paragraph 1, Article 8 of the "Procedures for Ethical Management and Guidelines for Conduct," "TWSE/TPEX listed companies shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees

comply with such policy". SinoPac Holdings and its subsidiaries rolled out the signing of a statement of compliance with the ethical management policy's "Procedures for Ethical Management and Guidelines for Conduct." The implementation results of the Company in 2022 are as follows:

- The human resources departments at SinoPac Holdings and its subsidiaries have included the ethical management compliance statement as one of the documents to be signed during onboarding and require new recruits (including managers) to sign the statement in writing.
- In 2022, all current employees (including temp workers and new employees hired in 2022) of the Company and its subsidiaries (Bank SinoPac, Bank SinoPac (China), SinoPac Insurance Brokers Ltd., SinoPac Leasing, SinoPac International Leasing Corp., SinoPac International Capital (HK), SinoPac Venture Capital, SinoPac Securities, SinoPac Futures, SinoPac Inv. Service, SinoPac Securities Venture Capital, SinoPac Securities (Asia), SinoPac Asset Management (Asia), SinoPac Financial Services, SinoPac SITC, etc.) completed the annual signing of the statement of compliance with the ethical management policy, the "Procedures for Ethical Management and Guidelines for Conduct."

(2) Supervising the implementation of the whistle-blowing system and ethical corporate management advocacy and training

Advocacy and training activities organized in 2022 are as follows:

- In February 2022, the "Guidelines for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" were provided to the directors and supervisors of SinoPac Holdings and its subsidiaries for reference and compliance.
- From May to June 2022, the annual external (Taiwan Academy of Banking and Finance) online on-the-job training for the legal compliance personnel of the Company and its subsidiaries were conducted. The course included "Fair Treatment for Customers" and "21 Management Commandments for Financial Specialists", the "Personal Data Protection Act and Case Sharing", "Cases of Financial Fraud and Common Deficiencies in Financial Institution Inspections", "Cases of Financial Investment Products and Consumer Disputes (including Sales Discipline)", etc. The duration of the course was 15 hours. After completing the course and passing the test, the qualification for completing the training was obtained.
- Besides the inclusion of ethical management related policies and regulations in orientation training of the new employees by the human resources units of SinoPac Holdings and its subsidiaries, in 2022, all new and current employees (including temp workers) of the Company and its subsidiaries (Bank SinoPac, Bank SinoPac (China), SinoPac (HK) Insurance Brokers Ltd., SinoPac Leasing, SinoPac International Leasing Corp., SinoPac International Capital (HK), SinoPac Venture Capital, SinoPac Securities, SinoPac Futures, SinoPac Securities Investments, SinoPac Securities Venture Capital, SinoPac Securities (Asia), SinoPac Asset Management (Asia), SinoPac Financial Services, SinoPac SITC, etc.) completed online training and education related to the "Guidelines for Ethical Corporate Management," "Procedures for Ethical Management and Guidelines for Conduct," and "Whistle-blowing System." The training lasted 1 hour and a total of 11,922 employees participated in 2022, with a participation rate of 100%.



#### D. Qualifications and expertise of the 2nd Ethical Corporate Management Committee

| Title    | Name          | Qualifications                                                | Expertise                                                  |
|----------|---------------|---------------------------------------------------------------|------------------------------------------------------------|
| Convener | Chi SCHIVE    | Independent Director, SinoPac Holdings and SinoPac Securities | Banking, commerce, finance and risk management             |
| Member   | James J. SHEU | Independent Director, SinoPac Holdings                        | Banking, commerce, accounting, finance and risk management |
| Member   | Wei-ta PAN    | Independent Director, SinoPac Holdings                        | Banking, commerce, law, and risk management                |
| Member   | Yu-fen LIN    | Independent Director, Bank SinoPac                            | Commerce, Law, Finance, and Accounting                     |
| Member   | Chih-cheng SU | Independent Director, Bank SinoPac                            | Commerce, Law, Finance, and Accounting                     |
| Member   | Chung-Ming SU | Independent Director, Bank SinoPac                            | Commerce, Finance, Accounting, and Risk Management         |
| Member   | Zi-wen HE     | Independent Director, SinoPac Securities                      | Commerce, Law, Finance, and Accounting                     |
| Member   | Ling-lan LIN  | Independent Director, SinoPac Securities                      | Commerce, Law, Finance, and Accounting                     |

#### E. Operations of the Ethical Corporate Management Committee

- The Ethical Corporate Management Committee convened 2 meetings in 2022. The attendance of the committee members is as follows:

| Title    | Name            | Expected Attendance in Person | Attendance in Person | Absent or Attendance by Proxy | Note                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------|-----------------|-------------------------------|----------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Convener | Chi SCHIVE      | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | James J. SHEU   | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | Wei-ta PAN      | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | Yu-fen LIN      | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | Chih-cheng SU   | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | Zi-wen HE       | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | Ling-lan LIN    | 2                             | 2                    | -                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Member   | Chao-hsiang CHU | 1                             | 1                    | -                             | The term of office of independent director Chao-hsiang CHU of the subsidiary Bank SinoPac expired on 2022/6/30 without renewal. His qualification as member of the Ethical Corporate Management Committee was also automatically canceled. The Board of Directors approved the appointment of independent director Mr. Chung-Ming SU of the subsidiary Bank SinoPac as a committee member of the 2nd Ethical Corporate Management Committee on 2022/6/20. |

## 2. Resolutions of the Ethical Corporate Management Committee in 2022

| Date of Ethical Corporate Management Committee meeting | Meeting Term                                                          | Agenda                                                                                                                                                                   | Resolution of the Ethical Corporate Management                                                 |
|--------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 2022/2/22                                              | 1st meeting of the 2nd Ethical Corporate Management Committee in 2022 | Report on the minutes of the 2nd meeting of the 2nd Ethical Corporate Management Committee at SinoPac Holdings in 2021 and the status of implementation.                 | The meeting minutes were reported to the Board of Directors for future reference on 2021/9/24. |
|                                                        |                                                                       | Reporting of the 2021 Ethical Corporate Management Committee performance evaluation results.                                                                             | Acknowledged.                                                                                  |
|                                                        |                                                                       | Regular report on the handling of reported whistleblowing cases at SinoPac Holdings and its subsidiaries.                                                                | Acknowledged.                                                                                  |
|                                                        |                                                                       | Report the result of an audit in which the subsidiary Bank SinoPac was found to be involved in major dishonesty according to a letter issued by the competent authority. | Acknowledged.                                                                                  |
| 2022/8/4                                               | 2nd meeting of the 2nd Ethical Corporate Management Committee in 2022 | Change of assignment of members in the Company's 2nd Ethical Corporate Management Committee.                                                                             | Acknowledged.                                                                                  |
|                                                        |                                                                       | Report on the minutes of the 1st meeting of the 2nd Ethical Corporate Management Committee at SinoPac Holdings in 2022 and the status of implementation.                 | The meeting minutes were reported to the Board of Directors for future reference on 2022/3/25. |
|                                                        |                                                                       | Regular report on the handling of reported whistleblowing cases at SinoPac Holdings and its subsidiaries.                                                                | Acknowledged.                                                                                  |
|                                                        |                                                                       | Periodically report the results of the unethical behavior prevention plan compliance review of the Company and its subsidiaries.                                         | Acknowledged.                                                                                  |



## (VI) Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

| Promoted Items                                                                                                                                                                                                                                                                            | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
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|                                                                                                                                                                                                                                                                                           | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                   |
| 1. Has the Company established a sustainability governance structure and an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, and appointed executive-level positions to implement and reported for the Board of Directors' supervision? | V                     |    | <p>1. SinoPac Holdings has established the Sustainable Development Committee in 2018, where the Chairman of SinoPac Holdings serves as the chairperson of the committee while the President of SinoPac Holdings and the chairmen and presidents of major subsidiaries serve as members of the committee. A total of five teams in charge of corporate governance, customer relations, employee welfare, social involvement, and environmental protection, respectively, which are responsible for promoting and practicing various aspects of sustainability, have also been established under the Sustainable Development Committee.</p> <p>2. The Sustainable Development Committee convenes a meeting every quarter and reports the performance and planning of sustainable actions to the Board of Directors every six months. The Sustainable Development Committee most recently reported to the Board of Directors on 2023/1/13 containing the amendments of the short-, mid-, and long-term sustainable development focuses of the Company, the performance of sustainable development in 2022 and the work plans for 2023.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | No significant divergence                                                                                         |
| 2. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?                                                                     | V                     |    | <p>1. The Company regularly reviews the sustainability issues related to international sustainability assessments and industry benchmarking peers to generate a list of material topics that are relevant to the aspects of corporate governance, environment, and society. The Company distributes questionnaires to internal and external stakeholders as well as the Company's senior managers to analyze the positive/negative impacts of the various material topics on stakeholders, company operations, and the value chain and then classifies the topics into "critical," "important," and "basic" levels. Thus the Company conducts risk assessments and formulates related management directions, strategies, or action plans based on these topics accordingly to reduce the impact of related risks. The information about material topics identification, assessment, and related strategies or action plans is disclosed on the Company's official website and its Sustainability Report.</p> <p>2. The Company has a risk management policy to integrate and manage various relevant risks and carry out identification and evaluation. Meanwhile, corresponding countermeasures are implemented to manage and control such risks. The scope covers market, credit, operation, liquidity risks, and emerging risks, climate change risks, etc.</p> <p>3. The boundary of the aforementioned assessment includes the Company and its subsidiaries. If there are differences in the scope of the various environmental and social issues in the table, it will be explained for each issue.</p> | No significant divergence                                                                                         |

| Promoted Items                                                                                                                           | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                          | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                    |
| 3. Environmental Issues                                                                                                                  |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                    |
| (1) Has the Company established proper environment management systems based on the characteristics of its industry?                      | V                     |    | (1) The Environmental Sustainability Task Force under SinoPac Holdings' Sustainability Development Committee oversees, coordinates, and promotes policies and action plans related to environmental sustainability at SinoPac Holdings and its subsidiaries. In 2019, SinoPac Holdings has established the "Environmental and Energy Management Policy," which stipulates that SinoPac Holdings and its subsidiaries endeavor to promote the sustainable management of the environment and energy and reduce the impact of business operations on the environment by considering the context and life cycle of the organization. SinoPac Holdings also passed the follow-up review of ISO14001 Environmental Management conducted by the British Standards Institution (BSI) in 2022. The Company's newest ISO14001 certificate is effective from December 26, 2021 to December 25, 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No significant divergence                                                                                          |
| (2) Does the Company endeavor to improve energy usage efficiency and use renewable materials which have a low impact on the environment? | V                     |    | (2) The Company and its subsidiaries have endeavored to utilize resources efficiently by reviewing electricity consumption. Through various energy-saving measures and facilities enhancement, the utilization rate has been increased to 95% or above. According to the "Building Technical Regulations - Building Design and Construction," SinoPac Holdings has applied a large amount of green, renewable materials having a low impact on the environment and harmless to human health to ceilings, plasterboard, calcium silicate board compartments, paint, and other construction works. These renewable materials account for 60% of the total area of building/office construction. To support green procurement and eco-labeled products, SinoPac Holdings has also used FSC-certified paper to make the handbook for shareholders' meeting and greeting supplies. In 2022, SinoPac Holdings received the "Outstanding Green Procurement Award" from the Taipei City Department of Environmental Protection and the Environmental Protection Administration, Executive Yuan (R.O.C.). The subsidiaries, Bank SinoPac and SinoPac Securities, purchased 2.6 million kWh and 0.7 million kWh of renewable energy electricity per year, respectively, in 2022, and they completed the installation of solar panel power generation devices on the roof of the Bank SinoPac Beigao Building. |                                                                                                                    |
| (3) Has the Company assessed the potential risks and opportunities brought by climate change, and taken related countermeasures?         | V                     |    | (3) a.SinoPac Holdings pays serious attention to operational risks arising from climate change as it understands that climate change poses huge risks and opportunities to business operations at the same time. Hence, SinoPac Holdings not only has introduced the "Task Force on Climate-related Financial Disclosure" (TCFD) framework to regularly evaluate and manage climate-related risks, but also takes an interest in the development opportunities arising therefrom. Meanwhile, SinoPac Holdings has included climate change risk in its risk management policy (amended and approved by the Board of Directors on 2019/12/20).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                    |



| Promoted Items                                                                                                                                                                                                                     | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                                                                                                                    | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                    |
| (4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management? | V                     |    | <p>b. Furthermore, to appropriately assess the potential future impact of climate related risks and opportunities on the Company and its subsidiaries, the Company has formulated the Management Guidelines for Climate Related Risks and Opportunities to establish management procedures for the identification, evaluation, monitoring, reporting, and alleviation or adjustment measures for risks and opportunities. The Company's governance structure, management procedure, identification results, and mitigation or adaptation measures for climate related risks and opportunities have been disclosed on the official website. The Sustainability Report is based on the "Task Force on Climate-Related Financial Disclosures" (TCFD) framework to disclose the governance, strategies, risk management, indicators, and goals of climate related risks and opportunities.</p> <p>(4) a. SinoPac Holdings has established the "Objectives and Measures for Environmental and Energy Management System" to implement electricity, water, and waste management, and also calculated and disclosed its greenhouse gas emissions, water consumption, and total weight of waste over the past three years to optimize related facilities. On the other hand, SinoPac Holdings has obtained the ISO14064-1 Greenhouse Gas Inventory and ISO50001 Energy Management System certifications from BSI in 2022, in hopes of continuously improving the utilization of energy in a systematic way. The Company has also set a Science-Based Targets (SBT) of a cumulative 29.4% reduction in Scope 1 and Scope 2 emissions by 2027 compared to baseline year 2021 and a goal of net-zero emissions from operations by 2030. The Company's newest ISO50001 certificate is effective from December 10, 2022 to December 9, 2025.</p> <p>b. The greenhouse gas emissions in 2020 and 2021 were 18,502.49 metric tons of CO<sub>2</sub>e (936.39 metric tons of Scope 1 and 17,566.10 metric tons of Scope 2) and 17,819.24 metric tons of CO<sub>2</sub>e (1,061.85 metric tons of Scope 1 and 16,757.39 metric tons of Scope 2), respectively, with reductions reaching 3.69% compared to the previous year. The electricity consumption in 2020 and 2021 were 34,511 MWh and 33,381 MWh, respectively, representing a decrease of 3.27% compared to the previous year. The water consumption in 2020 and 2021 were 177,786 cubic meters and 171,054 cubic meters, respectively, representing a decrease of 3.8% compared to the previous year.</p> | No significant divergence                                                                                          |



| Promoted Items                                                                                                                                                                                      | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                                                                                     |                       |    | <p>Starting in 2019, SinoPac Holdings adopted practical weighting methods to calculate total waste from seven buildings. In 2020, with the addition of the Xingda Building, the waste from the eight buildings totaled 325.92 metric tons. In 2021, we achieved a coverage rate of 100% across all domestic operating bases, and the total waste generated during the operation process was 563.06 metric tons, representing a reduction of 24.7% compared with the same category in 2020.</p> <p>The amount of annual greenhouse gas emissions, electricity and water consumption, and total weight of wastes are currently undergoing inventory and third-party verification. The results will be published in the 2022 Sustainability Report of the Company.</p> <p>c. SinoPac Holdings was honored with a leadership rating of A- for three consecutive years by the Carbon Disclosure Project (CDP), to which it responded for the third time in 2022.</p> <p>d. In daily operations, the code of conduct for energy conservation has also been established to promote the idea of environmental protection and encourage employees to use e-bills, turn off lights after use, and walk and take the stairs more often. The paperless meeting system has also been implemented to reduce the use of energy and achieve a sustainable environment in line with the green operational policy.</p> | No significant divergence                                                                                          |
| <p>4. Social Issues</p> <p>(1) Has the Company established appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?</p> | V                     |    | <p>(1) a. SinoPac Holdings recognizes and supports the principles promulgated in international human rights conventions, including the "Universal Declaration of Human Rights" adopted by the UN, "UN Guiding Principles on Business and Human Rights," "United Nations Global Compact," and "International Labor Organization Conventions." Accordingly, SinoPac Holdings established the "Human Rights Policy," which emphasizes the respect for human rights in the workplace, maintenance of fair treatment and equal remuneration, freedom of association, and group negotiations, and caring the rights of vulnerable groups. The policy ensures the management of privacy, personal dignity, human rights, personal safety, and related policy themes.</p> <p>b. Since 2019, the Company has regularly identified the human rights risks and the major issues to review its own operations and related activities in the value chain (including suppliers and customers). It collects the opinions of major stakeholders on human rights risks and reviews its own potential and real human rights risks through the human rights risks investigation and due diligence form to formulate corresponding mitigation and remediation measures.</p>                                                                                                                                              | No significant divergence                                                                                          |



| Promoted Items                      | Implementation Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |    |                                                                                                                                                                                                                                       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|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    | <p>c. The summary of identifying human rights risks and major issues and execution plan of mitigation measures according to the main axis of the Company's human rights management policy is as follows:</p> <table><tr><th>Human Rights Risks and Major Issues</th><th>Mitigation Measures Execution Plan</th></tr><tr><td>Personality Dignity</td><td><ul style="list-style-type: none"><li>● The "Disposal Directions of Prevention, Complaint and Investigation" and the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" was established and the "Illegal Infringement at Workplace and Prevention of Sexual Harassment at Workplace" education and training courses were regularly held to enhance the concept of gender equality among employees.</li><li>● Dedicated units for complaints, a hotline for complaints, and a dedicated e-mail box regarding sexual harassment were all set up.</li></ul></td></tr><tr><td>Right of Privacy</td><td><ul style="list-style-type: none"><li>● The "Education and Training to Promote Information Security Course" was implemented to enhance employees' information security knowledge.</li><li>● The "Employee Code of Conduct" and other relevant regulations stipulate that employees have the obligation to keep secrets and to properly keep, use, and maintain all the Company's core information and intellectual property right.</li></ul></td></tr><tr><td>The Right to Health</td><td><ul style="list-style-type: none"><li>● Annual health checks containing items superior to those required by the regulations are regularly provided. Regardless of age, gender and occupation level, key indicator testing items are added. The health status of employees is analyzed based on the results of health checks, and doctors are arranged to come to the site for health consultation.</li><li>● Health improvement activities are carried out, and employee health care information advocacy, health lectures, and the latest health knowledge are provided irregularly.</li><li>● Set up nurses to target people with potential health risks workers, providing health case management, care and follow-up track and so on.</li></ul></td></tr><tr><td>Labor conditions Guarantee</td><td><ul style="list-style-type: none"><li>● Employees are regularly encouraged to schedule vacations in a timely manner to maintain their work-life balance, as well as their physical and mental health.</li><li>● Reminders are provided for the management of employees' daily commutes and attendance, and the overtime situation of employees is regularly evaluated.</li></ul></td></tr></table> | Human Rights Risks and Major Issues                                                                                | Mitigation Measures Execution Plan | Personality Dignity | <ul style="list-style-type: none"><li>● The "Disposal Directions of Prevention, Complaint and Investigation" and the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" was established and the "Illegal Infringement at Workplace and Prevention of Sexual Harassment at Workplace" education and training courses were regularly held to enhance the concept of gender equality among employees.</li><li>● Dedicated units for complaints, a hotline for complaints, and a dedicated e-mail box regarding sexual harassment were all set up.</li></ul> | Right of Privacy | <ul style="list-style-type: none"><li>● The "Education and Training to Promote Information Security Course" was implemented to enhance employees' information security knowledge.</li><li>● The "Employee Code of Conduct" and other relevant regulations stipulate that employees have the obligation to keep secrets and to properly keep, use, and maintain all the Company's core information and intellectual property right.</li></ul> | The Right to Health | <ul style="list-style-type: none"><li>● Annual health checks containing items superior to those required by the regulations are regularly provided. 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| Human Rights Risks and Major Issues | Mitigation Measures Execution Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |                                                                                                                                                                                                                                       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| Labor conditions Guarantee          | <ul style="list-style-type: none"><li>● Employees are regularly encouraged to schedule vacations in a timely manner to maintain their work-life balance, as well as their physical and mental health.</li><li>● Reminders are provided for the management of employees' daily commutes and attendance, and the overtime situation of employees is regularly evaluated.</li></ul>                                                                                                                                                                                                                                                                                                                                                                    |    |                                                                                                                                                                                                                                       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|                                                                                                                                                                                                                    | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                    |
| (2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately? | V                     |    | <p>d. In 2022, education and training related to human rights protection were implemented for employees with a total of 28,718 hours and a total of 20,760 people completing the training. The Company will continue to promote relevant education and training to enhance employees' awareness of legal compliance and attention to human rights issues, hoping to achieve the possibility of continuously reducing the occurrence of related risks.</p> <p>e. The human rights policy is applicable to the Company and subsidiaries in which the Company directly or indirectly holds more than 50% of the shares or has substantial control.</p> <p>(2) a. The Company's remuneration payment structure considers the characteristics of the industry, overall remuneration planning and market competition. Since 2014, it has been selected as a constituent stock of the "Taiwan High Compensation 100 Index" for 8 consecutive years, and it is one of the top 100 leading companies in domestic salary scale. The Company adjusts the remuneration after considering not only company performance and personal performance but also external market remuneration to ensure the competitiveness of the remuneration. The Company regularly reviews the employee remuneration and bonus structure and the connection to performance, creating a virtuous cycle of encouraging employees, improving profitability, and sharing results. In addition, the Company has its "Employee Code of Conduct," performance appraisal system, and "Employee Rewards and Punishment Regulation" to keep employees' behavior in line with the Company's corporate social responsibility policy. Furthermore, Article 36 of the Company's "Articles of Incorporation" provides that in the event the Company makes a profit during the fiscal year it shall set aside no less than 0.01% of the profits for employee remuneration.</p> <p>b. To implement diversity and equality in the workplace, the Company's "Human Rights Policy" emphasized respecting human rights in the workplace and maintaining fair treatment. When appointing, training, promoting, and rewarding staff, all employees are held as equal and will not be treated differently due to factors such as gender; in 2022, the president of the SinoPac Holdings signed the "Anti Discrimination and Harassment Commitment" to strive and provide a friendly workplace environment; in addition, the "Work Rules" and the issued to the "Guidelines of Employee Salaries and Allowances, Overtime Payments, Bounces," etc. set out the relevant management policies for salary management. The starting salary ratio of men and women is 1: 1 with equal pay for equal work. In 2022, female employees accounted for 61.4% of total employees. Female managers accounted for 46.9% of overall management. Female senior managers accounted for 30.2%.</p> | No significant divergence                                                                                          |



| Promoted Items | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                    |
|                |                       |    | <p>c. The Company provides annual paid leave that is superior to the requirements of the Labor Standards Act. Once employees arrive at the job, they can enjoy annual paid leave in proportion to their service. Full-paid injury and sick leave, full-paid vaccination leave, etc. are also provided. In 2022, the period of paternity leave for employees has been extended so that they have more flexible time arrangements to accompany their families; in addition, public welfare leave has been added to encourage employees to serve as volunteers to participate in public welfare activities, which can help realize our corporate goal of contribution to society. Employees also benefits from three Chinese festival allowances, group insurance, continuing education allowances, employee discounted loans, wedding money gifts, maternal subsidies, and funeral subsidies.</p> <p>d. In addition, the Company allocates 6% of employees' salary to their individual pension account with the Labor Insurance Bureau for those who are eligible under the pension system of the "Labor Pension Act" to take care of the employee's post-retirement life. Every month, the Company allocates 2% of employees' salary as a retirement reserve for employees who are eligible under the pension system of the "Labor Standards Act". The reserve fund is handed over to the Supervisory Committee of Business Entities' Labor Retirement Reserve and deposited in the trust department of the Bank of Taiwan and the special account of Bank SinoPac in the name of the committee. The Supervisory Committee of Business Entities' Labor Retirement Reserve of the company is also responsible for auditing affairs regarding the appropriation, expenditure, and deposit of reserves to protect the rights and interests of employees.</p> <p>e. Article 36 of the Company's "Articles of Incorporation" provides that in the event the Company makes a profit during the fiscal year it shall set aside no less than 0.01% of the profits for employee remuneration. The remuneration for directors shall be no higher than 1%. However, the Company's accumulated losses shall have been covered. After considering the factors such as overall annual operating results, individual performance, and future risks, the Company shall use the performance evaluation results implemented in accordance with the "Employee Appraisal Standards" for employee bonus issuance. Meanwhile, the Company participates in global marketing compensation surveys every year to ensure that the salary level is market-competitive and to continuously attract and retain high-performance talents while considering high-performance and sustainable operating strategies. The Company's average employee compensation expenses in 2022 is 1,351 thousand.</p> <p>f. The above employee benefits policy is applicable to the Company and its major subsidiaries, including but not limited : Bank SinoPac, SinoPac Securities, SinoPac SITC, SinoPac Leasing and SinoPac Venture Capital.</p> | No significant divergence                                                                                          |

| Promoted Items                                                                                                                                       | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                                      | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                    |
| (3) Has the Company provided a safe and healthy work environment and organized training on safety and health for their employees on a regular basis? | V                     |    | <p>(3) a. The work environment of SinoPac Holdings complies with laws and regulations and has been approved by the competent authority. SinoPac Holdings holds CO2 concentration inspections, fire drills, and occupational safety training at its offices every half year. Moreover, SinoPac Holdings has developed the emergency response manuals and conducts simulation exercises from time to time. Automated external defibrillators (AED) are also installed in each building to ensure the safety of employees, customers, and community residents. To enhance occupational safety management, Bank SinoPac has built an occupational safety and health management system for Chunglun Building, Jianbei Building and successfully obtained the ISO 45001 Occupational Health and Safety Management System certification. The Company's ISO45001 certification is effective from January 5, 2021 to January 4, 2024.</p> <p>b. To provide employees with a safe and healthy work environment, SinoPac Holdings has launched several policies and plans to implement workplace safety protection and a friendly workplace.</p> <p>c. All workplaces of the Company are equipped with occupational safety and health affairs managers and emergency personnel in accordance with regulations. In addition, occupational safety and health education and training for new employees and incumbents is held regularly every year to strengthen the employees' awareness of safety protection in workplace to jointly create a safe and secure working environment. The general safety and health education and training for new employees was conducted in 2022 with total of 1,488 people participating in a total of 4,285 training hours.</p> <p>d. In 2022, the number of occupational hazard incidents during working hours totaled 36 cases, and 36 persons were injured, accounting for 0.4% of total employees. After review, several of the occupational hazard incidents were traffic accidents that occurred during work trips or fall accidentally. The case records being notified, the injured employees are also being tracked and cared for continuously. Therefore, various internal announcements via internal emails were made to remind employees to be careful on the road and be mindful of their personal safety.</p> <p>e. The above policy and management measures are applicable to the Company and its major subsidiaries, including but not limited: Bank SinoPac, SinoPac Securities, SinoPac SITC, SinoPac Leasing and SinoPac Venture Capital.</p> | No significant divergence                                                                                          |



| Promoted Items                                                                                                                                                                                                                                                                    | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                                                                                                                                                                   | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                    |
| (4) Has the Company established effective career development plans for employees?                                                                                                                                                                                                 | V                     |    | <p>(4) a. SinoPac Holdings makes an annual training plan based on its business strategies. To facilitate the career development of employees in line with its business development, SinoPac Holdings provides employees intensive training based on their career development stages, such as orientation, professional ability training, project ability training, and management training. In 2022, education and training expenditure totaled NT\$62.7 million. A total of 266,050 employees were assigned to participate in training courses.</p> <p>b. A packed training schedule is organized for new employees. Apart from introducing the corporate culture and related regulations, several weeks of professional training is also arranged, to establish a professional foundation in the shortest possible time. Professional courses are also planned for various positions so that employees have a reference before performing their duties, improving learning and work efficiency.</p> <p>c. For the future management reserve and its cultivation, appropriate management training is planned for managers at every level, including attending EMBA+ and EMBA training and a management competency training program. With the leadership management echelon reserve plan and the high-level talent cultivation and development plan, the Company actively establishes a talent pool for potential managers, to accelerate talent cultivation and effectively talent utilization.</p> <p>d. The above employee education and training program is applicable to the Company and its subsidiaries, including but not limited: Bank SinoPac, SinoPac Securities, SinoPac SITC, SinoPac Leasing and SinoPac Venture Capital.</p> | No significant divergence                                                                                          |
| (5) Has the Company followed relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and established relevant consumer or customer protection policies and grievance procedures? | V                     |    | <p>(5) a. SinoPac Holdings has established the "Personal Data Protection Policy and File Security Regulations" in accordance with the "Personal Data Protection Act," "Regulations Governing the Security of Personal Data Files of Non-government Agencies Designated by Financial Supervisory Commission," and Article 8 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."</p> <p>b. Bank SinoPac announces the "Privacy Protection Statement" on its official website, committing to comply with the "Personal Data Protection Act" to manage and protect the safety, integrity, and correctness of customers' data as well as ensuring that the use of the data aligns with the purpose. The company has established the "Guidelines for Management of Marketing Publications" as</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                    |

| Promoted Items | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                    |
|                |                       |    | <p>the basic principle for designing and producing marketing publications, in addition to the purpose of building the overall corporate image and integrating marketing strategies for the company. The Guidelines stipulates that the contents, required notices, and disclosures of marketing publications shall comply with relevant regulations issued by the competent authority and confirmed by the compliance officer. This is to ensure that throughout the process of designing, advertising, and selling to contract performance and consulting services, customers are treated fairly by all departments in relation to the products or services provided to them. There is also a mechanism for handling consumer complaints and disputes. To implement the "Principles of Fair Treatment for Customers", Bank SinoPac formulated the "Policies and Strategies of Fair Treatment for Customers" and "Code of Conduct for Fair Treatment for Customers", and established the Treating Customers Fairly Committee to implement and promote the "Principles of Fair Treatment for Customers". In addition, the "Measures for Consumer Protection Policies" was stipulated, in which topics related to consumer communication channels, contract principles for providing financial products or services to consumers, publishing and broadcasting advertisements, and prohibited activities in the course of conducting business solicitation or business promotion activities are included to protect the rights and interests of consumers, to fulfill social responsibilities and to promote sound business development.</p> <p>c. Bank SinoPac established the "Measures for Handling Consumer Disputes" as the guidelines and procedures for consumer disputes, to strengthen financial consumer rights and interests' protection and improve consumer dispute handling efficiency and quality. Apart from establishing the 24-hour customer service hotline, the consumer dispute handling hotline, and the comment inbox on the official website, the Company provides other channels, such as phone numbers, emails or comments, smart customer service, and physical visits to branches, for customers to make suggestions or file complaints. The unit responsible for handling complaints shall provide an initial response to the customer within five business days of the complaint date and complete the necessary handling procedures within 30 days, and then report the results to the customer. The Company has established a dedicated unit for tracking case handling and conducting related audits, to ensure the appropriate handling of customer problems related to the Bank's services.</p> | No significant divergence                                                                                          |





| Promoted Items                                                                                                                                                                                                                                                                                                         | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                                                                                                                                                                                                        | Yes                   | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                    |
| (6) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?                                                                         | V                     |    | (6) To urge suppliers to fulfill their Corporate Social Responsibility, the Company and its subsidiaries have established the "Supplier Corporate Social Responsibility Code of Conduct" and requested suppliers to sign the "Supplier Commitment to Corporate Social Responsibility," which covers respect for labor rights, anti-discrimination, ban on child labor, occupational safety and health, environmental protection, purchasing eco-friendly products, business ethics, and business integrity, in hopes of promoting economic, social, and environmental balance and achieving environmental sustainability. In addition, the Company conducts financial and environmental assessments at the suppliers' operations on a regular basis and forms long-term partnerships with suppliers with good performance. Suppliers violating the regulations of the Company in a serious manner will be disqualified. The suppliers evaluation management platform were established in 2020. Online reviews were introduced, bonus sustainability items were added, and related risks and bonus conditions were added for high-risk industries. In 2021, on-site audits on suppliers' participation in labor rights issues have been carried out, and four internal and external education and training sessions on labor rights, circular economy and other issues were held in 2022.                                                   | No significant divergence                                                                                          |
| 5. Does the Company adopt internationally widely recognized standards or guidelines when producing sustainability reports and reports disclosing the Company's non - financial information? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution? | V                     |    | SinoPac Holdings' 2021 Sustainability Report was published in 2022 and is in accordance with Sustainability Reporting Guidelines (GRI Standards), the framework for Integrated Reporting developed by the International Integrated Reporting Council (IIRC), the Commercial Banks, Consumer Finance, and Mortgage Industry Indicators of the Sustainability Accounting Standards Board (SASB), the Task Force on Climate Related Financial Disclosures (TCFD) published by the International Financial Stability Board (FSB). This Report was assured by an independent third party, SGS Taiwan Ltd., in accordance with the AA1000 Assurance Standard, Type 2 High Level of Assurance. This Report is compliant with the AA1000 assurance principles of materiality, inclusiveness, responsiveness, and impact in accordance with the core level of disclosure of the GRI Standards. In addition, in accordance with Article 4, paragraph 3 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", this Report discloses the management approaches, topic-specific disclosures and reporting requirements for operation and business in major topic on data security, financial inclusion, and sustainable finance. Deloitte & Touche has concluded with an opinion of limited assurance in accordance with the Assurance Engagements Standards No. 1. | No significant divergence                                                                                          |

| Promoted Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Implementation Status |    |                     | Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Yes                   | No | Summary Explanation |                                                                                                                    |
| 6. If the Company has established sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancy between the principles and their implementations:<br>In February 2018, the Company's "Guidelines for Corporate Social Responsibility" was adopted and approved by the Board of Directors. The amendments to the Guidelines were approved by the Board of Directors in January 2022, and the Guidelines were renamed as "Guidelines for Sustainable Development," to strengthen the implementation of various sustainable development actions. The Company regularly reviews the implementation status according to the guidelines and implements improvements. As of today, there have been no major discrepancies. |                       |    |                     |                                                                                                                    |
| 7. Other important information to help understand sustainable development operating status:<br>For other specific improvement strategies and implementation results of sustainable development, please refer to:<br>(1) The Company's sustainability report at: <a href="https://www.sinopac.com">https://www.sinopac.com</a><br><br>(2) The sustainable development section of the Company's corporate website at: <a href="https://www.sinopac.com">https://www.sinopac.com</a><br>                                                                                                                                                           |                       |    |                     |                                                                                                                    |



## (VII) Climate-related Information of Exchange-Listed and OTC Companies

| Item                                                                                                                                                       | Status of Implementation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| 1. Describe Board of Directors and management oversight and governance of climate-related risks and opportunities.                                         | <p>The Company has set up the "Sustainable Development Committee" and the "Risk Management Committee" under the governance of the Chairman to take charge of critical issues such as the supervision of sustainable development and climate change. The Company has incorporated climate change risks into its "Risk Management Policy" and established the "Guidelines for the Management of Climate-Related Risks and Opportunities" to improve the management mechanisms of climate risks and opportunities. Starting from 2021, the Company's Risk Management Division shall disclose the overall climate change risks in the quarterly Risk Management Report (including physical risk, transition risk related metrics) and report to the Risk Management Committee and the Board of Directors. At the same time, to enhance the climate risk awareness at all levels within the Group, the Company has incorporated climate-related targets, such as carbon emission data collection and calculation, and the introduction and intensification of response to climate-related risks, into a key metric for the variable remuneration of senior executives.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | <p>The Company uses the "three lines of defense" internal control framework to specify the duties and management mechanisms for the management of climate change risks on each line of defense. The management procedure for identifying climate risks and opportunities can be divided into four steps for identifying how climate risks and opportunities affect business, strategy, and finances (short, medium, and long term): compiling lists of climate risks and opportunities, identifying risks/opportunities at the subsidiary level, identifying risks/opportunities at the FHC level and proposing mitigation or adaptation measures, and external disclosure and communication.</p> <p>For different parts of the overall value chain (suppliers, own operations, investment and financing business) in different climate scenarios and time scales, the Company conducts climate scenario analysis of physical risks and transition risks. Physical risks include "Acute physical risk: Heavy rainfall and floods" and "Chronic physical risk: Rising sea levels," while transition risks include "Payment of the Carbon cost" and "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of the Ministry of Economic Affairs". The risk factors are analyzed and their financial impact on the Company is quantitatively evaluated, with the responsible unit(s) preparing mitigation or adaptation measures for business, strategy, and financial climate resilience to boost overall climate resilience. Relevant contents have been disclosed on the Company's website and in the Sustainability Report.</p> <p>In response to the global trend toward net-zero carbon emissions and Taiwan's ongoing promotion of energy transition and net-zero emission planning, enterprises on the island not only face the risk of paying international carbon taxes, but also the pressure to transition to renewable energy and reduce carbon under the requirements of government policies and regulations, with related capital expenditures and needs arising accordingly. In the future, various emerging energy resources and new technologies will present a diversity of solutions, offering a variety of opportunities related to climate change, including investment and financing opportunities. The Company is following the trend of carbon reduction and embarking on carbon net-zero business planning to help companies reduce carbon emissions.</p> |

| Item                                                                                                                                              | Status of Implementation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p>3. Describe the financial impact of extreme climate events and transitional actions.</p>                                                       | <p>The physical risks of extreme weather events may potentially have a financial impact on different parts of the overall value chain (suppliers, own operations, investment and financing business). (1) Damage to suppliers' operating headquarters, business premises, plant, or equipment may significantly reduce the value of corporate assets, changes in revenue may be exacerbated, and uncertainty of debt repayment and profitability may increase, resulting in an increase in the Company's procurement costs. (2) Damage to business premises or equipment of the Company's own operations or interruption of operations may result in increased operating costs. (3) The value of the collaterals provided by borrowers is significantly impaired, resulting in the customer's inability or unwillingness to perform debt obligations, thereby instigating litigation or loss of creditor rights. Damage to the operation headquarters, business premises, plants, or equipment of the borrower or investee may cause significant impairment of the value of company assets, exacerbate fluctuations in revenue, and increase the uncertainties in debt repayment and profitability, causing the Company difficulties in recovering debts or affecting the Company's return on investment. Potential financial impacts on the Company have been disclosed on the Company's website and in the Sustainability Report.</p> <p>Transition risks can also have potential financial impacts on different parts of the overall value chain. (1) If the operating costs of upstream transaction counterparties are increased due to changes in energy laws and regulations, domestic or foreign carbon levies, or carbon taxes, and their profitability are affected, it may cause the Company's procurement cost to increase. (2) If downstream transaction counterparties are part of an industry with high energy consumption, high pollution, or high climate risks, changes in energy laws and regulations, domestic or foreign carbon levies, or carbon taxes may increase the operating costs and affect profitability, and may thus create difficulties for the Company in recovering debts or reduce return on investment. The potential financial impact of these on the Company has been disclosed on the Company's website and in the Sustainability Report.</p> |
| <p>4. Describe how climate risk identification, assessment, and management procedures are integrated into the overall risk management system.</p> | <p>To establish an integrated risk management framework, the Company incorporates climate change risks into the Risk Management Policy and established the "Guidelines for the Management of Climate-Related Risks and Opportunities." In addition, climate change risks have been included in the "Responsible Lending Management Guidelines" in accordance with the "Guidelines for the Management of Climate-Related Risks and Opportunities." The Company also established the "Responsible Investment Management Guidelines," "Natural Disaster Emergency Response Guidelines," and "Supplier Corporate Social Responsibility Code of Conduct" to ensure prudent management of its credit, market, and operational risks. Through the "three lines of defense" internal control structure, the duties and management mechanisms for the climate risk management of each defense line are clearly specified. The first line of defense: incorporate climate-related risks into business considerations; The second: effectively monitor and control the implementation of climate risk management; The third: evaluate the effectiveness of climate risk monitoring and control. The management procedure for identifying climate risks and opportunities can be divided into four steps: compiling lists of climate risks and opportunities, identifying risks/opportunities at the subsidiary level, identifying risks/opportunities at the FHC level and proposing mitigation or adaptation measures, and external disclosure and communication.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |



| Item                                                                                                                                                                                               | Status of Implementation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be explained.      | For different parts of the overall value chain (suppliers, own operations, investment and financing business) in different climate scenarios and time scales, the Company conducts climate scenario analysis of physical risks and transition risks. Physical risks include "Acute physical risk: Heavy rainfall and floods" and "Chronic physical risk: Rising sea levels," while transition risks include "Payment of the Carbon cost" and "'Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity' of the Ministry of Economic Affairs". The risk factors are analyzed and their financial impact on the Company is quantitatively evaluated, with the scenarios, parameters, assumptions, analysis factors, and major financial effects disclosed on the Company's website and in the Sustainability Report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 6. If there is a transition plan for managing climate-related risks, explain the content of the plan, and the metrics and targets used to identify and manage physical risks and transition risks. | <p>Faced with the challenges brought about by climate-related risks and opportunities, the Company adopts pragmatic approaches, starting from reducing its own carbon emissions, through plans including setting SBTs, gradually increasing the ratio of green electricity usage, expanding renewable energy financing, and issuing green bonds. The Company will also gradually expand its scope through investment and financing business strategy adjustments (e.g., divestment from high-carbon emission industry financing, support for clean energy and innovative technologies, and assisting customers in carbon reduction and low-carbon transition and energy conservation) to further explore climate-related opportunities to promote the low-carbon transformation of the entire value chain. Metrics and targets related to climate governance, strategy, and risk management (physical risks and transition risks) have been specifically incorporated into the Company's short-, medium-, and long-term key tasks, and are reviewed and tracked by the Company's Sustainable Development Committee and Risk Management Committee on a quarterly basis. The achievement of the metrics and targets will be continuously adjusted based on actual development trends.</p> <p>To effectively manage the net-zero emission challenges that our investment and financing business will face, the Company conducted independent research in 2021 following the PCAF methodology, conducting carbon inventory of the investment and financing positions (excl. green energy loans/green bonds/sustainable development bonds/social responsibility bonds) of listed companies (companies listed on TWSE, TPEX, emerging stocks, and public companies) on December 30, 2021, starting with understanding the current status of carbon emissions in the entire value chain, beginning from own operation emissions, and the carbon emissions derived from investment and financing business activities were checked one by one. In the future, the scope of the inventory will continue to expand, and short-, medium-, and long-term goals will be set based on the results.</p> |

# (VIII) Fulfillment of Operations of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

| Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                        |
| 1. Establishing Ethical Corporate Management Policies and Programs                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                        |
| (1) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?                                                                                                                                  | v                |    | (1) SinoPac Holdings has established the "Guidelines for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" for ethical corporate management strategy, which have been implemented upon approval of the Board of Directors through resolutions. The aforesaid regulations have specified the ethical corporate management policies and practices of SinoPac Holdings and its subsidiaries and stipulated that the directors, supervisors, managers, employees, appointees, and persons having substantial control of SinoPac Holdings and its subsidiaries shall not engage in unethical conduct and shall commit themselves to the rigorous and thorough implementation of the ethical corporate management policies both in internal management and external business activities. The aforesaid regulations have been disclosed on the official website of SinoPac Holdings.                                                                                                                                                                                                                                                                                                                                                                                                                                         | No significant divergence                                                                                              |
| (2) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? | v                |    | (2) a. The "Procedures for Ethical Management and Guidelines for Conduct" specify the prevention programs and measures against accepting improper benefits, political contributions, donations or sponsorship, infringement on intellectual property rights, conflict of interests, disclosure of confidential information, and insider trading.<br>b. SinoPac Holdings has incorporated regulations related to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" into its compliance self-assessments, including provision against unethical conduct; pattern of benefits; legal compliance; scope of prevention programs; provisions against offering and acceptance of bribes, illegal political contributions, improper charitable donations or sponsorship, unreasonable presents, hospitality or other improper benefits, infringement on intellectual property rights, and engagement in unfair competition; prevention of damage to stakeholders caused by products or services; and adoption of a whistle-blowing system. In the compliance self-assessment held every six months, SinoPac Holdings analyzes and assesses on a regular basis the pattern of business activities within its business scope which are at higher risk of being involved in unethical conduct, and revises the "Procedures for Ethical |                                                                                                                        |



| Item                                                                                                                                                                                                                                    | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                         | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                        |
| (3) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?           | v                |    | <p>Management and Guidelines for Conduct" and related regulations when necessary, in hopes of preventing unethical conduct when engaging in commercial activities or conducting business.</p> <p>c. SinoPac Holdings and its subsidiaries requests that all directors, supervisors and employees (including senior management, new employees, and temp workers) sign the statement of ethical corporate management policy every year to take preventive measures against unethical conduct in accordance with Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>(3) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", the "Employee Code of Conducts" and other norms, which specifically regulate the practices of ethical corporate management, dishonest behavior patterns and plans to prevent dishonesty. It includes handling procedures, behavior guidelines and the establishment of advocacy, rewards and punishments, complaint systems and disciplinary actions, etc. It regulates the matters that personnel should pay attention to when conducting business, and prohibits offering or accepting illegitimate benefits in order to implement and prevent dishonesty. The Company cooperates with the review of laws and regulations, regularly reviews the appropriateness and effectiveness of relevant regulations every six months, and revises them when necessary.</p> | No significant divergence                                                                                              |
| <p>2. Implementing Ethical Corporate Management</p> <p>(1) Has the company evaluated the records of unethical conduct of counterparties and specified the terms of ethical conduct in the agreement signed with the counterparties?</p> | v                |    | <p>(1) a. The SinoPac Holdings has established the "Supplier Corporate Social Responsibility Code of Conduct," which stipulates that suppliers shall establish a corporate culture of ethical management, comply with the "Guidelines for Ethical Corporate Management" of SinoPac Holdings, and evaluate the ethical corporate management of counterparties before establishing business relationships with them. SinoPac Holdings has also requested suppliers to sign the "Supplier Commitment to Corporate Social Responsibility."</p> <p>b. The agreement entered into between SinoPac Holdings and its suppliers has specified that suppliers shall not, directly or indirectly, request or agree to the payment of commissions, rebates or any benefits per request, or SinoPac Holdings may terminate or rescind the agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | No significant divergence                                                                                              |



| Item                                                                                                                                                                                                                                                                                                          | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                               | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                        |
| (2) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct? | v                |    | (2) SinoPac Holdings has set up the Ethical Corporate Management Committee under the Board of Directors to review its ethical corporate management policies and prevention programs and supervise the performance of the management. The Committee shall regularly report the compliance status to the Board of Directors. The Ethical Corporate Management Committee shall hold at least once every six months and may hold at any time whenever necessary. The minutes of the meeting shall be submitted to the Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No significant divergence                                                                                              |
| (3) Has the company established the policies to prevent conflicts of interest, provided proper channels of explanation, and implemented them?                                                                                                                                                                 | v                |    | (3) a. The "Guidelines for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" of SinoPac Holdings clearly specify the provisions related to recusal due to conflict of interests. Both sets of regulations provide the methods for dealing with conflict of interests between directors, supervisors, managers of the Company or its subsidiaries or other interested parties who attend or sit in Board meetings and their legal persons or the legal persons they represent in the agendas of the Board of Directors. According to the aforesaid provisions in these regulations, a director shall be deemed to have a personal interest in an agenda during a Board meeting if the director's spouse or relatives within the second degree of kinship or any company which has a controlling or subordinate relation with a director has an interest in the agenda. Appropriate channels shall be provided for directors, supervisors, managers, and other interested parties who attend or sit in Board meetings to proactively explain whether there is any potential conflict of interest between them and SinoPac Holdings.<br>b. In the event that employees at SinoPac Holdings are involved in conflicts of interest or allow themselves or their spouse, parents, children or other stakeholders to obtain improper benefits when performing their duties, such events shall be reported to their immediate supervisors and the human resources department of SinoPac Holdings in accordance with the relevant provisions, and their immediate supervisors shall offer appropriate guidance to them. |                                                                                                                        |
| (4) Has the company established effective accounting systems and internal control systems to implement ethical corporate                                                                                                                                                                                      | v                |    | (4) SinoPac Holdings has established an accounting system that complies with the relevant laws and regulations as the guidelines for accounting transactions. SinoPac Holdings has also established an internal control system                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                        |



| Item                                                                                                                                                                                                                                                                                                                                                                                | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                     | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                        |
| <p>management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(5) Has the company regularly held internal/external training on ethical corporate management?</p> |                  | v  | <p>and established three lines of defense to ensure that its design and implementation continue to be valid. In addition, when formulating the audit plan, the audit unit has included unethical behaviors into the risk assessment and conducts regular reviews of internal audits, external inspections, cases of penalties, and written notifications from competent authorities to assess adjustments to the audit plan and check that they are compliant with measures to prevent unethical conduct.</p> <p>(5) a. SinoPac Holdings and its subsidiaries educate all employees, including senior management, new employees, and temp workers, about the "Guidelines for Ethical Corporate Management" and the "Procedures for Ethical Management and Guidelines for Conduct" every year and request them to read these regulations thoroughly, so as to prevent unethical conduct when performing their duties.</p> <p>b. In order to deepen and strengthen training on ethical corporate management, SinoPac Holdings and its subsidiaries also arranged the dedicated personnel or supervisors, regularly or from time to time, to explain the professional ethics, principle of good faith, whistle-blowing system, and related internal and external regulations to new or existing employees. Advocacy and training activities organized in 2022 are as follows:</p> <ul style="list-style-type: none"> <li>● In February 2022, the "Guidelines for Ethical Corporate Management" and the "Procedures for Ethical Management and Guidelines for Conduct" were provided to the directors and supervisors of SinoPac Holdings and its subsidiaries for reference and compliance.</li> <li>● In June 2022, the annual external (Taiwan Academy of Banking and Finance) online on-the-job training for the compliance personnel of the Company and its subsidiaries were conducted. The course included "Fair Treatment for Customers" and "21 Management Commandments for Financial Specialists", the "Personal Data Protection Act and Case Sharing", "Cases of Financial Fraud and Common Deficiencies in Financial Institution Inspections", "Cases of Financial Investment Products and Consumer Disputes (including Sales Discipline)", etc. The duration of the course was 15 hours. After completing the course and passing the test, the qualification for completing the training was obtained.</li> </ul> | No significant divergence                                                                                              |

| Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                  |    | <ul style="list-style-type: none"> <li>Besides the inclusion of ethical management related policies and regulations in orientation training of the new employees by the human resources units of SinoPac Holdings and its subsidiaries, in 2022, all new and current employees (including temp workers) of the Company and its subsidiaries (Bank SinoPac, Bank SinoPac (China), SinoPac (HK) Insurance Brokers Ltd., SinoPac Leasing, SinoPac International Leasing Corp., SinoPac International Capital (HK), SinoPac Venture Capital, SinoPac Securities, SinoPac Futures, SinoPac Securities Investments, SinoPac Securities Venture Capital, SinoPac Securities (Asia), SinoPac Asset Management (Asia), SinoPac Financial Services, SinoPac SITC, etc.) completed online training and education related to the "Guidelines for Ethical Corporate Management," "Procedures for Ethical Management and Guidelines for Conduct," and "Whistle-blowing System." The training lasted 1 hour and a total of 11,922 employees participated in 2022, with a participation rate of 100%.</li> <li>c. The SinoPac Holdings has established the "Supplier Corporate Social Responsibility Code of Conduct," which stipulates that suppliers shall establish a corporate culture of ethical management, comply with the "Guidelines for Ethical Corporate Management" of SinoPac Holdings. Currently, 100% of new suppliers have signed the commitment and four internal and external education and training sessions were held in 2022.</li> </ul> | No significant divergence                                                                                              |
| 3. Operations of the Whistle-blowing System<br>(1) Has the company established a concrete whistle-blowing and incentive system, established convenient whistle-blowing channels, and appointed dedicated personnel to deal with the reported personnel?<br><br>(2) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? | v                |    | (1) SinoPac Holdings has established the whistle-blowing and incentive system in the "Whistleblowing Policy," disclosed the whistle-blowing system and channels on the official website, and appointed the Legal & Compliance Division to accept reported misconduct and the Audit Division to investigate.<br><br>(2) SinoPac Holdings has specified the procedures for establishing, accepting, and investigating reported misconduct, follow-up measures after the investigation of reported misconduct, and standard operating procedures for protecting whistle-blowers in its "Whistleblowing Policy."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | No significant divergence                                                                                              |



| Item                                                                                                                                                                                                                                                                                     | Operating Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                          | Yes              | No | Summary Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                        |
| (3) Has the company taken measures to protect the whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?                                                                                                                                                  | v                |    | (3) SinoPac Holdings has specified the whistle-blower protection system in the "Whistleblowing Policy" which is applicable to the Company and its subsidiaries and protects whistle-blowers from layoff, dismissal, degradation, pay cut, damage to their statutory, contractual or customary rights, or other unfavorable disciplinary actions due to whistle-blowing. Whistleblowers are subject to unfavorable disciplinary actions due to whistle-blowing may lodge a complaint with the Human Resources Division, which will then be reported to the upcoming meeting of the Ethical Corporate Management Committee. | No significant divergence                                                                                              |
| 4. Enhancing Disclosure of Information<br>Has the company disclosed the "Guidelines for Ethical Corporate Management" and its status of operations on the official website and Market Observation Post System?                                                                           | v                |    | SinoPac Holdings has disclosed the "Guidelines for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" and the status of operations of ethical corporate management on the official website.                                                                                                                                                                                                                                                                                                                                                                                 | No significant divergence                                                                                              |
| 5. Difference between the "Guidelines for Ethical Corporate Management" and "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies": No significant divergence.                                                                                           |                  |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                        |
| 6. Other important information to help understand the operation status of ethical corporate management: (e.g. Amendment to the "Guidelines for Ethical Corporate Management")<br>Please refer to the official website ( <a href="https://www.sinopac.com">https://www.sinopac.com</a> ). |                  |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                        |

**(IX) Access to the Company's Corporate Governance Rules**

The "Articles of Incorporation," "Corporate Governance Guidelines," "Guidelines for Sustainable Development," "Guidelines for Ethical Corporate Management," "Guidelines for Codes of Ethical Conduct," "Regulations Governing the Evaluation of the Performance of the Board of Directors," and other applicable laws and rules are available on the company website ([www.sinopac.com](http://www.sinopac.com)).

**(X) Other Important Information on Status of Operations of Corporate Governance**

Information regarding directors' further studies and attendance of board meetings are disclosed via public information websites and annual reports published at shareholders' meetings, and the minutes of shareholders' meetings and important resolutions of board meetings are disclosed via the website of SinoPac Holdings.

**(XI) Statement of Internal Control System****A. Internal Control System Statement****SinoPac Financial Holdings Co., Ltd.  
Internal Control System Statement**

To: Financial Supervisory Commission,

On behalf of SinoPac Financial Holding Co., Ltd., we hereby declare that for the fiscal year of 2022, the Company has duly complied with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries in establishing its internal control system, implementing risk management, and was audited by an detached and independent internal auditing department, which regularly reports to the Board of Directors and the Audit Committee. After prudent assessment, except for the items listed in the attached table, the internal control and legal compliance of all units have been effectively implemented this year. This statement forms an integral part of the Company's annual report and prospectus, and shall be disclosed publicly. Any falsehoods, concealment, or other illegal matters in the Statement shall be subject to liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

Declarers

Chairman: Shi-kuan CHEN

President: Stanley CHU

Chief Auditor: James T.S. CHEN

Chief Compliance Officer: Patricia LIN

March 24, 2023



## SinoPac Holdings Co., Ltd. Findings and Improvement Plans for Internal Control System

December 31, 2022

| Matters for Further Improvement                                                                                                                                                                                                                                                                                                 | Improvement Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Expected Time of Improvement Completion |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Bank SinoPac<br>I. Former managers and current employees have engaged in irregular fund transactions with customers, have not adequately avoided or maintained a clear separation from the credit extension in which they have conflicts of interest, and have not verified and reported the information of interested parties. | 1.Strengthened the inspections on account transactions of employees.<br>2.Created a new warning function in the system to avoid conflicts of interest and included such an item in the regular self-inspection.<br>3.Established a regular investigation on the interested party information database to ensure data integrity.                                                                                                                                                                                                                                                                                                                                                                                                  | Completed.                              |
| II. Although the telemarketing cooperation contract was signed between the insurance company and the insurance agent in which the bank concurrently engaged, the bank charged the insurance company the commissions without performing solicitation.                                                                            | 1.Terminated telemarketing cooperation contract with the insurance company.<br>2.Continuing to disseminate essential laws and regulations concerning possible violations to reinforce compliance awareness.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Completed.                              |
| III. Inducing customers to borrow money to purchase wealth management products, improper handling of life insurance tie-in with mortgage products, and improper sales of insurance products.                                                                                                                                    | 1.Established a bank-wide policy and workflow for a consistent definition of the qualification of professional investors.<br>2.Strengthened sources of funds verification for purchasing financial products and the phone interview mechanism.<br>3.Strengthened the review process regarding training materials for financial products and customer briefing sessions.<br>4.Adjusted the rotation mechanism for relationship managers.<br>5.Adjusted compliance risk warning indicators and operations in respect of notification of higher risk signals to senior management.<br>6.Established the 1.5 lines of defense of compliance to strengthen the compliance duties of the business supervisory unit of the head office. | Completed.                              |
| IV. Deficiencies were found in applying for loans for elderly customers without adequately implementing the Know-Your-Customer (KYC) process.                                                                                                                                                                                   | 1.Revised credit extension standards, and carefully evaluated the loan purpose and repayment ability toward elderly customers.<br>2.Strengthened controls for credit checking and extension to prevent the loan from being applied by an unauthorized third party.<br>3.Optimized the system to track and verify the fund flow effectively.                                                                                                                                                                                                                                                                                                                                                                                      | Completed.                              |

| Matters for Further Improvement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Improvement Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Expected Time of Improvement Completion                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>SinoPac Securities</p> <p>I. Employees have used leverage to undertake reverse repurchase transactions with the Company and arbitrage trading methods that are beneficial to themselves, which violated the principle of conflict of interest, and the margin gap was not supplemented when the market dropped.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>1.Revised the sales transaction and risk control guidelines for fixed-income securities business, and strengthened control measures such as transaction quotas and collateral maintenance rates.</p> <p>2.Strengthened the verification of transactions with interested parties.</p> <p>3.The president and employees of the trading unit are prohibited from undertaking foreign currency bond and repurchase and reverse purchase transactions.</p>                                                                                                                                                                                              | Completed.                                                                                                                                                                                                                                                                      |
| <p>II. The items needed to be improved in the letter of requesting improvement received from the Taipei Exchange in December 2022, regarding the routine examination of cyber security in November 2022:</p> <p>(I)Some server hosts performed security updates exceeding the scheduled execution cycle (three months).</p> <p>(II)Some server hosts used a version that does not provide security updates (End of Support products), and the business impact and countermeasures of systems that do not provide security updates have not been evaluated.</p> <p>(III)Regular virus scans were not performed on server host systems and data storage media.</p> <p>(IV)Inventory of account permissions in some computer systems hasn't been implemented, for example, some accounts were not included, unused or position changed.</p> <p>(V)The relevant mechanism for cloud service selection hasn't been implemented before the requisition process of Google Cloud service.</p> <p>(VI)The scope of host vulnerability scanning in the first half of 2022 did not include co-location (co-lo) hosts.</p> | <p>The deficient list of server hosts is expected to update the security by March 31, 2023.</p> <p>The replacement assessment plan for the existing EOS server hosts and the deficient list of server hosts is expected to be completed by March 31, 2023. Regular assessment and review will be conducted annually.</p> <p>Scheduled virus scans are expected to be completed by March 31, 2023 and monthly thereafter.</p> <p>Inventory of computer system accounts is expected to be completed by May 31,2023.</p> <p>Google Cloud storage service will be no longer used by June 30, 2023.</p> <p>Expected to be completed by March 31, 2023.</p> | <p>Has completed on February 24, 2023.</p> <p>Expected to be completed by March 31, 2023.</p> <p>Has completed on February 24, 2023.</p> <p>Expected to be completed by May 31, 2023.</p> <p>Has completed on February 24, 2023.</p> <p>Has completed on February 24, 2023.</p> |

## B. CPA audit report on internal control system

None.





## (XII) Sanctions Imposed on SinoPac Holdings or Any of Its Subsidiaries for Violations of Regulations, Major Deficiencies, and Improvements Made Thereof in the Most Recent Two Fiscal Years

### A. Indictment of executives or staffs by prosecutors for job-related crimes:

#### 1. Bank SinoPac

Former bank clerk Ms. Jiang at Bank SinoPac's Yonghe Branch used customer funds without authorization in performance of her duties, causing losses to the clients. Bank SinoPac reported Ms. Jiang to the New Taipei City Police Department Yonghe Precinct for investigation. Then the Taiwan New Taipei District Prosecutors Office filed a criminal lawsuit against Ms. Jiang for violating the Criminal Code and the Banking Act on November 8, 2021.

### B. SinoPac Holdings (or any of its subsidiaries) was fined, reprimanded for deficiencies, or disciplined pursuant to Paragraph 1, Article 54 of the Financial Holding Company Act by the FSC, or punishment to the internal staffs by the company for violating the internal control system, which would result in material impacts on the stockholders' equity or the price of the company's securities, or meet the rules of Article 2 of "Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation":

#### 1. Bank SinoPac

- (1) A former bank clerk at Yonghe Branch of Bank SinoPac was suspected of misappropriating customers' deposits and having abnormal dealings with customers, which violated Paragraph 1, Article 45-1 of the Banking Act. A fine of NT\$4 million was imposed by the FSC on December 28, 2021 in accordance with Subparagraph 7, Article 129 of the Banking Act. Improvements have been made on the said deficiency.
- (2) Bank SinoPac encountered a case of persuading customers to purchase wealth management products through financing, handling mortgage business with life insurance products, and improper sales of insurance product while acting as an insurance agent. It has violated Paragraph 1 Article 45-1 of the Banking Act, and there is a risk of impeding sound management. On September 6, 2022, the Financial Supervisory Commission imposed a fine of NT\$18 million in accordance with Subparagraph 7, Article 129 of the Banking Act; it required Corrective action in accordance with Paragraph 1, Article 61-1 of the Banking Act and Paragraph 1, Article 164-1 of the Insurance Act, and it stipulated that Bank SinoPac is ordered to suspend the President and the Top Supervisory Executive from performing their duties for 3 months and 6 months from the day after the delivery of the administrative penalty in accordance with Subparagraphs 2 and 6, Paragraph 1, Article 61-1 of the Banking Act and Subparagraph 1, Paragraph 1, Article 164- 1 of the Insurance Act. At the same time, Bank SinoPac stopped undertaking business on client entrusted investment in overseas bonds and the mortgage life insurance business of self-loan for six months, and stopped the new sale of the life insurance agent products for one month, and will only resume after the Financial Supervisory Commission approves the improvement of the situation. Improvements have been made on the said deficiency.

#### 2. SinoPac Securities

- (1) SinoPac Securities Co-location Service (Co-Lo Service) was only provided for the specific persons who are highly related to IT suppliers, and had the deficiencies of the information security, including no substantial control over the Co-Lo trading host, not fully keeping the records of customers' entrustments, failing to keep system audit logs and change the host password, which violated Paragraph 2, Article 2 of the Regulations Governing Securities Firms. The FSC issued a warning and a fine of NT\$1.44 million was imposed on March 4, 2021. Improvements have been made on the said deficiency.

## 3. SinoPac Futures

- (1) SinoPac Futures failed to perform the required credit check for clients over the age of 70, delivered clients' daily statements to the personal inbox of the internal employees, failed to give each client an integrative assessment of financial capability and credit rate scale to determine his trading limits, and failed to perform order-submission-priority checks for order-instructions from external clients and internal employees, all of which violated administrative regulations on futures trading. A fine of NT\$480 thousand was imposed by the FSC on February 3, 2021 in accordance with Subparagraph 2, Paragraph 1, Article 119 of the Futures Trading Act. Improvements have been made on the said deficiency.
- (2) SinoPac Futures didn't perform a connection test for the traders before placing an order with API (application programming interface), and real-time information was transferred to traders for non-disclosure use without the authorization of the Taiwan Futures Exchange, which is considered to be in contravention of administrative regulations on futures trading. A fine of NT\$240 thousand was imposed by the FSC on December 16, 2021 in accordance with Subparagraph 2, Paragraph 1, Article 119 of the Futures Trading Act and Paragraph 2, Article 2 of the Regulations Governing Futures Commission Merchants. Improvements have been made on the said deficiency.

**C. If SinoPac Holdings (or any of its subsidiaries) sustained an individual or cumulative loss in excess of NT\$50 million in a given fiscal year resulting from employee fraud or a material contingent event, or due to security breaches resulting from failure to uphold the "Precautionary Guidelines for Financial Institution Security Maintenance," SinoPac Holdings shall disclose the nature of such an incident and the amount of loss:**

None.

**D. Other matters that require disclosure as designated by the FSC:**

None.

**(XIII) Major Resolutions by Shareholders' Meeting(s) during the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report**

**A. Important resolutions of 2022 shareholders' meeting**

● Date of Shareholders' Meeting: 2022/5/27

| Important Resolutions of Annual Shareholders' Meeting in 2021                                                                                                    | Implementation                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I. Adopted the business report and financial statements for 2021.                                                                                                | Acknowledged.                                                                                                                                                                                                                                                     |
| II. Adopted the earnings distribution plan for 2021.                                                                                                             | August 16, 2022 has been set as the ex-dividend base date for the cash dividend and the dividends of Class A preferred stock, and the ex-right and capital increase base date for the ordinary stock dividends. The distribution has been completed on 2022/9/14. |
| III. The proposal for the appropriation of surplus capital to issue new shares has been processed to act in concert with the 2021 surplus distribution proposal. |                                                                                                                                                                                                                                                                   |
| IV. Amended the Company's "Article of Incorporation."                                                                                                            | Change of registration involving the Articles of Incorporation was approved by the Department of Commerce, Ministry of Economic Affairs on 2022/6/15.                                                                                                             |
| V. Amended the "Procedures for Acquisition or Disposal of Assets" of the Company.                                                                                | Acknowledged and announced for implementation.                                                                                                                                                                                                                    |



## B. Important resolutions of board meetings

### ● Date of Board Meeting: 2022/1/21

#### Important Resolutions

1. Approved the revision of short-term, medium-term, and long-term priorities for the sustainable development of SinoPac Holdings and reported the performance of the sustainable development in 2021 and the action plans for 2022.
2. Approved the amendments to the Company's "Guidelines for Corporate Social Responsibility," which was renamed to the "Guidelines for Sustainable Development."
3. Approved Bank SinoPac's proposed donation of NT\$27 million and SinoPac Securities' proposed donation of NT\$8 million to the "SinoPac Foundation." The donations totaled NT\$35 million, helping the foundation to implement its 2022 work plan.
4. Approved the appropriation and distribution of employee bonus at SinoPac Holdings for 2021.
5. Approved the distribution of performance bonus for chairmen at SinoPac Holdings and its subsidiaries for 2021.
6. Approved personnel cases.

### ● Date of Board Meeting: 2022/2/25

#### Important Resolutions

1. Approved amendments to the Company's "Article of Incorporation."
2. Approved the convening of the 2022 Annual Shareholders' Meeting of SinoPac Holdings.
3. Approved amendments to the "Personal Data Protection Policy and File Security Regulations" of SinoPac Holdings.
4. Approved Remuneration for the directors of SinoPac Holdings for 2021.
5. Approved the remuneration for the directors of Bank SinoPac, SinoPac Securities for 2021, the remuneration for the independent directors of Bank SinoPac (China) for 2021, and the remuneration for the outside directors of SinoPac Leasing for 2021.
6. Approved personnel cases.
7. Approved the change of director for Bank SinoPac (China) Ltd.

### ● Date of Board Meeting: 2022/3/15

#### Important Resolutions

1. Approved the consolidated financial statements of SinoPac Holdings and its subsidiaries for 2021 and the business report of SinoPac Holdings for 2021.
2. Approved the earnings distribution plan of SinoPac Holdings for 2021.
3. Approved the issuance of 112,710,542 new shares by capitalization of profits in 2021 by the Company.
4. Approved the earnings distribution plan and loss appropriation plan of SinoPac Holdings' subsidiaries for 2021.
5. Approved the issuance of new shares by capitalization of profits in 2021 by the subsidiaries Bank SinoPac and SinoPac Securities Venture Capital.
6. Approved SinoPac Holdings and its subsidiaries' appointment and compensation of CPAs in 2022.
7. Approved the amendments to some articles of the Company's "Procedures for Acquisition or Disposal of Assets".
8. Approved the revision of the Company's "Information Security Policy Measures" and renamed it as "Information Security Policy".
9. Approved the issuance of the Statement of Internal Control for 2021.
10. Approved the Company's net zero goal and commitment to the outside world, and amended the short, medium, and long-term key tasks of sustainable development from "net zero carbon emissions layout" to "net zero emissions layout" at the same time.

● Date of Board Meeting: 2022/3/25

Important Resolutions

1. Approved the formulation of the "Data Sharing Management Measures of SinoPac Holdings."
2. Approved personnel cases.
3. Approved the change of directors at SinoPac Holdings' subsidiaries.

● Date of Board Meeting: 2022/5/20

Important Resolutions

1. The consolidated financial statements of SinoPac Holdings and its subsidiaries for Q1 2022.
2. Approved the proposed amendments to the "Articles of Incorporation" of SinoPac Securities Corp.
3. Approved the performance-based salary adjustments for managers of SinoPac Holdings and promotions and salary adjustments for managers of SinoPac Holdings and its subsidiaries for 2022.
4. Approved personnel cases.
5. Approved the change of directors at SinoPac Holdings' subsidiaries.

● Date of Board Meeting: 2022/6/24

Important Resolutions

1. Approved amendments to the "Management Organization Charter" and "Approved Authority Level in the Management Guidelines for Delegation of Duties" of the subsidiary Bank SinoPac.
2. Approved the plans of the subsidiaries, Bank SinoPac, SinoPac Securities, SinoPac Leasing, SinoPac SITC, and SinoPac Venture Capital, to amend articles of the "Procedures for Acquisition or Disposal of Assets."
3. Approved the proposal submitted by the subsidiary Bank SinoPac (China) Ltd. to amend its Articles of Incorporation.
4. Approved personnel cases.
5. Approved the proposal for remuneration of the chairman of the subsidiary SinoPac Leasing.
6. Approved the change of directors and supervisors at SinoPac Holdings' subsidiaries.

● Date of Board Meeting: 2022/7/22

Important Resolutions

1. Approved the ex-dividend, ex-rights, and capital increase reference date of cash dividends on ordinary shares, stock dividends on ordinary shares, and dividends on preferred stock A distributed by SinoPac Holdings in 2021.
2. Approved the proposed amendments to the Articles of Incorporation of the subsidiary Bank SinoPac.
3. Approved the proposed amendments to the Articles of Incorporation of the subsidiary SinoPac SITC.
4. Approved the proposed amendments to the Articles of Incorporation of the subsidiary SinoPac Financial Consulting (Shanghai) Ltd.
5. Approved the change of members in the 2nd Ethical Corporate Management Committee at SinoPac Holdings.
6. Approved personnel cases.
7. Approved the change of chairman for the subsidiary Bank SinoPac.

● Date of Board Meeting: 2022/8/19

Important Resolutions

1. Approved the consolidated financial statements of SinoPac Holdings and its subsidiaries for Q2 2022.



● Date of Board Meeting: 2022/9/23

Important Resolutions

1. Approved the amendment of the Company's "Operation Guidelines for Handling Shareholders' Meeting Interviews and Letters" to re-examine the specific control mechanism for the Company's interaction with major shareholders in accordance with the requirements stated in the letter from the FSC, renaming it the "Operational Procedures for Handling Shareholders' Meeting Interviews and Letters"; drafted the contents of the letter of commitment signed by the chairman, president, chief auditor and senior managers of the Company and its subsidiaries.
2. Approved the revision of articles of the Company's "Equity Management Policy" and "Board of Directors' Rules of Procedure."
3. Approved amendments to the "Management Organization Charter" and "Approved Authority Level in the Management Guidelines for Delegation of Duties" of SinoPac Securities.
4. Approved the amendments to the "Management Organization Charter" of the subsidiary SinoPac Leasing.
5. Approved personnel cases.

● Date of Board Meeting: 2022/10/21

Important Resolutions

1. Approved the Company's plan to issue a maximum of 800 million shares of common stock for cash capital increase in 2022 through public subscription and placement, and cooperated with the formulation of the Company's "2022 Cash Capital Increase Through Employee Stock Purchase Plan Measures."
2. Approved the stock registration and transfer services contract signed between the Company and its subsidiary SinoPac Securities, which had expired and proposed for re-contracting.
3. Approved a donation of NT\$109,297,968 made by Bank SinoPac to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan in 2022.
4. Approved the proposals to handle the Company's 2022 overall performance evaluation of the Board of Directors, the Audit Committee, the Remuneration Committee, and the Ethical Corporate Management Committee by external evaluation while the performance evaluation of individual directors is still conducted in the form of internal self-evaluation with the evaluation period from January 1, 2022 to December 31, 2022.
5. Approved personnel cases.

● Date of Board Meeting: 2022/11/18

Important Resolutions

1. Approved the consolidated financial statements of SinoPac Holdings and its subsidiaries for Q3 2022.
2. Approved the subsidiary Bank SinoPac's handling of private equity cash capital increase and issuance of a maximum of 670 million shares of common stock, to which the Company will fully subscribe.
3. Approved amendments to the "Management Organization Charter" and "Approved Authority Level in the Management Guidelines for Delegation of Duties" of the subsidiary Bank SinoPac.
4. Approved amendments to the "Management Organization Charter" and "Approved Authority Level in the Management Guidelines for Delegation of Duties" of the subsidiary SinoPac SITC.
5. Approved personnel cases.
6. Approved the change of directors and supervisors at SinoPac Holdings' subsidiaries.

● Date of Board Meeting: 2022/12/23

Important Resolutions

1. Approved the action plans for the budgets of SinoPac Holdings and its subsidiaries in 2023.

2. Approved the revision of the market risk ceilings of SinoPac Holdings and its subsidiaries in 2023.
3. Approved the formulation of the "2023 Compliance Plan of SinoPac Holdings."
4. Approved the improvements made based on the opinions listed in the Company's inspection report of the SinoPac Holdings group's handling of investees' business management projects issued by the FSC.
5. Approved the amendments to the Company's "Corporate Governance Code."
6. Approved the amendments to the "Human Rights Policy" of SinoPac Holdings.
7. Approved the Company's 2023 internal audit plan.
8. Approved the long-term incentive plan for 2023.
9. Approved the proposal for the remuneration of the chairman of the subsidiary SinoPac Securities (Asia) Ltd.
10. Approved personnel cases.
11. Approved the change of directors and supervisors of the subsidiaries.

● Date of Board Meeting: 2023/1/13

Important Resolutions

1. Approved the revision of short-term, medium-term, and long-term priorities for the sustainable development of SinoPac Holdings and reported the performance of the sustainable development in 2022 and the action plans for 2023.
2. Approved the renewal of the contract "Group Agreement of SinoPac Financial Holdings Co., Ltd."
3. Approved the appropriation and distribution of employee bonus at SinoPac Holdings for 2022.
4. Approved the distribution of performance bonus for chairmen at SinoPac Holdings and its subsidiaries for 2022.
5. Approved the proposal of the number of shares subscribed to by the managers of the Company and its subsidiaries based on the principle of employee share subscription for cash capital increase in 2022.
6. Approved personnel cases.
7. Approved the proposal submitted by SinoPac International Leasing Corp. to amend the change of directors.

● Date of Board Meeting: 2023/2/24

Important Resolutions

1. Approved amendments to the Company's "Article of Incorporation."
2. Approved the convening of the 2023 Annual Shareholders' Meeting of SinoPac Holdings.
3. Approved Remuneration for the directors of SinoPac Holdings for 2022.
4. Approved the remuneration for the directors of Bank SinoPac, SinoPac Securities for 2022, the remuneration for the independent directors of Bank SinoPac (China) for 2022, and the remuneration for the outside directors of SinoPac Leasing for 2022.
5. Approved the change of director and supervisors for SinoPac Securities Venture Capital Corp.

**(XIII) Objections of Directors:**

None.

**(XIV) Resignation or Discharge of Related Parties (including Chairman, President, Financial Officer, Accounting Officer, Chief Audit and Company Secretary) in Financial Statements:**

None.



## VI. Information on Fees for CPAs

### (I) The amount of audit and non-audit fees paid to the CPAs and their firm, and the content of non-audit services:

|                   |                |                  |           |                       |       | Unit: NT\$ thousand |
|-------------------|----------------|------------------|-----------|-----------------------|-------|---------------------|
| Name of CPA Firm  | Name of CPA    | CPA Audit Period | Audit Fee | Non-Audit Fees (Note) | Total | Note                |
| Deloitte & Touche | Mei-hui WU     | 2022             | 3,454     | 2,889                 | 6,343 | -                   |
|                   | Cheng-hung KUO | 2022             |           |                       |       |                     |

Note: These fees are mainly related to data governance consulting service, base erosion and profit shifting (BEPS) action plan project, assurance of sustainability report, disbursement fee, tax attestation, review for information about salary of full-time employees who are not in a managerial position, review of information filled for application of surplus profit distributed in the form of new shares and service for company alteration registration as required for issuance of new shares, review of information filled for application of issue of new shares by cash, tax advisory, going over data in annual reports, FATCA Project, and CRS consulting service.

### (II) Change of CPA firm and the audit fee of the changing year is less than previous year, the amount of audit fee respectively and the reason of change shall be disclosed:

None.

### (III) A decrease over 10% than previous year for audit fee, the amount, percentage and reason shall be disclosed:

None.

## VII. Information on Changing CPAs

### (I) Information relating to the former CPA

None.

### (II) Information relating to the succeeding CPA

None.

### (III) The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations:

None.

### (IV) Others

According to Corporate Governance Best Practice Principles for Financial Holding Company, the company has no engaging the same CPA without replacement for more than 7 years consecutively.

## VIII. Chairman, President, Financial or Accounting Officers Serving in CPA Firm or Its Affiliate in the Last Year

None.



## IX. Change in Equity of Directors, Management, and the Same Person or Related Party Holding the Same Financial Holding Company's Shares of Voting Rights over the Statutory Ceiling

| Change in Equity                                                                                      |                                           |                       |                          | February 28, 2023; Unit: Share |                          |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------|--------------------------|--------------------------------|--------------------------|
| Title                                                                                                 | Name                                      | 2022                  |                          | As of February 28, 2023        |                          |
|                                                                                                       |                                           | Change in Shares Held | Change in Shares Pledged | Change in Shares Held          | Change in Shares Pledged |
| Chairman (Note 1)                                                                                     | Hsinex International Corp./ Shi-kuan CHEN | 1,756,897             | —                        | —                              | —                        |
| Independent Director                                                                                  | Chi SCHIVE                                | —                     | —                        | —                              | —                        |
| Independent Director                                                                                  | James J. SHEU                             | —                     | —                        | —                              | —                        |
| Independent Director                                                                                  | Wei-ta PAN                                | —                     | —                        | —                              | —                        |
| Director (Note 1)                                                                                     | Hsinex International Corp./ Stanley CHU   | 1,756,897             | —                        | —                              | —                        |
| Director (Note 1)                                                                                     | Xing Yuan Co., Ltd./ Chi-hsing YEH        | 1,287,460             | —                        | —                              | —                        |
| Director (Note 1)                                                                                     | Xing Yuan Co., Ltd./ Wei-thyr TSAO        | 1,287,460             | —                        | —                              | —                        |
| President                                                                                             | Stanley CHU                               | —                     | —                        | —                              | —                        |
| Chief Auditor                                                                                         | James T.S. CHEN                           | —                     | —                        | —                              | —                        |
| Company Secretary & Chief Secretary                                                                   | Jenny HUANG                               | 214                   | —                        | —                              | —                        |
| Chief Financial Officer & Spokesperson & Head of Finance Management Division                          | Kerry HSU                                 | 118                   | —                        | —                              | —                        |
| Chief Compliance Officer & Head of Legal & Compliance Division                                        | Patricia LIN                              | —                     | —                        | —                              | —                        |
| Head of Risk Management Division                                                                      | Darren YANG                               | —                     | —                        | —                              | —                        |
| Head of President Office & Chief Information Security Officer & Head of Information Security Division | Sean LEE                                  | —                     | —                        | —                              | —                        |
| Head of Information Technology Division                                                               | Robert TSAI                               | 908                   | —                        | —                              | —                        |
| Head of Digital & Technology Division                                                                 | Tien-hao CHANG                            | —                     | —                        | —                              | —                        |
| Head of Operations Management Division                                                                | Hsin HO                                   | 202                   | —                        | —                              | —                        |
| Head of Human Resources Division                                                                      | Chia-hung LIAO                            | 142                   | —                        | —                              | —                        |



| Title                                       | Name                       | 2022                  |                          | As of February 28, 2023 |                          |
|---------------------------------------------|----------------------------|-----------------------|--------------------------|-------------------------|--------------------------|
|                                             |                            | Change in Shares Held | Change in Shares Pledged | Change in Shares Held   | Change in Shares Pledged |
| Chief Accountant                            | Hsiang-yuan CHANG          | 1,416                 | —                        | —                       | —                        |
| Chief Economist                             | Jack HUANG                 | 91,000                | —                        | —                       | —                        |
| Chief Senior Consultant                     | Kuo-chi YU                 | 42,230                | —                        | —                       | —                        |
| Executive Vice President                    | Chia-hsing CHEN            | 814                   | —                        | —                       | —                        |
| Executive Vice President                    | Benjamin LIN               | 2,758                 | —                        | —                       | —                        |
| Executive Vice President                    | Jeffrey C.C. HUANG         | —                     | —                        | —                       | —                        |
| Executive Vice President                    | Alton WANG                 | 77                    | —                        | —                       | —                        |
| Acting Spokesperson & Senior Vice President | Vincent HSIAO              | —                     | —                        | —                       | —                        |
| Senior Vice President                       | Sheng-pao CHANG            | 282                   | —                        | —                       | —                        |
| Senior Vice President                       | Irene HUANG                | 150                   | —                        | —                       | —                        |
| Senior Vice President                       | Ryan YEN                   | 20                    | —                        | —                       | —                        |
| Senior Vice President                       | Maggie TANG                | 100                   | —                        | —                       | —                        |
| Senior Vice President                       | Che-hui CHIN               | (145,000)             | —                        | —                       | —                        |
| Senior Vice President                       | Tiffany CHENG              | —                     | —                        | —                       | —                        |
| Senior Vice President                       | Michelle LIN               | 591                   | —                        | —                       | —                        |
| Senior Vice President                       | Kevin CHAO                 | 417                   | —                        | —                       | —                        |
| Senior Vice President                       | Ta-yu KAO                  | —                     | —                        | —                       | —                        |
| Senior Vice President                       | Carol WANG                 | —                     | —                        | —                       | —                        |
| Senior Vice President                       | Mei LAN                    | —                     | —                        | —                       | —                        |
| Senior Vice President                       | William SU                 | (1,000)               | —                        | —                       | —                        |
| Senior Vice President                       | Robin HOU                  | 3,519                 | —                        | —                       | —                        |
| Senior Vice President (Note 2)              | Ally HSIEH                 | 17                    | —                        | —                       | —                        |
| Senior Vice President                       | Kelvin LIAO                | 6                     | —                        | —                       | —                        |
| Senior Vice President                       | Josephine CHEN             | —                     | —                        | —                       | —                        |
| Same Related Party                          | Show-chung HO              | 638,251               | —                        | —                       | —                        |
| Same Related Party                          | Sing-ju CHANG              | 963                   | —                        | —                       | —                        |
| Same Related Party                          | Yi-da HO                   | 626,668               | —                        | —                       | —                        |
| Same Related Party                          | An-jen HO                  | 1,091,698             | —                        | —                       | —                        |
| Same Related Party                          | Shin-Yi Foundation         | 701,606               | —                        | —                       | —                        |
| Same Related Party (Note 1)                 | Hsinex International Corp. | 1,756,897             | —                        | —                       | —                        |
| Same Related Party                          | Chen Yu Co., Ltd.          | 4,090,919             | —                        | —                       | —                        |

| Title                       | Name                                                 | 2022                  |                          | As of February 28, 2023 |                          |
|-----------------------------|------------------------------------------------------|-----------------------|--------------------------|-------------------------|--------------------------|
|                             |                                                      | Change in Shares Held | Change in Shares Pledged | Change in Shares Held   | Change in Shares Pledged |
| Same Related Party          | Champion Culture Enterprise Co., Ltd.                | 20,894                | —                        | —                       | —                        |
| Same Related Party          | Aidatek Electronics, Inc.                            | 106,660               | —                        | —                       | —                        |
| Same Related Party          | Ju Yi Co., Ltd.                                      | 1,499,521             | —                        | —                       | —                        |
| Same Related Party          | Yuen Foong Co., Ltd.                                 | 23,801                | —                        | —                       | —                        |
| Same Related Party (Note 1) | Xing Yuan Co., Ltd.                                  | 1,287,460             | —                        | —                       | —                        |
| Same Related Party (Note 1) | Shin-Yi Enterprise Co., Ltd.                         | 1,526,906             | —                        | —                       | —                        |
| Same Related Party          | Shin-Yi Investment Co., Ltd.                         | 575,389               | —                        | —                       | —                        |
| Same Related Party (Note 1) | YFY Inc.                                             | 4,759,405             | —                        | —                       | —                        |
| Same Related Party (Note 1) | YFY Paradigm Investment Co., Ltd.                    | 1,434,429             | —                        | —                       | —                        |
| Same Related Party          | Chung Hwa Pulp Corp.                                 | 998,093               | —                        | —                       | —                        |
| Same Related Party          | Hwa Foong Investments Co., Ltd.                      | 23,949                | —                        | —                       | —                        |
| Same Related Party          | Shin Foong Specialty and Applied Materials Co., Ltd. | 218,911               | —                        | —                       | —                        |
| Same Related Party (Note 1) | YFY Development Corp.                                | 2,122,898             | —                        | —                       | —                        |
| Same Related Party          | Yuen Foong Paper Co., Ltd.                           | 842,903               | —                        | —                       | —                        |
| Same Related Party          | China Micr Printing Co., Ltd.                        | 55,846                | —                        | —                       | —                        |
| Same Related Party          | Shen's Art Print Co., Ltd.                           | 96,181                | —                        | —                       | —                        |
| Same Related Party (Note 1) | E Ink Holdings Inc.                                  | 1,195,224             | —                        | —                       | —                        |
| Same Related Party (Note 1) | YuanHan Materials Inc.                               | 2,148,643             | —                        | —                       | —                        |
| Same Related Party          | New Field e-Paper Co., Ltd.                          | 220,280               | —                        | —                       | —                        |

Note 1: Hsinex International Corp., Xing Yuan Co. Ltd., Shin-Yi Enterprise Co., Ltd., YFY Inc., YFY Paradigm Investment Co., Ltd., YFY Development Corp., E Ink Holdings Inc., and YuanHan Materials Inc. are major shareholders with a total shareholding of 1% or more.

Note 2: The 2022 Change in Shares Held and Change in Shares Pledged of Senior Vice President Ally HSIEH are based on the comparison between the commencement date (2022/6/1) and the end of 2022.

### Transfer of Equity:

None.

### Pledge of Equity:

None.



## X. Top Ten Shareholders as Related Party

### Top Ten Shareholders as Related Party

August 16, 2022; Unit: Share

| Name of Shareholder                                                                 | Shares Held in Person   |       | Shares Held by Spouse and Minors |   | Shares Held in the Name of Others |   | Top Ten Shareholders as Related Party, Spouse, or Relative within the Second Degree of Kinship |                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------|-------------------------|-------|----------------------------------|---|-----------------------------------|---|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     | Number of shares issued | %     | Number of shares issued          | % | Number of shares issued           | % | Name                                                                                           | Relationship                                                                                                                                                                                                                                                                                                                            |
| YFY Inc. / Chairman Jean LIU                                                        | 480,699,993             | 4.22% | —                                | — | —                                 | — | YuanHan Materials Inc.                                                                         | YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. YFY Inc. is a major shareholder of E Ink Holdings Inc.                                                                                                                                                                                                       |
|                                                                                     |                         |       |                                  |   |                                   |   | YFY Development Corp.                                                                          | YFY Development Corp. is a wholly-owned subsidiary of YFY Inc.                                                                                                                                                                                                                                                                          |
|                                                                                     |                         |       |                                  |   |                                   |   | Shin-Yi Enterprise Co., Ltd.                                                                   | Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of YFY Inc., and its representative is a Director of YFY Inc. The Chairman of Shin-Yi Enterprise Co., Ltd. and the Chairman of Hsinex International Corp. are the same person.                                                                                                  |
|                                                                                     |                         |       |                                  |   |                                   |   | Hsinex International Corp.                                                                     |                                                                                                                                                                                                                                                                                                                                         |
| Fubon Life Insurance Co., Ltd. / Chairman Richard M. TSAI                           | 295,930,000             | 2.60% | —                                | — | —                                 | — | —                                                                                              | —                                                                                                                                                                                                                                                                                                                                       |
| SinoPac Securities employee stock ownership trust account entrusted by Bank SinoPac | 253,005,027             | 2.22% | —                                | — | —                                 | — | —                                                                                              | —                                                                                                                                                                                                                                                                                                                                       |
| YuanHan Materials Inc. / Chairman Luke CHEN                                         | 217,012,972             | 1.90% | —                                | — | —                                 | — | YFY Inc.                                                                                       | YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. YFY Inc. is a major shareholder of E Ink Holdings Inc.                                                                                                                                                                                                       |
|                                                                                     |                         |       |                                  |   |                                   |   | YFY Development Corp.                                                                          | 1. YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. YFY Inc. is a major shareholder of E Ink Holdings Inc.<br>2. YFY Development Corp. is a wholly-owned subsidiary of YFY Inc.                                                                                                                               |
|                                                                                     |                         |       |                                  |   |                                   |   | Shin-Yi Enterprise Co., Ltd.                                                                   | YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of E Ink Holdings Inc., and its representative is a director of E Ink Holdings Inc. The chairman of Shin-Yi Enterprise Co., Ltd. and the chairman of Hsinex International Corp. are the same person. |
|                                                                                     |                         |       |                                  |   |                                   |   | Hsinex International Corp.                                                                     |                                                                                                                                                                                                                                                                                                                                         |

| Name of Shareholder                                           | Shares Held in Person   |       | Shares Held by Spouse and Minors |   | Shares Held in the Name of Others |   | Top Ten Shareholders as Related Party, Spouse, or Relative within the Second Degree of Kinship |                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------|-------------------------|-------|----------------------------------|---|-----------------------------------|---|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                               | Number of shares issued | %     | Number of shares issued          | % | Number of shares issued           | % | Name                                                                                           | Relationship                                                                                                                                                                                                                                                                                                                            |
| YFY Development Corp. / Chairman David LO                     | 214,412,783             | 1.88% | —                                | — | —                                 | — | YFY Inc.                                                                                       | YFY Development Corp. is a wholly-owned subsidiary of YFY Inc.                                                                                                                                                                                                                                                                          |
|                                                               |                         |       |                                  |   |                                   |   | YuanHan Materials Inc.                                                                         | 1. YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. YFY Inc. is a major shareholder of E Ink Holdings Inc.<br>2. YFY Development Corp. is a wholly-owned subsidiary of YFY Inc.                                                                                                                               |
|                                                               |                         |       |                                  |   |                                   |   | Shin-Yi Enterprise Co., Ltd.                                                                   | Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of YFY Inc. The appointed representative is a director of YFY Inc. YFY Development Corp. is a wholly owned subsidiary of YFY Inc. The chairman of Shin-Yi Enterprise Co., Ltd. and the chairman of Hsinex International Corp. are the same person.                              |
|                                                               |                         |       |                                  |   |                                   |   | Hsinex International Corp.                                                                     |                                                                                                                                                                                                                                                                                                                                         |
| Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF | 188,007,460             | 1.65% | —                                | — | —                                 | — | —                                                                                              | —                                                                                                                                                                                                                                                                                                                                       |
| Hsinex International Corp. / Chairman Sing-ju CHANG           | 177,446,612             | 1.56% | —                                | — | —                                 | — | Shin-Yi Enterprise Co., Ltd.                                                                   | The Chairman of Shin-Yi Enterprise Co., Ltd. and the Chairman of Hsinex International Corp. are the same person.                                                                                                                                                                                                                        |
|                                                               |                         |       |                                  |   |                                   |   | YFY Inc.                                                                                       | Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of YFY Inc., and its representative is a Director of YFY Inc. The chairman of Shin-Yi Enterprise Co., Ltd. and the chairman of Hsinex International Corp. are the same person.                                                                                                  |
|                                                               |                         |       |                                  |   |                                   |   | YuanHan Materials Inc.                                                                         | YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of E Ink Holdings Inc., and its representative is a director of E Ink Holdings Inc. The chairman of Shin-Yi Enterprise Co., Ltd. and the chairman of Hsinex International Corp. are the same person. |



| Name of<br>Shareholder                                                                            | Shares Held in Person      |       | Shares Held<br>by Spouse and<br>Minors |   | Shares Held in<br>the Name of<br>Others |   | Top Ten Shareholders as Related Party,<br>Spouse, or Relative within the Second Degree<br>of Kinship |                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------|----------------------------|-------|----------------------------------------|---|-----------------------------------------|---|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                   | Number of<br>shares issued | %     | Number<br>of shares<br>issued          | % | Number<br>of shares<br>issued           | % | Name                                                                                                 | Relationship                                                                                                                                                                                                                                                                                               |
|                                                                                                   |                            |       |                                        |   |                                         |   | YFY Development Corp.                                                                                | Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of YFY Inc. The appointed representative is a director of YFY Inc. YFY Development Corp. is a wholly owned subsidiary of YFY Inc. The chairman of Shin-Yi Enterprise Co., Ltd. and the chairman of Hsinex International Corp. are the same person. |
| Shin-Yi Enterprise Co., Ltd. /<br>Chairman Sing-ju<br>CHANG                                       | 154,217,588                | 1.35% | —                                      | — | —                                       | — | YFY Inc.                                                                                             | Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of YFY Inc., and its representative is a Director of YFY Inc.                                                                                                                                                                                      |
|                                                                                                   |                            |       |                                        |   |                                         |   | YuanHan Materials Inc.                                                                               | YuanHan Materials Inc. is a wholly owned subsidiary of E Ink Holdings Inc. Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of E Ink Holdings Inc., and its representative is a director of E Ink Holdings Inc.                                                                                     |
|                                                                                                   |                            |       |                                        |   |                                         |   | YFY Development Corp.                                                                                | Shin-Yi Enterprise Co., Ltd. is a corporate shareholder of YFY Inc. The appointed representative is a director of YFY Inc. YFY Development Corp. is a wholly owned subsidiary of YFY Inc.                                                                                                                  |
|                                                                                                   |                            |       |                                        |   |                                         |   | Hsinex International Corp.                                                                           | The Chairman of Shin-Yi Enterprise Co., Ltd. and the Chairman of Hsinex International Corp. are the same person.                                                                                                                                                                                           |
| Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 149,406,894                | 1.31% | —                                      | — | —                                       | — | —                                                                                                    | —                                                                                                                                                                                                                                                                                                          |
| Norges Bank                                                                                       | 146,579,599                | 1.29% | —                                      | — | —                                       | — | —                                                                                                    | —                                                                                                                                                                                                                                                                                                          |

## XI. Consolidated Shareholdings in Invested Companies

| Investees of SinoPac Holdings and its subsidiaries |                                     |                        |                                                                                                                            |                        | December 31, 2022; Unit: Share |                        |
|----------------------------------------------------|-------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------|------------------------|
| Investee                                           | Investment Made by SinoPac Holdings |                        | Investment in Companies Controlled by the Directors, Supervisors, Managers, and by SinoPac Holdings Directly or Indirectly |                        | Consolidated Investment        |                        |
|                                                    | Number of shares issued             | Percentage holding (%) | Number of shares issued                                                                                                    | Percentage holding (%) | Number of shares issued        | Percentage holding (%) |
| Bank SinoPac                                       | 9,032,584,140                       | 100.00%                | -                                                                                                                          | -                      | 9,032,584,140                  | 100.00%                |
| Bank SinoPac (China) Ltd.                          | -                                   | -                      | -                                                                                                                          | 100.00%                | -                              | 100.00%                |
| SinoPac Insurance Brokers Ltd.                     | -                                   | -                      | 100,000                                                                                                                    | 100.00%                | 100,000                        | 100.00%                |
| SinoPac Securities Corp.                           | 1,621,223,800                       | 100.00%                | -                                                                                                                          | -                      | 1,621,223,800                  | 100.00%                |
| SinoPac Futures Corp.                              | -                                   | -                      | 167,525,053                                                                                                                | 100.00%                | 167,525,053                    | 100.00%                |
| SinoPac Securities Investment Service Corp.        | -                                   | -                      | 15,000,000                                                                                                                 | 100.00%                | 15,000,000                     | 100.00%                |
| SinoPac Securities (Cayman) Holdings Ltd.          | -                                   | -                      | 137,752,581                                                                                                                | 100.00%                | 137,752,581                    | 100.00%                |
| SinoPac Financial Consulting (Shanghai) Ltd.       | -                                   | -                      | -                                                                                                                          | 100.00%                | -                              | 100.00%                |
| SinoPac Securities Venture Capital Corp.           | -                                   | -                      | 70,154,042                                                                                                                 | 100.00%                | 70,154,042                     | 100.00%                |
| SinoPac Securities (Asia) Ltd.                     | -                                   | -                      | 82,106                                                                                                                     | 100.00%                | 82,106                         | 100.00%                |
| SinoPac Securities (Europe) Ltd.                   | -                                   | -                      | 2,000,000                                                                                                                  | 100.00%                | 2,000,000                      | 100.00%                |
| SinoPac Asset Management (Asia) Ltd.               | -                                   | -                      | 95,550,000                                                                                                                 | 100.00%                | 95,550,000                     | 100.00%                |
| SinoPac Capital (Asia) Ltd.                        | -                                   | -                      | 218,000,000                                                                                                                | 100.00%                | 218,000,000                    | 100.00%                |
| SinoPac Solutions and Service Ltd.                 | -                                   | -                      | 46,800,000                                                                                                                 | 100.00%                | 46,800,000                     | 100.00%                |
| SinoPac (Asia) Nominees Ltd.                       | -                                   | -                      | 2                                                                                                                          | 100.00%                | 2                              | 100.00%                |
| SinoPac Leasing Corp.                              | 468,104,377                         | 100.00%                | -                                                                                                                          | -                      | 468,104,377                    | 100.00%                |
| SinoPac Capital International (HK) Ltd.            | -                                   | -                      | 100,000,000                                                                                                                | 100.00%                | 100,000,000                    | 100.00%                |
| SinoPac International Leasing Corp.                | -                                   | -                      | -                                                                                                                          | 100.00%                | -                              | 100.00%                |
| SinoPac Securities Investment Trust Co., Ltd.      | 142,000,000                         | 100.00%                | -                                                                                                                          | -                      | 142,000,000                    | 100.00%                |
| Golden Trust SinoPac Fund Management Co., Ltd.     | -                                   | -                      | -                                                                                                                          | 49.00%                 | -                              | 49.00%                 |
| SinoPac Venture Capital Corp.                      | 250,000,000                         | 100.00%                | -                                                                                                                          | -                      | 250,000,000                    | 100.00%                |
| Global Corporation                                 | -                                   | -                      | 535,240                                                                                                                    | 2.88%                  | 535,240                        | 2.88%                  |
| Taipei Foreign Exchange Inc.                       | -                                   | -                      | 680,000                                                                                                                    | 3.43%                  | 680,000                        | 3.43%                  |
| Taiwan Futures Exchange                            | -                                   | -                      | 9,977,485                                                                                                                  | 2.08%                  | 9,977,485                      | 2.08%                  |
| Fuh Hwa Securities Investment Trust Co., Ltd.      | -                                   | -                      | 2,779,409                                                                                                                  | 4.63%                  | 2,779,409                      | 4.63%                  |
| Financial Information Service Co., Ltd.            | -                                   | -                      | 12,926,542                                                                                                                 | 2.48%                  | 12,926,542                     | 2.48%                  |
| Taiwan Asset Management Corporation                | -                                   | -                      | 3,000,000                                                                                                                  | 0.28%                  | 3,000,000                      | 0.28%                  |
| Taiwan Financial Asset Service Corporation         | -                                   | -                      | 10,000,000                                                                                                                 | 5.88%                  | 10,000,000                     | 5.88%                  |
| Sunny Asset Management Corp.                       | -                                   | -                      | 85,393                                                                                                                     | 1.42%                  | 85,393                         | 1.42%                  |





| Investee                                      | Investment Made by SinoPac Holdings |                        | Investment in Companies Controlled by the Directors, Supervisors, Managers, and by SinoPac Holdings Directly or Indirectly |                        | Consolidated Investment |                        |
|-----------------------------------------------|-------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|
|                                               | Number of shares issued             | Percentage holding (%) | Number of shares issued                                                                                                    | Percentage holding (%) | Number of shares issued | Percentage holding (%) |
| Taiwan Depository and Clearing Corp.          | 484,550                             | 0.08%                  | 4,888,627                                                                                                                  | 0.84%                  | 5,373,177               | 0.92%                  |
| Taiwan Television Enterprise, Ltd.            | -                                   | -                      | 13,805,396                                                                                                                 | 4.92%                  | 13,801,396              | 4.92%                  |
| Taiwan Mobile Payment Co., Ltd.               | -                                   | -                      | 600,000                                                                                                                    | 1.00%                  | 600,000                 | 1.00%                  |
| Victor Taichung Machinery Works Co., Ltd.     | -                                   | -                      | 156                                                                                                                        | 0.08%                  | 156                     | 0.08%                  |
| Hua VI Venture Capital Corp.                  | -                                   | -                      | 260,870                                                                                                                    | 8.70%                  | 260,870                 | 8.70%                  |
| IP Fund Six Co., Ltd.                         | -                                   | -                      | 2,316,964                                                                                                                  | 5.36%                  | 2,316,964               | 5.36%                  |
| Yu-Ji Venture Capital Corp.                   | -                                   | -                      | 718,750                                                                                                                    | 6.25%                  | 718,750                 | 6.25%                  |
| Taiwan Stock Exchange Corporation             | -                                   | -                      | 7,709,744                                                                                                                  | 0.75%                  | 7,709,744               | 0.75%                  |
| C.F.L Venture Capital Corp.                   | -                                   | -                      | 3,000,000                                                                                                                  | 14.63%                 | 3,000,000               | 14.63%                 |
| Hua Da Venture Capital Corporation            | -                                   | -                      | 500,000                                                                                                                    | 10.00%                 | 500,000                 | 10.00%                 |
| Telexpress Corp. (Cayman)                     | -                                   | -                      | 4,968,940                                                                                                                  | 34.21%                 | 4,968,940               | 34.21%                 |
| Asia Best Healthcare Co., Ltd.                | -                                   | -                      | 11,000                                                                                                                     | 1.60%                  | 11,000                  | 1.60%                  |
| Apollo Medical Optics Inc.                    | -                                   | -                      | 1,666,666                                                                                                                  | 3.48%                  | 1,666,666               | 3.48%                  |
| Brightman Optoelectronics (Cayman) Co., Ltd.  | -                                   | -                      | 855,473                                                                                                                    | 11.69%                 | 855,473                 | 11.69%                 |
| CGK International Co., Ltd.                   | -                                   | -                      | 1,800,000                                                                                                                  | 4.12%                  | 1,800,000               | 4.12%                  |
| MiCareo Inc.                                  | -                                   | -                      | 6,033,333                                                                                                                  | 14.49%                 | 6,033,333               | 14.49%                 |
| Mozido, Inc. C-1                              | -                                   | -                      | 59,695                                                                                                                     | 0.01%                  | 59,695                  | 0.01%                  |
| Mozido, Inc. C-2                              | -                                   | -                      | 258,624                                                                                                                    | 0.05%                  | 258,624                 | 0.05%                  |
| Neutron Innovation (BVI) Limited              | -                                   | -                      | 1,568,511                                                                                                                  | 6.02%                  | 1,568,511               | 6.02%                  |
| Transound Electronics Co., Ltd.               | -                                   | -                      | 1,800,000                                                                                                                  | 4.58%                  | 1,800,000               | 4.58%                  |
| Da-He Marketing Corp.                         | -                                   | -                      | 1,050,000                                                                                                                  | 12.20%                 | 1,050,000               | 12.20%                 |
| Mosa Industrial Corporation                   | -                                   | -                      | 1,548,700                                                                                                                  | 0.85%                  | 1,548,700               | 0.85%                  |
| Taisys Technologies Co., Ltd.                 | -                                   | -                      | 379,500                                                                                                                    | 1.66%                  | 379,500                 | 1.66%                  |
| Taiwan Cultural-Creative Development Co. Ltd. | -                                   | -                      | 1,700,000                                                                                                                  | 8.50%                  | 1,700,000               | 8.50%                  |
| Taiwan Incubator SME Development Co.          | -                                   | -                      | 3,417,440                                                                                                                  | 4.84%                  | 3,417,440               | 4.84%                  |
| TBI MOTION Technology Co., Ltd.               | -                                   | -                      | 1,222,000                                                                                                                  | 1.30%                  | 1,222,000               | 1.30%                  |
| Boston Life Science Venture Co.               | -                                   | -                      | 3,689,850                                                                                                                  | 5.00%                  | 3,689,850               | 5.00%                  |
| ProtectLife International Biomedical Inc.     | -                                   | -                      | 600,000                                                                                                                    | 5.04%                  | 600,000                 | 5.04%                  |
| Andros Pharmaceuticals Co., Ltd.              | -                                   | -                      | 1,740,000                                                                                                                  | 5.00%                  | 1,740,000               | 5.00%                  |
| M2 Communication, Inc.                        | -                                   | -                      | 197,313                                                                                                                    | 1.58%                  | 197,313                 | 1.58%                  |
| Centera Photonics Inc.                        | -                                   | -                      | 1,341,718                                                                                                                  | 3.46%                  | 1,341,718               | 3.46%                  |

| Investee                                     | Investment Made by SinoPac Holdings |                        | Investment in Companies Controlled by the Directors, Supervisors, Managers, and by SinoPac Holdings Directly or Indirectly |                        | Consolidated Investment |                        |
|----------------------------------------------|-------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|
|                                              | Number of shares issued             | Percentage holding (%) | Number of shares issued                                                                                                    | Percentage holding (%) | Number of shares issued | Percentage holding (%) |
| Prudence Venture Investment Corporation      | -                                   | -                      | 260,918                                                                                                                    | 2.50%                  | 260,918                 | 2.50%                  |
| Telexpress Corp.                             | -                                   | -                      | 542,053                                                                                                                    | 3.33%                  | 542,053                 | 3.33%                  |
| 3S Silicon Tech Inc.                         | -                                   | -                      | 1,559,000                                                                                                                  | 6.63%                  | 1,559,000               | 6.63%                  |
| Lan An Company Limited                       | -                                   | -                      | 125,000                                                                                                                    | 5.00%                  | 125,000                 | 5.00%                  |
| TaiGen Biopharmaceuticals Holdings, Ltd.     | -                                   | -                      | 21,647,154                                                                                                                 | 3.02%                  | 21,647,154              | 3.02%                  |
| Aero Win Technology Corporation              | -                                   | -                      | 245,000                                                                                                                    | 0.36%                  | 245,000                 | 0.36%                  |
| J-Metrics Technology Co., Ltd.               | -                                   | -                      | 1,200,000                                                                                                                  | 4.29%                  | 1,200,000               | 4.29%                  |
| Knowledge Freeway Co., Ltd.                  | -                                   | -                      | 572,000                                                                                                                    | 11.44%                 | 572,000                 | 11.44%                 |
| New Micropore, Inc.                          | -                                   | -                      | 1,000,000                                                                                                                  | 10.00%                 | 1,000,000               | 10.00%                 |
| Kuang Hong Arts Management Incorporation     | -                                   | -                      | 936,570                                                                                                                    | 3.12%                  | 936,570                 | 3.12%                  |
| ThroughTek Co., Ltd.                         | -                                   | -                      | 110,000                                                                                                                    | 0.42%                  | 110,000                 | 0.42%                  |
| Ecrowd Media Inc.                            | -                                   | -                      | 1,862,823                                                                                                                  | 9.19%                  | 1,862,823               | 9.19%                  |
| Toyo Automation Co., Ltd.                    | -                                   | -                      | 852,311                                                                                                                    | 3.24%                  | 852,311                 | 3.24%                  |
| Taiwania Capital Buffalo II Bioventures, LP  | -                                   | -                      | -                                                                                                                          | 1.69%                  | -                       | 1.69%                  |
| iXensor Co. Ltd.                             | -                                   | -                      | 515,000                                                                                                                    | 0.94%                  | 515,000                 | 0.94%                  |
| Mei Ta Industrial Co., Ltd.                  | -                                   | -                      | 211,722                                                                                                                    | 0.49%                  | 211,722                 | 0.49%                  |
| Active Technology Engineering Inc.           | -                                   | -                      | 1,636,800                                                                                                                  | 9.99%                  | 1,636,800               | 9.99%                  |
| Annji Pharmaceutical Co., Ltd.               | -                                   | -                      | 4,000,000                                                                                                                  | 6.07%                  | 4,000,000               | 6.07%                  |
| Asia Metal Industries, Inc.                  | -                                   | -                      | 716,000                                                                                                                    | 3.13%                  | 716,000                 | 3.13%                  |
| Evergreen Steel Co.                          | -                                   | -                      | 1,200,000                                                                                                                  | 0.29%                  | 1,200,000               | 0.29%                  |
| Hantop Intelligence Technology Co., Ltd.     | -                                   | -                      | 1,250,000                                                                                                                  | 10.21%                 | 1,250,000               | 10.21%                 |
| Lian Hong Art Co., Ltd.                      | -                                   | -                      | 122,394                                                                                                                    | 0.34%                  | 122,394                 | 0.34%                  |
| Infinity Communication Technologies, Inc.    | -                                   | -                      | 2,000,000                                                                                                                  | 2.64%                  | 2,000,000               | 2.64%                  |
| Morrison Opto-Electronics Ltd.               | -                                   | -                      | 649,950                                                                                                                    | 2.98%                  | 649,950                 | 2.98%                  |
| Biogend Therapeutics Co., Ltd.               | -                                   | -                      | 596,000                                                                                                                    | 0.58%                  | 596,000                 | 0.58%                  |
| Shenhe Energy Co., Ltd.                      | -                                   | -                      | 9,990,000                                                                                                                  | 9.99%                  | 9,990,000               | 9.99%                  |
| Hui-Min Environmental Tech Corp.             | -                                   | -                      | 2,500,000                                                                                                                  | 7.11%                  | 2,500,000               | 7.11%                  |
| Obigen Pharma, Inc.                          | -                                   | -                      | 1,000,000                                                                                                                  | 1.32%                  | 1,000,000               | 1.32%                  |
| Taiwania Capital Buffalo III Bioventures, LP | -                                   | -                      | -                                                                                                                          | 4.57%                  | -                       | 4.57%                  |
| GE TECHNOLOGY INC.                           | -                                   | -                      | 435,643                                                                                                                    | 2.18%                  | 435,643                 | 2.18%                  |
| High Entropy Materials, Inc.                 | -                                   | -                      | 2,500,000                                                                                                                  | 5.25%                  | 2,500,000               | 5.25%                  |



| Investee                                    | Investment Made by SinoPac Holdings |                        | Investment in Companies Controlled by the Directors, Supervisors, Managers, and by SinoPac Holdings Directly or Indirectly |                        | Consolidated Investment |                        |
|---------------------------------------------|-------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|
|                                             | Number of shares issued             | Percentage holding (%) | Number of shares issued                                                                                                    | Percentage holding (%) | Number of shares issued | Percentage holding (%) |
| CHENFULL PRECISION CO., LTD.                | -                                   | -                      | 167,000                                                                                                                    | 0.28%                  | 167,000                 | 0.28%                  |
| EVERGREEN AVIATION TECHNOLOGIES CORPORATION | -                                   | -                      | 2,548,000                                                                                                                  | 0.72%                  | 2,548,000               | 0.72%                  |
| MEDEON BIODESIGN, INC.                      | -                                   | -                      | 436,664                                                                                                                    | 0.50%                  | 436,664                 | 0.50%                  |
| Phoenix Pioneer Technology Co., Ltd.        | -                                   | -                      | 4,800,000                                                                                                                  | 1.61%                  | 4,800,000               | 1.61%                  |
| PharmaEssentia Co., Ltd.                    | -                                   | -                      | 348,191                                                                                                                    | 0.12%                  | 348,191                 | 0.12%                  |
| Airoha Technology Co., Ltd.                 | -                                   | -                      | 50,000                                                                                                                     | 0.03%                  | 50,000                  | 0.03%                  |
| Mega Union Technology Co., Ltd.             | -                                   | -                      | 759,000                                                                                                                    | 1.26%                  | 759,000                 | 1.26%                  |
| Creenfiltec LTD.                            | -                                   | -                      | 217,629                                                                                                                    | 1.03%                  | 217,629                 | 1.03%                  |
| SunWay Biotech Co., LTD.                    | -                                   | -                      | 440,000                                                                                                                    | 1.31%                  | 440,000                 | 1.31%                  |
| Bioptic Inc.                                | -                                   | -                      | 158,131                                                                                                                    | 0.65%                  | 158,131                 | 0.65%                  |
| Great Giant Fibre Garment Co., LTD.         | -                                   | -                      | 600,578                                                                                                                    | 1.00%                  | 600,578                 | 1.00%                  |
| Green Shepherd Corporation Ltd.             | -                                   | -                      | 392,000                                                                                                                    | 2.77%                  | 392,000                 | 2.77%                  |
| HD Renewable Energy Co., Ltd.               | -                                   | -                      | 94,000                                                                                                                     | 0.11%                  | 94,000                  | 0.11%                  |
| Tantti Laboratory Inc.                      | -                                   | -                      | 300,000                                                                                                                    | 0.86%                  | 300,000                 | 0.86%                  |
| Chenfeng Optronics Corporation              | -                                   | -                      | 1,500,000                                                                                                                  | 1.60%                  | 1,500,000               | 1.60%                  |
| Cheng Mei Instrument Technology Co., Ltd.   | -                                   | -                      | 800,000                                                                                                                    | 2.16%                  | 800,000                 | 2.16%                  |
| Taiwan Web Service Corporation              | -                                   | -                      | 5,000,000                                                                                                                  | 7.46%                  | 5,000,000               | 7.46%                  |
| Horizon Fixture Group Co., Ltd.             | -                                   | -                      | 500,000                                                                                                                    | 1.14%                  | 500,000                 | 1.14%                  |
| Techzone Technology Materials Co., Ltd.     | -                                   | -                      | 1,400,000                                                                                                                  | 1.63%                  | 1,400,000               | 1.63%                  |

# State of Capital Raising

## I. Stocks and Dividends

### (I) Source of Stock Capital

| Source of Stock Capital |                         |                          |         |                      |        |                 |         | February 28, 2023; Units: Million NT\$, Million Shares       |                              |
|-------------------------|-------------------------|--------------------------|---------|----------------------|--------|-----------------|---------|--------------------------------------------------------------|------------------------------|
| Issue Date              | Issue Price (Unit:NT\$) | Authorized Capital Stock |         | Issued Capital Stock |        |                 |         | Remarks                                                      |                              |
|                         |                         | Number of shares         | Amount  | Number of shares     |        | Amount          |         | Source of Capital                                            | Other                        |
| 2022.8                  | 10                      | 18,000                   | 180,000 | Common stock         | 11,384 | Common stock    | 113,838 | Undistributed earnings as capital for issuance of new shares | 2022/09/02<br>MEA11101162810 |
|                         |                         |                          |         | Preferred stock      | 10     | Preferred stock | 100     |                                                              |                              |

| Issuing Status          |                              |                 |        | February 28, 2023; Unit: million shares |  |
|-------------------------|------------------------------|-----------------|--------|-----------------------------------------|--|
| Type of Stock           | Authorized Capital Stock     |                 |        | Remarks                                 |  |
|                         | Number of Shares Outstanding | Unissued Shares | Total  |                                         |  |
| Common Stock            | 11,384                       | 6,606           | 18,000 | Listed                                  |  |
| Class A Preferred Stock | 10                           |                 |        | Publicly Offered                        |  |

### (II) Shareholder Structure

| Shareholder Structure (Common Stock) |                   |                       |                   |               |                             |                | August 16, 2022; Unit: shares |  |
|--------------------------------------|-------------------|-----------------------|-------------------|---------------|-----------------------------|----------------|-------------------------------|--|
| Item \ Shareholder Structure         | Government Entity | Financial Institution | Other Institution | Individual    | Foreign Institution & Alien | Total          |                               |  |
| Number of Shareholders               | 6                 | 33                    | 775               | 323,576       | 1,388                       | 325,778        |                               |  |
| Number of Shares Held                | 99,723,703        | 796,549,486           | 3,909,528,352     | 3,400,374,020 | 3,177,589,087               | 11,383,764,648 |                               |  |
| Percentage Held                      | 0.88%             | 7.00%                 | 34.34%            | 29.87%        | 27.91%                      | 100%           |                               |  |

| Shareholder Structure (Class A Preferred Shares) |                   |                       |                   |            |                             |            | August 16, 2022; Unit: shares |  |
|--------------------------------------------------|-------------------|-----------------------|-------------------|------------|-----------------------------|------------|-------------------------------|--|
| Item \ Shareholder Structure                     | Government Entity | Financial Institution | Other Institution | Individual | Foreign Institution & Alien | Total      |                               |  |
| Number of Shareholders                           | —                 | —                     | —                 | 1          | —                           | 1          |                               |  |
| Number of Shares Held                            | —                 | —                     | —                 | 10,000,000 | —                           | 10,000,000 |                               |  |
| Percentage Held                                  | —                 | —                     | —                 | 100%       | —                           | 100%       |                               |  |



### (III) Shareholding Distribution

| Shareholding Distribution (Common Stock) |                        |                       | August 16, 2022; Unit: shares |
|------------------------------------------|------------------------|-----------------------|-------------------------------|
| Size of Shareholding                     | Number of Shareholders | Number of Shares Held | Percentage Held               |
| 1 ~ 999                                  | 106,996                | 23,110,165            | 0.20%                         |
| 1,000 ~ 10,000                           | 166,066                | 486,827,438           | 4.28%                         |
| 10,001 ~ 20,000                          | 25,713                 | 332,849,896           | 2.92%                         |
| 20,001 ~ 30,000                          | 10,504                 | 248,039,880           | 2.18%                         |
| 30,001 ~ 40,000                          | 4,416                  | 147,742,440           | 1.30%                         |
| 40,001 ~ 50,000                          | 2,378                  | 104,302,407           | 0.92%                         |
| 50,001 ~ 100,000                         | 4,905                  | 327,195,602           | 2.87%                         |
| 100,001 ~ 200,000                        | 2,416                  | 317,897,559           | 2.79%                         |
| 200,001 ~ 400,000                        | 1,068                  | 289,101,303           | 2.54%                         |
| 400,001 ~ 600,000                        | 349                    | 169,184,674           | 1.49%                         |
| 600,001 ~ 800,000                        | 162                    | 110,279,956           | 0.97%                         |
| 800,001 ~ 1,000,000                      | 112                    | 99,318,782            | 0.87%                         |
| 1,000,001 ~ 1,200,000                    | 91                     | 98,837,460            | 0.87%                         |
| 1,200,001 ~ 1,400,000                    | 48                     | 62,841,758            | 0.55%                         |
| 1,400,001 ~ 1,600,000                    | 54                     | 81,244,068            | 0.71%                         |
| 1,600,001 ~ 1,800,000                    | 35                     | 59,074,931            | 0.52%                         |
| 1,800,001 ~ 2,000,000                    | 32                     | 60,590,192            | 0.53%                         |
| 2,000,001 ~ and above                    | 433                    | 8,365,326,137         | 73.49%                        |
| Total                                    | 325,778                | 11,383,764,648        | 100%                          |

| Shareholding Distribution (Class A Preferred Shares) |                        |                       | August 16, 2022; Unit: shares |
|------------------------------------------------------|------------------------|-----------------------|-------------------------------|
| Size of Shareholding                                 | Number of Shareholders | Number of Shares Held | Percentage Held               |
| 1 ~ 50,000                                           | -                      | -                     | -                             |
| 50,001 ~ 100,000                                     | -                      | -                     | -                             |
| 100,001 ~ 200,000                                    | -                      | -                     | -                             |
| 200,001 ~ 400,000                                    | -                      | -                     | -                             |
| 400,001 ~ 600,000                                    | -                      | -                     | -                             |
| 600,001 ~ 800,000                                    | -                      | -                     | -                             |
| 800,001 ~ 1,000,000                                  | -                      | -                     | -                             |
| 1,000,001 and above                                  | 1                      | 10,000,000            | 100.00%                       |
| Total                                                | 1                      | 10,000,000            | 100.00%                       |

#### (IV) Major Shareholder

August 16, 2022; Unit: shares

| Major Shareholder (Note)                                                                                                              | Number of Shares Held<br>(including Ordinary Shares<br>and Preferred Shares) | Percentage Held |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------|
| YFY Inc.                                                                                                                              | 480,699,993                                                                  | 4.22%           |
| Fubon Life Insurance Co. Ltd.                                                                                                         | 295,930,000                                                                  | 2.60%           |
| SinoPac Securities employee stock ownership trust account entrusted by Bank SinoPac                                                   | 253,005,027                                                                  | 2.22%           |
| YuanHan Materials Inc.                                                                                                                | 217,012,972                                                                  | 1.90%           |
| YFY Development Corp.                                                                                                                 | 214,412,783                                                                  | 1.88%           |
| Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF                                                                         | 188,007,460                                                                  | 1.65%           |
| Hsinex International Corp.                                                                                                            | 177,446,612                                                                  | 1.56%           |
| Shin-Yi Enterprise Co., Ltd.                                                                                                          | 154,217,588                                                                  | 1.35%           |
| Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds                                     | 149,406,894                                                                  | 1.31%           |
| Norges Bank                                                                                                                           | 146,579,599                                                                  | 1.29%           |
| YFY Paradigm Investment Co., Ltd.                                                                                                     | 144,877,333                                                                  | 1.27%           |
| Cathay Life Insurance Co., Ltd.                                                                                                       | 141,994,890                                                                  | 1.25%           |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 139,998,322                                                                  | 1.23%           |
| Xing Yuan Co., Ltd.                                                                                                                   | 130,033,529                                                                  | 1.14%           |
| E Ink Holdings Inc.                                                                                                                   | 120,717,685                                                                  | 1.06%           |

Note: Major shareholders refers to shareholders with a shareholding percentage of over 1% or top 10 shareholders by shareholding percentage.

#### (V) Stock Price, Book Value per Share, EPS, Dividends, and Related Information

Unit : NT\$

| Item                    |                                                    |                     | Year | 2021   | 2022         | January 1 to<br>February 28, 2023 |
|-------------------------|----------------------------------------------------|---------------------|------|--------|--------------|-----------------------------------|
| Stock price             | Highest                                            |                     |      | 16.30  | 19.35        | 17.90                             |
|                         | Lowest                                             |                     |      | 10.95  | 15.20        | 16.50                             |
|                         | Average                                            |                     |      | 13.53  | 17.17        | 17.32                             |
| Book value<br>per share | Before distribution                                |                     |      | 14.44  | 13.53        | 14.03                             |
|                         | After distribution                                 |                     |      | 13.51  | 12.62 (Note) | —                                 |
| Earnings per<br>share   | Weighted average number of shares (million shares) |                     |      | 11,271 | 11,384       | 11,384                            |
|                         | Stock dividend                                     | Before distribution |      | 1.44   | 1.40         | 0.27                              |
|                         |                                                    | After distribution  |      | 1.39   | 1.37 (Note)  | —                                 |
| Dividend per<br>share   | Cash dividend                                      |                     |      | 0.80   | 0.60 (Note)  | —                                 |
|                         | Stock dividend                                     | Earnings            |      | 0.10   | 0.20 (Note)  | —                                 |
|                         |                                                    | Capital reserves    |      | —      | —            | —                                 |
|                         | Dividend in arrears                                |                     |      | —      | —            | —                                 |
| ROI analysis            | Annual average price/Earnings per share            |                     |      | 9.40   | 12.26        | 10.69                             |
|                         | Annual average price/Cash dividend per share       |                     |      | 16.91  | 28.62        | —                                 |
|                         | Cash dividend yield (%)                            |                     |      | 5.91%  | 3.49%        | —                                 |

Note: the Company's 2022 earnings distribution plan will be approved by the Board of Directors on March 24, 2023; pending approval at shareholders' meeting.



## (VI) Dividend Policy & Implementation

### A. Dividend Policy

The Company adopts a residual dividend policy for continuing expansion and increasing profitability.

If there is a surplus in the Company's year-end settlement, it should first make up the losses of previous years and pay taxes according to law, set aside the statutory surplus reserve, and set aside the special surplus reserve or reverse the special surplus reserve according to laws and regulations, then give priority to the remaining balance. The accumulated undistributed special shares and the balance after the current year's dividends (hereinafter referred to as the current year's earnings) plus the initial undistributed earnings will be used as distributable earnings, and no less than 30% of the current year's earnings will be allocated as ordinary shares. Dividend distribution shall be drawn up by the Board of Directors and submitted to the Shareholders' Meeting for approval.

When the statutory surplus reserve referred to in the preceding paragraph has reached the total paid-in capital, the provision of the statutory surplus reserve may be exempted; in addition, if the Company has other net deductions of equity accumulated in the previous period, it shall withdraw the same amount of special reserve from the undistributed surplus of the previous period. If the surplus reserve is still insufficient, the amount included in the undistributed surplus of the current period from the current after-tax net profit plus items other than the current after-tax net profit is set aside as a special surplus reserve.

In accordance with the Company's business plan, the principle is to distribute share dividends to retain a necessary amount of capital, and the excess may be distributed in cash dividends. Cash dividends may not be less than 10% of the total dividends to be distributed for the current year.

### B. Proposed Dividends for Approval at the Forthcoming Shareholders' Meeting

Taking the progress, capital expenditure, cash flows, financial structure, and impact of dividend distribution on the diluted surplus of different long term investments into consideration, it is proposed that NT\$7,280.26 million will be distributed as cash dividends and NT\$2,426.75million will be distributed as stock dividends.

## (VII) The Impact on Stock Dividend Issuance on Business Performance and EPS

The Company has issued no official guidance for 2023, thus this item is not applicable.

## (VIII) Compensation of Employees and Directors

### A. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's articles of incorporation.

In the case where this Company has made profit in the current year, this Company shall allocate one per ten thousand (1/10000) of profit made in the current year distributable as employees' compensation, and not exceeding one percent (1%) of profits made in the same year distributable as compensation to directors. However, the Company's accumulated losses shall have been covered.

This Company shall distribute director compensation in cash. Employees compensation may be distributed in cash or in the form of shares. Employees eligible for compensation include employees of the Company and subsidiaries who meet the criteria set forth by the board of directors. The distribution ratio of compensation of directors and the distribution form and ratio of employees' compensation shall be approved by a resolution adopted by a majority vote at a meeting of



board of directors attended by two-thirds of the total number of directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

This Company shall cover its accumulated losses with the profit made in the current year (i.e., pre-tax profit deducting profit distributable as compensation of employees and directors) prior to assessing compensation for its employees and directors.

**B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.**

1. The basis for the estimation of possible amount for payout as compensation to employees and directors is per the Articles of Incorporation and experience.
2. In case of any variation between the basis for the calculation of shares for release as stock dividends and the actual amount paid out, the accounting shall be based on the changes in the accounting estimate and book entry in the year of the Annual General Shareholders' Meeting after adjustments.

**C. Information on any approval by the board of directors of distribution of compensation**

1. Compensation to employees and directors: Compensation to employees and directors amounted to NT\$2 million and NT\$36 million respectively.
2. Percentage of employees' remuneration paid in shares, relative to after-tax profit and total employees' remuneration, as shown in standalone financial statements: None; 0%.

**D. Remuneration of employees and directors in the previous year**

The corporate earnings in last year for compensation to the employees and directors were paid out as planned. Compensation to employees and directors: Compensation to employees and directors amounted to NT\$2 million and NT\$36 million respectively.

**(IX) Buy-back of Company Shares**

The Company did not undertake any buyback during the most recent fiscal year and up to the date of publication of this annual report.



## II. Issuance of Corporate Bonds

| Corporate bond category                                                                                                                                               |                                                                                                                                                                 | 2021 1st unsecured corporate bond                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Issuance date                                                                                                                                                         |                                                                                                                                                                 | October 21, 2021                                                                          |
| Face value                                                                                                                                                            |                                                                                                                                                                 | NT\$ 10 million                                                                           |
| Place of issuance and trade                                                                                                                                           |                                                                                                                                                                 | R.O.C.                                                                                    |
| Issuance price                                                                                                                                                        |                                                                                                                                                                 | At 100% of face value                                                                     |
| Total issuance amount                                                                                                                                                 |                                                                                                                                                                 | NT\$ 5 billion                                                                            |
| Coupon rate                                                                                                                                                           |                                                                                                                                                                 | Fixed at 0.56% per annum                                                                  |
| Tenor                                                                                                                                                                 |                                                                                                                                                                 | 5 years Maturity date: October 21, 2026                                                   |
| Seniority                                                                                                                                                             |                                                                                                                                                                 | Senior                                                                                    |
| Guarantor                                                                                                                                                             |                                                                                                                                                                 | NA                                                                                        |
| Trustee                                                                                                                                                               |                                                                                                                                                                 | Taishin International Bank                                                                |
| Underwriter                                                                                                                                                           |                                                                                                                                                                 | SinoPac Securities Corp. and Bank SinoPac                                                 |
| Certifying lawyer                                                                                                                                                     |                                                                                                                                                                 | Kuo-Hui CHI                                                                               |
| Certifying accountant                                                                                                                                                 |                                                                                                                                                                 | Mei-Hui WU                                                                                |
| Method of repayment                                                                                                                                                   |                                                                                                                                                                 | Bullet repayment at maturity                                                              |
| Outstanding balance                                                                                                                                                   |                                                                                                                                                                 | NT\$ 5 billion                                                                            |
| Terms and conditions for early redemption or repayment                                                                                                                |                                                                                                                                                                 | None                                                                                      |
| Restrictive clauses                                                                                                                                                   |                                                                                                                                                                 | None                                                                                      |
| Included as eligible capital                                                                                                                                          |                                                                                                                                                                 | No                                                                                        |
| Ratings agency, date of rating, and rating awarded                                                                                                                    |                                                                                                                                                                 | Taiwan Ratings Corp.; August 19, 2021; Issuer rating:twA+/stable/twA-1<br>Bond rating: NA |
| Other rights                                                                                                                                                          | Amount of ordinary shares, global depository receipts, or other securities converted (exchanged or subscribed) up to the publication date of this annual report | None                                                                                      |
|                                                                                                                                                                       | Issuance and conversion (exchange or subscription) terms                                                                                                        | NA                                                                                        |
| Possible dilution of equity and impact on equity of existing shareholders due to subscription or issuance terms of issuance, conversion and exchange of corporate bon |                                                                                                                                                                 | None                                                                                      |
| Custodian of exchanged assets                                                                                                                                         |                                                                                                                                                                 | NA                                                                                        |

| Corporate bond category                                                                                                                                               |                                                                                                                                                                 | 2020 1st unsecured corporate bond                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Issuance date                                                                                                                                                         |                                                                                                                                                                 | January 15, 2020                                                                           |
| Face value                                                                                                                                                            |                                                                                                                                                                 | NT\$ 10 million                                                                            |
| Place of issuance and trade                                                                                                                                           |                                                                                                                                                                 | R.O.C.                                                                                     |
| Issuance price                                                                                                                                                        |                                                                                                                                                                 | At 100% of face value                                                                      |
| Total issuance amount                                                                                                                                                 |                                                                                                                                                                 | NT\$ 5 billion                                                                             |
| Coupon rate                                                                                                                                                           |                                                                                                                                                                 | Fixed at 0.79% per annum                                                                   |
| Tenor                                                                                                                                                                 |                                                                                                                                                                 | 5 years Maturity date: January 15, 2025                                                    |
| Seniority                                                                                                                                                             |                                                                                                                                                                 | Senior                                                                                     |
| Guarantor                                                                                                                                                             |                                                                                                                                                                 | NA                                                                                         |
| Trustee                                                                                                                                                               |                                                                                                                                                                 | Taishin International Bank                                                                 |
| Underwriter                                                                                                                                                           |                                                                                                                                                                 | SinoPac Securities Corp. and Bank SinoPac                                                  |
| Certifying lawyer                                                                                                                                                     |                                                                                                                                                                 | Kuo-Hui CHI                                                                                |
| Certifying accountant                                                                                                                                                 |                                                                                                                                                                 | Jessie Wu                                                                                  |
| Method of repayment                                                                                                                                                   |                                                                                                                                                                 | Bullet repayment at maturity                                                               |
| Outstanding balance                                                                                                                                                   |                                                                                                                                                                 | NT\$ 5 billion                                                                             |
| Terms and conditions for early redemption or repayment                                                                                                                |                                                                                                                                                                 | None                                                                                       |
| Restrictive clauses                                                                                                                                                   |                                                                                                                                                                 | None                                                                                       |
| Included as eligible capital                                                                                                                                          |                                                                                                                                                                 | No                                                                                         |
| Ratings agency, date of rating, and rating awarded                                                                                                                    |                                                                                                                                                                 | Taiwan Ratings Corp.; August 16, 2019; Issuer rating: twA+/stable/twA-1<br>Bond rating: NA |
| Other rights                                                                                                                                                          | Amount of ordinary shares, global depository receipts, or other securities converted (exchanged or subscribed) up to the publication date of this annual report | None                                                                                       |
|                                                                                                                                                                       | Issuance and conversion (exchange or subscription) terms                                                                                                        | NA                                                                                         |
| Possible dilution of equity and impact on equity of existing shareholders due to subscription or issuance terms of issuance, conversion and exchange of corporate bon |                                                                                                                                                                 | None                                                                                       |
| Custodian of exchanged assets                                                                                                                                         |                                                                                                                                                                 | NA                                                                                         |



### III. Issuance of Preferred Shares

| Status of Private Placement of Class A Preferred Shares |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Item                                                    | Issue Date<br>Issue date: 2009/06/30<br>(Approved at the 2008/6/6 shareholders' meeting, and obtained regulatory approval by the FSC in letter number 1010058323 on December 28, 2012)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Face value                                              | NT\$10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Issuance price                                          | NT\$6 per share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Number of shares                                        | 70 million shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Total issuance amount                                   | NT\$420 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Rights & Obligation                                     | <p>Dividend and bonus distribution</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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 1 above.</li> <li>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.</li> </ol> |
|                                                         | <p>Distribution of residual assets</p> <p>For the distribution of the Company's residual assets, preference is given to preferred Class A shareholders instead of common shareholders and preferred Class B shareholders, with the amount not exceeding the offering amount and accrued dividends payable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                         | <p>Exercise of voting rights</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                         | <p>Other</p> <p>If new shares are issued, preferred Class A shareholders have the preferential right of subscription.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| Issue Date                                                                                    |                                                                              | Issue date: 2009/06/30<br>(Approved at the 2008/6/6 shareholders' meeting, and obtained regulatory approval by the FSC in letter number 1010058323 on December 28, 2012)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                           |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Item                                                                                          |                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                           |
| Outstanding preferred stock                                                                   | Shares called or converted                                                   | 60,000,000 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                           |
|                                                                                               | Remaining shares not called or not converted                                 | 10,000,000 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                           |
|                                                                                               | Terms of recall or conversion                                                | <p>1. 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.</p> <p>2. 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.</p> |                                           |
| Market price per share (Note)                                                                 | 2020                                                                         | Highest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               |                                                                              | Lowest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | NA                                        |
|                                                                                               |                                                                              | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               | 2021                                                                         | Highest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               |                                                                              | Lowest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | NA                                        |
|                                                                                               |                                                                              | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               | 2022                                                                         | Highest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               |                                                                              | Lowest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | NA                                        |
|                                                                                               |                                                                              | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               | From 2023/1/1 to 2023/2/28                                                   | Highest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
|                                                                                               |                                                                              | Lowest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | NA                                        |
|                                                                                               |                                                                              | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | NA                                        |
| Other rights                                                                                  | Converted or subscribed amount as of the printing date of this annual report |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 60,000,000 shares                         |
|                                                                                               | Terms and conditions for offering, conversion or share subscription          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Please refer to Articles of Incorporation |
| Terms impact on equity of preferred shares shareholders, likely diluted situations and equity |                                                                              | As of December 31, 2022, 10 million preferred shares have not been converted into common shares, which had minimal impact on the dilution of shareholders' equity compared to 11,384 million ordinary shares outstanding.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                           |

Note: Class A Preferred Shares are not listed, market price per share is not applicable.



#### IV. Issuance of Depositary Receipts

None.

#### V. Employee Stock Options and Restricted Employee Shares

None.

#### VI. Mergers with or Acquisitions of Other Financial Institutions

(I) Mergers with or acquisitions of other financial institutions during the most recent fiscal year:

None.

(II) Mergers with or acquisitions of other financial institutions over the most recent five fiscal years:

None.

(III) Issuance of new shares for mergers with or acquisitions of other financial institutions during the most recent fiscal year and as of the date of publication of this annual report:

None.

#### VII. Capital Utilization Plans and Execution Status

##### (I) Capital Utilization Plans

As of the quarter preceding the publication date of this annual report, the Company has obtained an effective declaration letter for the cash capital increase and issuance of 750,000,000 new ordinary shares on December 27, 2022, and set the issue price per share on January 31, 2023 at NT\$15. It is estimated that the full stock payment will be received on March 15, 2023, and the total amount raised will be NT\$11.25 billion. The fund use plan is to (1) transfer to the subsidiary Bank SinoPac an amount of NT\$10 billion and (2) enrich working capital by an amount of NT\$1.25 billion. Except as mentioned above, the Company has no previous issuance or private placement of securities that has not been completed or has been completed within the last three years with the planned benefits having not yet manifested.

##### (II) Implementation status

The cash capital increase project mentioned above was completed as of the quarter preceding the annual report publication date. Since the fundraising has not been completed, the fund utilization plan has not yet been implemented.

# Overview of Business Operation

## I. Business Activities

### A. SinoPac Holdings

#### (I) Scope of Business

##### 1. Business Overview

In accordance with the Financial Holding Company Act, SinoPac Holdings may invest in financial holding companies, banking, bills finance, credit cards, trust, insurance, securities, futures, venture capital, overseas financial institutions as approved by regulators for investments, other finance-related businesses as recognized by regulators, and other nonfinance-related ventures as permitted by law for investments, as well as may manage investee companies.

##### 2. Revenue Breakdown

| Total Revenue and Revenue Breakdown over Recent Two Years: |        |            |        | Unit : NT\$ million |
|------------------------------------------------------------|--------|------------|--------|---------------------|
| Business Segment                                           | 2021   |            | 2022   |                     |
|                                                            | Amount | Percentage | Amount | Percentage          |
| Banking                                                    | 30,714 | 67.20%     | 36,729 | 77.74%              |
| Securities                                                 | 13,977 | 30.58%     | 9,482  | 20.07%              |
| Other                                                      | 1,012  | 2.22%      | 1,035  | 2.19%               |
| Total                                                      | 45,703 | 100.00%    | 47,246 | 100.00%             |

##### 3. Products and Services in Development

SinoPac Holdings will continue to strengthen its management of investee companies and supervise subsidiaries to actively expand customer demand-oriented businesses relating to corporate banking, consumer banking, and wealth management. Through improvements of existing products, implementation of digital finance, and development of new products and services, SinoPac Holdings will further expand its customer base, strengthen its capacity for risk management, and maximize its profits under an adequate risk management framework.

#### (II) Overview of the Financial Holding Industry

##### 1. Current Industry Conditions

At the beginning of 2022, the outbreak of the Russia-Ukraine War and the rising price of raw materials led to a sharp increase in global inflationary pressure. With the strong interest rate increase by the Federal Reserve, the withdrawal of funds from the capital market was accelerated, leading to extreme fluctuations in the global stock, securities, and forex markets in 2022. Taiwanese stocks were also impacted, resulting in a significant decline in investment income for the financial industry compared with the previous year. With continuous interest rate increases, the 10-year yield of US Treasury bonds soared to 4.33%, the highest since the financial crisis of 2008, while the bond price fell, causing huge evaluation losses on the books of life insurance companies and triggering a net worth crisis in the life insurance industry. In addition, May saw Taiwan struck by an outbreak of Covid, with the number of confirmed domestic cases soaring, exceeding 90,000 at one point. As a result, claims against pandemic policies reached NT\$211.6 billion. Many non-life insurance companies were faced with their biggest operating losses in recent years, which also dragged down the profit performance of financial holdings companies with non-life insurance subsidiaries. Compared with 2021, the profit of domestic financial holdings companies





declined by about 50%, and the profit of most such companies shrank significantly compared with the same period of last year. From 2020 to 2022, the after-tax profits of the overall financial holdings industry were NT\$376.8 billion, NT\$562.3 billion, and NT\$283.2 billion (according to self-assessed figures), with annual growth rates of 7%, 46%, and -50% respectively. The reasons for the decreased profitability of the financial holding industry as a whole in 2022 are explained as follows: (1) In 2021, the base period of investment income was relatively high. In 2022, with the capital markets shaken, capital gains declined sharply; (2) Compensation for pandemic insurance policies from non-life insurance subsidiaries caused huge losses, dragging down the profits of financial holdings companies.

In the banking sector, 2022 saw strong demand for domestic mortgages and pandemic bail-out loans. The demand for enterprise funds rebounded after the pandemic eased, and both personal and enterprise loans maintained a degree of growth momentum. Bank lending thus showed single-digit annual growth. As for interest rates, global inflation intensified in 2022, and the Federal Reserve quickly raised interest rates by 4.25%, and the Central Bank followed suit by raising interest rates by 0.625%. The rediscount rate reached 1.75%, which is beneficial to bank spread gradually growing in a cycle of interest rate increases. As regards asset quality, the loan asset quality of domestic banks continued to turn better in 2021, where the non-performing loan ratio decreased slightly from 0.17% at the end of 2021 to 0.15% at the end of 2022, which was still at a healthy level, while the non-performing loan coverage ratio rose from 776% to 910%. In 2022, domestic banks posted a record pre-tax profit of NT\$391.9 billion, a 16.29% increase from NT\$337 billion in 2021.

In the securities industry, due to the monetary austerity policies implemented by central banks in various countries and influenced by capital withdrawal from the capital markets, the weighted index of Taiwan stocks dropped from 18,218 points at the end of 2021 to 14,138 points at the end of 2022, a drop of 4,080 points or 22% across the year, resulting in a decline of 102% and 54% in direct proprietorships and underwriting businesses respectively compared with the same period the previous year. In terms of transaction volume, the average daily transaction volume of the listed OTC market in 2022 was NT\$305.2 billion, a significant decrease of 36% compared with NT\$477.8 billion in 2021. As a result, the brokerage business declined by about 37% compared with the same period the previous year. Direct proprietorship, underwriting, and brokerage businesses were comprehensively impacted, and the after-tax profits of all securities firms dropped sharply from NT\$105.4 billion in 2021 to NT\$38.7 billion in 2022, an annual decrease of 63%.

As for the life insurance industry, statistics provided by the Life Insurance Association of the Republic of China (LIAROC) showed that life insurance companies received a total of NT\$2.33 trillion in insurance premiums in 2022, a 21% decrease from NT\$2.97 trillion in 2021. Looking at profit, in 2022, the central banks of various countries successively implemented monetary austerity policies, impacting the global stock and bond markets. The net profit after tax of the life insurance industry in 2022 was NT\$171.9 billion, which was nearly 56% lower than the 2021 net profit after tax of NT\$388.5 billion. In terms of net worth, with the Federal Reserve implementing a strong pace of interest rate increases this year, yields on US government bonds soared by more than 4% at one point. The decline in bond prices has caused huge evaluation losses to bond investment positions originally accounted for and measured at FVTOCI. As a result, the net value of life insurance companies fell sharply, and a "reclassification of financial assets" was offered by the FSC, which enabled life insurance companies to change

their business models under certain conditions and transfer their investment positions to the subject measured by amortized costs so as to temporarily solve the crisis of net worth in life insurance industry. To sum up, the net worth of the life insurance industry decreased from NT\$2.72 trillion at the end of 2021 to NT\$1.59 trillion at the end of 2022, a decrease of nearly 42%.

## 2. Future Development of the Financial Holding Industry

Currently, there are too many financial institutions in Taiwan. In addition to domestic mergers and acquisitions, the main focus of the financial holding industry is to develop new markets overseas and implement supervision in line with international standards. As Southeast Asia has the advantage of demographic dividend, it is targeted as the primary overseas market by domestic financial institutions. On the whole, the future development of the financial holdings industry can be observed through five aspects: (1) the development of financial technology; (2) overseas deployment of financial holdings; (3) financial supervision in line with international standards; (4) trends toward consolidation of financial holdings; and (5) sustainable finance.

Technological developments and the loosening of regulatory oversight are driving the advent of the era of digital finance. The financial industry is developing financial technology to boost competitiveness, and the pandemic has thoroughly changed people's lives and the overall economic environment. For example, a pattern of no-contact consumption has taken shape, and the development of technologies such as mobile payment and financial management bots has made it necessary for traditional banks to accelerate their digital transformations to meet people's needs for diverse financial services and create long-term value for society.

Because the spread in overseas markets is better than that in domestic markets, overseas presence has always been a focus of Taiwanese banks' active expansion of corporate financial business. By the end of 2022, Taiwanese banks have established a total of 639 branch locations (including subsidiary branches and offices) in Asia-Pacific, Europe, North America, Central and South America, and South Africa. Although China is still the number two country for overseas expansion efforts by Taiwanese banks, with the outbreak of the US-China trade war and the COVID-19 pandemic, Taiwanese banks have turned cautious about investment and credit granting in China. Since 2018, no Taiwanese bank has applied to the FSC to set up a location on China, turning their focus instead to other regions, especially the Southeast Asian countries that are the focus of the government's "New Southbound Policy." In the future, with encouragement from the competent authorities and those authorities' relaxation of relevant regulations, it is expected that the domestic financial industry will accelerate its outward expansion, facilitating the development of overseas profit channels.

To enhance the risk-taking ability and competitiveness of Taiwanese banks in the global arena, the FSC will keep abreast of the international trends in regulatory reform and economic and dynamics and take necessary measures in line with international standards to stay financially resilient. Also, the FSC expects to sign memoranda of understanding on financial supervision and technology cooperation with other countries and participate in financial conferences and consultations at the international level in hopes of strengthening international connections and protecting national interests. In addition, considering the supervision, safety, and benefits of capital utilization, the FSC will allow more ways for insurance companies to invest their funds efficiently in response to international trends; in addition, the FSC will continue to review and amend laws and regulations on



the capital utilization of insurance companies and help prime insurance companies for the implementation of IFRS17 Insurance Contracts.

As of the end of 2022, there were 15 financial holding companies and 39 domestic banks in Taiwan. As a result of there being too many financial institutions domestically, market competition was fierce, the interest rate spread between deposits and loans narrowed, and return on assets (ROA) and return on equity (ROE) could not be effectively boosted. In terms of business development, the scale and visibility of domestic banks are still considerably small as compared with international and regional banks, and so domestic banks are rather constrained in the solicitation of international syndicated loans. Thus, the integration of resources of domestic financial institutions will significantly contribute to the expansion of international presence by financial holding companies in Taiwan. As international financial regulations become stricter, large banks enjoy economic benefits in the installation of compliance systems and staffing of compliance personnel. In a situation where costs and expenses are expected to rise, domestic banks' demand for consolidation will gradually surface, which is beneficial to improving the excessive competition and enhancing the overall profitability.

In September 2022, the FSC launched the Green Finance Action Plan 3.0, which covers five major priorities, including promoting carbon inventory and climate risk management in financial institutions, developing guidelines for identifying sustainable economic activities, promoting the integration of ESG and climate-related information, strengthening professional training in sustainable finance, and working together to build a net zero consensus. This shows that the overall financial market and industry are paying more and more attention to sustainable development and climate change, and continue to promote net zero transition. As a bellwether, the financial industry plays a key role in driving green carbon-reducing investment. The question of how the industry should use its influence to guide funds to assist social and enterprise transition is also a core focus of the financial industry going into the future.

### (III) Research and Development

#### 1. Expenditures on Research and Development

Please refer to the subsidiaries' expenditure on research and development.

#### 2. Results of Research and Development

##### (1) Applications of Artificial Intelligence (AI) Technology

- **Business & Marketing:** Mapping out unique "marketing genomes" for each customer and providing personalized product recommendations. Boosting marketing success rates by better understanding the potential motivations of customers. The average number of credit grant cases in a single month has increased by nearly 70% compared to the previous score without the use of artificial intelligence; The number of exchange transactions has nearly tripled.
- **Processes & Operations:** Focused on the development of document identification and process automation technology, aiming to reduce errors and improve both personnel and operational efficiency in large amounts of paperwork. With regard to bill identification, this has solved the problem of peak days having a workload five times the usual; The former centralized bill scanning process has been transformed and streamlined into a decentralized process. After being awarded a utility model patent for our Image Recognition System in 2021, in 2022 we received an invention patent for the same.

- **Risks & Decisions:** Breaking through the old ways of collecting data through rigid rules, adding more data through a systematic approach and producing reference material for decision-making through a more scientific means. The Smart Credit Card Theft Detection Model built by the AI Technology Team enters the relevant characteristics of each transaction into the Credit Card Theft Detection API (Application Programming Interface), improving the accuracy of credit card forgery risk identification and saving 60% on manual processing of credit card irregularities and forgeries.

(2) Holdings 360 Customer View Database

With the increasing demand for fintech innovation, we have developed a single-customer-centric, cross-subsidiary all-in-one database for FHC customers, setting down a foundation for follow-up integrated analysis and operations. Analysts with SinoPac Holdings and its subsidiaries can apply for authorization to make effective use within the scope and purpose of the data to provide decision-makers with timely information on the operating indicators such as the status of shared FHC customers, commodity holdings, revenue contributions, and assets in inventory, thus enabling decision-makers and management to stay on top of customer and operational results.

(3) Robotic Process Application (RPA)

RPA is being implemented in three stages, from experimental evaluation, through establishment and guidance, to final integration and implemented smartification. To address the tedious operation process faced by front-line personnel and improve the digital capability of all employees, more than 180 processes have been launched in Bank SinoPac, SinoPac Securities, SinoPac SITC, and other subsidiaries. In 2022, non-specialist use of RPA was put into development, giving employees with ideas the ability to realize them through automation, facilitating the synergistic deployment of RPA.

(4) Open Data Cloud Platform- Crawler Portal

The construction of a multi-cloud experience environment is being completed, speeding up the implementation of conceptual verification experiments and integrating server-free cloud-based technology to establish SinoPac's first cloud service public data platform. Making good use of crawlers and providing rich, diverse, and easy-to-use cloud-based public data application services, this enables our staff to collect and use business data more effectively. At present, the platform has completed the supply of more than 150 external public data sets, including government public data, overall economic data, and data on financial commodities.

(5) Industry-Academia Collaboration Project

- **Industry-Academia Collaboration Project with National Cheng Kung University:** To actively develop digital finance and continuously focus on the application and development of AI technology, the second and third years of Phase 2, oriented around the three core principles of new technology, new architecture, and new business models, will focus on five major aspects: customer group management, business decision-making, operational efficiency, business development, and talent cultivation. Along the way, we will strive to create new cultivation options and media to accelerate industrial innovation.

|                           |                                                     |                                                                                                                                                                                                         |
|---------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Group Management | AI Exchange Rate Forecasts                          | Using models to estimate future foreign exchange rate ranges will help traders judge the market trend and serve as a reference for trading at reasonable prices.                                        |
|                           | Explainable Personalized Fund Recommendation System | The recommendation system, constructed with an AI model and various machine learning algorithms, can help telemarketing colleagues provide users with suitable fund targets through targeted marketing. |



|                           |                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Group Management | Accurate Marketing to Electronic Bills Customers                                                                                                 | Using AI, we can uncover potential users of electronic bills, improve click-through rate and purchase rate, and recommend different types of existing bill products (of an experimental nature) to realize the cross-selling of products. In addition, through the analysis of credit card consumption data, the richness of electronic bill products can be enhanced.                                               |
|                           | Research on Financial Innovation Application Service Scenarios based on External Data Sources and Development and Maintenance of Network Crawler | Integrating academic and industry resources, applying AI and fintech, assisting in moving early crawlers to the "crawler house," and assisting in developing new crawlers of external data sources to enrich the data collections of "crawler house" platform, along with proposing feasible innovative fintech application scenarios or services, will be the cornerstone of SinoPac's related business transition. |
| Business Decision-Making  | Assistance in Decision-Making around Smart Inventory of Cash, Regional Coordination and Transportation                                           | By optimizing overall regional scheduling decision-making, we can achieve the best amount of cash on hand, improving the efficiency of transportation and restocking operations, reducing the number of transportation and restocking operations and minimizing overstock of cash, saving administrative costs, and improving fund utilization rate.                                                                 |
| Operational Efficiency    | Natural Person Deposit Account Suitability Analysis Model                                                                                        | Faced with a rising tide of AML-CFT efforts, a clustering model has been established using sample learning method and used to calculate customer scores in four aspects to look for irregularities and find customers who are potential money laundering risks, so as to reduce verification costs and time costs of Know Your Customer (KYC) efforts.                                                               |
| Business Development      | Campus Future Finance Experiment Project (Year 2)                                                                                                | Following the developmental achievements of the first year and its tapping into develop in an on-campus group outside of the students: the faculty and staff. At the same time, based on the needs and pain points of school administration and cash flow procedures, we put forward cash flow development solutions and finance-derived business opportunities.                                                     |
| Talent Cultivation        | Virtual Platform for Protecting Financial Information Security from Attack                                                                       | By handling the Capture The Flag (CTF) and information security education and training, we will deepen the application of information security knowledge and the ability to discover and repairing vulnerabilities among colleagues in Bank SinoPac's IT Department, enhancing knowledge of information security threat protection.                                                                                  |
|                           | AI Talent Cultivation Program                                                                                                                    | Enhancing the capabilities of our IT Office staff with emerging technologies, we are cultivating the first batch of SinoPac staff with AI skills to serve as seed members, aiming to eventually produce AI solutions that can be applied to the bank.                                                                                                                                                                |

SinoPac has been working with the Department of Computer Science and Information Engineering and the Department of Finance in National Cheng Kung University to establish an Industry-Academia Cooperation Project since 2021. The first class of students has completed their summer internship in 2022 and is expected to graduate in June 2023. Through the project, we aim to cultivate cross-disciplinary professionals in the fields of finance and information technology, and to arrange employment after graduation to attract outstanding students to join SinoPac.

- Soochow University Financial Innovation Industry-Academia Cooperation Project: The first phase plans three major aspects, including financial ecosystem investigation, a fintech forum, and the cultivation of a new generation of fintech talent. Through the "Innovation and Practice Platform", we hope to strike up a conversation with the young generation, cultivate more cross-disciplinary talents, and enhance the knowledge and skills of employees in the field of financial technology.

|                                                       |                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Ecosystem Investigation                     | Delving into the needs and opportunities of customers and industries in the ecosystem, combined with cross-disciplinary research capacity to produce research reports on specific customer segments.                                                                                                                                                           |
| Fintech Forum                                         | Holding four offline forums: "From NFT to meta-universe of innovation", "2022 Fintech Development Trend", "Sustainable Fintech and Sustainable Environment Development", and "Fintech Transformation and Innovation".                                                                                                                                          |
| The Cultivation of a New Generation of Fintech Talent | We offered courses and workshops on digital issues and have obtained the authorization of Soochow University's digital-related courses to strengthen our colleagues' cross-disciplinary knowledge in financial technology. We also arranged company visits and internship programs to help students and teachers better understand fintech business practices. |

#### (6) Taiwan Intellectual Property Management System (TIPS)

- Following the introduction of the digital patent management system in 2020 and passing the A-level certification, SinoPac has become the first financial holdings group that has passed certification throughout the Company to strengthen IP management. In 2021, we applied to the Institute for Information Industry for a second TIPS (Grade A) certification, with certification scope was expanded to include patents and trademarks. In 2022, we once again passed the TIPS sampling procedure.
- While investing in AI applications to help subsidiaries reduce labor costs and maximize resource utilization, SinoPac Holdings continued to apply for patents on the results of research and development, among which the "Image Recognition System and Method" and "Branch Location Selection Method and Device" have been granted invention patents. We also have a number of Taiwan and overseas patents under review.

#### (7) Establishing a Financial Holdings Data Sharing Management System

To improve customer convenience, strengthen risk control, and promote cross-industry cooperation, the Company and its subsidiaries have established a full financial holdings data sharing management system in compliance with the FSC's guidelines for data sharing among financial institutions. In addition to formulating the measures for data sharing between the Company and its subsidiaries, relevant risk control mechanisms have also been established for various data sharing businesses, so as to maintain effective control over the risks involved in transmission of customer data between the Company and its subsidiaries, safeguarding the rights and interests of our customers.





#### (8) Hold Campus Business Hackathon

The Company, together with the National Chengchi University Global Research & Industry Alliance, jointly held the Campus Business Hackathon, exploring five major elements: digital finance, retail finance, payment finance, green finance, and investment & financial management. Through this event, we aimed to showcase students' practical creativity and vitality and stimulate the innovative thinking potential of a new generation by having them participate in a business competition.

#### (9) Participation in the FinTech Taipei 2022

The Company and its subsidiaries Bank SinoPac and SinoPac Securities jointly demonstrated a multifaceted digital financial experience with "More Fintech More Different!", subverting what the public imagines when they think about financial services. The five highlights of FinTech Taipei 2022, in addition to the DAWHO digital account, SinoPac Stocks Saving Plans/DAWHO TOU App, and DACARD App consumers were already familiar with, included Bank SinoPac's first presentation of its "AI Smart Image Recognition," inviting people to fill in check contents on the spot and witness for themselves the ability of AI to identify paper checks and display handwritten account names and amounts (whether in Chinese or Arabic numbers) quickly and accurately. In addition, "suspended projection touch" technology was also innovatively introduced in the process to provide a novel contactless and interactive experience that is visible, intangible, but controllable. At the same time, to continue our launches of VIP-level services, the DAWHO digital membership card function made its debut this year, leading the industry in adopting Apple's emerging digital coupon technology, and on-site NFC scans could be exchanged for creative limited-edition gifts.

### 3. Future Research and Development Plans

#### (1) Applications of Artificial Intelligence (AI) Technology

- **Business & Marketing:** Vertically deepen applications at the business and sales level, while horizontally expanding the central platform structure driven by the "customer genome," provide more personalized services, recommendations, and care to create a better customer experience.
- **Risks & Decisions:** Complying with the comprehensive risk management mechanisms of the competent authority, we will continue to implement risk matters in the scope of risk management to address credit risk, market risk, and operational risk, and conduct inspection, analysis, and identification.
- **Technology & R&D:** Continuing to invest in AI R&D to stay abreast of the latest in scientific and technological developments, while also exploring the feasibility of a diverse array of fintech applications. In addition, we will carry out cross-organizational model development through our "joint learning" mechanism to avoid sharing confidential information and enhance the possibility of inter-industry/cross-industry cooperation.

#### (2) Data-Integrated Operations

- **Data Governance:** Through automated processes, the data assets of the FHC and our subsidiaries are integrated, establishing an effective management and sharing mechanism. At the same time, analytical talents are recruited, data citizens are trained, and the synergistic effect of data governance is brought into play.
- **Data Architecture and Processes:** Creating a visual data analysis platform and continuously supervising the maintenance system to accelerate the presentation of management indicators and reduce communication costs; Establishing a data verification mechanism, examining data flow, and ensuring the integrity of data imported to databases.
- **Information Services:** Planning data analysis and business opportunity insights and strategies with a focus on key objectives; Enhancing data-driven dynamism and providing constructive application decisions.

### (3) Intelligent Process Automation

Continuing to promote the penetration of RPA into all business units, gradually deepening the degree of automation, enhancing employees' interest in and ability to realize process automation, and combining OCR and AI technologies in a timely manner to move towards intelligent process automation and improve the penetration rate of departments' introduced applications.

### (4) Experimental Application of Cloud Services

Continuously utilizing established cloud environment to accelerate its experimental application to various workloads.

### (5) Digital Patent Management System

- SinoPac Holdings will continue optimizing the intellectual property management system and increasing employees' awareness through employee training to ensure the implementation of intellectual property management across the company.
- Protecting the results of research and development, adding value to group-wide digital applications, and providing assistance in patents for departments of SinoPac Holdings and subsidiaries.

### (6) Industry-Academia Collaboration Project

Continuing our abundant and long-time cooperation with the academic world, we will jointly study the application of emerging technologies to the financial industry. We hope that through cross-domain practical integration, we will be able to cultivate more talents with multidisciplinary thinking, improving our employees' knowledge and skills in the field of fintech and creating milestones in its development.

## (IV) Short-term and Long-term Business Development Plans

SinoPac Holdings continues to exercise its three major themes of "Supervision and Management," "Strategic Leadership," and "Realization of Synergy," and to promote the medium and long-term strategies in 2023, with the aim of enhancing shareholder value.

1. With regard to accelerating digital transformation, in addition to customer acquisition from digital channels, SinoPac Holdings will continue to focus on improving the digital penetration rate and customers activity, improving profits by strengthening our customer bases, and continuing to strengthen digital competitiveness through technology.
2. As for boosting overseas revenues and expanding our international presence, SinoPac Holdings will continue to strengthen cross-border services, build digital platforms with a strong sales team, and actively expand our local retail customer base.
3. When it comes to providing integrated services and optimizing customer experience, SinoPac Holdings will continue to work toward "One SinoPac," focusing on optimizing customer cross-subsidiary account opening and asset integration services, creating new advantages with comprehensively integrated services.
4. Regarding to exploring green opportunities and fulfilling sustainability commitments, SinoPac Holdings will continue to support the government's sustainable finance policy, expanding the scale of renewable energy financing, maintaining our position as a leading financier of solar photovoltaic power generation, and using a variety of financial instruments to assist the industry's transition to net zero. In addition, SinoPac Holdings plans to further improve the investment and financing exclusion policy for high-carbon emission industries, and continue to move towards the commitment as a business to net zero.





## B. Bank SinoPac

### (I) Scope of Business

#### 1. Business Overview

Bank SinoPac plans and draws up its business in accordance with the Banking Act and related regulations, what is stated in its business license, resources at its disposal, and the needs of the general public and corporate customers. Its scope of business contains general deposits and loans, trust, investment, foreign exchange, etc.

#### 2. Revenue Breakdown

| Deposit (Consolidated) |            |            |            | Unit : NT\$ million |
|------------------------|------------|------------|------------|---------------------|
| Items                  | 12/31/2021 |            | 12/31/2022 |                     |
|                        | Amount     | Percentage | Amount     | Percentage          |
| Demand Deposits        | 1,010,564  | 54.99%     | 1,007,841  | 50.28%              |
| Time Deposits          | 827,193    | 45.01%     | 996,616    | 49.72%              |
| Total                  | 1,837,757  | 100.00%    | 2,004,457  | 100.00%             |

| Loan (Consolidated)                         |            |            |            | Unit : NT\$ million |
|---------------------------------------------|------------|------------|------------|---------------------|
| Items                                       | 12/31/2021 |            | 12/31/2022 |                     |
|                                             | Amount     | Percentage | Amount     | Percentage          |
| Import and Export Negotiations              | 848        | 0.07%      | 881        | 0.07%               |
| Discounts and Overdrafts                    | 59         | -          | 37         | -                   |
| Accounts Receivable Financing               | 2,637      | 0.22%      | 1,545      | 0.12%               |
| Short-term Loans                            | 226,382    | 18.86%     | 251,294    | 18.75%              |
| Medium-term Loans                           | 406,287    | 33.84%     | 490,962    | 36.64%              |
| Long-term Loans                             | 563,218    | 46.91%     | 593,971    | 44.33%              |
| Non-performing Loans Transferred from Loans | 1,201      | 0.10%      | 1,257      | 0.09%               |
| Total                                       | 1,200,632  | 100.00%    | 1,339,947  | 100.00%             |

Note: Secured and unsecured loans/overdrafts are all included in each item above.

### 3. Main Business Overview

#### Corporate Banking

- (1) Acceptance of deposits from corporations of various kinds.
- (2) Provision of credit loan services for corporations, such as short-term working capital, mid-and-long-term loans, guarantee, and acceptance.
- (3) Domestic and international factoring.
- (4) Trade finance services, including foreign exchange payments and receipts for imports/exports, as well as guarantees for foreign currency payments.
- (5) International banking services offered to offshore corporations and individuals.
- (6) Providing corporate customers integrated cash management solutions, including corporate internet banking, receipts and payments of funds, current asset management and automated teller machine (ATM).

At the end of 2022, the outstanding balance of corporate loans was NT\$715.828 billion, of which some 35.62% was extended in foreign currencies, reflecting an increase in overseas lending by 16%. The volume of factoring was NT\$102.416 billion and the volume of foreign exchange was US\$357.383 billion, with both figures accounting for considerable market share in the banking industry in Taiwan. The outstanding balance of small and medium enterprise (SME) loans was NT\$303,079 million, ranking No. 4 among domestic private banks in terms of market share. In 2022, Bank SinoPac arranged 36 syndicated loans as the lead arranger and continued to provide enterprises mid-and-long-term funding sources and comprehensive financial products and services.

Bank SinoPac also continued to support the FSC's "Project for Strengthening Domestic Bank Lending to SMEs" policy and promote financial services for SMEs and cross-border business. Thanks to its efforts in promoting financing services for the green energy industry, Bank SinoPac was honored with a host of awards, including the "Best Green Finance Achievement Award" by Excellence magazine in September and the "Best Product Award" at the National Brand Yushan Awards-the trust mechanism for green electricity transfer transactions. In October, Bank SinoPac was also awarded the "COVID-19 Project Insurance Excellence Award" and "New Southbound Policy Nations Insurance Financing Growth Excellence Award" by the Overseas Credit Guarantee Fund and the "Top Solar Best Financial Service Provider Award" by the Bureau of Energy under the Ministry of Economic Affairs (R.O.C.). In December, it was honored with the "Banking Excellence Award for Credit for New Southbound Policy Target Nations," "Banking Excellence Award for Key Industry Startup Lending in Renewable Energy" by the FSC. Bank SinoPac continues to demonstrate our commitment to promoting green industry through financial services, and has thus become the only member of the financial industry to receive awards for such for seven consecutive years.

With the expansion of overseas presence, Bank SinoPac's corporate banking has already covered major areas where Taiwanese enterprises are concentrated. It provides integrated and cross-border services for customers. Through the Factors Chain International (FCI) platform and Factoring by Insurance (FBI) products, Bank SinoPac has effectively lowered the risk and cost of overseas operations in the factoring business. As Taiwanese enterprises expand outward in servicing a global supply chain, Bank SinoPac continues to provide professional and complete trade finance services. Not only has it played an important role in the financing supply chain of domestic banks, but it also has expanded the footprints of services worldwide.



### Retail Banking

- (1) Bank SinoPac provides retail banking secured loans and related products, including mortgage loans, car loans, second lien mortgage loans, securities-based loans, machinery-based loans, and other secured loans. Furthermore, Bank SinoPac provides customers with integrated services that meet individual demands for funds through the aforementioned products and based on market differences.
- (2) Providing consumer loans.
- (3) Issuing credit cards, providing cardholders revolving credit and installment plans for their unpaid balance, as well as offering cash advances.
- (4) Issuing debit cards and handling related matters.
- (5) Signing up merchants and acting as an agent that collects and pays credit card spending for merchants.
- (6) Acceptance of deposits from individuals of various kinds.

In terms of secured loans, in order to maintain the quality of assets, the primary goal of the mortgage loan business was to focus on the development of internal and external high-quality self-use customer segments. In 2022, Bank SinoPac combined FinTech development with the establishment of Online Applications 2.0 for new mortgage loans, enabling the automation of identification and eLoan filings, extending our customer acquisition model from To Customer to To Business to improve business process efficiency and satisfy customers' demands for funds on a full scale. Despite the COVID-19 pandemic, technology continued evolving rapidly in the past two years. Bank SinoPac has provided integrated credit loan services and optimized customer experience by accelerating and streamlining the digital application process and providing more comprehensive credit loan products to boost the ease with which customers can obtain the funds they need. The scale of credit card business at Bank SinoPac continued to grow as promotional efforts remained stable and various discount promotion activities were provided.

As of the end of 2022, the outstanding balance of mortgage loans was NT\$590.420 billion; the outstanding balances of car loans and other retail banking loans were NT\$7.025 billion and NT\$1.894 billion, respectively; while the outstanding balance of credit loans was NT\$32.785 billion; on the other hand, the number of circulated credit cards was 2.271 million and the overall credit card spending amount throughout the year was NT\$129.501 billion.

### Wealth Management

Bank SinoPac provides a wide array of products and services that meet the different needs of customers, including investment products, general trust and custody and affiliated businesses, as well as insurance, etc.

- (1) Investment products: Domestic and offshore mutual funds, bonds, ETFs, stocks and structured products.
- (2) General trust and custody and affiliated businesses: Acting as a custodian bank for securities investment trust funds, futures trust funds, domestic securities invested in by foreign institutional investors and foreign individual investors, collective investment accounts for overseas foreign and/or Mainland Chinese employees, discretionary investment accounts, and securities custody; offering employees benefit trust, real estate trust, securities trust, transaction payment security trust, advanced payment trust, charitable trust, insurance claims trust, eldercare trust; authentication for issuance of securities; acting as a trustee for issuance of bonds, etc.
- (3) Bancassurance: Bank SinoPac acts for the insurance products of property/life insurance companies, including endowment insurance, mortgage life insurance, protection insurance, and investment-linked policies as well as accidental injury insurance, residential fire and earthquake basic insurance, commercial insurance, automotive insurance and health insurance.

The sales volume of non-discretionary money trust investing on domestic and foreign securities by Bank SinoPac amounted to NT\$48,568 million throughout 2022, and the total of trust assets under management at the end of 2022 was NT\$141,312 million. The total outstanding amount of general trust business (including real estate trust, employees benefit trust, and securities trust) hit NT\$72,551 million at the end of 2022. In addition to acting as a custodian bank for securities investment trust enterprises and futures trust enterprises that issued onshore funds, Bank SinoPac also actively solicited custody businesses for exchange-traded funds (ETFs) and discretionary investment-oriented insurance policies. It had NT\$741,342 million of assets under management at the end of 2022 and collected NT\$21,186 million as insurance premiums for the bank assurance business, including NT\$973 million through SinoPac Securities, in the same year.

#### Financial Markets

- (1) Proprietary Trading: Foreign exchange, interest rates, equity securities, derivatives trading, etc.
- (2) Treasury Marketing Unit (TMU): Providing customers with optimal hedging strategies, trading ideas, comprehensive solutions, and market color and engaging in foreign bond trading and repurchase agreements.
- (3) Engaging in underwriting of securities and bills finance.

Bank SinoPac actively participated in various financial transactions in Taiwan and Asian markets. The well-established and comprehensive trading platforms for foreign exchange, interest rate products, equity securities, and derivatives, with the more concentrated derivatives on the Taiwan Futures Exchange among the first batch of settlement members for the settlement business, making it among the key traders among banks in the Asia-Pacific region. Meanwhile, Bank SinoPac actively pushed for organization-wide digital transformation, built program trading and AI modules, and developed its core digital capabilities in a wide range of financial market operations and financial engineering. To sum up its outstanding performance in various businesses, Bank SinoPac was honored with a series of awards in 2022, including three FX trading-related awards from an internationally renowned institution, Refinitiv, including the "Top 5 Trading Volume," "Top Asian NDF Entity," and "Top Asian NDF Trader." Furthermore, Bank SinoPac was named Champion in the "2022 NTD Interest Rate Swap Trading Platform Competition" by Taipei Exchange, highlighting the recognition Bank SinoPac has earned for its professionalism and devotion to financial products and services.

As for business development, in response to drastic changes in the market, Bank SinoPac provides customers with timely customized financial products and services that are most suitable for their market strategies, taking into account investment income and risk tolerance. To address the needs of its customers for FX hedging, Bank SinoPac, as one of the few Taiwanese banks licensed to participate in FX trading using the China Foreign Exchange Trade System (CFETS), achieved growth in RMB trading volume and broadened overall FX market share, thus effectively boosting its profitability. The efforts put in for strengthening the FX business have made Bank SinoPac a key market maker in Taiwan.

In order to adapt to external changes, TMU constantly enhances internal risk control and optimizes pre-settlement risk limit for trading financial product and KYC processes. Additionally, TMU effectively implements risk management and enhances training for sales personnel, with the purpose of maintaining sustainable relationships with customers.



### Digital Banking

- (1) Operating and managing digital banking platforms, including platform construction, function planning, customer experience design, and project execution for personal electronic banking, mobile banking, and overseas mobile banking, and building a new-generation data-run digital platform that is centered on user experience.
- (2) Formulating digital account development strategies, including customer acquisition and cross-selling, marketing, and digital lifestyle construction.
- (3) Formulating customer business development strategies, including boosting cross-selling, marketing, and establishment of personalized/automated systems.
- (4) Setting up a digital footprint platform and digital customer group database, establishing a personalized, real-time, automated platform and collecting data for analysis and calculation, service planning, and strategy execution.
- (5) Providing integrated digital payment solutions combining domestic and overseas, online and offline payment services through cross-border strategies to create a multi-faceted financial system.
- (6) Developing Open APIs and Partner APIs systems and services in five major areas, including corporate cash collection and payment, e-commerce payment, identity authentication, open banking (financial information), and bill payment service.

In response to the trends in digital and Internet-only banking, Bank SinoPac continued to deepen digital account services for DAWHO in 2022. At the end of 2022, the number of DAWHO accounts opened exceeded 1.34 million. In addition to integrating nine core products, namely deposits, credit cards, wealth management, mortgage loans, credit loans, pocket money, foreign exchange, US stocks, and securities, Bank SinoPac introduced FIDO identity authentication to its digital financial services. In addition, Bank SinoPac has partnered with National Cheng Kung University to build a precision marketing model using big data and machine learning. This industry-academia collaboration project aimed to provide customers with more extensive digital financial services in a data-driven approach. At the end of 2022 of DAWHO digital account, the NTD deposit balance increased 15% compared to the previous year, and the foreign currency deposit balance also increased 51% compared to the previous year, combined with the different foreign currency deposits and foreign exchange campaign pushing the foreign currency penetration rate further up by 15% year-on-year, ; financial AUM grew by 52%, and the loan balance was up by 42% from the past year. In 2022, DAWHO launched a "Digital Membership Card" and DAWHO SELECT Digital Lifestyle, joining forces with high-quality brands and partners to provide services thoroughly outside the scope of finance. In addition, combined with digital coupons and NFC sensing technology, these services provide users with a novel experience, offering instant VIP treatment for anyone with DAWHO on hand.

With a focus on operation and management of our digital platform, we will continue to develop new digital services in 2022, designing a new platform with open architecture and strengthening the integration of customer experience through the improvement of existing digital services and the launch of innovative new services, including revolving loans, a "carbon footprint calculator" in response to ESG policy, "network insurance" freed of time and space constraints, and "multi-platform employee investment" to help enterprises retain talents. To ensure the security and convenience of our digital platforms, we also continuously evaluate and expand our identity authentication mechanism, introducing a FIDO authentication service and solving the problem of traditional account verification through device-side biometric verification matched with public and private key signature encryption, strengthening customer digital identity verification. In addition, Internet banking, our mobile banking and DAWHO App, and Internet

ATM all provide barrier-free, user-friendly financial services. Bank SinoPac's mobile banking and DAWHO App comply with the Technical Specifications for Mobile Application Accessibility developed by the National Communications Commission, and our Internet ATM website has passed the "A-Class Seal of Website Accessibility Specification" audit by the NCC. Bank SinoPac is committed to creating a friendly financial services environment and truly making inclusive finance a reality.

In terms of digital payment services, owing to credit card management and bills payment services are basic but important service of consumer finance, Bank SinoPac continued to strengthen the DACARD App in 2022. This App provides customers more convenient and personalized functions to increase user friendly experiences, and after it went online, overall bill payments rose in volume by 43% on the previous year. In addition, Bank SinoPac launched an integrative paybill platform connecting with partners from various industries to provide payment services through an API, integrating receipts and payments onshore and offshore, online and offline. As of 2022, 107 APIs were in active. With the API management platform in place, these APIs were uniformly managed according to the standard security protocols to minimize security threats and optimize their application.

## (II) Current Year Business Plan

### Corporate Banking

- (1) Providing all sorts of integrated corporate banking services for customers with the service network of domestic branches

With the service network of domestic branches, Bank SinoPac introduces a great variety of corporate banking products based on customers' needs to deepen customer relationships. Moreover, it joins other subsidiaries of SinoPac Holdings in delivering more value-added and consolidated financial services to corporate customers, fulfilling their financial needs on a comprehensive scale.

- (2) Developing digital corporate banking and overseas cash management services

Bank SinoPac continues to develop more digital corporate banking and overseas cash management services to satisfy customer needs and create better experiences, while maintaining customer relations through various social networks. Furthermore, Bank SinoPac continues to leverage technological innovations by working with Partner APIs and partners in various industries to jointly create a more complete financial service ecosystem.

- (3) Catering to the needs of niche markets in different industries while grasping the trend of global supply chains.

By obtaining an in-depth understanding of the trend of global supply chains and production base moves in key industries, Bank SinoPac seizes new business opportunities and cultivates niche markets deeply. Bank SinoPac also provides corporate customers customized services and keeps promoting the credit loan business centered on trade and self-liquidating loans to manage customers' transactions and cash flows, allowing it to obtain a profile of upstream and downstream trading counterparties of its customers. Such practices are beneficial to growing more business opportunities and provide overseas production bases financial services required for plant construction and production equipment.

- (4) Acting as the mandated lead arranger of syndicated loans and satisfying customers' diversified funding needs

Bank SinoPac aims at providing tailor-made syndicated loans with a focus on specific industries; taking advantage of business opportunities arising from M&A activities, and providing integrated financial services by utilizing the resources of SinoPac Holdings; grasping the New Southbound Policy and following the footsteps of industries to expand its presence in Southeast Asia; based on national characters of each ASEAN country, providing customized



syndicated financing models consisting of the syndicated loan structure and cross-border cash management with the support of overseas branches and other cooperating banks; and developing green financing by providing syndicated loans for large power plants and energy storage systems based on the past experience.

(5) Strengthening SME banking services to expand the scale and market share of SME loans.

Having strengthened its foothold in Taiwan for over seven decades, Bank SinoPac has witnessed the country's economic development at different phases. On the basis of its existing SME loan business, it is proactive to provide guarantees along with the "Small & Medium Enterprise Credit Guarantee Fund of Taiwan (SMEG)" and the "Overseas Credit Guarantee Fund (Taiwan)." It also extends support to the government's various economic stimulus policies and provides SMEs with all kinds of financial products and services they need.

(6) Establishing a resource-sharing mechanism to attain synergies of regional consolidation.

Through the integration of SinoPac Holdings' operational experiences of domestic branches, OBU, Bank SinoPac (China), and branches in Los Angeles, Hong Kong, Macao, and Ho Chi Minh City, a resource-sharing mechanism has been established. Bank SinoPac aims at expanding onshore and offshore financial service markets and resources based on the existing customer segments at various operating locations and cross-border channels. By making good use of its local strength, understanding of industrial characteristics, and local customer segments, Bank SinoPac strives to maintain regional competitiveness of its financial services in the Greater China Area, ASEAN, and the U.S., become the best financial product and service provider for Chinese businesses around the world, and build up new overseas earnings drivers, so as to attain synergies of regional consolidation.

(7) Actively engaging in the development of local corporate banking for overseas branches.

Bank SinoPac is dedicated to strengthening the management of local customer groups through the cross-border collaboration of its domestic and overseas resources. By targeting upstream and downstream supply chains as well as local medium and large enterprises, the bank emphasizes local and cross-border corporate financing, cash management services, carbon net-zero investment financing, and structured financing, among other business ventures. In the Greater China region, Bank SinoPac concentrates on state-owned enterprises, local Hong Kong enterprises, and industries supported by national policy. In the ASEAN region, the bank capitalizes on the strategic importance of the Mekong River region to reinforce the operations of southbound Chinese businesses and expand the scope of its business activities to include areas such as Cambodia.

## Retail Banking

(1) Expanding the scale of retail banking business to increase market share and competitiveness

- Developing credit card products linked to bank accounts to cross-sell a wide range of financial products.
- Expanding business team, cooperating on process optimization, and adjusting incentive structure to improve business productivity.
- Adjusting digital media channels, integrating resources, and focusing on customers.
- Promoting cross-sector cooperation on digital, smart credit loan services to increase customer satisfaction and stickiness.
- Attracting stable core deposits and increasing market share.
- Taking on the high-net-worth customer market and establishing a brand image as a bank for high-net-worth customers.

(2) Boosting profit momentum and creating product value

- Using opportunities of cross-promotion to enhance the added value of products.



- Continuing to incorporate a range of mobile payments, technology and optimizing user experience through innovative products to increase customer stickiness.
  - Focusing on key products, integrating marketing or equity resources, and combining overall channel strategy to boost dynamism.
  - Continuously adjusting the income structure of credit cards and improving the profit base.
  - Reinforcing risk pricing differentiation mechanism and boosting price management to maintain product profits.
- (3) Strengthening product innovation and management of customer segments
- Highlighting the development of quality self-use mortgage loan customer segments internally and externally, maintaining existing customer relationships, and providing differentiation services.
  - Combining credit cards, Apps, points, and channel planning to pool customer groups around themes.
  - Pursuing the optimization and digitization of products and services to bring convenience to customers and increase customer stickiness.
  - Strengthening product innovation, extending our to-customer architectural foundation to to-business cross-industry cooperation, and developing new mortgage models and market brands.
  - Devising a diversity of cash management products and services to increase the percentage of demand deposits and foreign currency deposits.
  - Providing integrated financial services to increase the stickiness of high-net-worth customers toward Bank SinoPac.
- (4) Maintaining asset quality and boosting operating efficiency
- Holding fast to the principle for undertaking businesses from target customers and managing collateral classification to maintain sound credit loan quality.
  - Strengthening risk management and statutory compliance constantly; implementing sales discipline and raising risk awareness.
  - Upgrading systems and adding breakpoint continuity functionality to optimize UI/UX and increase operating efficiency and customer satisfaction.
  - Accelerating digitization by leveraging AI models and improving automation to make use of machine-based rather than human judgment.

#### Wealth Management

- (1) Developing high-net-worth customer and offering them comprehensive financial planning.
- Assist high-net-worth customers with asset and tax planning, multi-dimensional financial solutions, family wealth inheritance governance, and provide professional integrated financial services.
  - Continuously expanding the consultant team for high-net-worth customers and enhancing the core competence of the team to develop Bank SinoPac as a brand that engages in the professional management of high-net-worth customers.
- (2) Providing integrated electronic banking services and establishing digital wealth management platforms to adapt to the digital banking trend.
- Continuously implementing digital transformation to create new customer journeys and provide customers with more convenient investment methods.
  - Building a digital marketing platform to provide internal and external customers with real-time, focused, and in-depth information and create high-quality customer experience.
  - Constantly installing and optimizing electronic trading platforms, such as electronic banking, mobile banking, and electronic application, to provide abundant, real-time, convenient, and active wealth management services.
  - Establishing a rich, complete, and comprehensive wealth management services platform by integrating physical and virtual electronic channels of branches.



- (3) Developing customer-first services and sales models with a data-centric approach and satisfying the needs of each type of customer with complete product lines and a wide array of transaction methods.
- (4) Constantly developing innovative products and improving services to meet customers' needs, cement relationships with customers, and boost customer satisfaction.
- Keeping abreast of retirement planning and ESG investing trends and developing a business model oriented to customers' demands to become customers' ideal brand for stable wealth accumulation.
  - Establishing business models that integrate investment research resources, product portfolios, and asset risk management, thereby providing customers with complete and diversified investment management plans.
  - Continuously planning for the development of the young generation by adhering to the idea of design thinking, and providing diversified and digital wealth management services with lower investment thresholds to expand markets and improve operating efficiency.
  - Continuously refining Robo Advisor services, ibrAin, with FinTech while using algorithms to customers with the most suitable investment portfolio based on their needs, age and investment objectives. Continuously upgrading investment monitoring services, developing "Portfolio Adjustment Plans" in response to unexpected and significant market fluctuations, and expanding B2B investment and employee benefit trust services to provide customers with a full range of automated investment recommendations.
  - Focusing on high-end customers and striving to meet their needs for wealth management with agile and convenient financial services, offers and rewards, and wealth planning for customers at different life stages, in order to increase customer satisfaction.
  - Assisting customers in completing personal goals, transferring risks, and safeguarding their family and property.
  - Promoting insurance products featuring asset transfer based on the needs of high-net-worth customers, so as to deepen customer relationships.
- (5) Strengthening sales discipline to protect the rights and interests of customers
- Constantly holding salesperson training sessions to enhance their professional skill sets and risk management awareness.
  - Ensuring legal compliance, risk management, and personal information protection in all products and services to uphold the rights and interests of customers and win their trust.
- (6) Taking care of customers' economic security and moving towards inclusive finance
- In response to the FSC's Trust 2.0 "Comprehensive Trust" Phase 2 Implementation Plan, we will focus on the development of trust services covering trust for eldercare trust, employees benefit trust, real estate development trust, and transaction payment security trust to meet the needs of people at all stages of life, so as to meet the needs of an aging society for property protection, retirement preparation for corporate employees, and stronger mechanisms for pre-sale house transaction security. At the same time, we will explore the integration of internal and external resources and promotion of cross-industry cooperation and alliances, so as to strengthen our application of trust systems and make comprehensive trust as part of inclusive finance a reality.
- (7) Expanding offshore wealth management services to explore high-net-worth customers
- Developing a new high-net-worth customer base and business opportunities in Hong Kong based on its financial environment to increase the profitability of wealth management services.
  - Providing high-net-worth customers with tailor-made asset management plans through Hong Kong Branch, located in the Asian financial center with flexible and vibrant markets for investment and wealth management, to increase non-interest income.

(8) Building a perfect wealth management platform

- Planning and developing competitive and quality products and services based on the business practice of domestic and overseas channels and upgrading related systems to increase the penetration rates of financial products and satisfy customers' needs for diversifying asset allocation.

#### Financial Markets

- (1) Strengthening internal control and risk management and making good use of different foreign exchange hedging tools to improve investment portfolio management. In addition, Bank SinoPac also aims to develop trading strategies through quantitative methodologies in order to achieve stable long-term profits.
- (2) Identifying market trends and exploring customer segments to expand the source of stable income. TMU keeps abreast of changes in customers' operations and proactively keeps track of customers' cash flows to better understand customers' asset allocation needs, as well as offers real-time investment and hedging recommendations with respect to a wide range of products.
- (3) Given equal consideration of risks and returns, Bank SinoPac proactively develops all-around asset allocation services, offers customized product recommendations to increase portfolio income, as well as constantly keeps track of market trends and explores new funding and business sources to decentralize industry and regional risks, stabilize cash positions, and enhance FX trading income.
- (4) Using the Hong Kong platform as a hub to coordinate and assist other overseas branches to develop financial market businesses. Teaming up with corporate banking group to provide competitive financial products embedding hedge solutions, and enhance relationships, thereby achieving higher earnings and penetration.

#### Digital Banking

- (1) Committing to the development of digital banking services and increasing the penetration rates of digital platforms
  - Building a digital identity authentication center in line with amendments to the policies and regulations promulgated by the competent authorities and continuously evaluating and developing various authentication mechanisms. It provides customers with diverse account opening methods and financial services, improve the opportunity of contacting customer, and improve the security and convenience of digital platforms.
  - Continuing to innovate and expand digital banking applications and services to satisfy customers' digital financial service needs, simultaneously reconstructing online banking, laying a foundation on open architecture, and creating a UX-centric digital services platform.
  - Actively creating a digital banking environment that incorporates data collection/analysis and customer behavior data, establishing a data system to generate behavior-based recommendations, gaining insight into the real needs of users, and giving priority to mobile experience, continuing to optimize the digital financial service process, and improving customer stickiness.
- (2) Continuing to deepen management of digital accounts
  - Classifying customers to provide differentiated digital financial services, and increasing user stickiness and product penetration rates through "tasks" and "upgrades."
  - In order to provide customers suitable products, getting insights on the needs of digital customers through transaction and tag data based on the habits of digital customers.
  - Increasing interaction with key opinion leaders and bloggers, and creating positive online topics and opinions by combining innovative and competitive products and services and cross-sector collaboration programs.



- Deepening cooperation with SinoPac Securities, not only providing one-stop account opening, but also integrating banking and securities assets in the DAWHO App to help customers quickly stay on top of asset status, and continuously strengthening the financial management ecosystem.
  - Creating convenient functions that fulfill customer experience needs, building on a foundation of meeting user needs. Further cooperating with commercial customers to introduce digital vouchers and NFC sensing technology to extend into customers' daily lives and provide more comprehensive services.
- (3) Providing diversified financial applications that enhance user experience
- Bank SinoPac provides a diverse range of financial applications by partnering with emerging digital technology and payment service providers through strategic alliances to improve the intricacy of services and customer satisfaction.
  - We will also continue to improve the services in the DACARD App, providing credit card management functionality to facilitate independent control of credit card accounts and transactions, continuously expanding payment items to meet the needs of regular living expenses, and providing personalized services to make users' journeys smoother. Allowing customers of other banks to pay bills through the digital membership solution; collecting payment data to understand the customers' wealth and asset profiles, analyze their financial needs, and sell related or complementary products to them.
- (4) Developing open API to realize financial innovation
- Offering various open banking applications with third-party service providers in response to the open banking scheme to realize one-stop-shop banking experience optimization and consumer empowerment.
- (5) Promoting overseas mobile banking
- "Easy by Bank SinoPac" provides more convenient overseas mobile banking services in Vietnam, such as fast login, appointment transfer, non-appointment transfer, etc., Besides, "Easy by Bank SinoPac" meets the needs of domestic and foreign exchange in Vietnam to strengthen the local connection, and continue to expand to other overseas regions, such as Hong Kong, to strengthen overseas mobile banking services to build a professional brand and meet the expectation of overseas customers in digital finance.

### (III) Overview of Banking Industry

#### Corporate Banking

Looking back at 2022, we see gradually increasing COVID vaccine coverage around the world, and coupled with easing pandemic restrictions and the opening of borders, this is driving a recovery in economic prosperity and activity. In Q4 2022, China relaxed its COVID measures, moving away from its past "zero COVID" strategy. However, the Russia-Ukraine War continued to drive energy and raw materials prices higher, bringing with them inflationary pressure. As such, it is estimated that although the cycle of interest rate increases in various countries will cool down in an orderly manner in 2023, global prosperity will continue to slow down. According to the IMF's forecast, we can expect a global economic growth rate of +2.9% in 2023.

In the first half of 2022, large-scale clusters of the Omicron and BA.2 COVID variants struck Taiwan, reaching as high as 90,000+ confirmed cases in a single day, not only surpassing the peak of the 2021 Level 3 alert period, but setting a new single-day record. In the second half of 2022, BA.5 variant family clusters appeared, but fortunately, with the ongoing rollout of second, third, and fourth vaccine shots, Taiwan was able to ease border restrictions in Q4 2022, helping things begin to warm back up for the retail and hospitality industries. However, looking forward to 2023, due to the slowdown

of global prosperity and demand, the investment attitude of manufacturers is trending more conservative. According to the forecast by the Directorate General of Budget, Accounting, and Statistics, Taiwan's economic growth rate in 2023 will be +2.12% and trending slower.

The global trend toward net zero emissions and sustainability continues. In November 2022, the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP27) was held in Egypt, focusing on climate transformation, decarbonization progress, losses attributable to climate change, damage fund mechanisms, and other issues. After announcing a target of net zero by 2050 in April 2021, in March 2022 the Taiwanese government officially published "Taiwan's Pathway to Net-Zero Emissions in 2050," which includes four major transformation strategies in the areas of energy, industry, life, and society. By developing solar energy, offshore wind power, and hydrogen energy and improving the resilience of the power grid, Taiwan aims to build a zero-carbon energy system while also promoting process improvement and new technology development in various industries. Considering the global trend of carbon reduction and sustainable supply chain management, measures such as carbon border adjustment mechanisms and carbon fees are set to be implemented, and carbon-intensive industries will have their international competitiveness put to the test. Manufacturers should lay out and plan their demand for greenhouse gas (GHG) inventory management, low-carbon / energy-saving products, GHG reduction technologies, and renewable energy as soon as possible.

Looking forward to 2023, with the impact of the pandemic subsiding and Taiwan having lifted border restrictions, we expect to see consumption demand related to tourism, hospitality, and retail rise. However, due to expected ongoing inflation and interest rate increase pressure, along with the resurgence of cross-strait tensions, Bank SinoPac will actively strive to provide all-round corporate finance and net zero related services to corporate customers in 2023 and help customers continue to grow and thrive in the face of the changes in the broader environment.

#### Retail Banking

With regard to lending, this continued to be affected by the COVID-19 pandemic in 2022, and the housing market is still dominated by rigid demand, with transaction volume potentially reaching about 320,000 units. Looking to 2023, with funding, interest rates, supply, demand, and more having been brought under effective control by the government, property transactions are expected to be dominated by first- and second-time home buyers. Forging ahead in the post-pandemic era, Bank SinoPac will continue to make retail banking secured loans under a robust business model through product innovation, cross-sector collaboration, service optimization, management of customer segments, risk pricing, process simplification, and risk control, and will select target customers and collateral prudently to maintain good credit loan quality.

As for credit cards, although the effect of the COVID-19 pandemic was still being felt in 2022, as the pandemic eased and the border was opened in Q4, the amount of tourism and foreign consumption increased. In addition, transaction momentum in areas including delivery platforms, e-commerce, online teaching, and various non-cash payments continued building on their 2021 performance, remaining strong. Looking forward to 2023, with the pandemic having increased people's dependence on and expectations for digital services, applying digital technology to the exploration of more value and new business opportunities will be key to the future development of credit cards.



### Wealth Management

Say goodbye to the loose liquidity of the financial environment of the past few years. In the face of rising inflation in 2022, central banks around the world responded with drastic interest rate hikes, and the tightening of liquidity has caused a considerable correction in the financial market. Bond assets, which were relatively resistant to falling in the past, were no exception. Faced with this situation, investors should not only diversify their asset allocation, but also take a longer-term view of their investments. In the insurance market, with European and American countries affected by severe inflation, major international economies such as the United States have taken the lead in raising interest rates several times in the past year, improving the long-term low interest rates of domestic insurance. The conditions of traditional insurance products denominated in foreign currencies have increased with the increase of interest rates. However, the investment market has been continuously revised due to these intensive interest rate increases, and customers' willingness to take out investment insurance has been generally affected.

Looking forward to 2023, based on the orderly cooling of inflation, central banks ceasing to raise interest rates, and the economic boom bottoming out, the attitude of the Federal Reserve changed from hawkish to dovish. Therefore, it is expected that the US bond yield and the US dollar index will have an inflection point in the first half of the year. In terms of asset allocation, it is suggested that bonds will be stronger than stocks in the first half of the year, and vice versa in the second.

### Financial Markets

Looking back at 2022, we see that the outbreak of war in Ukraine has led to an imbalance between supply and demand of global food and energy. The re-establishment of the energy supply chain caused the prices of crude oil and natural gas to fluctuate violently at the high end, pushing up global inflation. The US job market also remained hot, prompting the Federal Reserve to actively raise interest rates in order to curb inflation, with a total interest rate increase of 4.25% for the whole year, a rare level of increase over the past 30 years, and the price of US government bonds fell sharply. The radical pace of interest rate increase in the United States has led most major countries to follow suit, pushing up the overall market capital cost and seriously affecting the performance of the real global economy.

Looking forward to 2023, although global inflation may potentially peak, it will still be at a relatively high level. Expensive capital costs will hurt consumer demand and asset valuation, and the global economy may slow down. There are three major axes in the policy area worth noting: 1. The Bank of Japan may adjust its yield curve management policy, which will lead to the yen rising and in turn affect the global redistribution of funds and the fluctuation of asset value. 2. The Federal Reserve will eventually reduce its balance sheet, which will affect pricing trends in risky assets. 3. Changes in China's pandemic prevention and control policy may push up China's economy and global inflation again. Investment strategies should be dynamically adjusted according to different market trends to achieve accurate distribution.

### Digital Banking

Review on 2022, as the pandemic situation continued to heat up, this drove rapid development and expansion in FinTech, and the gradual diversification of domestic pure online banking services has injected new stimulus and variables into the digitalization of Taiwan's financial industry. Bank SinoPac is accelerating the iteration speed of its products and services; continuing to explore, label, and categorize customers with its data management platform; and promote the online, self-service, and zero-contact transition process of various products and services, such as the new

launch of the "Internet Insurance Platform" providing customers with insurance services free from the limitation of time and space, and actively seize the opportunities of the digital financial insurance market through special pet insurance. Furthermore, we have cooperated with the government's "Trust 2.0" plan to launch employee investment retirement platform services to assist Taiwan's high-quality enterprises to retain talents and fulfill their social responsibilities. In response to the digital innovation wave, video authentication was introduced in 2022 and the device authentication mechanism was strengthened to provide customers with safer, more convenient online services. Additionally, in order to meet the various fund management goals of our customers, we established diversified and innovative deposit projects and injected stable deposit positions for the Bank. Using intelligent decision data, we built a real-time loan review procedure to provide customized loan products with quick application and quick allocation, and paired with the overall improvement plan for transfer functionality, this has made customer fund management more flexible and convenient. At the same time, Bank SinoPac has actively developed digital accounts and digital customer group management, launching a new generation of VIP digital account "DAWHO" and integrating SinoPac Securities' large-account investment to create a positive cycle of saving, consumption, wealth management, and flexible capital utilization. In addition, to actively develop digital payment applications, the DACARD App has been launched to provide a convenient one-stop banking service for credit card and payment needs.

At the same time, Open Banking landed in Taiwan. The competent authority defined the three phases of Open Banking, namely "Open Data," "Consumer Data," and "Trading Data," and released API specifications. Actively embracing this initiative, Bank SinoPac developed a diverse range of financial applications and released many APIs to third-party service providers to extend the application of financial services. The public gradually relied more on digital services. In response to the trends of mobile payment, AI, biometrics, and open banking, Bank SinoPac has also enhanced the diversified development of digital and mobile services.

Moving into 2023, Bank SinoPac will continue expanding the applications of digital banking and mobile payment by adding more digital account services and credit card management and bills payment services to DAWHO and DACARD Apps respectively. In addition to managing customer bases through multiple social media channels and strengthening interactions with customers, Bank SinoPac will collect user behavior and digital footprints, perform customer profile exploration, labeling, and grouping, and integrate customers' 360-degree data to provide customers with tailor-made products, optimized digital banking services, and a platform for personalized, real-time operations. Furthermore, Bank SinoPac will continue to leverage technology, data, innovation, and industry-academia collaboration while working with Partner APIs and partners in various industries to jointly create a more complete financial service ecosystem.

#### (IV) Research and Development

##### 1. Expenditures on Research and Development

| R&D Expenditures over the Past Two Years |         |         | Unit : NT\$ thousand |
|------------------------------------------|---------|---------|----------------------|
| Year                                     | 2021    | 2022    |                      |
| Amount                                   | 382,103 | 371,268 |                      |

##### 2. Results of Research and Development

- (1) Bank SinoPac initiated UP installments, allowing merchants to set the percentage of installments and pay in installments flexibly.





- (2) Domestic banks launched multi-currency debit cards, driven by the main consumption concept of "convert, save, swipe." SinoPac's multi-currency debit cards are linked to NT dollar deposit accounts and simultaneously support 12 kinds of foreign currency deposits. With such cards, account holders can swipe in 12 designated foreign currencies for spending or withdrawal, deducting money directly from their foreign currency accounts and thus avoiding the impact of fluctuating exchange rates. This provides a particularly practical and convenient financial service for business customers, overseas tourists, and international students.
- (3) Bank SinoPac continued to upgrade the loan management system by processing loan applications digitally and appropriating funds swiftly to better customers' digital banking experience throughout the process.
- (4) In August 2019, Bank SinoPac launched ibrAin, SinoPac Robo Advisor service, along with a new AUM pricing and charging model aimed at providing inclusive financial services. Using big data and optimized algorithms, ibrAin offers tailor-made investment recommendations to customers based on their personal information, investment amount, and investment objectives, rather than offering packaged investment portfolios according to customers' risk attributes like its competitors. With over 6,000 portfolio recommendations available, ibrAin ensures that customers' investment needs are best met. In June 2022, the "Portfolio Adjustment Plans" service was introduced to help clients stay on track toward their investment goals in the event of unexpected and significant market fluctuations or other disruptions. When the system detects that the probability of reaching the goal is less than 50%, ibrAin offers four options: increasing the investment horizon, lowering the target amount, one time additional investment, and adjusting the monthly investment plan. "Portfolio Adjustment Plans", the investment plan adjustment scheme, helps users following steady and stable paths toward their investment objectives.
- (5) Bank SinoPac continued to create more comprehensive products and services and appealing customer experiences through digital transformation, including launching ETF and US stock long-term single trade functions in November 2022, providing customers the option to set them for up to 30 business days.
- (6) To inspire investors to plan for retirement early, the marketing websites "New Wisdom for Retirement" and "Money Tree for Retirement" were launched in March and August 2022, respectively. Starting from the foundation of the needs of customers with regard to financial planning, these websites offer retirement solutions for reference by users with different investment attributes.
- (7) Launching an internet insurance platform in November 2022 that allows customers to apply for insurance policies anytime, anywhere to respond to the trends in digital finance and increase share in the digital insurance market.
- (8) In 2022, our Employees Benefit Trust won the 19th National Brand Yushan Award-Best Product Category Award from the National Enterprise Competitiveness Development Association and the 1st Trust 2.0 Planning Evaluation - third place of Employees Benefit Trust Award from the Financial Supervisory Commission.
- (9) In September 2022, we were awarded the Best Customer Recommendation Award by Excellence magazine, and in October, we were honored with the Best Product Award at the 19th National Brand Yushan Awards for two products: ShareShares Regular Saving Plan in US Stocks and Employees Benefit Trust. These demonstrate Bank SinoPac's ability to provide innovative financial products, meet the needs of individuals and enterprises, and win customer recommendations.
- (10) To provide customers with consistent high-end service experiences, a cross-platform preferential service was established for VIP customers of Bank SinoPac and SinoPac Securities and officially launched in 2022.
- (11) In November 2022, the upgraded version of "New Trust Network" online trust service was launched, providing a newly designed RWD webpage to meet customers' cross-screen needs, along with a customized API interface with a three-tier architecture, integrating SinoPac's MMA financial trading network member management and other three highlights, and setting down roots in business development through novel digital trust services.

- (12) In December 2022, the Employee Investment Retirement Platform" was launched and the Employees Benefit Trust business upgraded in concert with the ibrAin smart financial management tool. The global ETF market was taken as the investment target, aiming at the pain points of enterprises and employees, providing stable and value-added solutions for employee retirement assets, and creating a new model for employee retirement preparation.
- (13) Robotic Process Application (RPA) was integrated into trust business to realize digital transformation and FinTech working in concert.
- (14) SinoPac Holdings strengthened the stability of system operations and services, planned infrastructure for data centers, provided more stable server room operation and network services through the setting-up of multienvironment equipment and the high bandwidth and backup capabilities of Internet nodes, implemented the cloud and on-premise integration structure, and acquired flexible and real-time information resources to quickly master the environment required for operations.
- (15) Creating a "Digital Demographic Tag Database": Integrating and tagging data to obtain a 360-degree view of customers for precision marketing.
- (16) Building an external behavior database: Integrating external customer profiles as an important part of customers' 360-degree data and using them in risk analysis, marketing, and customer segmentation.
- (17) Resource integration: The DAWHO App not only offers banking services, but also provides the first-of-its-kind full securities function. Bank SinoPac and SinoPac Securities have worked together to enable customers to open digital bank and securities accounts with the DAWHO App and DAWHO TOU, making a wide range of financial services available at customers' fingertips. Customers can also check stock balances and information through the DAWHO App.
- (18) Introducing international FIDO verification standard biometrics: By strengthening online identity identification, we provide customers with higher protection and a faster login experience, while also helping them solve the problem of privacy leaks, reducing the process of malicious actors repeatedly entering account passwords to verify identity, and improving account security and convenience.
- (19) Digital payments collection tools funBIZ: Given the demand for integrated digital payments collection, we launched our "single refund of virtual accounts" functionality, using an "original in, original out" mechanism to send refunds back to their original transfer accounts. This has improved merchant satisfaction and product competitiveness, as well as providing ongoing support for the development of small and medium-sized enterprises.
- (20) The SinoPac Charity Donation Platform has increased user rights control functionality for the foundation, as well as adjusting the branding of the homepage to improve the probability of exposure of digital channels and providing customers with a more convenient, smoother donation experience
- (21) "Account Link": We provides customers can link electronic payment tools with SinoPac Bank accounts. With fraud cases frequent in recent times, a new transaction warning functionality and list management have been added to boost transaction security and reduce the risks faced by bank customers.
- (22) "Adding new Designated Account via Video Verification": Customers can quickly add the new designated account via video function on their mobile phones, greatly saving processing time and cost for both customers and branch staff; In 2023, more functions will be introduced to support video authentication to provide customers with more convenient online services.
- (23) Introducing the software certificate application/verification system: Giving customers access to digital accounts, 500,000 swap declarations, and more functions via the software certificate application/verification system to expand digital financial services.



- (24) Industry-academia collaboration project: Working with the NCKU on big data and machine learning to build a precision marketing model based on customer transactions and tag data, to predict customer behavior and provide suitable services based on the latest data science, customer data and behavior, and to provide customers with more diversified, tailor-made financial services.
- (25) DACARD App credit card services: With credit card management as the chief complaint, this App provides users with the ability to manage a variety of credit card transaction and expenditure channels, as well as enabling them to report the loss of a card and apply for a reissue immediately online. Customers are thus able to be master of their own card transaction security through this novel, convenient digital finance experience.
- (26) DACARD App bill payment services: Starting from the pain point of payment, the App strives to meet customer needs by leveraging the strengths of mobile devices to provide a code-scanning payment service in combination with services such as pending payment reminders, payment records, and common bills, helping customers with their bill payment habits while also deepening user stickiness, continuously expanding payment tax and withholding tax items, and meeting customers' fixed living expenses needs.
- (27) Launching Carbon Footprint Calculator: In response to ESG policy, we cooperate with card organizations to plan and provide customers with a means to inquire about the carbon emissions of their consumption, helping them stay on top of their contribution to emissions and thus enhancing their awareness of carbon reduction and realizing our corporate social responsibility.
- (28) Strengthening user-friendly fund O2O matching service functionality: Financial consultants can set up a stop-loss/take-profit point notification function for customers, and customers can confirm them via online banking or the mobile banking App, helping them keep abreast of their investment status.
- (29) Launching Internet Insurance platform: Provides customers with online insurance functionality and improves customer wealth management services.
- (30) Overhauling the Trust Network platform: Redesigning the Bank's trust network interface with a responsive web page and providing customers with better UI/UX by using graphical representations to give overviews assets in trust or custody accounts.
- (31) Launching "Employee Investment Retirement Platform" service: In response to the government's Trust 2.0 policy, employees of businesses are provided with retirement planning by using trust funds to help the companies in retaining talent.
- (32) Launched a breakthrough revolving credit loan "Pocket Money", providing revolving credit loan product for frequent customers via an invitation list system, offering timely loan applications and repayments, giving customers the most flexible reserve funds, and a direct connection to the securities subscription area so that customers can seize investment opportunities at minimal cost.
- (33) Offering an online non-designated transfer limit increase functionality, enabling customers to apply with a chip card reader, eliminating the need to come in in person while also offering both security and convenience.
- (34) Providing online credit application for foreign migrant workers, breaking down language restrictions through online services to enable foreign migrant workers to obtain financial support while also diversifying the customers base we serve.
- (35) Overall improvement plan for transfer functionality, including the number of interbank fee discounts, the maximum amount that can be transferred, and execution of scheduled transfer opening days to provide friendlier transfer services.

### 3. Future Research and Development Plans

- (1) Cooperating with the government's ongoing promotion of cashless services in various consumption channels in recent years, and working with electronic payment institutions to issue electronic payment account stored value cards to assist domestic electronic payment institutions to enter the collection channels of international card organizations. We are committed to an inclusive financial market, serving customers with micro-finance experiences that enable them to also enjoy the convenience of payment services from international card organizations.
- (2) Through the digitalization of continual credit processes, technology is able to free up labor. The data-based decision-making platform recommends the most suitable credit products for customers with precisely targeted marketing text messages. In addition, by moving business online, we can better cooperate with partners in different industries to provide a full range of digital financial services and improve customer experience.
- (3) Continuously innovating products or services and providing customers integrated investment management plans, including the introduction of investment portfolio tools, integration of customers' needs, investment research and analysis, product portfolio, and risk management; as well as refining wealth management counseling services to help customers seize investment opportunities in the market.
- (4) Planning an upgraded version of the "Employee Investment Retirement Platform" for Employees Benefit Trust to meet the diversified investment needs of enterprises to retain talents. At the same time, in line with policies for urban renewal or reconstruction of old/dangerous homes, we will continue to provide financing and trust services, improve the trust product line, and demonstrate the value of inclusive finance trusts.
- (5) Proceeding with digital transformation and introducing automation processes to strengthen system functions related to wealth management and trust businesses.
- (6) The launch of iBrAin has broken the tradition that only high-net-worth customers can enjoy financial advisory services, and enables every investor to enjoy similar services digitally. In the future, Bank SinoPac will continue to offer one-stop online wealth management and banking services in combination with digital accounts and create a friendly investment experience with various features such as low threshold and low fees, thereby expanding Bank SinoPac's inclusive financial services.
- (7) Adjusting the allocation of marketing resources based on the actual usage of customers and channel feedback, providing membership benefits that are closer to the needs of customers and channels, and improving customer satisfaction.
- (8) Integrating the bank points platform, launching member marketing activities, integrating bank-wide resources, and improving the depth of customer contacts.
- (9) Internally, the our VIP wealth management image will be revised, while externally, we will actively strive for wealth management awards and enhance the exposure of SinoPac's image in wealth management through a two-pronged internal and external media publicity push.
- (10) Seeking cooperation with partners in different platforms and industries to provide digital payment solutions from customers' perspectives.
- (11) Working with Factors Chain International (FCI) and international insurance companies to build a factoring platform and promote factoring by insurance, have an in-depth understanding of global customers, and develop and expand supply chains and cross-platform integration.
- (12) Integrating resources at home and abroad to provide customers with cross-border trade finance solutions and more business opportunities.
- (13) Improving internal rating models such as probability of default (PD), loss given default (LGD), and exposure at



default (EAD) and introducing Basel, an internal ratings-based approach, to improve the completeness, precision, and timeliness of quantitative risk assessment, pricing strategies, and performance management of corporate loans and to maintain good asset quality.

- (14) Incorporating government open data, interfacing with small and medium-sized enterprise financing platforms, developing financial forecasting modules under systematic stress testing scenarios, smartifying financial forecasting, and presenting data through visualization, thus continuously improving the efficiency of collection and review operations, data accuracy, and the forward-looking nature of our financial forecasting.
- (15) Continuing to implement the "green credit scoring system" based on technical guidance from external professional ESG rating agencies in order to fulfill responsible lending and achieve sustainable and positive impact finance.
- (16) In terms of the opening finance, Bank SinoPac will follow up the Open Banking policy and international trends, to develop APIs that laws and regulations and information security are all met to provide customers with more exciting banking experiences and diversified service channels and scenes.
- (17) Continuing to optimize and leverage the precision marketing model and AI-based data management system to obtain a 360-degree view of customers and their needs for digital financial services, thereby developing prospects, increasing product penetration rates, and accelerating the agile development of digital financial services more effectively; and building a personalized recommendation platform and a real-time automated operating platform through AI and machine learning to interact with customers instantly and precisely, improve customer experience, and address process breakpoints.
- (18) Continuing to add overseas mobile banking to "easy by Bank SinoPac" functions, breaking through the limitations of overseas financial services. Introducing Vietnamese digital account opening services, online personal credit function, and Hong Kong overseas mobile banking service to become a pioneer among Taiwan-funded banks overseas.
- (19) Continuing to introduce multi-identity authentication methods such as FIDO, mobile ID, video verification, mobile Citizen Digital Certificates, and NFC/ATM card to strengthen online authentication and improve online banking experience.
- (20) To level-up the identification mechanism for all customers, strengthen customer verification security, and respond to the policies of the competent authorities, Bank SinoPac and SinoPac Securities will promote the trial implementation of FIDO in a banking-securities integration scenario, so that customers can enjoy combined, cross-institutional services more safely and conveniently.
- (21) Continuing to expand the application of video authentication for financial services, providing more diversified and convenient online financial services, reducing the time and cost of in-branch operations, and improving the customer financial service experience.
- (22) Enhancing the scalability of information infrastructure and accelerating the agility of innovative service development by using the cloud service platform to provide digital financial services with smooth customer flow, better user experience and perfect functions to ensure the sustainability of business.
- (23) In response to the challenges brought on by the rapid growth in global technology development and its related financial demands, Bank SinoPac will continue to explore and develop "the pattern of future life in financial fields" in an effort to apply the lessons learned from the branches' practical operations and integrate them into the optimization of business developments and strategies. These optimizations are intended to enhance the quality of Bank SinoPac's risk management and drive the transformation of development techniques and corporate digitization. Through AI, natural language processing (NLP), big data, machine learning, and image recognition,

Bank SinoPac aims at improving its risk assessment and risk prediction processes, effectively expanding competitive suggestion of investment portfolios, and reducing repetitive work. Ultimately, these enhancements strive to increase Bank SinoPac's market competitiveness by implementing customer-centric precision marketing and creating a more customer-oriented service model.

- (24) Building a brand-new digital credit area, from customer search to loan issuance and management, thus providing the most suitable service processes in a modular manner, with video services available according to customer identity and financial information companies verifying depositors of other banks, employing multiple methods to make applications safe and swift.
- (25) Incorporating software certification for mobile banking and DAWHO Apps for the "Buy and sell foreign currency/transfer" functionality, enabling customers to promptly complete large-value foreign exchange transfers and fixed deposits online, while also providing more convenient declaration methods other than Citizen Digital Certificates, helping increase the bank's exchange income.
- (26) Building an "online inward remittance smart refund" functionality to improve the current remittances, which can only be resolved manually. Through such functionality, customers can handle remittances online in a more real-time manner, improving our remittance account service.
- (27) By building integrated financial reporting across subsidiaries within the Group, customers will be able to view different types of assets in real time, offering a more complete overview of their current investment status.

## (V) Short-term and Long-term Business Development Plans

### Corporate Banking

#### 1. Short-term Business Development Plans

- (1) Maximizing the strengths of Bank SinoPac's branches throughout Taiwan to deepen the relationship with existing customers and explore new corporate customers; managing asset quality effectively while striving for expansion of the lending business and ensuring stable profits.
- (2) Enlarging Bank SinoPac's deposits, loan scales and market shares domestically and abroad; accepting deposits from new customers constantly and increasing demand deposits of enterprises to lower the cost of funds; and adopting a target-oriented approach toward asset and liability management to minimize the structural risk.
- (3) Grasping refinancing needs to enhance and expand the quality and quantity of syndicated loans arranged by Bank SinoPac; intensifying the collection of market information on Southeast Asian countries, and developing crossborder syndicated loans for Taiwanese businesses or participating in international syndicated loans for local enterprises with high credit rating via overseas branches' platforms and cooperation with other banks; expanding syndicated loans relating to solar power plants or other green energy in line with the government's green energy policy; and selectively taking part in syndicated loans for M&A activities.
- (4) Collaborating with Factors Chain International (FCI) and insurance companies to assume the credit risk of domestic or overseas buyers on behalf of corporate customers, providing them financing services, and promoting trade-based factoring services; developing cross-sector collaboration to address SMEs' pain points through trade finance.
- (5) Combining corporate cash flow products with corporate online banking and corporate mobile banking to provide executives with the ability to release payment transactions via mobile Apps, improving e-services and enabling customers to use fund management services more conveniently and efficiently.
- (6) Improving online financial services and overseas functions for corporate customers and establishing the standard service model for each customer base for the quick reproduction of business models.





- (7) Further upgrading supply chain financial services, integrating payables and receivables information required by central plants and suppliers on a single platform, making it convenient for customers to browse account details and manage funds to further apply for financing services online.
- (8) Speeding up the digitization of corporate banking services and providing mobile, online, and integrated online/offline banking services to meet the needs of corporate customers.
- (9) In order to improve "responsible credit," in June 2022, it was clearly stipulated that the undertaking of project financing cases related to fuel coal and unconventional oil and gas is prohibited, facilitating the bank's pursuit of its net zero commitment. Oil and gas fields, the power supply industry, and leather and fur manufacturing are included in the list of "sensitive industries." Furthermore, ESG risk analysis and description should be strengthened when undertaking work, and negotiation and active improvement should be established with customers as a response strategy for credit review.
- (10) In order to strengthen climate resilience and respond to the trend toward a global low-carbon economy, green credit, social responsibility credit, and sustainable performance-linked loan indicators have been updated through "responsible credit" to guide the bank's lending customers in transforming green expenditures and investing in socially responsible funds, facilitating our exertion of the positive influence of sustainable finance.
- (11) Designing an automated incoming screening form for micro-businesses, combining joint credit collection, bond payment, cash flow, and repayment and interest payment status to distinguish the risk level of incoming customers through a red/yellow/green light system and establish a standardized review process that can quickly assist enterprises in using working capital. Furthermore, we will strengthen the three aspects of financial service accessibility, usability, and quality, practice cash flow indexing, quantify cash flow risk points, innovate the automatic review post-loan management mechanism, and integrate the automatic early warning and irregularity notification process. We are moving towards the goal of a single process with special personnel and special review, creating great revenue benefits for digital platforms and services.
- (12) Integrating and using Bank SinoPac's resources of onshore and offshore channels to reinforce cooperation among branches and subsidiaries in Taiwan and abroad and widen relationships with ethnic Chinese businesses; making Ho Chi Minh City, the economic hub of Vietnam, as its base to further penetrate the other ASEAN markets; establishing a team in charge of overseas needs and business opportunities for overseas customers; and maximizing the platform value and synergy of cross-selling to boost earnings from overseas corporate banking.

## 2. Long-term Business Development Plans

- (1) With the goal of becoming the best cross-border financial service provider for corporate customers, Bank SinoPac will actively integrate resources to establish all-rounded overseas business platforms while expanding businesses domestically and internationally as well as continuously strengthening business performance.
- (2) Drawing on Bank SinoPac's overall resources to consolidate all business lines under a customer-oriented organizational structure; providing enterprises one-stop and tailor-made solutions catering to financial needs ranging from fundraising, plant construction to operations; and integrating corporate banking services vertically.
- (3) Combining corporate banking business management and credit risk management to develop advanced risk quantitative techniques and install a credit database, which are applicable to pricing, dynamic risk control, decisionmaking, and performance management; establishing and optimizing a credit loan early warning system that facilitates the control of changes in the credit risks and the countermeasures to be taken in due time.



- (4) Consolidating the fund management of corporate customers through online and offline services and action plans, including electronic banking, cash management, and corporate deposit equipment, to improve customer satisfaction.
- (5) Working with API partners in different industries to expand ways to acquire customers through B2B2C, building a financial ecosystem.
- (6) Given the automatic risk parameter screening chart for small and medium-sized enterprises, matching itemized credit reports of applicable customer groups, simplifying written content, and standardizing product specifications, and accelerating the review process for small and medium-sized enterprises. In addition, we are developing a financial forecasting model for a variety of situational pressures, which can conduct comparative analysis of financial data within industries and customer groups of the same size and improve the comprehensiveness of risk control. We are also developing an automatic review and early warning mechanism for small and medium-sized enterprise customers with cash flows, expanding this to the general SME customer group, and consolidating the digitalization of post-loan management for SMEs.
- (7) In order to implement the "Green Finance Action Plan 3.0," liking with the competent authorities with one vision, three core strategies, and five major promotional aspects, taking reference from the "Reference Guidelines for the Identification of Sustainable Economic Activities" to check whether customers' economic activities meet the minimum threshold for the definition of sustainability and providing two reference points for the bank to make credit decisions.
- (8) Public-private cooperation efforts continue to promote the establishment of sustainable infrastructure projects. In addition to providing the bank's ESG financing negotiation (Equator Principles) related information disclosure website, we are also participating in consultations with the public sector on the establishment of an enterprise ESG data platform to build a sustainable Financial Core Policy Blueprint.
- (9) Continuously developing new operations and consolidating resources and competitive advantages of domestic and overseas retail channels with the cross-selling platforms to make further inroads into corporate banking, wealth management, financial markets, and interbank business; and providing more local and global financial services across Asia for ethnic Chinese businesses around the world via optimized electronic banking systems.
- (10) Bank SinoPac will actively provide continuous training, recruit talents with international standing, and formulate long-term career development plans to support upcoming overseas expansion and enhance overall competitiveness.

## Retail Banking

### 1. Short-term Business Development Plans

- (1) Developing diversified products to meet the needs of potential target customers.
- (2) Deepening relationships with existing customers and increasing the number of products undertaken to expand fee income.
- (3) Promoting digital transformation to provide all-around financial services.
- (4) Promoting new payment methods to create a new credit card business model and provide customers with a more convenient way to pay bills.
- (5) Increasing strategic partners to develop an ecosystem that combines consumption and finance.
- (6) Developing a diversity of service channels and customers and cross-sector collaboration to create better customer experience with FinTech.
- (7) Focus on cultivating high-net-worth customers and providing them with integrated financial planning and management services.



## 2. Long-term Business Development Plans

- (1) Helping channels serve more quality and high-net-worth customers in accordance with the competent authority's policies and under the business guidelines of "Stable Operations, Risk Diversification, Asset Quality Assurance and ROA Maintenance."
- (2) Providing convenient, and comprehensive financial services, and additional value based on customer needs, thereby maintaining customer loyalty and building long-term relationships.
- (3) Maintaining stable growth in the business scope and using the strength of retail channels to enhance customers' lifelong value and sales contribution, thereby further growing profits and boosting operating performance constantly.
- (4) Promoting products and undertaking other publicity events through electronic media, radio and the internet, so as to boost Bank SinoPac's visibility in the retail banking business and enhance the effectiveness of advertising and promotions.
- (5) Designing a range of new products, projects, and services and enhancing online financial services and applications to increase customer stickiness and improve the profit structure with demand and foreign currency deposits.
- (6) Establishing a high-net-worth customer service platform to meet the various financial management and service needs of high-net-worth customers' families and enterprises.

## Wealth Management

### 1. Short-term Business Development Plans

- (1) Keeping abreast of retirement planning and ESG investing trends and developing a business model oriented to customers' demands to become customers' ideal brand for stable wealth accumulation.
- (2) Offering a diverse range of products and carefully selecting new types of themed trusts or featured products for high-net-worth customers to fully meet customers' asset allocation needs.
- (3) Strengthening the high-net-worth wealth management teams' core competence and provide integrated financial services to increase the stickiness of high-net-worth customers toward Bank SinoPac.
- (4) Adopting a data-centric approach by building a data analysis platform, as well as providing customers with complete consultation and corresponding after-sales service based on customer inventory and transaction records using AI.
- (5) Continuously innovating products or services and providing customers integrated investment management plans, including the introduction of investment portfolio tools, integration of customers' needs, investment research and analysis, product portfolio, and risk management; as well as refining wealth management counseling services to help customers seize investment opportunities in the market.
- (6) Actively participating in the Trust 2.0 "Comprehensive Trust" Phase 2 Implementation plan in response to Trust 2.0, introducing and applying for eldercare trust standardized contract in the channel, and planning for Trust for Elderly Care to use Line digital tools to enable customers to stay on top of fund changes in the trust account to strengthen property security. Furthermore, actively responding to the green trend, we are promoting innovative green trust services, improving the safety of customer property transactions, fulfilling our corporate social responsibility and optimizing the support services of channel units. Through training courses and themed reward activities, we are strengthening the professional knowledge of our staff and cultivating trust thinking and trust talents in financial services for the elderly.
- (7) Constantly improving electronic trading platforms to provide abundant, timely, convenient, and proactive digital wealth management services.

- (8) Upgrading, replacing, and strengthening major system platforms and launching new functions.
- (9) Promoting insurance products featuring asset transfer and tax mitigation to increase protection for family members or elderly customers.
- (10) Cooperating with onshore and offshore product teams and SinoPac Holdings' resources as a whole to develop a variety of wealth management services, provide domestic and overseas customers with tailor-made investment products, and render all-encompassing financial services through diversified channels.

## 2. Long-term Business Development Plans

- (1) Providing quality products and integrated value-added services.
- (2) Refining the wealth management trading platform and processes in response to the trend of digitalization and intelligentization, thereby enhancing external and internal customers' experience in using such services.
- (3) Establishing a wealth management system for high-net-worth customers to improve service efficiency.
- (4) Continuously developing a diverse range of products using data and relevant algorithms.
- (5) Developing AI technology to optimize online consultation and services for customers and analysis of customer profiles to understand customer needs more accurately.
- (6) Developing property management that meets the needs of customers throughout their life journeys and diverse trust services such as corporate talent retention and transaction security for corporations, employees, and shareholders, aiming to make SinoPac the best choice for customers' property inheritance and trust management. Additionally, we are introducing digital technologies including robot process automation (RPA) and OCR to continue to boost the digitization and automation of various internal operations and enhance operational competitiveness.
- (7) Developing highly efficient operations and services and setting up a sound mechanism for risk control and management.
- (8) Continuing to focus on the management of mid-to-high-end customer groups, optimizing membership rights, providing a differentiated service experience, and increasing the depth of contacts.
- (9) Having Hong Kong as a wealth management hub to concentrate on developing mutual funds, insurance, and structured products, as well as exploring new customers and business opportunities among SMEs that focus on owners' financial management and expanding the wealth management business in private banking through the integration of onshore and offshore products and services.

## Financial Markets

### 1. Short-term Business Development Plans

- (1) Strengthening the cross-departmental cooperation of the financial marketing team, assisting branches to create synergies, enriching and optimizing the types and structures of the Bank's in-house products, and diversifying the perspectives and breadth of product design.
- (2) Developing differentiated product services, and marketing strategies in customer-oriented basis, and providing different customer segments with investment and hedging strategies most suitable to their asset and liability profiles, so as to deepen and broaden business relationships with customers and boost customers' asset under management (AUM).
- (3) Providing customers with integrated information on portfolios to effectively control investment risk and the Bank's internal risk management mechanism, thereby enabling traders to engage in cross-instrument hedging and boosting their ability of market making.



- (4) Diversifying investments by expanding investment targets to adjust the profit structure and hit profit targets of proprietary trading and further deepening collaboration between domestic and overseas financial and business collaboration to improve trading performance.
- (5) Adjusting and implementing trading regulations and procedures according to amendments of regulations and strengthening risk control and management.
- (6) Leveraging Hong Kong's advantage as an international financial center, Bank SinoPac utilizes a diverse range of financial instruments that consider both risks and returns to enhance the revenue generated from foreign exchange and interest rate product. The bank also focuses on the development of overseas cross-border financing business and cash management services to pursue more hedging opportunities from cross-border trades. By closely monitoring changes in the international financial market, Bank SinoPac strives to diversify its funding sources and prudently manage investment positions to ensure a stable and robust financial strategy.

## 2. Long-term Business Development Plans

- (1) Developing a wide array of investment platforms that provide differentiated products to fulfill needs for hedging and investment by different customers.
- (2) Optimizing trading systems and, through the development of systematic financial analysis models and the seeking of a sounder version of consistent operating procedures across front office, middle office, and back office, bringing in high value-added trades that contribute to earnings to improve the competitiveness of financial products.
- (3) Endeavoring to advance expertise of financial teams and management of regional market trends in the hope of creating new business opportunities over the course of business expansion.
- (4) Constantly developing financial hedging and investment products based on target customers' demand and designing trading strategies with enhanced quantitative financial models to achieve stable profitability in the long run. Grasping various business opportunities by satisfying the diverse demand of customers who are with international operation, high net worth or based in China, Hong Kong and Taiwan.
- (5) Enhancing professional training for the marketing personnel on financial products and continuing to take proactive stance in setting up the offshore trading platform and various products for RMB to increase revenue from exchange gain and fee income. Integrating the resources of Bank SinoPac into joint business development and broadening the bases of existing customers and new customers in financial services to create more business opportunities.
- (6) Using quantitative technologies (e.g., AI, machine learning, deep learning, and reinforcement learning) and multidimensional data (e.g., leverage, macroeconomics, and companies' finances) to develop quantitative strategies for generating stable income from trading in stocks, foreign exchanges, bonds, and derivatives and to establish databases and program modules. Continuing to cultivate industry-academia cooperation over the long term.

## Digital Banking

### 1. Short-term Business Development Plans

- (1) Bank SinoPac will continuously expand mobile payment and payment partners onshore and offshore to strengthen online and offline receipt and payment products and build a cross-industry ecosystem.
- (2) Focusing on customer experience, Bank SinoPac will design digital financial products and introduce a full new range of financial services from saving, spending, and wealth management to flexible capital utilization with streamlined user interfaces.

- (3) In addition to adding new functions and services to online banking, mobile banking, and DAWHO App, Bank SinoPac aims to increase customer stickiness, develop personalized banking services, and integrate financial information with big data and AI technology application, in order to satisfy customers' various needs.
- (4) Continuing to optimize digital platforms, implement information security procedures and regulations, and provide comprehensive functions, such as online application and trading, through a variety of innovative and convenient identity verification mechanisms, in order to offer secure and user-friendly digital banking services.
- (5) Continuing to expand overseas business, improve digital financial services and complete business strategies for overseas customers. Observing overseas digital FinTech operations, promoting cross-domain and cross-industry cooperation, planning the establishment of media promotion mechanisms, digital products package, and effectively expanding overseas customer groups.
- (6) Continuing to focus on the development of Open APIs and Partner APIs. Deepening inter-industry cooperation through Partner APIs and working with third-party payment platforms to meet the customers' need to pay for their bills. Seeking suitable partners based on the Open API policy and timeline to design safe, user-friendly open banking services for customers.
- (7) Continuing to improve the credit card and bill payment functions of the DACARD App to enhance user experience, improve the stickiness of mobile services for users, and meet the needs for everyday financial services.

## 2. Long-term Business Development Plans

- (1) Improving data governance, comprehensively utilizing behavioral, transaction, and tag data to obtain a 360-degree view of customers. Developing a customer-centric personalized and automated recommendation platform to analyze customer data and forecast customer demand. Offering precision marketing contents to provide personalized customer experience.
- (2) Introducing emerging technologies, using standard front- and middle-platform developing technology to achieve agile development with the microservice architecture. By integrating the business segmentations and data middle platforms, to provide real-time service data result and increase the cross-selling performance and penetration rate of digital financial services.
- (3) Expanding the application of Partner APIs through open banking, including corporate cash collection and payment, e-commerce payment, identity authentication, open banking (financial information), and bill payment service, and promoting APIs in cooperation with Financial Information Services Co., Ltd. to achieve financial innovation in various service channels and scenes.
- (4) Promoting cross-field and cross-industry cooperation, building financial and reward point ecosystems through online/offline integration, and realizing online/offline customer experience to extend financial services to all types of customers and create heterogeneous customer characteristics.

## C. SinoPac Securities

### (I) Scope of Business

#### 1. Business Overview

SinoPac Securities is an integrated securities firm mainly engaged in the following business activities:

##### (1) Securities brokerage

Providing brokerage services of securities on the Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEx), and TPEx Emerging Stock Board (ESB); providing services ranging from margin purchases and short sales of securities, borrowing or lending of money in connection with the securities business, securities borrowing and lending, non-restricted purpose loan; providing FINI brokerage services; offering sub-brokerage services for trading foreign



securities, including China A-shares and shares listed on the stock markets of the U.S., Japan, Europe, Australia, Singapore, Malaysia, and Hong Kong, as well as ETFs listed in the markets above.

(2) Futures introducing broker and futures advisory services

Providing services for trading futures and options; offering opinions or recommendations on matters relating to futures trading based on research and analysis upon customer request; publishing reports and organizing lectures.

(3) Electronic trading

Providing investors integrated electronic platforms, including online trading platforms, mobile applications, and voice-order systems, for trading securities listed on the TWSE, TPEX, and ESB, and for futures, mutual funds, Hong Kong stocks, U.S. stocks, Japanese stocks, and offshore funds.

(4) Wealth management

Providing high-net-worth customers with counseling services, such as asset allocation or financial planning, or selling them financial products; exercising asset allocations for customers through entrustment; and providing securities trust services.

(5) Securities investment advisory services

Offering opinions or recommendations on matters relating to securities trading based on research and analysis at customers' request; publishing reports and organizing lectures; developing automated instruments for securities investment consulting services.

(6) Proprietary trading

Engaging in proprietary trading of securities; engaging in proprietary trading and market-making of futures, options, and options on futures linked to domestic and foreign securities; and devising structural hedging strategies.

(7) Underwriting

Advising domestic and foreign companies that want to list on the TWSE, TPEX, or ESB; assisting companies in raising funds from domestic and foreign capital markets; providing planning and consultation services as a financial consultant.

(8) Stock registration and transfer services

Providing public companies with agency and advisory services regarding stock affairs.

(9) Fixed income

Engaging in proprietary trading and brokerage of bonds, bills, asset-backed securities, and interest rate derivatives; conducting foreign currency call loans, trading foreign bonds as an agent, and engaging in foreign exchange hedging in relation to proprietary and underwriting purpose; serving as an underwriter and financial consultant for fixed income products, such as bonds and asset-backed securities.

(10) Financial derivatives

Issuing call (put) warrants and exchange-traded notes (ETN) and implementing related hedging arrangements, equity swaps, stock options, convertible bond asset swaps, and structured products.

(11) Offshore Securities Unit (OSU)

Undertaking offshore securities business and engaging in brokerage, wealth management trust, underwriting, proprietary trading, and account custody of foreign currency-denominated securities or financial products, as well as other securities-related forex businesses approved by the regulator.

(12) Custody business for offshore overseas Chinese and foreign nationals

Providing overseas Chinese and foreign nationals investing in Taiwan-listed securities with integrated services, including custody of payments and securities for securities investment, confirmation of trading, transaction delivery, and data reporting.

## 2. Revenue Breakdown

| Total Revenue and Revenue Breakdown over Recent Two Years |        |            |        | Unit : NT\$ million |
|-----------------------------------------------------------|--------|------------|--------|---------------------|
| Business Segment                                          | 2021   |            | 2022   |                     |
|                                                           | Amount | Percentage | Amount | Percentage          |
| Securities brokerage                                      | 12,337 | 80.59%     | 9,326  | 81.60%              |
| Proprietary trading                                       | 2,308  | 15.08%     | 1,671  | 14.62%              |
| Underwriting                                              | 593    | 3.87%      | 352    | 3.08%               |
| Other                                                     | 71     | 0.46%      | 80     | 0.70%               |
| Total                                                     | 15,309 | 100.00%    | 11,429 | 100.00%             |

| Market Share in Major Business Markets over Recent Two Years |                                                             |                          |         |                         |         |
|--------------------------------------------------------------|-------------------------------------------------------------|--------------------------|---------|-------------------------|---------|
| Type of Business                                             |                                                             | 2021                     |         | 2022                    |         |
|                                                              |                                                             | Market Share             | Ranking | Market Share            | Ranking |
| Securities brokerage                                         | Equity trading                                              | 4.85%                    | 4       | 4.84%                   | 4       |
|                                                              | Electronic trading                                          | 5.31%                    | 4       | 5.40%                   | 3       |
|                                                              | Futures and options                                         | 5.98%                    | 4       | 6.10%                   | 4       |
|                                                              | Margin loan balance                                         | 6.43%                    | 3       | 6.51%                   | 3       |
| Underwriting                                                 | Number of cases with SinoPac Securities as lead underwriter | 15/6.12%                 | 7       | 14/6.14%                | 5       |
|                                                              | Total underwriting amount                                   | NT\$10,449 million/6.12% | 6       | NT\$5,504 million/4.44% | 6       |
| Warrants                                                     | Number of issues                                            | 5,005/9.42%              | 4       | 3,874/7.11%             | 5       |

In 2022, the market share of SinoPac Securities' brokerage service was 4.84%, No. 4 in the industry. SinoPac Securities was honored the third place in the "Taiwan Equity ETF Contribution Award" in the ETF Competition held by TWSE. The Company won the first place in the "Brokers of the Year" in the Warrants Awards held by TPEX. The Company's 5.40% share in the electronic trading market ranked No. 3 in the industry.

Its futures and options trading captured a 6.10% market share, No. 4 in the industry. It won the second place in the "Futures Introducing Broker Trading Volume Diamond Award" in the 8th Futures Diamond Awards hosted by TAIFEX, and its long margin balance accounted for 6.51% of the market, No. 3 in the industry.

As for the underwriting business, SinoPac Securities' investment banking team assisted outstanding enterprises to list on TWSE, TPEX, and ESB and, at the same time, supported the development of the Pioneer Stock Board on TPEX. In 2022, SinoPac Securities ranked No. 5 and No. 6 in the industry by the number of cases as lead underwriter (14) and total underwriting amount (NT\$5,504 million), respectively. These achievements earned SinoPac Securities first place in the "Best Partner in Promoting Companies to Register on PSB," and second place in "Best Performance of Advisory Recommending Companies to List on TPEX." SinoPac Securities was also awarded as the "Best Contribution for Liquidity Providers" several times in the TPEX's PSB Securities Firms Reward Program in 2022.





With regard to the warrants business, the number of warrant issuance documents was 3,874, ranking No. 5 in the industry, and SinoPac won the "Warrant Efficiency Award" and "Warrants Trading Value Award" in the TWSE's Warrants Competition for Issuers. The strategic trading team actively participated in market making and expanding flexible trading strategies, taking second place in the "Taiwan Equity ETF Market Making Award" in the TWSE ETF Competition, and ten awards in the TWSE-listed Stock Market Making Competition, including "Two-way Quote Excellence Award," "ESG Exclusive Award-Excellence," and "Trading Volume Contribution Award." Also, it won six honors in the TPEX Market Makers Award, including "Market Makers-Stock Coverage," "Market Makers-Time Quotes," and "Heroes Create Liquidity Award."

The quant trading team makes flexible use of the strategic combination of futures, options, and commodities to carry out diversified financial trades and hedging strategies, and won the first place in the "Futures Trading Volume Growth Diamond Award" in the 8th Futures Diamond Awards hosted by TAIFEX.

As the primary central government bond trader and securities market maker, SinoPac Securities' fixed income business team has actively participated in the primary and secondary government bond markets. SinoPac Securities was successively honored as the "Excellent Central Government Bond Market Maker" by TPEX and ranked No.4 in Taiwan Central Bank's 2021 "Government Bond Business Performance Review" of central government bond dealers.

### 3. Products and Services in Development

#### (1) Launch new businesses

- Apply to offer spot foreign-exchange transactions and derivative products in connection with the securities business.
- Offer sub-brokerage services for financing and securities lending according to law.

#### (2) Enhance electronic trading and digital wealth management services

- Launch the DAWHOFONE App to integrate assets between customers and banks and allocate/re-allocate overall assets from the perspective of customers' financial goals, investment preferences, and risk tolerance, guiding customers toward high-quality financial products.
- Refine customer data center and marketing automation to enhance our investment and wealth management services.
- Perfect customer big data analysis to enhance precision marketing.

#### (3) Support new product R&D and service improvements

- Promote overseas bonds and customized offshore products to high-asset customers and offer more investment products to satisfy investors' needs.
- Plan a separate account ledger in the settlement account, to satisfy customer demand of fund management and financial planning.
- Introduced a diverse range of new trust products, including nursing trusts and children's education trusts, in response to the twin societal trends of population aging and a declining birth rate.
- Roll out new exchange traded notes (ETN), offer equity derivatives (e.g., equity swaps), and plan the launch of fixed coupon notes (FCN) to develop a more diverse array of structured products and meet customers' investment needs.

## (II) Current Year Business Plan

1. Increase market share and visibility to expand and diversify sources of income.
2. Promote wealth management services in all aspects to increase the size of assets under management.
3. Promote Tier 1 industry goals through underwriting business.
4. Accelerate digital operations, pursue new customers, and improving customer loyalty.
5. Introduce risk capital rewards, develop of multiple trading strategies, and improve the profitability of investment.
6. Develop cross-border financial planning services and improve overseas profitability.
7. Expand our sustainable influence with a focus on environmental protection, green energy industries, sustainable research, and the establishment of applicable business models.
8. Improve efficiency and performance, establish a stable and competitive information platform.
9. Maintain timely, integrated risk controls to optimize human capital and information technology infrastructure to strengthen our long-term competitiveness.

## (III) Overview of Securities Industry

From 2019 to 2021, Taiwan's equity market saw year-on-year growth. However, in 2022, capital markets were confronted with the COVID-19 pandemic and a variety of international political and economic variables. Opaque corporate outlooks and volatile swings in international fund flows increased the volatility of the Taiwan Capitalization Weighted Stock Index (TAIEX). In 2022, TAIEX plunged by 22.40%, and the total market value of listed stocks decreased by NT\$12.2 trillion, while net selling of foreign, including Mainland Area, investors totaled NT\$1.2 trillion.

In the face of drastic shifts in geopolitics, the global economy, and international finance, the FSC has discussed and promoted new measures from a variety of angles to strengthen the stability and resilience of Taiwan's financial system. The first is aimed at strengthening financial security. Taiwan's FSC launched its "Financial Cyber Security Action Plan 2.0" in December 2022 to ensure the stability of Taiwan's financial system, improve cyber security in the industry, and ensure a safe environment for financial services development. The second is aimed at improving the capital market system. The FSC has launched blueprints for corporate governance since 2013, using market mechanisms to encourage listed companies to follow sustainable development practices. To strengthen the capital market's international competitiveness, in 2020 they released "Corporate Governance 3.0-Sustainable Development Roadmap." In the future, the Company will create a corporate governance blueprint oriented toward enhancing the independence of Independent Directors and diversifying the makeup of the Board of Directors. The third is focused on strengthening the intermediary function of financial institutions and continuing to support the six core strategic industries (information and digital industries, cybersecurity industry, precision health industry, green and renewable energy industry, national defense and strategic industries, and strategic stockpile industries) and SMEs and startups. The fourth concentrates on taking care of the disadvantaged through financial policies, including deepening care measures and financial education for the elderly, those with physical and mental disabilities, people with dementia, and the young. The fifth is focused on the development of FinTech, including the release of FinTech development blueprints through ongoing research.

To consolidate and improve the competitiveness of the capital market, the competent authorities continue to discuss and launch measures to assist enterprises' fund-raising efforts and promote capital market development. Major recent measures include the following:



(1) To promote the liquidity of odd lots, improve the convenience of small-value investors in intraday odd-lot trades, and take into account the time needed for investors to think about trades in order to place orders prudently, the TWSE adjusted intraday odd-lot shares on December 19, 2022, with the transaction matching interval shortened from three minutes to one minute, further improving the transaction opportunities and efficiency of the odd-lot market in the intraday market; (2) To improve the transparency of trading information, the TWSE expanded the disclosure of simulated matching transaction prices, volumes, and the best five trading prices and volumes from September 26, 2022, so that all transaction information disclosed on securities in the centralized trading market during the "call auction trading" period is consistent with the supporting measures for price stability; (3) Allowing securities firms to handle short-term financing of in-transit delivery of listed securities, relaxing the scope of securities firms' non-restricted purpose loan collateral, newly including "creditor's rights to receivables in transit" to facilitate investors' efficient use of funds; (4) Loosening the regulations on foreign capital holding Taiwan stocks as collateral, helping to increase the flexibility of foreign capital use and the willingness to hold investment positions in Taiwan stocks. This will also help promote the liquidity of the financial market and strengthen the stability of the securities trading market; (5) Opening up the use of customer's settlement funds in the customer ledger of the securities firm's Settlement Account for purchasing government bonds and treasury bills, or for the funds exceeding NT\$1bn to transfer to other bank as fixed deposit, which help improve the flexibility of the use of funds in customer ledgers and help such firms to promote customer ledger operations; (6) Reducing warrant hedging and tax reduction. Securities firms who sell warrants in the special account for the purpose of fulfilling the obligation to subscribe/sell warrants and risk management will see the securities transaction tax rate reduced from the current 3‰ to 1‰ for a period of five years, which will help improve the quality of quotations and the willingness of investors to participate in the warrant market, thus promoting the development of the warrant market; (7) Relaxing the restriction on securities firms to only provide customers with investment and wealth management trust products when they are concurrently engaged in money trust and securities trust business, so that securities firms can further integrate nursing care, medical services, and assistance in retirement financial planning, developing diversified trust commodities and practicing corporate social responsibility; and (8) Improving the financing environment for new ventures and creating a "Taiwan Innovation Board" as a new bright spot for listed Taiwanese stocks. Relaxations include: i. Relaxing the application threshold and lowering the market value and revenue standards to NT\$1 billion and NT\$100 million, respectively, and lowering the market value of biotechnology products that have no revenue or new drug R&D to NT\$2 billion; ii. Shortening the time limit for applying to be transferred to the Main Board after being listed on the Innovation Board from two years to one year; iii. Increasing the minimum number of shares underwritten by securities underwriters (if the number of underwritten shares should exceed three million shares, they can handle public sales of no less than three million shares) to improve the efficiency of market allocation; iv. Adjusting the appointment period for underwriters to assist in compliance with laws and regulations (cancellation of permanent sponsorship responsibilities, adjusted from the date of listing to the next three fiscal years), to disperse underwriting risks, promote suitable laws and regulations, and improve Innovation Board applications and willingness of underwriters to provide guidance. In addition, in order to strengthen the robust, sustainable development of the securities and futures industry, the FSC announced on March 8, 2022, their implementation strategy for the sustainable development and transformation of the industry to improve the sustainability ecosystem, maintain the order and stability of

capital market transactions, and strengthen the industry. Measures were formulated to assist the industry to successfully accomplish sustainable development and transition through the industry's internal regulatory mechanism, the integration of resources, the improvement of the transition of operations and business, the protection of the rights and interests of investors and traders, and the establishment of fair and friendly services.

The competent authorities will continue to relax financial regulations and take other steps to encourage and assist local financial service providers in innovating and improving their international competitiveness. Hopefully, the competent authorities can help create a fertile business environment with opportunities for domestic securities firms to widen the market for their financial products and services, so they can meet the diverse needs of their customers and contribute to the steady development of the securities industry.

#### (IV) Research and Development

##### 1. Expenditures on Research and Development

| R&D Expenditures over the Past Two Years |        |        | Unit : NT\$ thousand |
|------------------------------------------|--------|--------|----------------------|
| Year                                     | 2021   | 2022   |                      |
| Amount                                   | 45,362 | 35,953 |                      |

##### 2. Results of Research and Development in 2022

###### (1) New businesses and new products

- Took the industry-leading action of launching a securities trust (including securities third-party trust) business, providing wealth inheritance and asset management services, assisting long-term stock-holding investors, carrying out cross-generation wealth management planning through trust structures, and continuing to develop a high-end customer wealth management business.
- Obtained individual settlement membership of Taiwan Futures Exchange to handle in-house futures settlement and delivery business which launched on June 1, 2022.
- A new collateral item for the non-restricted purpose loan business: creditor's rights to receivables in transit, which facilitates customers flexible use of funds and improves investment efficiency.
- A newly added equity-linked structured product: multi-asset rainbow ELN, which combines various targets to meet the diverse investment needs of investors.
- Optimize the electronic equity swap platform to provide investors with more diversified strategies.

###### (2) Optimized online trading platform to improve quality and efficiency

- The digital financial service of the DAWHOTOU App was upgraded again, adding domestic futures and options trading functions, and introducing smart technology to provide seven Taiwan stock smart orders and six options smart orders, setting out a more complete transaction order system and making investment simpler, smarter, and more efficient.
- The stock collateral lending business has been fully digitally upgraded, and investors can make use of the "Non-restricted Purpose Loan 2.0" service, the three main highlights of which are a fully online applications process, easy calculation of line of credit, and rapid disbursement, enabling flexible fund allocation. This is suited to investors with capital turnover needs and long-term investors who want to activate stock assets.



- The online subscription digital service for ETF IPOs was launched, accepting customer applications for Taiwan stock ETF IPO on the trust platform. This eliminated the need for customers to go to the counter for subscription applications and fund remittance for ETF new fund raising, complementing our mobile financial service.
- The trust platform has a newly added trading function wherein handling fees are collected after trades, satisfying a need of investors trading online.
- The SinoPac Stock Savings Plan Taiwan stock platform has been upgraded, launching two major functions, "Good Stocks Savings" and "Order Box." With an innovative online shopping cart model, this platform provides a one-stop order service for multiple stock savings plans. Two functions were launched on the Company's US stock platform, single-order bonuses and real-time sales, meeting investors' needs regarding investment in American stocks. In addition, a new service entitled "SinoPac US Stocks 9-Day Deduction" has been launched, with the monthly deduction days increased to nine days, enabling investors greater flexibility in their use of funds.

### (3) Innovated digital investment solutions to strengthen wealth management services

- SinoPac Securities and SinoPac Inv. Service lead the industry with their launch of a three-in-one online account opening service. Investors can complete Taiwan stock securities account, sub-brokerage account, and SinoPac Inv. Service membership account in one go. High-net-worth clients not only have access to the digital financial services of SinoPac Securities but can also obtain in-depth analysis of industries and individual stocks from the SinoPac Securities research team, helping investors adapt to changes in the economic climate and market.
- The new wealth management website of SinoPac Securities has created a one-stop investment and account management integration model, including six major investment products: spot trading, futures, wealth management, re-entrustment, structured commodities, and derivatives. Its three main innovative highlights are a zero-time-difference trading platform, an asset overview and accounting system, and a guide for beginners, building on the customer's investment history, whether they are a novice making their first ever trade or a master who has advanced global deployment, enabling them to stay on top of asset allocation, profit/loss, and investment opportunities at any time with the visualized information we provide.
- SinoPac Securities and Bank SinoPac have joined forces to break through the limitations of the financial industry and launch the industry's first "Subscription Made Easy" service. When customers have insufficient funds to purchase stocks, they can use the Subscription Made Easy service to connect the bank's private funds to tap into the quota for assisting customers in participating in stock purchases, enjoying a new digital service experience that integrates needs and services across businesses.
- Created a new digital interactive audio-visual service, creating digital learning opportunities through our official YouTube channel and helping investors find answers to their financial problems.
- Continued to optimize the DMP digital footprint management platform, implementing a customer grouping system, establishing customer promotion scenarios, implementing precision digital business marketing, providing more functions for automatic promotion, and strengthening the depth and breadth of customer group management.
- Completed a financial supervision sandbox innovation experiment in cooperation with Alpha Investment Consulting on October 25, 2022. The API data sharing mechanism will be maintained according to the method employed during the sandbox experiment. After obtaining investment advice through the Robo-Advisor system, customers can entrust SinoPac Securities with securities trading instructions, creating a one-stop service experience.

To provide customers with various products and satisfy their investment needs, SinoPac Securities will continue to study and develop new services, enhance its electronic trading platforms, provide complete digital financial services, establish diverse product and service portfolios, and enrich its wealth management product lines.

## (V) Short-term and Long-term Business Development Plans

### 1. Short-term Business Development Plan

- (1) Strengthen market share, increase assets under management, and promote wealth management services in all aspects.
- (2) Speed up digitization by promoting the all-online business model and building a financial planning ecosystem.
- (3) Increase SinoPac Holdings' overall business resources to continuously develop the investment banking business.
- (4) Enhance the profitability of proprietary trading.
- (5) Develop new types of fixed income products.
- (6) Integrate cross-border financial planning services and platforms to improve the profitability of investments.
- (7) Expand sustainability influence to become a leading securities firm in ESG investing.

### 2. Long-term Business Development Plan

- (1) Becoming a leading financial services innovator in the securities industry.
- (2) Become the most influential Greater China-originated securities firm operating in the Pan-Pacific region.

## D. SinoPac Leasing

### (I) Scope of Business

#### 1. Business Overview

To accommodate to customers' needs in different stages of business development, SinoPac Leasing provides financial lease, operating lease, real estate lease, trade with installment schemes, and financing services. The business items are described as follows:

##### (1) Leasing

Enterprise-related leasing services provided include: SinoPac Leasing provides financial lease and operating lease of machinery equipment, production lines, medical equipment, and vessels and vehicles, to assist enterprises in obtaining ownership or user rights for fixtures and furniture with a leasing structure, and cater to enterprises' needs for business growth.

##### (2) Installments

On behalf of customers, SinoPac Leasing purchases items needed in different operations, including equipment, fixtures and furniture, medical equipment, and raw materials. SinoPac Leasing and then sells the items to customers in installments to facilitate their cash flow management.

##### (3) Others

Transactions of raw materials and commodities; advance payments made on behalf of customers for fixtures and furniture, such as advance payments for vessels and other transport equipment; real estate development and lease in relation to urban renewal projects, business hotels, and office buildings, etc.



## 2. Revenue Breakdown

| Assets and Percentage of Financing and Leasing Business for Last Two Years |        |            |        | Unit : NT\$ million |
|----------------------------------------------------------------------------|--------|------------|--------|---------------------|
| Type of Business                                                           | 2021   |            | 2022   |                     |
|                                                                            | Amount | Percentage | Amount | Percentage          |
| Installments                                                               | 3,152  | 19.46%     | 2,615  | 16.63%              |
| Leasing                                                                    | 6,182  | 38.16%     | 5,798  | 36.87%              |
| Other                                                                      | 6,864  | 42.38%     | 7,311  | 46.50%              |
| Total                                                                      | 16,198 | 100.00%    | 15,724 | 100.00%             |

## (II) Current Year Business Plan

1. Adopting a customer-centric approach to "local presence, cross-border financial services, sustainability, risk control, and digitization"

SinoPac Leasing continued to roll out a diversity of new lease products and flexible financial services. To maximize profits, it developed quality SMEs, renewable energy businesses, and niche markets and maintained good asset quality with appropriate risk controls.

2. Enhancing the synergy of the leasing service network through cooperation across operations.

SinoPac Leasing actively expands its business operations as it has established service locations in Taiwan, Mainland China, Hong Kong, and Southeast Asia. Its service locations work hand in hand to provide corporate customers with financial solutions required for business growth through its multi-currency, multi-location cross-border financing and leasing businesses.

3. Strengthening risk controls.

SinoPac Leasing quickly adjusts its business risk management strategies in response to changes in the market environment, and strengthens its risk control mechanism at all stages of cases by incorporating risk management into daily operations and decision-making.

4. Improving employee training and development strategies and recruiting outstanding professionals.

As the scope of business expanded, SinoPac Leasing actively recruited and cultivated outstanding talents at home and abroad and provided job rotation and career development plans.

## (III) Overview of Leasing Industry

As an important driver for the growth of SMEs, the leasing industry is a new channel for enterprises to utilize funds effectively. The scope of leasing mainly covers vehicles, transportation equipment, and machinery, followed by raw materials, engineering equipment, production machinery, and medical equipment.

According to the Taipei Leasing Association, R.O.C., there were 38 members as of the end of 2022. In general, the major players in the leasing industry can be classified into two categories. The first category comprises leasing companies established under the equipment manufacturer system, the car dealer system or shareholders' industries, where these companies offer equipment leasing instead of financing. The other category involves leasing companies under the financial system, where most of these companies have a foothold in specific industries, such as transportation and new energy, and guide companies toward professional and international development. Leasing companies are usually the most important players in the leasing industry, thanks to the advantages they possess, including low capital cost,



diversified sources of customers, and professional risk control capabilities. There is still much room for growth in the leasing industry in Taiwan. In 2022, the Taipei Leasing Association, R.O.C. reported that the leasing and installments contracts of the members totaled NT\$725 billion, an 13.68% increase from NT\$638 billion in 2021. According to the World Leasing Yearbook 2023, the penetration rate of the leasing market in Taiwan was 11%, respectively, far lower than that in other developed economies (15-20%).

#### (IV) Research and Development

##### 1. Expenditures on Research and Development

###### R&D Expenditures over the Past Two Years

Unit : NT\$ thousand

| Year   | 2021  | 2022  |
|--------|-------|-------|
| Amount | 4,402 | 3,630 |

##### 2. Description of Expenditures on Research and Development

###### (1) Optimizing core systems and strengthening risk controls

Core systems were moved to new platforms to increase flexibility and reduce human errors. Risk controls were also added to reduce operational risk.

###### (2) Enhancing information security mechanisms and infrastructure

Information security tools and backup plans were upgraded in line with SinoPac Holdings' information security policy and business continuity plan to strengthen information protection and minimize impacts caused in case of emergencies.

##### 3. Future Research and Development Plans

###### (1) Robotic Process Application (RPA)

Introducing RPA to improve manual workflows and increase productivity.

###### (2) Information Security Certification

Implementing ISO27001 Information Security Management System certification to ensure the security of enterprise and personal data.

#### (V) Short-term and Long-term Business Development Plans

##### 1. Short-term Business Development Plans

(1) Enhancing traditional leasing services for local customers. Continuing to provide traditional leasing services for customers to grasp business opportunities in transformation, maintain customer relations to increase customer stickiness, and create business benefits.

(2) Grasping business opportunities in green finance and circular economy. Continuing to develop customers in relation to the green energy industry and forging a strategic alliance with green energy companies to provide a full range of financing services that help customers achieve business sustainability.

(3) Expanding overseas market presence and integrating cross-border platforms. Developing new financial leasing markets across Taiwan, Mainland China and overseas through cross-selling platforms, perfecting the business' promotional platform, and integrating customers' needs to provide comprehensive capital planning services, create a tailor-made structure for every new product, and increase profitability.



- (4) Designing risk management mechanisms tailored to customers and developing locality-specific risk controls for assets.
- (5) Undertaking projects designed to enrich the contents and systems of all sorts of talents cultivation and retention activities and training; recruiting/training management associates for overseas markets and growing human resources database for business expansion and expatriates.

## 2. Long-term Business Development Plans

- (1) Further consolidating businesses in Taiwan and Mainland China across platforms, thereby boosting its market share and elevating the professional standing in the cross-strait leasing market.
- (2) Actively tapping into overseas markets and setting up operations in potential markets.
- (3) Exploring opportunities for working with strategic partners of SinoPac Holdings to overcome entry barriers to specific industries, thereby achieving a niche-oriented competitive edge.
- (4) Expanding its asset base and enhancing the operating efficiency, thereby ensuring the sustainability of a leasing company credited with the best asset allocation and stable profits.
- (5) Optimizing the digital credit investigation platform that can identify risks quickly and strictly to realize dynamic monitoring and data management.

## E. SinoPac Securities Investment Trust

### (I) Scope of Business

#### 1. Business Overview

- (1) Securities investment trust business.
- (2) Discretionary investment business.
- (3) Securities investment consultant business.
- (4) Futures trust business.
- (5) Other business permitted by the competent authority.

#### 2. Revenue Breakdown

| Total Revenue and Revenue Breakdown over Recent Two Years |        |            |        | Unit : NT\$ million |  |
|-----------------------------------------------------------|--------|------------|--------|---------------------|--|
| Business Segment                                          | 2021   |            | 2022   |                     |  |
|                                                           | Amount | Percentage | Amount | Percentage          |  |
| Mutual Funds                                              | 195    | 87%        | 207    | 94%                 |  |
| Discretionary Investment                                  | 28     | 12%        | 12     | 5%                  |  |
| Private Placement Funds                                   | 1      | 1%         | 2      | 1%                  |  |
| Total                                                     | 224    | 100%       | 221    | 100%                |  |

#### 3. Main Business Overview

##### (1) Mutual Funds

SinoPac Securities Investment Trust (SinoPac SITC) had 25 mutual funds and its assets under management (AUM) totaled NT\$47,505 million at the end of 2022. It offered a wide assortment of products, including domestic and foreign equity funds, balanced funds, index funds, exchange traded funds (ETFs), and fixed income funds. In recent

years, SinoPac SITC has actively developed ETFs as the AUM of its ETFs amounted to NT\$22,336 million, accounting for 47.02% of the AUM of all its mutual funds.

SinoPac SITC's honors and awards in 2022 are as follows:

- Taiwan Institute for Sustainable Energy 2022 Taiwan Sustainable Investment Awards: Outstanding Performance, Investment Trust Group, Institutional Influence Category.
- TWSE 2022 Better Institutional Investor Stewardship Disclosure.
- 《Benchmark》 Taiwan Annual Fund Awards-7 awards including House Awards: Greater China Equity (Outstanding Achiever), etc.

(2) Discretionary Investments and Private Placement Funds:

By the end of 2022, SinoPac SITC's discretionary investment contracts amounted to NT\$6,200 million, and the number of discretionary investment contracts was five. It was entrusted by government funds, natural-person customers, and life insurance customers.

As regards private placement funds, the AUM of "SinoPac Strategies Fund No. 1" was around NT\$319 million.

(3) Joint venture:

Golden Trust SinoPac Fund Management Co., Ltd., a joint venture between SinoPac Securities Investment Trust and Xiamen International Trust Co., Ltd., issued 31 mutual funds and 20 separately managed account offerings at the end of 2022. The size of these products amounted to RMB38,460 million.

#### 4. Products and Services in Development

- (1) Developing dividend and thematic mutual funds (including sustainability), including active mutual funds and ETFs.
- (2) Issuing private placement products and discretionary investment-oriented insurance policies.
- (3) Promoting sending of digital ETF dividend distribution notice to provide customers with environmental, user-friendly services.

### (II) Current Year Business Plan

1. Raising four new mutual funds and reselling existing mutual funds.
2. Issuing private placement products and discretionary investment-oriented insurance policies.
3. Improving investment performance and organizational efficiency.
4. Continuing to develop a B2C model to enhance digital communication and services in both quality and quantity.
5. Actively holding customer lectures to deepen services and also introducing ESG concepts to shape our corporate image.
6. Implementing responsible investment and boosting sustainable development momentum.
7. Promoting cross-selling as a SinoPac Holdings' product platform.

### (III) Overview of Securities Investment Trust Industry

Affected by the simultaneous decline in the stock and bond markets in 2022, the total asset management scale of Taiwan's investment trust industry fell to NT\$7.46 trillion, a decrease of nearly NT\$471.4 billion from 2021, ending the five-year growth record.

#### 1. Overview of Mutual Funds Market

According to the data of the Securities Investment Trust & Consulting Association, the AUM of mutual funds was NT\$4.86 trillion at the end of 2022, a decrease of NT\$98.4 billion or 1.99% from the previous year. In 2022, only three types of funds, including exchange traded funds (ETFs), index funds, and ETF feeder funds, were able to maintain growth, increasing by NT\$230.4 billion, NT\$13.7 billion, and NT\$1.5 billion respectively; the largest decreases were in the equity funds (NT\$123.3 billion), bond funds (NT\$96.4 billion), and currency funds (NT\$68.9 billion).



## 2. Overview of Discretionary Investment Market

At the end of 2022, the number of discretionary investment contracts operated by domestic investment trust companies was 632, an increase of 26 from the 606 contracts at the end of the previous year, and the authorized amount of those contracts was expanded NT\$283.9 billion to NT\$ 2.3 trillion, an increase of 10.86% from the previous year, showing that there is still room for growth in the demand for discretionary investment.

## 3. Overview of Private Placement Funds Market

As of the end of 2022, the number of firms issuing private placement funds was 19, with 79 funds issued, and the size of the funds totaling NT\$32.4 billion, a decrease of NT\$21.5 billion from the end of the previous year.

## (IV) Research and Development

### 1. Expenditures on Research and Development

#### R&D Expenditures over the Past Two Years

Unit : NT\$ thousand

| Year   | 2021  | 2022   |
|--------|-------|--------|
| Amount | 8,525 | 10,042 |

### 2. Future Research and Development Plans

- (1) Launching a project to replace the old investment trading risk management system, thereby effectively increasing the efficiency of overall operations.
- (2) Introducing robotic process application (RPA) to accelerate process digitization and improve operational efficiency.
- (3) Introducing host virtualization to reduce operating costs, improve IT productivity, and automate backup.

## (V) Short-term and Long-term Business Development Plans

1. Working with international brands to develop niche products.
2. Valuing performance by improving investment and organizational performance.
3. Strengthening communication and operations through digital applications.
4. Focusing on target customers and strategic partners.

## F. SinoPac Venture Capital

### (I) Scope of Business

The main businesses of SinoPac venture capital (the Company) are running a venture capital fund and providing consulting services to investees. In line with the global economic and industrial development trends, the main businesses of the Company are to invest in the enterprises with high potential; the Company's investment decisions are based on the investee's capability and ability to secure the required core technologies and key successful factors. In addition, the Company provides the value-added services including business consulting services, integral financial services from the SinoPac Holdings to the investees in order to boost the development of investees and the return of the investments, prosperity of the national economy, and to fulfill the corporate social responsibility.

### (II) Current Year Business Plan

After reviewing evolutions in the structure of industries, developments in state-of-the-art technologies, and group-wide long-term development, SinoPac Venture Capital decided to concentrate its resources on investment opportunities

from selected industries, namely smart manufacturing, biotechnology and medicine, green technology, 5G, circular economy, and FinTech.

Execution Plans: (1) To explore the unmet demand and promising investment opportunities, the Company will work continuously with its investees to enhance its industry know-how and understanding; (2) To attract quality deals, SinoPac Venture Capital will work hard to build up its reputation in culture & creative investments; (3) To play as one of the agents for introducing innovative technology to SinoPac Holdings, SinoPac Venture Capital will maintain a close relationship with its parent company and its subsidiaries to study the state of the art technologies and opportunities; (4) To possess domain know-how and core technologies which become foundations for evaluating new investment opportunities of automation and IoT, SinoPac Venture Capital will not only work with the industry leaders but also integrate service providers of cloud services and big data analysis applications to increase quality and production efficiency while lowering the cost; and (5) To support the government policy to boost the prosperity of culture and creativity industry, SinoPac Venture Capital will make the best use of the industrial fund entrusted by the Ministry of Culture in making valuable and promising investments in the cultural and creative industry.

Investment Stages: SinoPac Venture Capital mainly invests in mature and pre-IPO enterprises to maintain return on investment. It will leverage the resources from SinoPac Holdings and external partners to explore investment opportunities, to establish a professional image in venture investments, and to keep promising track records. To promote collaboration and strategic alliance between investment portfolios, SinoPac Venture Capital will do its best to help its investees to cooperate with each other under the ecosystem strategy.

### (III) Overview of Venture Capital Industry

Through investing in new businesses with capital, human resources, technologies and management expertise, Venture Capital not only is a key driver but has been making a tremendous contribution to the developments of industries and economies in Taiwan. In 2000, Taiwanese venture capital funds were only trailing the U.S. and Singapore in scale, injecting NT\$20 billion of fresh funds into the market annually. During the year 2002-2004, Taiwan's venture capital industry reached its peak in the number of newly established venture capital funds. Then the industry dropped to its lowest point in 2006, with merely two new venture capitals founded in that year. In recent years, the number of venture capitals has gradually rebounded. Based on the information of the Taiwan Venture Capital Association, as of the end of 2022, there are 298 venture capitals in operation, including 23 new establishments, with the total paid-in capital being NT\$176.093 billion.

In line with technology and social environment development, the focuses of venture capital funds have shifted. In order to meet the core values of "innovation, employment, and proper allocation" and to promote the transformation and upgrade of domestic industries, Taiwan government has proposed the "5+2 Industrial Innovation Plan" that covers Smart Machinery, Asia Silicon Valley, Greentech, Biomedical Industry, National Defense, New Agriculture, and Circular Economy as the core driving forces for Taiwan's next-generation industrial growth and national economy. Meanwhile, in order to create a favorable environment for startups and entrepreneurs and to boost investments in high value-added services, innovative technologies, and companies with high potential for internationalization, the government of Taiwan has been enthusiastic in the formulation of policies and loosening and deregulation of existing regulations.



#### (IV) Research and Development

##### 1. Expenditures on Research and Development

Expenditures on research and development over recent two years are as follows:

None.

2. Based on the existing resources and data, SinoPac Venture Capital looks forward to cooperating with big data and AI system developers, to develop a platform for investment case screening and post-investment management, in order to improve investment and management performance, while reducing operating costs and investment risks.
3. Establishing cooperative relationships with the industry, government, and academia, exchanging views and opinions with external experts regularly, and seeking assistance from industry and R&D units in evaluation and business cooperation in order to develop investment cases and evaluation criteria.

#### (V) Short-term and Long-term Business Development Plans

##### 1. Short-term Business Development Plans

- (1) Based on the existing foundation, SinoPac Venture Capital will continue to maintain and enhance its professional image and be a good partner for start-up companies to attract quality cases.
- (2) The Company also reviews and adjusts key tracking industries from time to time in light of industrial developments and changes in the economic environment. Focus on the six major industries of smart manufacturing, biotechnology and medicine, green technology, 5G, circular economy, and FinTech.
- (3) SinoPac Venture Capital will continue to improve its conduction of the post investment management and portfolio management in an effective and efficient way to reduce investment risk and maximize return on investments.
- (4) SinoPac Venture Capital will continue to explore new business opportunities to create new income stream, promoting business cooperation among invested companies, establishing strategic alliances, and building pipelines for overseas deal flow, evaluation and profit generation business models.

##### 2. Long-term Business Development Plans

- (1) To promote the cross-marketing businesses, in line with the business development strategy of SinoPac Holdings, SinoPac Venture Capital integrates group-wide resources to fulfill financial needs of investee companies at various stages and improve customer satisfaction and trust.
- (2) Investing in quality industries with growth potential and assisting in the development of domestic promising industries to promote domestic economic development.
- (3) Enhancing interaction with other ventures capitals, broadening the international viewpoint and cultivating international investment capability, and expanding investments abroad.

## II. Benefits of Cross-Industry and Joint-Marketing

SinoPac Holdings adheres to a customer-centric business philosophy, incorporates "integration" into the Company's four major strategies, actively integrates subsidiaries such as banking, securities, leasing, investment trust, and venture capital, and strengthens "One SinoPac" to provide comprehensive financial services for the group. Through this, any connection between customers and SinoPac is like entering the same company, enabling customers to enjoy the group's integrated preferential and convenient financial services.

In 2022, the integration of digital account opening and transaction linking between banking and securities will lay the foundation for digital business development. In 2023, asset integration reports and VIP discount integration services will continue to be launched to strengthen customer stickiness and improve cross-selling efficiency. At the same time, the Company will continue to pursue industry integration, combined with third-party applications to develop life finance, in order to respond to the trend of financial service scenarios, improve customer experience satisfaction, and maximize synergy.

### III. Market and Business Overview

#### (I) Situation Concerning Regions of Main Products (Services) Sold (Provided) in the Financial Market

The main regions where SinoPac Holdings provides services are the Asia Pacific and Greater China, including Taiwan, the U.S., Mainland China, Hong Kong, Macao, and Vietnam. The economic situation in each region is separately stated below:

##### A. Taiwan

Looking back on 2022, domestic demand partly benefited from the post-pandemic recovery, the easing of border controls, and the government's introduction of subsidies for international travel and other measures to stimulate consumption, all of which drove the growth of domestic consumption in Taiwan. As a result, the turnover in the retail and catering industries increased significantly and reached new highs. In term of the external demand, due to the demand for chips and semiconductors increasing, along with the post-pandemic recovery, manufacturers continued to expand production capacity, driving the growth of Taiwan's exports and private investment. The annual GDP growth rates in the first three quarters of 2022 were 3.87% and 2.95%, 3.64% respectively. Affected by high inflation in the second half of the year, the central banks of various countries adopted more aggressive policies of monetary tightening to curb inflation, terminal demand was suppressed, and major manufacturers responded by reducing production and future investment expenditures, resulting in relatively low exports in the second half of the year. Following a sharp recession, manufacturing PMI fell to 40.4 in January, below the 50 line for seven consecutive months, and the economic countermeasures in January showed blue light for three consecutive months, and the economic growth rate in the fourth quarter fell to -0.41%, and the annual growth rate was 2.45% in 2022.

Looking forward to 2023, high inflation will continue to erode consumption power in the first half of the year. Major companies have a conservative outlook for 2023. The IMF predicts that global trade growth will drop from 4.3% to 2.5% in 2023. It is expected that Taiwan's exports will be affected. Domestic demand, meanwhile, is expected to benefit from COVID-19 becoming endemic and the relaxation of border controls, which have resulted in the number of foreigners and tourists coming to Taiwan increasing. In addition, the minimum wage will be raised by 4.56% in 2023, which is expected to bring strong growth momentum to Taiwan's private-sector consumption, and may become the engine behind Taiwan's economic growth. In addition, with the economic recovery in the second half of the year, manufacturers are expected to resume previously delayed investment plans. With the huge demand for capital and manpower, they will continue to build green energy facilities such as offshore wind power and solar photovoltaics, and the implementation of the Three Major Programs for Investing in Taiwan are expected to inject more vitality into Taiwanese investment. The Directorate General of Budget, Accounting and Statistics predicts that economic growth will slow down to 2.12% in 2023, and the quarterly figures will be -1.20%, 2.73%, 2.25%, and 4.55%.

In terms of prices, due to the Russian-Ukraine war pushing up the prices of global raw materials, coupled with the impact of extreme weather phenomena such as El Niño, Taiwan's food prices have also risen. In June 2022, inflation in Taiwan rose to 3.59%, the highest since September 2008. Even though the price of oil and raw materials has dropped slightly recently, annual inflation is still as high as 2.95% in 2022. Looking forward to 2023 and China beginning to





reopen, OPEC+ announced a production cut of two million barrels per day, bringing some support to oil prices. Coupled with the post-pandemic recovery, people's willingness to consume will increase. The minimum wage will be raised by 4.56% in 2023, which will have more impact on service inflation. There is a lot of upward pressure, and Taiwan's inflation is mainly imported inflation. With the prices of raw materials and oil prices continuing to be high, it is expected that Taiwan's inflation will not be able to cool down sharply in the short term. However, the base period in 2022 is relatively high. The Directorate General of Budget, Accounting and Statistics predicts a slight CPI drop to 2.16% in 2023.

In terms of interest rates, in order to curb inflation, the Taiwan government has adopted a number of policies on the supply side, including stabilizing oil prices at the lowest price in Asia, freezing electricity prices, and reducing tariffs on bulk raw materials. Therefore, the central bank only raised interest rates by 0.625% over their four board meetings in 2022, raising the rediscount rate to 1.75%. Looking forward to 2023, Taiwan's economic growth will remain stable and inflation relatively moderate. Governor of the Central Bank of the Republic of China Yang Chin-long said that inflation within 2% is acceptable. Based on the aforementioned forecast, Taiwan's inflation will drop to 1.89% in second quarter of 2023, so we expect that Taiwan's central bank will remain the rediscount rate unchanged at 1.88% in 2023 after hiking 0.125% in March.

## B. Mainland China, Hong Kong, and Macao

Looking back on 2022, since 2021, the side effects of supervision in various industries have continued to appear. China adopted higher-pressure pandemic containment measures against the more contagious new Omicron coronavirus variant, and the city of Shanghai was on lockdown from March 28 until mid-May before orderly resumption of work. This, coupled with the outbreak of the Russia-Ukraine war, led to a Q2 GDP growth of only 0.4% and the economic momentum falling to a new level. COVID-19 has spread more widely across the country, and repeated enactment of dynamic COVID-zero actions has dealt a severe blow to various industries, especially the private-sector economy. In addition, the debt defaults of real estate companies have intensified and the wave of loan suspensions broke out in June, accelerating the decline in the real estate market and the serious deterioration of local fiscal revenue and expenditure. After the 20th National Congress of the Communist Party of China, the State Council of the People's Republic of China promulgated the 20 Articles and 10 New Articles on 11/11 and 12/7 to address the new response to the pandemic. However, the economy has not shown a significant improvement after this shift in pandemic policy. Fortunately, after the State Council of the People's Republic of China held a meeting to stabilize the economy in May, it added a series of additional fiscal measures, and the People's Bank of China continued to cut interest rates and reserve requirements. Through structured credit tools, it ensured the smooth control of loans for small, medium, and micro enterprises and the development of high-tech and green industries. Additionally, the national team expanded investment to avoid negative economic growth in the second half of the year. Q3 GDP rebounded to 3.9%, Q4 growth was 2.9%, and the annual growth is 3.0%, which is the second-lowest growth level since 1990. With regard to Hong Kong and Macao, China strictly controls the flow of people at the border. The recovery of the tourism, retail, and gaming industries in the two is slow, at its lowest since 2004, at annual GDP negative growth of 33.4% for three consecutive years. In addition, the financial and real estate industries, the pillars of Hong Kong's economy, are subject to national security concerns and uncertainties in China-U.S. audit regulation, and housing policy adjustments. Economic growth has slowed down, with Q1-Q4 GDP growth at -3.9%, -1.2%, -4.6%, and, -4.2% for negative growth of 3.5% for the whole year, marking three periods of negative growth since 2019.

Looking forward to 2023, with the downside risks of external demand brought about by high inflation and high interest rates in the United States and Europe, the 12/2022 Central Economic Work Conference will list the expansion of domestic

demand as the most important task this year. The strength of fiscal and monetary policies will be no less than that in 2022. Market confidence has been boosted at all levels, and it is expected that regulatory policies that are conducive to long-term economic development will be implemented more cautiously. China is officially moving towards coexistence with COVID-19 and recovery in all walks of life is just around the corner. However, public consumption and corporate investment will take a long time to restore. It is expected that the momentum of economic growth will be moderate, and China's GDP is estimated to grow by 5.4%. High-frequency contact service industries in China, Hong Kong, and Macao is expected to usher in a truly sustainable recovery; visitor numbers particularly in the latter two, along with the retail, hospitality, transportation, and gaming industries are at a low base period, and it is expected that the statistical data will show high double-digit to triple-digit growth throughout the year, with a high probability of positive GDP growth.

### C. USA

Looking back on 2022, the market originally expected the U.S. GDP to grow by 4%, and believed that inflation would decline quarter by quarter and that the Fed would only raise interest rates by 50 basis points throughout the year. However, the outbreak of the Russian-Ukrainian war in February seriously disrupted the economic rhythm. First, the soaring price of raw materials fueled inflation, and the CPI annual growth rate rose to a 40-year high of 9.1% in June; then, in order to combat high inflation, the Fed raised interest rates from 0.25% to 0.5%, and then over to four consecutive meetings, the interest rate was further raised by 0.75%, with the total interest rate raised by 425 basis points over the year. This is the most radical interest rate hike in the past 40 years. Finally, with high inflation and high interest rates, economic growth continued to weaken, with the 2022 GDP growing by only 2.1%, far worse than expected at the beginning of the year.

Looking forward to 2023, the growth momentum of consumption and investment will weaken, and the housing market will remain sluggish. It is expected that the U.S. economy will gradually slow down. The GDP growth estimates for each quarter are 1.4%, 1.1%, 0.3%, and 0.1%, respectively. The annual growth rate is estimated to be 1.5%, which is lower than the 2.1% in 2022. We believe that U.S. economy is heading to a soft landing, rather than a hard landing. The two core assumptions are: (1) Enterprises will hoard labor to survive the cold economic winter, and the resilience of the job market will support consumption to maintain positive growth. (2) Inflation will continue the current cooling trend, consumers will gradually regain purchasing power, and the Fed will not need to raise terminal interest rates.

In terms of monetary policy, the Fed raised interest rates by 4.25% in 2022, and the dot plot predicts that it will rise by 75 basis points in 2023. It is estimated that the terminal interest rate will fall to 5.00%-5.25%, and it may not cut interest rates within the year. After the Fed raised interest rate by 25 basis points each in February and March, it is expected that the Fed will pause in 2Q, ending the current cycle of interest rate hikes. According to the current rate at which inflation is cooling, the policy interest rate will exceed the core PCE from Q1, and the real policy interest rate is expected to remain positive for the whole year. It will ensure the economy continues to be below the long-term trend, and put a substantial downward pressures on inflation.

### D. Vietnam

Looking back on 2022, the pandemic situation in many Asian countries repeatedly intensified, however, Vietnam has officially shaken off the shackles of COVID-19 after going through a painful period of co-existing with it in the second half of 2021. In addition to the stabilization of the domestic consumer market, the stable supply chain has also enabled Vietnam to gain favor from upstream manufacturers. Driven by the sound recovery of domestic demand and strong



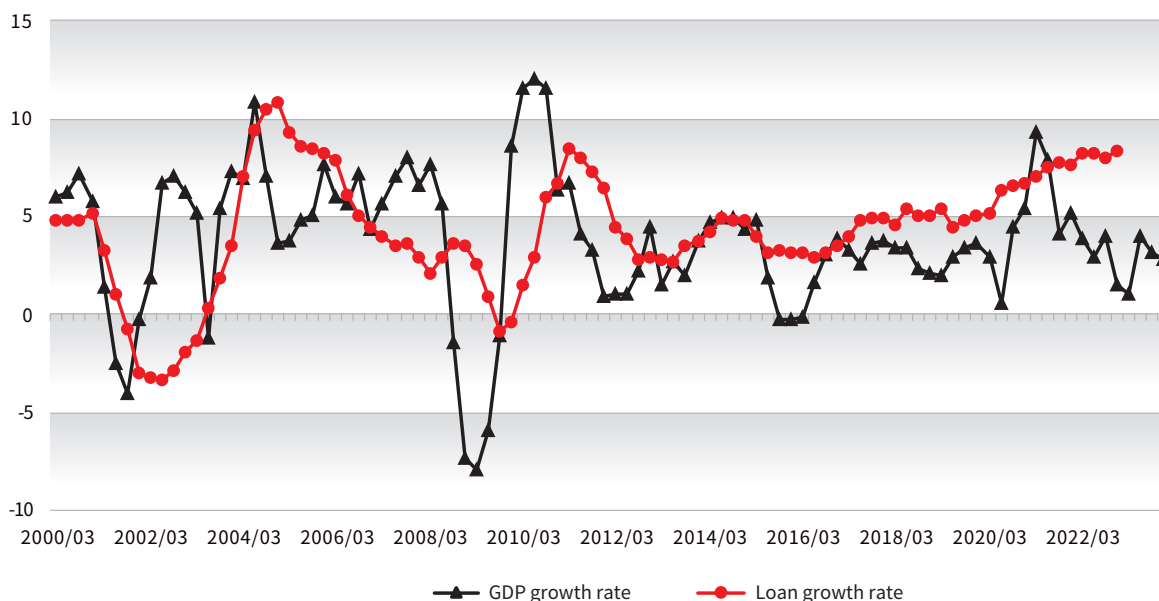
export growth, Vietnam's economic growth rate from the first quarter to the fourth quarter was 5.05%, 7.83%, 13.71%, and 5.92% respectively. In 2022, the economic growth rate will be 8.02%, a 25-year high. In terms of industries, the service sector grew by 9.99%, the industry and construction sector grew by 7.78%, and the agriculture, forestry, and fishery sector grew by 3.36%.

In terms of private consumption, Vietnam will emerge from the haze of the pandemic in 2022, and domestic consumption will recover strongly. The annual growth rate of retail sales in 2022 will reach 19.8%. In terms of prices, the economic recovery and the rise in global bulk raw materials will push up inflation. The annual growth rate of the consumer price index in 2022 will be 3.15%. Although this is below the inflation target of 4.00%, the annual growth rate of CPI rose to a high of 4.89% in 1/2023, the highest since 2/2020, increasing the pressure on the Central Bank of Vietnam to raise interest rates. In terms of trade, global geopolitical risks are heating up, Sino-U.S. trade is at an impasse, and Vietnam continues to benefit from the transfer of manufacturers' production bases. In addition, CPTPP and EVFTA also help Vietnamese products enter new markets and increase foreign investment in Vietnam. The total export value of commodities in 2022 rose to US\$371.85 billion, an annual growth rate of 10.6%. In 2022, Vietnam approved new foreign investment of US\$22.4 billion, an increase of 13.5% over 2021, the largest increase in the past five years.

Looking forward to 2023, as the reopen bonus gradually fades and the base period increases, domestic consumption growth will slow down, and Vietnam's inflation will continue to heat up. It is expected that Vietnam's central bank will continue to raise interest rates, which will increase household financial costs and bring additional pressure to the domestic consumer market. However, in terms of investment, the Sino-U.S. trade tension will not improve in the short term, and the focus of production will shift, supporting foreign investment in Vietnam. With the tightening of global central banks slowing down in the second half of the year, it is expected to further attract capital to Vietnam. In terms of trade, in the first half of the year, inventory adjustments and a downturn in the global economy may result in Vietnam's exports being suppressed. However, as global demand recovers and inventory levels improve in the second half of the year, Vietnam's commodity exports will gradually stabilize. As the lockdown of the largest source of inbound tourists to Vietnam, China, is lifted, tourism services are expected to see a significant recovery. It is expected that Vietnam's 2023 GDP growth will slow down slightly but remain at a high level. The International Monetary Fund (IMF) and the World Bank predict that Vietnam's economy will grow by 6.2% and 6.3% in 2023, respectively.

## (II) Future Supply and Demand Conditions in the Market

Overall prosperity plays an important role and serves as a key factor in the lending business of banks, policy sales of insurance companies, and amount of orders placed by securities company customers. This year, under the pressure of high global inflation, the central banks of various countries have implemented monetary tightening policies which not only accelerated the withdrawal of funds from the capital market, but also reduced the demand for terminal consumption, impacting Taiwan's export-oriented enterprises. The industry is facing inventory adjustments and corporate capital costs continue to increase under the cycle of interest rate hikes. Economic growth is expected to slow down in the coming year. It is also anticipated that the world will remain in an environment of rising interest rates in the first half of next year, and central banks will be conservative in their approach to monetary policy. Overall, there are still uncertainties in the overall economy in 2023. Since the correlation coefficient between domestic bank lending momentum and GDP growth rate is as high as 65%, the Directorate General of Budget, Accounting, and Statistics estimates that Taiwan's annual GDP growth rate in 2023 will be 2.12%. Therefore, it is estimated that the domestic bank loan growth rate in 2023 will be between 3% and 5%, and that momentum on the demand side is slowing down.



As the Federal Reserve continued to raise interest rates strongly this year, the central bank also followed with a cumulative rate hike of 0.625% this year, with the rediscount rate rising to 1.75%. As far as the external environment is concerned, the interest rate dot plot shows that the terminal interest rate will be raised. Coupled with the tight labor market in the United States, wage growth has not seen a significant cooling, and the tightening monetary policy may continue for a while. As far as the internal environment is concerned, although Taiwan has been affected by the slowdown in the global economy, the domestic economy has been supported by domestic demand. It is expected that the overall economy will remain stable, and inflation will be relatively mild compared to countries such as Europe and the United States. It is expected by the central bank to fall to 2% or below next year, and we anticipate that the central bank will remain the rediscount rate at 1.88% after raising interest rates by 12.5 basis points in March 2023.

### (III) Favorable and Unfavorable Factors in Future Development

#### A. Favorable Factors

##### (1) First in the industry to engage in ESG

SinoPac Holdings attaches great importance to ESG and sustainable development. In November 2021, SinoPac was selected as a constituent stock of the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the first time, and in December 2022 it was selected again. And in August this year, international rating agency MSCI upgraded its ESG rating of SinoPac Holdings to AA. We have proposed a commitment to net-zero emissions by 2050, with no new project financing related to fuel coal or unconventional oil and gas, and joined the Science-Based Targets initiative (SBTi), putting forward carbon reduction SBTs in the shortest possible time and continue to exert our influence through our core financial business.

##### (2) Overseas re-entrustment is booming; intraday odd-lot transaction matching time is shortened;

According to statistics from the Taipei Securities Dealers Association, the number of overseas entrusted account openings this year has increased by nearly 30% compared with last year, which shows that domestic investment in overseas markets is gradually increasing. In December 2022, the stock exchange will adjust the interval for intraday odd-stock matching, shortening it from the current three minutes to one minute, which will help increase market liquidity and smooth stock price fluctuations. As such, the 50% securities transaction tax cut, which is equivalent to a tax rate of 0.15%, will be extended for another three years until December 31, 2024. The three-year extension of



securities transaction tax cut was implemented in line with the FSC's need to facilitate the long-term development of the securities market and in accordance with the Taxpayer Rights Protection Act and the Fiscal Discipline Act. On the whole, continuous policy incentives and the trend of overseas investment are expected to drive market activity and increase the energy of securities business operations in the future.

(3) Rising interest rates favorable to profitability in the financial industry

Due to high global inflation, the U.S. Federal Reserve will strongly raise interest rates this year, and Taiwan's central bank will follow suit. It is estimated that the cycle of raising interest rates will continue at least into the first half of 2023. Widening bank spreads as a result of rising interest rates will be favorable to bank profitability while still-high bond yields will also lead to an increase in return on investment within the life insurance industry, which has a high proportion of overseas asset allocation.

## B. Unfavorable Factors

(1) Excessive market competition; insufficient international competitiveness

There are too many financial institutions in Taiwan, the homogeneity of service content is high, and the market is overly competitive, resulting in an inability to significantly grow business performance. Despite the competent authorities' proposed incentives to encourage mergers of financial institutions, making such mergers a reality has been extremely difficult. On top of that, the entry of three Internet banks has further fueled competition in the already congested market, thus resulting in an even tougher external environment for the financial industry. Such an environment has pushed financial institutions towards intense price competition, which evidently does not bode well for profit performance.

Although the domestic technology industry has performed well in the international market, it lacks an international or regional national bank, which is not conducive to Taiwanese companies' expansion into the international market. Furthermore, the interest rate spread in the overseas market is better than that in Taiwan, but the business risk is relatively higher. If it cannot strengthen its own competitiveness, the profit rate will be lower than the domestic market.

(2) Information security and strict control of personal information in the digital age

In the digital age, data has become the basis of marketing and industrial competition. In Taiwan, however, if data comes from an individual, it is protected by the Personal Data Protection Act. To ensure the sound development of financial institutions and prevent fraud, the FSC has tightened its requirements for money laundering prevention, information security, risk management, protection of customer rights. Financial institutions have to shoulder more social responsibility as they collect and safeguard funds from the public. Hence, financial institutions should attach great importance to the establishment and implementation of internal control. However, focusing on internal audit, internal control, and information security will result in increased compliance costs.

(3) Overall economic downturn and capital market turmoil

In 2022, the Federal Reserve will strongly raise interest rates, and funds will withdraw from the capital market. The stock, bond, and foreign exchange markets will all face unprecedented shocks. With the cooling of end consumer demand, the industry is also facing inventory adjustment and profit recession, which is expected to be a major factor in the instability of the financial market in the next year or two. How to confront and profit from this unknown and volatile capital market in the future, and how to respond to the increase in credit costs and default risks in the downturn of the economy will both be major questions for the financial industry.

#### (4) Overseas Exposures

The top three risk exposure countries for domestic financial institutions are the United States, China, and the United Kingdom. As far as China is concerned, it is affected by geopolitics, a real estate bubble, a credit crisis, and policies, resulting in the gradual deterioration of China's business environment. There has been a wave of businesspeople from Taiwan and further afield withdrawing from China, which has affected the willingness of financial institutions to lend to China. Our assessment is that financial institutions in China will be exposed to credit risk, exchange rate risk, and policy risk in the future, which will affect profits.

## IV. Workforce

### Employee Data over Recent Two Years and as of the Publication of the Annual Report

February 28, 2023

| Year                                          |                                              | 2021   | 2022   | As of February 28, 2023<br>(Note) |
|-----------------------------------------------|----------------------------------------------|--------|--------|-----------------------------------|
| Number of<br>Employees by<br>Age Group        | 20 ~ 29                                      | 1,619  | 1,679  | 1,713                             |
|                                               | 30 ~ 39                                      | 2,412  | 2,402  | 2,436                             |
|                                               | 40 ~ 49                                      | 3,554  | 3,616  | 3,635                             |
|                                               | Over 50                                      | 2,048  | 2,217  | 2,283                             |
| Total                                         |                                              | 9,633  | 9,914  | 10,067                            |
| Average Age                                   |                                              | 42.1   | 42.5   | 42.6                              |
| Average Years of Service                      |                                              | 11.5   | 11.6   | 11.9                              |
| Education<br>Breakdown                        | Ph. D.                                       | 0.22%  | 0.20%  | 0.19%                             |
|                                               | Master                                       | 21.30% | 21.23% | 20.90%                            |
|                                               | Bachelor                                     | 60.05% | 60.71% | 60.44%                            |
|                                               | Professional college                         | 12.94% | 12.24% | 12.20%                            |
|                                               | Senior high school                           | 4.70%  | 4.84%  | 5.47%                             |
|                                               | Below senior high school                     | 0.79%  | 0.78%  | 0.80%                             |
| Professional<br>Licenses Held<br>by Employees | Life insurance sales agent                   | 4,856  | 4,949  | 4,948                             |
|                                               | Sales agent for SITE/SICE                    | 914    | 934    | 933                               |
|                                               | Investment-type insurance sales agent        | 3,340  | 3,425  | 3,429                             |
|                                               | Trust sales agent                            | 5,155  | 5,277  | 5,259                             |
|                                               | Trust management agent                       | 1,338  | 1,323  | 1,326                             |
|                                               | Financial planner                            | 1,196  | 1,195  | 1,204                             |
|                                               | Property insurance sales agent               | 4,640  | 4,736  | 4,735                             |
|                                               | Futures broker                               | 1,765  | 1,814  | 1,814                             |
|                                               | Bank internal controller and audit           | 3,814  | 3,944  | 3,938                             |
|                                               | Internal auditor training                    | 635    | 595    | 599                               |
|                                               | Equity analyst                               | 52     | 56     | 59                                |
|                                               | Senior stock broker                          | 1,424  | 1,460  | 1,461                             |
|                                               | Stock broker                                 | 1,410  | 1,499  | 1,493                             |
|                                               | Certified anti-money laundering specialist   | 107    | 190    | 115                               |
|                                               | Chartered Financial Analyst (CFA) Level 1    | 14     | 9      | 13                                |
|                                               | Chartered Financial Analyst (CFA) Level 2    | 4      | 3      | 3                                 |
|                                               | Chartered Financial Analyst (CFA) Level 3    | 4      | 3      | 3                                 |
|                                               | Certified Financial Planner (CFP)            | 46     | 52     | 52                                |
|                                               | Financial Risk Manager (FRM)                 | 25     | 21     | 21                                |
|                                               | Certified Internal Auditor (CIA)             | 4      | 6      | 6                                 |
|                                               | Certified Information Systems Auditor (CISA) | 5      | 6      | 6                                 |

Note: Data as of the publication of the annual report



## ■ Employee Training and Development Plans

### Core Competency Training Plans

To build the core competitiveness and professional competencies of the organization, establish endless echelons of management, put the right person in the right place, and align employees' career trajectory with corporate development, SinoPac Holdings has made the following training and development plans according to its business strategies:

1. Internal training: Internal training is divided into three types, namely orientation training, professional training, and statutory training, with the purpose of assisting employees in integrating into the company's businesses and complying with the relevant laws and regulations.
2. Management training: Management training refers to training courses on improving management competencies provided to new managers, management associates, and existing managers. This type of training emphasizes the consistency and continuity of management concepts, so that managers share the same management language.
3. Program-specific training: To develop future managers and executives for the company, SinoPac Holdings conducts the "Strategic Talents Training Program" to strengthen the competencies of management associates through job rotation, internship, and a wide range of courses. In addition, SinoPac Holdings also organizes the "SinoPac EMBA Training Program" to continuously enhance the management competencies of outstanding managers at SinoPac Holdings, with a focus on "learning, interaction, and observation."
4. External professional training: External professional training refers to training courses on knowledge and skills relating to employees' positions provided by external professional institutions. External professional training can be planned and organized by a department head and the human resources department.
5. Self-development: According to the "Training Allowance Regulations," SinoPac Holdings offers an annual training allowance of NT\$10,000/person to encourage employees to take language or information courses and professional license examinations; in addition, an e-learning platform has been set up to provide elective courses for employees to take at any time. Employees may also participate in related lectures and seminars as needed.
6. Digital empowerment: Based on our "digital strategy" and a core of general knowledge, SinoPac has established a "Digital Learning Course" applicable to all employees, along with developing a compulsory learning to enrich the digital literacy of all employees through systematic training.

In 2022, the expenditures on training totaled NT\$62.7 million. A total of 266,050 man-hours have been spent in training.

## V. Corporate Responsibility and Ethical Behavior

### (I) Corporate Responsibility

SinoPac Holdings has been investing in various charitable care, art, culture, and education activities for a long time, giving back to society through concrete action while also fulfilling our corporate social responsibilities. The four aspects of environmental sustainability, social care, arts, culture and sports, and education promotion are explained as follows.

#### 1. Environmental Sustainability:

- (1) SinoPac Holdings has actively worked to build a culture of environmental awareness through the "SinoPac Life." Using multiple channels such as education promotion, advocacy, and business services, it encourages the practice of green actions in everyday life and contributes to the sustainable development of the Earth. The 17th of each month has been designated as SinoPac Environmental Protection Day, on which the Company implements its determination to love the Earth through concrete actions from the inside out.



- (2) SinoPac Holdings supported the documentary "Enigma: The Chinese Crested Tern" filmed by director Liang Jiede. Through the documentary, we expect to raise the awareness of environmental protection among employees and the public, face up to the impact of marine pollution on migratory birds, and contribute to ecological conservation and environmental sustainability.
- (3) Bank SinoPac and the Economic Daily News jointly held the 2022 Green Mobility Realizing the Liberalization of Green Power Trading forum, where people from government, industry, and academia came together to discuss new energy transition and implementation of circular economies, and to expand and promote the development of green energy.

## 2. Social Care:

- (1) SinoPac Holdings responded to the Zero Hunger Action Plan launched by the Council of Agriculture, Executive Yuan, through SinoPac staff voluntarily participating in providing meal services for rural communities, elderly people, and disadvantaged families in neighboring villages. The company has held a year-end fundraiser for the fifth consecutive year. In 2022, this fundraising event was themed "SinoPac Together Sends Love to Indigenous Communities," and SinoPac staff, their relatives and friends, and customers were invited to take part in the fundraising.
- (2) Since 2018, Bank SinoPac and SinoPac Securities have jointly organized the "Your Concert" charity performances in rural areas around Taiwan with the cooperation of award-winning singer Hsieh Ming-Yu and Pun Car Band, using singing to soothe the souls of the elderly. In 2019, the companies launched "Song of Life Co-creation Action," again with the participation of the legendary Hsieh Ming-Yu and community elders, composing a representative "song of life" for each community. In 2021, the first album recording the development of Taiwan's communities, entitled "Hit-si" (Taiwanese for "at that time") was released, realize the dreams of the elderly participants of putting out a record.
- (3) Since 2021, Bank SinoPac has joined the "Home from Above Sustainable Harvest" program, training nearly a hundred young directors, guiding children from rural areas to better know their hometowns, and providing media literacy skills such as video shooting, storytelling, scriptwriting, and editing. In 2022, a total of six schools across northern, central and southern Taiwan and nine returning advanced groups of young directors were trained and a total of 15 hometown documentaries completed. Through this, the children from remote villages taking part have been able to gain more confidence and a broader vision of the cultural characteristics and resource advantages of their hometown. In addition to keeping traditional arts and culture alive and protecting environmental resources, this activity also helps expand the career choices available to children from rural areas.
- (4) Bank SinoPac (China) actively participates in community and vulnerable care public welfare programs. In 2022, it participated in the parent-child charity run "Run a Kilometer, Donate a Dollar". Since 2016, a total of RMB 120,000 had been donated to improve educational opportunities for local sanitation workers and their children. The Company also participated "Passing on the Scent of Books, Building a Dream for the Future" activity run by Yining County Library in Xinjiang, donating 115 books. Additionally, the proceeds from office recycling have been used to support the "Sprouting Education" program promoted by Tzu Chi Foundation in the northern province of Jiangsu.

## 3. Arts and sports:

- (1) Bank SinoPac has extended its arts and financial education to the whole of Taiwan. The Company has sponsored the "Taipei Children's Arts Festival" hosted by the Taipei City Cultural Affairs Bureau for 15 consecutive years. In 2022, we joined hands with the National Taichung Opera House again to hold "Let's go to the Theater," and National Kaohsiung Center for the Arts' "Art Enterprise Learning" activity sows the seeds of art, culture, and



financial management for students from an early age. Bank SinoPac also supported the “Immersive Exhibition of Renaissance Art”, inviting customers to visit art and cultural performances, and improving the people's aesthetic sense.

- (2) Bank SinoPac sponsored the Taipei City Urban Renewal Association's "Urban Regeneration Vision Hall" exhibition to help the public understand urban renewal and build consensus through exhibitions.
- (3) Bank SinoPac has sponsored National Chengchi University Griffins basketball team for four consecutive years, supporting student sports lovers and helping them realize their dreams on the court. It also secured name sponsorship Taoyuan Leopards professional basketball team to help promote the professionalization of domestic basketball and leverage its place in the financial industry to exert social influence. At the same time, the Company has supported the Football Association of the Republic of China in holding football matches of all ages to enhance the football atmosphere in Taiwan.

#### 4. Promotion of Education:

- (1) SinoPac Holdings and National Chengchi University also work together to offer credit courses with senior SinoPac executives serving as lecturers. Through industry-academia training and practice, the partnership jointly cultivates outstanding financial professionals and help students explore their future career paths. This partnership also co-organized the Campus Business Hackathon Competition, showcasing students' practical creativity and vitality and stimulating the innovative thinking potential of the new generation.
- (2) SinoPac Holdings and Soochow University (SCU) signed an industry-academia collaboration project, covering collaborative research on financial ecosystems, cultivation of next-generation financial technology (FinTech) talents, and FinTech forums. Aside from combining cross-disciplinary academic research capabilities and practical needs in finance to conduct collaborative research and analysis, this project also sought to draw up a talent cultivation program, thus creating a win-win situation for both.
- (3) The SinoPac Stock Savings Plan Campus Program jointly organized and promoted by SinoPac Holdings and SinoPac Securities. In this program, students were invited to experience the charm of digital securities products, learn about U.S. stock investment, broaden their financial knowledge and international perspectives, and establish the correct concept of stock savings. This program was launched to campuses to interact with young students since 2020, such as National Taiwan University (NTU), National Chengchi University (NCCU), National Tsing Hua University (NTHU), National Taipei University (NTPU), National Yang Ming Chiao Tung University (NYCU), National Dong Hua University (NDHU), National Kaohsiung University of Science and Technology (NKUST), and advocate the correct concept of discipline and financial management.
- (4) Both Bank SinoPac and National Cheng Kung University (NCKU) have established in-depth collaboration in talent development that covers the following areas: In cooperation with National Cheng Kung University (NCKU) Graduate Institute of Computer Science & Engineering and Graduate Institute of Finance to hold a special graduate class, the first in the financial industry to simultaneously cultivate talents with cross-domain integration of finance and information technology, reduce the gap between learning and practice, and help students master the knowledge and experience needed in the workplace in advance. Through this, the Company assists students to set out blueprints for career development, as well as setting down various financial management concepts and practices to help students lay a foundation of correct financial management concepts. Bank SinoPac also supports the Innovation Incubation Inspiration Project of NCKU's future smart factory, carrying out industry-academia coordination, innovation, and matchmaking, as well as supporting domestic start-ups to inspire young people to think innovatively and follow through on their ideas. There is also the SinoPac-NCKU Award Scholarship, which has been set up to provide more

resources during the period of study to help students focus on learning and encourage them to further cultivate their talents.

- (5) For eight consecutive years, Bank SinoPac has cooperated with National Chung Hsing University on the "Xingxue School Enterprise Mentor" program to jointly create a career counseling platform, promote zero distance between industry and learning, and make full preparations for careers as early as possible. It also cooperated with National Tsing Hua University to hold a series of lectures on inclusive finance. Through the sharing of experience from senior executives of Bank SinoPac, students will be able to understand and learn about the development of the financial industry.
- (6) Bank SinoPac actively assisted in the development of inclusive finance through the power of "financial education". In 2022, it was awarded by the Financial Supervisory Commission (FSC) in 2021 for actively participating in the "Financial Literacy Campaign for the Campus and Community".
- (7) Bank SinoPac and SinoPac Securities have jointly organized the Industry-University Cooperation Program of the International Finance Research Institute with National Chengchi University and National Sun Yat-sen University respectively. Through the use of both practice and theory, they will cultivate forward-looking financial talents and contribute to the financial industry.
- (8) SinoPac Securities participated in the "T Ambassador Program" sponsored by the Ministry of Digital Affairs, Executive Yuan, providing a digital practice field for young people with great potential to become digital financial professionals, cultivating talents for the overall digital transformation of the financial industry, and providing financial career development opportunities and career exploration assistance.

## (II) Ethical Behavior

SinoPac Holdings attaches great importance to honest management and has formulated an "Guidelines for Codes of Ethical Conduct", which includes the prevention of conflicts of interest, minimizing incentives to pursue personal gain, confidentiality, fair trade, safeguarding and proper use of company assets, legal compliance, encouraging reporting on illegal or unethical activities, and disciplinary measures. In addition, in line with the "Corporate Governance Guidelines", "Guidelines for Ethical Corporate Management", "Procedures for Ethical Management and Guidelines for Conduct", "Basic Work Rules for Employees", and "Employee Service Standards". The company required and guided the conduct of directors, supervisors, managers and employees of itself and its subsidiaries to comply with ethical standards. Relevant norms and standards are announced on the official website or internal corporate platforms.

## VI. The Population and the Average and Median Salaries of Full-time Non-managerial Employees and the Difference of the Three Figures from the Previous Year

| Item                                                                          | 2021  | 2022  | Difference from previous year (%) |
|-------------------------------------------------------------------------------|-------|-------|-----------------------------------|
| The population of full-time non-managerial employees                          | 7,366 | 7,513 | 2.00%                             |
| The average salaries of full-time non-managerial employees (in NT\$ thousand) | 1,363 | 1,265 | (7.23%)                           |
| The median salaries of full-time non-managerial employees (in NT\$ thousand)  | 1,116 | 1,089 | (2.39%)                           |

Note: The statistical standards above are listed in accordance with the basis of reporting stipulated in the "Operating Instructions for Reporting Information on Salaries of Full-Time Employees in Non-Management Positions" and "Related FAQ" published by TWSE.



## VII. Information Equipment

### (I) Infrastructure and Information System Configuration and Maintenance

#### 1. Infrastructure

SinoPac Holdings has strengthened the stability of system operations and services, planned infrastructure for data centers, provided more stable server room operation and network services through the setting-up of multi-environment equipment and the high bandwidth and backup capabilities of Internet nodes, implemented the cloud and on-premise integration structure, and acquired flexible and real-time information resources to quickly master the environment required for operations.

#### 2. Configuration and Maintenance of Main Information System Hardware and Software

The host system mainly uses IBM/HPE/DELLEMC hardware, EMC disc storage, and a number of software programs, including IBM z/OS, OS/400, and Windows Server OS. It is maintained by external suppliers. In recent years, SinoPac Holdings has been committed to acquire new technology equipment and enhancing operation method, in order to fully utilize hardware resources and ensure system stability and data protection while maintaining high-quality system availability and enhancing the efficiency of system operations.

- (1) Enhancing the deployment of virtual environments by building resource monitoring and early warning mechanisms to effectively reduce resource anomalies and offer flexible resource allocation and rapid deployment.
- (2) Implementing technologies related to containerization and cloud applications to provide a diversity of resources.
- (3) Switching to automation software changing mechanism - DevOps architecture to integrate a variety of environments.
- (4) Building a virtual tape library (VTL) to ensure the integrity and security of data backup, while equipping it with secure system data storage and local/remote backup, and eventually creating offline backup to enhance data security.
- (5) The network operating environment can be completed with more mobility, flexibility, and agility if it is carried out in line with the direction of enterprise private cloud and containerization planning.
- (6) Build Data Highway's shared platform (MongoDB) to provide real-time large-scale data query/computation application services.
- (7) Adapt smart network architecture to improve network performance, strengthen connection security and stability, improve application performance and reduce network costs.

### (II) Future Development or Procurement Plans

1. In order to improve system maintenance and transaction efficiency, strengthen the flexible use of business and information technology, fully meet the needs of the business to be pioneering and innovative, Bank SinoPac completed the upgrade of the core banking system in 2019 and all overseas subsidiaries core banking systems in 2021 (including Nanjing subsidiary), the implementation of the new business module of the core banking system of the Ho Chi Minh City branch in September 2022. The evaluation for upgrade and containerization will be carried out later.
2. In order to coordinate with the Taiwan Stock Exchange's new T+0 system of unlimited-purpose loans, SinoPac Securities has completed the development of various systems such as account opening, online signing, use application, account affairs, and added an FIX connection for special transaction entrustment. It has also completed the development of auctions, general tender offers, securities, and bill transactions. Continue to promote the digitalization and automation of online and over-the-counter account opening. With the aim of building a strong middle platform and a stable back end, all modifications and constructions will be carried out according to plan.

### (III) Emergency Backup and Safety Measures

#### 1. Emergency Backup Mechanism and Drill

SinoPac Holdings establishes backup mechanisms for important systems based on their risk level, organizes emergency response drills, information security training and information audits and inspections on a regular basis, and manages and maintains the security and control of important information assets.

## VIII. Cyber Security Management

### (I) Cyber Security Management Strategy and Framework

#### 1. Cyber security risk management framework

SinoPac Holdings has a comprehensive information and network security governance structure. The Board of Directors is the highest authority responsible for supervising the Group's information security-related strategies, and directors with information security backgrounds are responsible for supervising the said strategies. The Information Security Committee has also been established under the president as the highest organ for information security management, responsible for information security promotion and governance. For matters such as information security risk supervision and management, the chief information security officer serves as the convener of the committee, while the head of the Legal & Compliance Division, Risk Management Division, Digital & Technology Division and the information security managers in each subsidiary serving as members and the chief auditor invited to attend. This committee is tasked to review information security policies and practices, examine the information security management system, raise awareness of information security, study and draw up related training programs, as well as assess, deliberate, and decide on information security-related infrastructure.

In addition, in response to the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Businesses", SinoPac Holdings and Bank SinoPac received Board of Directors approval in 2022 to add a chief information security officer, which is to be at the level of Executive Vice President. In December 2021, the Board approved the establishment of a chief information security officer position; both Bank SinoPac and SinoPac Securities included the overall implementation of information security in the internal control system statements, and the Company's chairman, president, chief auditor, the Head of Information Security, and the Head of Legal & Compliance jointly issued a statement on the internal control system statements.

#### 2. Cyber security policy

SinoPac Holdings has formulated an Information Security Policy to ensure that the information processing by the FHC and its subsidiaries complies with relevant information security regulations. The Company reviews the information security policy and related regulations every year to ensure they meet the requirements of the operating environment and the competent authority, conducting evaluations, regularly announcing information security policies to all employees, and conducting regular education and training to enhance employees' awareness of information security.

The subsidiary Bank SinoPac completed the Information Security Governance Maturity Assessment in 2022 and introduced ISO 22301: 2019 Business Continuity Management System and the BS 10012 Personal Information Management System, which are both expected to obtain external assurance certificates in 2023. This is in line with the important measures promoted by the Financial Cyber Security Action Plan.

#### 3. Comprehensive management solutions and investments

As far as information security governance is concerned, SinoPac and its subsidiaries not only hold information security communication meetings and information security committee meetings on a regular basis but also report the current



status of information security to the Board of Directors every six months in order to facilitate directors' participation and guidance in decision-making related to information security planning. In order to strengthen the information security awareness of staff and build a corporate information security culture, the Company's information security personnel are required to participate in more than 15 hours of professional or functional training each year, while other employees are required to undergo more than 3 hours of informational courses each year. Self-assessment and compliance are incorporated into employee performance evaluation items, and penalties for violations of information security-related regulations are clearly stipulated in the "Reward and Punishment Rules". In addition, each information security specialist has to obtain at least one international information security certificate, laying the foundation for staff to have the necessary professional capabilities in the field. Furthermore, in an effort to detect and prevent incidents caused by unauthorized use, theft, destruction of information systems, or inadequate information security and personal data protection measures, such as hacking of information systems and personal data leakages, from undermining company reputation, system management, application software development, outsourcing management, database management, network management, information security management, and related infrastructure maintenance activities provided by information-related units (including information security unit) at Bank SinoPac and SinoPac Securities which are in compliance with ISO 27001 specifications and fully certified.

On top of that, SinoPac Holdings will also continuously improve its information security protection mechanism and enhance the strength of personal data protection management by refining a series of tasks, such as advanced persistent threat (APT) protection system, prevention of DDoS attacks, e-mail content filtering, malware detection, website and app vulnerability scanning and security, as well as carry out the isolation of system architecture and enhancement of system protection for high-risk systems (e.g., ATM and SWIFT systems).

SinoPac Holdings conducts ongoing assessments of cyber security insurance as it is a new kind of insurance that involves related supporting measures such as information security testing institutions and claims conditions.

## (II) Cyber Security Risks and Countermeasures

### 1. Cyber security risk and management measures

SinoPac Holdings' information security strategy and plan are based on the information security framework proposed by the National Institute of Standards and Technology of the United States. A multi-layered defense system has been established according to the defense-in-depth framework through anti-virus software, malicious email detection and blocking, web filtering protection, an intrusion detection and defense system, a web application firewall, tracking and analyzing information security risks, and strengthening the network and endpoint protection capabilities of various information environments. An information security monitoring and maintenance center has also been established to continuously monitor information security equipment, network equipment, and important transaction hosts 24 hours a day, 7 days a week, and perform event log correlation analysis and alarm notification.

Through the endpoint detection and response (EDR) agent deployed in personal computers and servers and the network detection and detection (NDR) system, real-time monitoring of computer activities, and network connection behaviors, artificial intelligence technology is deployed to analyze signs of abnormal behavior and cross-comparison threats. The cyber threat intelligence is transmitted to a visual management platform, and when an incident occurs, the scope and process of the entire incident can be correlated so as to facilitate pre-event prevention and mid-event response and quickly understand what is necessary to facilitate post-event recovery. The Company supervises subsidiaries in the conducting of social engineering drills on a regular basis and runs information security assessment



operations through independent third parties, such as red team drills, DDoS attack and defense drills, and computer system information security assessments to review the integrity and appropriateness of the overall computer system control measures. Through this, the Company incorporates the thinking of attackers, tests the effectiveness of cyber security monitoring and defense deployment, and continues to respond to emerging technologies and new forms of information security attacks, such as IoT devices, third-party software components, and ransomware.

2. SinoPac Holdings has established a cross-company Computer Security Incident Response Team (CSIRT) to monitor Company or subsidiary information security incidents in real-time through incident notification and emergency response procedures. In addition, with the help of outside professional information security consultants with rich experience in responding to information security incidents in the industry, the Company has access to the prompt provision of appropriate and professional recommendations and emergency response support for the internal response team.
3. SinoPac Holdings supervises the review and launch of important projects of subsidiaries and conducts complete structures assessments in terms of compliance, data protection, and technology application to effectively stay on top of information security risks and their impact on business and finance.

### (III) Major Cyber Security Incidents

No penalties and financial losses arising from damage to information systems or equipment due to unforeseen incidents were reported in 2022 and UP to the Date of Publication of the Annual Report.

## IX. Labor Relations

### (I) Employee Benefits

SinoPac Holdings and its subsidiaries provide many employee benefits which are more generous than those required by the laws and other players in the industry, hoping that employees can enjoy a variety of benefits and family activities while staying diligent in their work.

1. A leave policy more generous than required by the law: The Company provides a leave system that is superior to that required by the Labor Standards Act. New employees are entitled to proportional special leave upon arrival, and the Company also provides injury, sick, and vaccination leave at full pay so that staff can rest assured. In 2022, the period of paternity leave for employees will be extended to give employees more flexible time arrangements to accompany their families; new charity leave has also been added to encourage staff to serve as volunteers and participate in public welfare activities, realizing our corporate goal of giving back to society. A good vacation system helps employees balance their work and personal lives and jointly create a healthy workplace.
2. Comprehensive group insurance: Employees are provided with comprehensive group insurance, which is fully sponsored by SinoPac Holdings and its subsidiaries. This insurance covers various types of insurance, including life insurance, accident insurance, critical illness insurance, hospital insurance, accident medical insurance and cancer insurance. Hence, employees can enjoy the most complete medical care in case of injury and illness. Moreover, family members are welcome to join the comprehensive group insurance plan at preferential prices. In order to provide strong care for employees' family members, we also provide fixed hospitalization medical insurance for employees' children aged 0-7, with the insurance premiums fully borne by the Company, so that employees can feel at ease as they raise the new generation.





3. Complete health checks: Showing concern for employees' health, SinoPac Holdings and its subsidiaries organize health checks every two years, which include more examination items at a higher frequency than required by the law, on a regular basis. Key examination items are included in health checks according to various types of major diseases, in hopes of helping employees identify diseases early. With a view to promoting disease prevention, physicians are also appointed to provide consulting services after health checks.
4. A wide range of benefits: The benefits provided for employee care include wedding money gifts, maternity benefits, funeral allowances, and bonuses for three national holidays (Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival).
5. Extensive subsidies for advanced studies: In order to encourage employees to continuously improve their skills, SinoPac Holdings and its subsidiaries have established regulations regarding subsidies for advanced studies, enabling employees to schedule courses related to various areas, such as continuing studies, language, and professional skills, on their own, and obtain a certain amount of subsidies each year. In addition, a higher subsidy is provided to employees who plan to obtain Certified Financial Planner (CFP) and Certified Anti-Money Laundering Specialist (CAMS) certifications.
6. Housing loans at preferential interest rates: Housing loans are offered to employees at preferential interest rates, in order to relieve their mortgage burden and assist them in building a warm home.

## (II) Retirement System

1. The Company and its domestic subsidiaries are also party to the Labor Pension Act pension system, with the Company transferring 6% of each employee's salary to their personal pension account with the Bureau of Labor Insurance; the employee may also choose to contribute to their pension voluntarily. Otherwise, the Company will withhold the employee's salary from the employee's salary every month to the individual pension account of the Labor Insurance Bureau according to the voluntary contribution rate.
2. The Company and its domestic subsidiaries also apply the Labor Standards Act to the pension system-eligible employees. The Company allocates 2% of employees' salary as a retirement reserve every month, submitting it to the Labor Retirement Reserve Supervision Committee, and depositing it in the name of the committee into the Bank of Taiwan Trust Department and Bank SinoPac's special account. The Company's Labor Retirement Reserve Fund Supervision Committee is also responsible for checking the allocation, withdrawal, and deposit of the reserve fund to protect the rights and interests of employees.

## (III) Labor-management Agreements and Protective Measures for Employee Rights and Interest

1. In order to achieve smooth and effective communication between the Company and its employees, the Company and its subsidiaries have established the SinoPac Holdings Enterprise Labor Union, the Bank SinoPac Enterprise Labor Union, and the SinoPac Securities Enterprise Labor Union in accordance with the Labor Union Act. Since 2011, the Company and the labor unions have signed a collective agreement, each of which is valid for three years, and the signing negotiation process starts upon expiration. On December 19, 2019, labor and management representatives at SinoPac Holdings signed a collective bargaining agreement for the first time as it covered members of labor unions at SinoPac Holdings and its subsidiaries, including Bank SinoPac, SinoPac Securities, SinoPac Futures, SinoPac Securities Investment Service, SinoPac Securities Venture Capital, SinoPac Venture Capital, SinoPac Leasing, and SinoPac Securities Investment Trust. SinoPac Holdings communicates and negotiates with these labor unions about labor

management issues on a regular or irregular basis to create a harmonious working environment, thereby enhancing its competitiveness and highlighting the business philosophy of co-existence and co-prosperity between employers and employees.

2. The Company and its subsidiaries emphasize harmony between labor and capital, and formulate various internal regulations and complaint channels in accordance with the Labor Standards Act and related laws and regulations so as to comply with relevant labor laws and regulations and ensure the protection of employees' rights and interests. In order to ensure the voices and ideas of employees of different generations are heard and that the Company adopts we adopt corresponding policies and revise the management system accordingly to provide an employee-friendly workplace. In addition to regularly conducting employee opinion surveys, multiple internal communication channels have also been set up, including the establishment of a peer exchange corner, a friendly workplace column, and SinoPac Academy, along with the publication of internal publications "SinoPac Newsletter" and "SinoPac Fun-Me" to establish a friendly workplace. The mailbox allows employees to fully express their opinions, assists managers in better understanding employees' voices and handling them effectively, actively creates a positive and diverse communication platform, enhances employees' cohesion, and promotes a harmonious and cooperative workplace environment.

**(IV) Losses Caused by Labor Disputes (including Labor Inspection Results Violating the Labor Standards Act) in the Most Recent Year and as of the Publication of the Annual Report, Estimation of Current and Future Losses, and Countermeasures**

1. Labor inspection results in violation of the Labor Standards Act: None
2. Labor disputes

| Company            | Description of the labor dispute                              | Amount of losses incurred/Estimated possible payment amount in the future (excluding interest and fees) | Countermeasures                                                                         |
|--------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| SinoPac Securities | The case confirms the existence of an employment relationship | NT\$696,987                                                                                             | The case has been closed by the court's judgment or negotiation between the two parties |
| SinoPac Securities | A case of paying performance bonuses and severance payments   | NT\$1,800,000                                                                                           | The case has been closed by the court's judgment or negotiation between the two parties |

**X. Major Contracts**

**(I) Company Name: SinoPac Holdings**

None.

**(II) Company Name: Bank SinoPac**

None.

**(III) Company Name: SinoPac Securities**

None.

**(IV) Company Name: SinoPac Leasing**

None.

**(V) Company Name: SinoPac Capital International (HK)**

| Nature of Contract                                                                | Parties Involved                                                                                         | Commencing Date and Expected Completing Date                                                                | Main Content                                                                                          | Restrictive Clauses |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------|
| Acquisition of all lessor's rights and titles under the financial lease agreement | Assignor: Banc of America Leasing & Capital, LLC<br>Assignee: SinoPac Capital International (HK) Limited | 2021/05/20~2026/05/20<br>(This case was wholly prepaid on November 20, 2022, and the case was duly closed.) | The assignor transferred ownership and related rights and interests of the equipment to the assignee. | None.               |

**(VI) Company Name: SinoPac SITC**

None.

**(VII) Company Name: SinoPac Venture Capital**

None.

**(VIII) Other Subsidiaries**

None.

# Financial Information

## I. Five-Year Condensed Financial Statements

### Condensed Consolidated Balance Sheet

Unit: NT\$ thousand

| Item                                                                              | Year           | Financial data for the most recent five years (Note1) |                      |                      |                      |                      |
|-----------------------------------------------------------------------------------|----------------|-------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                   |                | 2018                                                  | 2019                 | 2020                 | 2021                 | 2022                 |
| Cash and cash equivalents, due from the central bank and call loans to banks, net |                | 117,306,767                                           | 165,983,867          | 170,698,024          | 266,140,047          | 348,152,718          |
| Financial assets at fair value through profit or loss                             |                | 84,863,422                                            | 84,705,209           | 88,823,228           | 88,016,347           | 91,643,856           |
| Financial assets at fair value through other comprehensive income                 |                | 209,421,072                                           | 253,793,919          | 350,213,800          | 398,688,696          | 336,138,847          |
| Investments in debt instruments at amortized cost                                 |                | 93,680,834                                            | 137,940,760          | 162,368,434          | 167,247,985          | 225,460,151          |
| Securities purchased under resell agreements                                      |                | 22,205,182                                            | 35,847,574           | 55,080,929           | 50,591,537           | 67,873,919           |
| Receivables, net                                                                  |                | 75,646,292                                            | 76,732,563           | 90,627,076           | 110,085,509          | 90,209,758           |
| Current income tax assets                                                         |                | 327,581                                               | 380,214              | 366,525              | 87,225               | 125,953              |
| Discounts and loans, net                                                          |                | 922,363,664                                           | 1,003,150,805        | 1,144,778,144        | 1,191,113,031        | 1,328,702,915        |
| Investments accounted for using equity method                                     |                | 486,466                                               | 509,333              | 590,035              | 788,932              | 1,011,812            |
| Other financial assets, net                                                       |                | 39,666,796                                            | 33,982,488           | 36,194,326           | 45,766,820           | 45,018,164           |
| Investment property, net                                                          |                | 2,589,456                                             | 2,494,112            | 2,451,753            | 2,422,645            | 2,390,819            |
| Property and equipment, net                                                       |                | 12,573,066                                            | 12,805,711           | 13,218,774           | 13,378,256           | 13,287,583           |
| Right-of-use assets, net                                                          |                | -                                                     | 3,295,666            | 3,426,080            | 3,698,819            | 3,646,832            |
| Intangible assets, net                                                            |                | 2,234,897                                             | 2,186,965            | 2,187,368            | 2,212,500            | 2,310,197            |
| Deferred income tax assets                                                        |                | 2,352,648                                             | 2,126,464            | 2,279,267            | 2,274,593            | 2,014,238            |
| Other assets, net                                                                 |                | 19,207,974                                            | 17,185,055           | 20,044,802           | 40,161,920           | 30,775,495           |
| <b>Total assets</b>                                                               |                | <b>1,604,926,117</b>                                  | <b>1,833,120,705</b> | <b>2,143,348,565</b> | <b>2,382,674,862</b> | <b>2,588,763,257</b> |
| Deposits from the central bank and banks                                          |                | 37,964,931                                            | 53,818,502           | 75,514,370           | 70,265,085           | 72,477,217           |
| Due to the central bank and banks                                                 |                | -                                                     | -                    | 80,380               | 205,030              | -                    |
| Financial liabilities at fair value through profit or loss                        |                | 22,778,944                                            | 26,220,756           | 26,493,074           | 23,184,543           | 59,764,822           |
| Securities sold under repurchase agreements                                       |                | 46,778,129                                            | 38,839,697           | 25,635,341           | 37,796,918           | 59,923,315           |
| Commercial papers issued, net                                                     |                | 33,813,602                                            | 30,647,742           | 29,009,757           | 39,765,669           | 19,102,966           |
| Payables                                                                          |                | 37,637,667                                            | 39,294,734           | 50,459,681           | 55,543,537           | 50,521,956           |
| Current income tax liabilities                                                    |                | 1,095,078                                             | 1,106,404            | 1,476,006            | 2,409,322            | 1,479,084            |
| Deposits and remittances                                                          |                | 1,190,750,602                                         | 1,385,044,985        | 1,653,470,238        | 1,835,735,239        | 2,000,528,731        |
| Bonds Payable                                                                     |                | 35,722,483                                            | 36,019,751           | 52,510,597           | 62,972,832           | 71,242,261           |
| Other borrowings                                                                  |                | 8,900,155                                             | 8,970,410            | 13,735,761           | 7,605,593            | 6,345,638            |
| Preferred stock liabilities                                                       |                | 18,437                                                | 18,437               | 18,437               | 18,437               | 18,437               |
| Provisions                                                                        |                | 3,431,929                                             | 3,437,463            | 3,820,405            | 3,802,653            | 3,099,728            |
| Other financial liabilities                                                       |                | 35,087,925                                            | 50,918,336           | 38,318,029           | 47,672,030           | 69,764,427           |
| Lease liabilities                                                                 |                | -                                                     | 2,662,983            | 2,824,915            | 3,129,982            | 3,132,839            |
| Deferred income tax liabilities                                                   |                | 1,544,742                                             | 1,543,286            | 1,444,864            | 978,239              | 1,668,845            |
| Other liabilities                                                                 |                | 7,580,096                                             | 6,211,455            | 12,666,978           | 28,785,901           | 15,674,254           |
| <b>Total liabilities</b>                                                          |                | <b>1,463,104,720</b>                                  | <b>1,684,754,941</b> | <b>1,987,478,833</b> | <b>2,219,871,010</b> | <b>2,434,744,520</b> |
|                                                                                   | Ex-dividends   | 1,463,104,720                                         | 1,684,754,941        | 1,987,478,833        | 2,219,871,010        | 2,434,744,520        |
|                                                                                   | Post-dividends | 1,470,273,110                                         | 1,692,644,679        | 1,995,368,571        | 2,228,887,853        | (Note2)              |
| Equity attributable to owners of parent                                           |                |                                                       |                      |                      |                      |                      |
| Capital stock                                                                     |                |                                                       |                      |                      |                      |                      |
|                                                                                   | Ex-dividends   | 112,710,541                                           | 112,710,541          | 112,710,541          | 112,710,541          | 113,837,646          |
|                                                                                   | Post-dividends | 112,710,541                                           | 112,710,541          | 112,710,541          | 113,837,646          | (Note2)              |
| Capital surplus                                                                   |                | 2,228,771                                             | 2,228,771            | 2,228,764            | 2,228,764            | 2,228,781            |
| Retained earnings                                                                 |                |                                                       |                      |                      |                      |                      |
|                                                                                   | Ex-dividends   | 27,244,218                                            | 32,269,699           | 36,564,653           | 45,906,514           | 52,152,522           |
|                                                                                   | Post-dividends | 20,075,828                                            | 24,379,961           | 28,674,915           | 35,762,566           | (Note2)              |
| Other equity                                                                      |                | (365,543)                                             | 1,153,375            | 4,365,774            | 1,958,033            | (14,200,212)         |
| Non-controlling interests                                                         |                | 3,410                                                 | 3,378                | -                    | -                    | -                    |
| <b>Total equity</b>                                                               |                | <b>141,821,397</b>                                    | <b>148,365,764</b>   | <b>155,869,732</b>   | <b>162,803,852</b>   | <b>154,018,737</b>   |
|                                                                                   | Ex-dividends   | 141,821,397                                           | 148,365,764          | 155,869,732          | 162,803,852          | 154,018,737          |
|                                                                                   | Post-dividends | 134,653,007                                           | 140,476,026          | 147,979,994          | 153,787,009          | (Note2)              |

Note1 : The financial statements for each year were audited by CPA. There is no audited or reviewed SinoPac Financial Holdings Company Limited and its subsidiaries financial statements in 2023 before the date of printing.

Note2 : The appropriation of earnings for 2022 has not been resolved by the shareholders' meeting.



## Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousand (except EPS in NT\$)

| Item                                                            | Year | Financial data for the most recent five years (Note1) |             |             |             |              |
|-----------------------------------------------------------------|------|-------------------------------------------------------|-------------|-------------|-------------|--------------|
|                                                                 |      | 2018                                                  | 2019        | 2020        | 2021        | 2022         |
| Interest income                                                 |      | 29,549,174                                            | 33,994,246  | 31,542,707  | 31,179,949  | 47,358,582   |
| Less : Interest expenses                                        |      | 13,750,214                                            | 17,890,562  | 13,042,151  | 9,059,992   | 20,455,158   |
| Net interest revenue                                            |      | 15,798,960                                            | 16,103,684  | 18,500,556  | 22,119,957  | 26,903,424   |
| Net revenues other than interest                                |      | 16,313,996                                            | 20,226,199  | 20,490,197  | 23,583,285  | 20,342,332   |
| Net revenue                                                     |      | 32,112,956                                            | 36,329,883  | 38,990,753  | 45,703,242  | 47,245,756   |
| Bad debts expense, commitment and guarantee liability provision |      | 1,506,551                                             | 836,293     | 2,417,627   | 2,226,883   | 2,444,392    |
| Operating expenses                                              |      | 19,353,480                                            | 21,236,952  | 22,603,735  | 24,827,129  | 25,396,649   |
| Profit (loss) from continuing operations before tax             |      | 11,252,925                                            | 14,256,638  | 13,969,391  | 18,649,230  | 19,404,715   |
| Income tax (expense) benefit                                    |      | (1,824,600)                                           | (1,779,649) | (1,728,037) | (2,438,225) | (3,443,715)  |
| Profit (loss) from continuing operations , net of tax           |      | 9,428,325                                             | 12,476,989  | 12,241,354  | 16,211,005  | 15,961,000   |
| Net income (loss)                                               |      | 9,428,325                                             | 12,476,989  | 12,241,354  | 16,211,005  | 15,961,000   |
| Other comprehensive income                                      |      | (995,612)                                             | 1,235,768   | 3,155,737   | (1,387,147) | (15,729,289) |
| Other comprehensive income, net of tax                          |      | (995,612)                                             | 1,235,768   | 3,155,737   | (1,387,147) | (15,729,289) |
| Total comprehensive income                                      |      | 8,432,713                                             | 13,712,757  | 15,397,091  | 14,823,858  | 231,711      |
| Net income, attributable to owners of parent                    |      | 9,428,419                                             | 12,477,021  | 12,241,354  | 16,211,005  | 15,961,000   |
| Net income, attributable to non-controlling interests           |      | (94)                                                  | (32)        | -           | -           | -            |
| Comprehensive income, attributable to owners of parent          |      | 8,432,807                                             | 13,712,789  | 15,397,091  | 14,823,858  | 231,711      |
| Comprehensive income, attributable to non-controlling interests |      | (94)                                                  | (32)        | -           | -           | -            |
| Earnings per share (Note2)                                      |      | 0.83                                                  | 1.10        | 1.08        | 1.42        | 1.40         |

Note1 : The financial statements for each year were audited by CPA. There is no audited or reviewed SinoPac Financial Holdings Company Limited and its subsidiaries financial statements in 2023 before the date of printing.

Note2 : Earnings per share are retroactively adjusted with earnings recapitalization.

## Condensed Standalone Balance Sheet

Unit: NT\$ thousand

| Item                                                              | Year           | Financial data for the most recent five years (Note1) |                    |                    |                    |                    |
|-------------------------------------------------------------------|----------------|-------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                   |                | 2018                                                  | 2019               | 2020               | 2021               | 2022               |
| Cash and cash equivalents                                         |                | 66,730                                                | 140,465            | 139,602            | 54,763             | 52,710             |
| Financial assets at fair value through other comprehensive income |                | 16,066                                                | 15,501             | 21,806             | 45,063             | 33,822             |
| Receivables, net                                                  |                | 1,452,024                                             | 1,451,750          | 1,435,159          | 1,435,147          | 1,435,123          |
| Current tax assets                                                |                | 771,828                                               | 1,074,853          | 967,749            | 1,715,143          | 1,060,291          |
| Investments accounted for using the equity method, net            |                | 161,010,311                                           | 167,751,852        | 175,033,952        | 182,038,681        | 173,951,963        |
| Other financial assets, net                                       |                | 962,383                                               | -                  | -                  | -                  | -                  |
| Property and equipment, net                                       |                | 11,913                                                | 8,661              | 13,147             | 20,864             | 23,227             |
| Right-of-use asset, net                                           |                | -                                                     | 747,635            | 706,859            | 670,371            | 614,054            |
| Intangible assets, net                                            |                | 972                                                   | 1,136              | 1,594              | 1,120              | 4,229              |
| Deferred tax assets                                               |                | 82,426                                                | 3,284              | 6,621              | 9,668              | 11,790             |
| Other assets, net                                                 |                | 46,863                                                | 30,275             | 33,081             | 38,171             | 43,582             |
| <b>Total assets</b>                                               |                | <b>164,421,516</b>                                    | <b>171,225,412</b> | <b>178,359,570</b> | <b>186,028,991</b> | <b>177,230,791</b> |
| Commercial paper payable, net                                     |                | 20,244,412                                            | 19,470,292         | 13,845,624         | 8,905,256          | 9,412,734          |
| Payables                                                          |                | 100,000                                               | 117,487            | 143,346            | 198,384            | 198,834            |
| Current tax liabilities                                           |                | 2,224,730                                             | 2,472,095          | 2,718,159          | 3,335,455          | 2,845,516          |
| Corporate bonds payable                                           |                | -                                                     | -                  | 4,993,991          | 9,989,429          | 9,992,124          |
| Preferred stock liabilities                                       |                | 18,437                                                | 18,437             | 18,437             | 18,437             | 18,437             |
| Provisions                                                        |                | 15,657                                                | 17,422             | 19,092             | 49,654             | 60,169             |
| Lease liabilities                                                 |                | -                                                     | 753,673            | 728,785            | 706,119            | 661,836            |
| Other liabilities                                                 |                | 293                                                   | 13,620             | 22,404             | 22,405             | 22,404             |
| <b>Total liabilities</b>                                          | Ex-dividends   | 22,603,529                                            | 22,863,026         | 22,489,838         | 23,225,139         | 23,212,054         |
|                                                                   | Post-dividends | 29,771,919                                            | 30,752,764         | 30,379,576         | 32,241,982         | (Note 2)           |
| Share capital                                                     | Ex-dividends   | 112,710,541                                           | 112,710,541        | 112,710,541        | 112,710,541        | 113,837,646        |
|                                                                   | Post-dividends | 112,710,541                                           | 112,710,541        | 112,710,541        | 113,837,646        | (Note 2)           |
| Capital surplus                                                   |                | 2,228,771                                             | 2,228,771          | 2,228,764          | 2,228,764          | 2,228,781          |
| Retained earnings                                                 | Ex-dividends   | 27,244,218                                            | 32,269,699         | 36,564,653         | 45,906,514         | 52,152,522         |
|                                                                   | Post-dividends | 20,075,828                                            | 24,379,961         | 28,674,915         | 35,762,566         | (Note 2)           |
| Other equity                                                      |                | (365,543)                                             | 1,153,375          | 4,365,774          | 1,958,033          | (14,200,212)       |
| <b>Total equity</b>                                               | Ex-dividends   | 141,817,987                                           | 148,362,386        | 155,869,732        | 162,803,852        | 154,018,737        |
|                                                                   | Post-dividends | 134,649,597                                           | 140,472,648        | 147,979,994        | 153,787,009        | (Note 2)           |

Note1 : The financial statements for each year were audited by CPA. There is no audited or reviewed SinoPac Financial Holdings Company Limited financial statements in 2023 before the date of printing.

Note2 : The appropriation of earnings for 2022 has not been resolved by the shareholders' meeting.



## Condensed Standalone Statement of Comprehensive Income

Unit: NT\$ thousand (except EPS in NT\$)

| Item                                               | Year | Financial data for the most recent five years (Note1) |            |            |             |              |
|----------------------------------------------------|------|-------------------------------------------------------|------------|------------|-------------|--------------|
|                                                    |      | 2018                                                  | 2019       | 2020       | 2021        | 2022         |
| Share of the profit of subsidiaries and associates |      | 9,783,684                                             | 12,744,274 | 12,930,770 | 16,620,299  | 16,647,027   |
| Other revenues                                     |      | 92,278                                                | 132,162    | 32,396     | 36,033      | 54,978       |
| Operating expenses                                 |      | 284,429                                               | 332,172    | 443,121    | 431,124     | 392,252      |
| Other expenses and losses                          |      | 218,798                                               | 257,188    | 190,336    | 166,581     | 214,674      |
| Profit before income tax                           |      | 9,372,735                                             | 12,287,076 | 12,329,709 | 16,058,627  | 16,095,079   |
| Income tax (expense) benefit                       |      | 55,684                                                | 189,945    | (88,355)   | 152,378     | (134,079)    |
| Profit                                             |      | 9,428,419                                             | 12,477,021 | 12,241,354 | 16,211,005  | 15,961,000   |
| Other comprehensive income, net of income tax      |      | (995,612)                                             | 1,235,768  | 3,155,737  | (1,387,147) | (15,729,289) |
| Total comprehensive income                         |      | 8,432,807                                             | 13,712,789 | 15,397,091 | 14,823,858  | 231,711      |
| Earnings per share (Note2)                         |      | 0.83                                                  | 1.10       | 1.08       | 1.42        | 1.40         |

Note1 : The financial statements for each year were audited by CPA. There is no audited or reviewed SinoPac Financial Holdings Company Limited financial statements in 2023 before the date of printing.

Note2 : Earnings per share are retroactively adjusted with earnings recapitalization.

## CPAs' Auditing Opinion from 2018 to 2022

| Year | CPA's Name                    | Auditing Opinion      |
|------|-------------------------------|-----------------------|
| 2018 | Yi-chun WU and Cheng-hung KUO | An Unmodified Opinion |
| 2019 | Yi-chun WU and Cheng-hung KUO | An Unmodified Opinion |
| 2020 | Mei-hui WU and Cheng-hung KUO | An Unmodified Opinion |
| 2021 | Mei-hui WU and Cheng-hung KUO | An Unmodified Opinion |
| 2022 | Mei-hui WU and Cheng-hung KUO | An Unmodified Opinion |



## II. Five-Year Financial Analysis

| Item (Note2)           |                                                                                                    |                                | Financial data for the most recent five years (Note1) |             |             |             |             |
|------------------------|----------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------|-------------|-------------|-------------|-------------|
|                        |                                                                                                    |                                | 2018                                                  | 2019        | 2020        | 2021        | 2022        |
| Operating ability      | Total assets turnover (Times)                                                                      |                                | 0.02                                                  | 0.02        | 0.02        | 0.02        | 0.02        |
|                        | Loans to deposits ratio of bank subsidiaries (%) (Consolidated)                                    |                                | 78.04                                                 | 73.10       | 69.80       | 65.33       | 66.85       |
|                        | NPL ratio of bank subsidiaries (%) (Consolidated)                                                  |                                | 0.24                                                  | 0.21        | 0.13        | 0.12        | 0.11        |
|                        | Average revenue per employee (thousand)                                                            |                                | 3,694                                                 | 4,099       | 4,204       | 4,787       | 4,843       |
|                        | Average profit per employee (thousand)                                                             |                                | 1,085                                                 | 1,408       | 1,320       | 1,698       | 1,636       |
| Profitability          | Return on total assets (%)                                                                         |                                | 1.27                                                  | 1.56        | 1.14        | 1.04        | 1.30        |
|                        | Return on equity (%) (Note4)                                                                       |                                | 6.72                                                  | 8.60        | 8.05        | 10.17       | 10.08       |
|                        | Profit margin (%)                                                                                  |                                | 29.36                                                 | 34.34       | 31.40       | 35.47       | 33.78       |
|                        | Earnings per share (NT\$) (Note3)                                                                  |                                | 0.83                                                  | 1.10        | 1.08        | 1.42        | 1.40        |
| Financial structure    | Ratio of liabilities to assets (%)                                                                 |                                | 91.16                                                 | 91.91       | 92.73       | 93.17       | 94.05       |
|                        | Ratio of liabilities to net worth (%)                                                              |                                | 1,031.65                                              | 1,135.54    | 1,275.09    | 1,363.52    | 1,580.81    |
|                        | FHC's double leverage ratio (%) (Note5)                                                            |                                | 113.54                                                | 113.08      | 112.31      | 111.84      | 112.96      |
|                        | According to Article 41 of Financial Holding Company Law                                           |                                | None                                                  | None        | None        | None        | None        |
| Leverage               | Operating leverage                                                                                 |                                | 1.00                                                  | 1.00        | 1.00        | 1.00        | 1.00        |
|                        | FHC's financial leverage (Note5)                                                                   |                                | 1.01                                                  | 1.01        | 1.01        | 1.01        | 1.01        |
| Growth rates           | Growth rate of assets (%)                                                                          |                                | 0.36                                                  | 14.22       | 16.92       | 11.17       | 8.65        |
|                        | Growth rate of profit (%)                                                                          |                                | 6.67                                                  | 26.69       | (2.01)      | 33.50       | 4.05        |
| Cash flow              | Cash flow ratio (%)                                                                                |                                | 9.13                                                  | 34.90       | (Note7)     | 35.47       | 36.53       |
|                        | Cash flow adequacy ratio (%)                                                                       |                                | 162.46                                                | 401.17      | 408.98      | 322.17      | 593.32      |
|                        | Cash flow coverage ratio (%)                                                                       |                                | 2,669.50                                              | 8,287.42    | (Note7)     | 5,707.91    | 7,524.92    |
| Operating scale        | Market share of assets (%)                                                                         |                                | 2.88                                                  | 3.05        | 3.26        | 3.36        | 3.52        |
|                        | Market share of net worth (%)                                                                      |                                | 3.85                                                  | 3.34        | 3.18        | 3.10        | 3.68        |
|                        | Market share of deposits of bank subsidiary (%) (Note6)                                            |                                | 3.23                                                  | 3.58        | 3.85        | 3.93        | 4.01        |
|                        | Market share of loans of bank subsidiary (%) (Note6)                                               |                                | 3.32                                                  | 3.42        | 3.63        | 3.48        | 3.54        |
| Capital adequacy ratio | Capital adequacy ratio of each subsidiary calculated according to its own industry regulations (%) | Bank SinoPac and Subsidiaries  | 14.44                                                 | 14.27       | 15.96       | 15.78       | 13.80       |
|                        |                                                                                                    | Bank SinoPac                   | 13.87                                                 | 14.00       | 15.89       | 15.80       | 14.34       |
|                        |                                                                                                    | SinoPac Securities Corporation | 428                                                   | 453         | 440         | 369         | 388         |
|                        | Eligible capital of each subsidiary (thousands)                                                    | Bank SinoPac                   | 136,705,582                                           | 150,912,756 | 171,441,216 | 182,872,521 | 193,856,991 |
|                        |                                                                                                    | SinoPac Securities Corporation | 16,478,623                                            | 18,597,937  | 19,089,067  | 22,060,275  | 22,095,786  |
|                        |                                                                                                    | Other subsidiaries             | 8,746,534                                             | 8,981,081   | 8,882,499   | 8,819,885   | 9,088,259   |
|                        | Group's net eligible capital (thousands)                                                           |                                | 133,765,798                                           | 147,493,228 | 166,168,922 | 178,820,736 | 190,053,406 |
|                        | Statutory capital requirements (thousands)                                                         | Bank SinoPac                   | 97,333,560                                            | 113,181,579 | 113,255,700 | 121,505,662 | 141,968,613 |
|                        |                                                                                                    | SinoPac Securities Corporation | 5,769,256                                             | 6,156,908   | 6,500,830   | 8,970,233   | 8,541,770   |
|                        |                                                                                                    | Other subsidiaries             | 3,568,906                                             | 3,657,850   | 4,035,042   | 3,685,998   | 3,728,207   |
|                        | Group's statutory capital requirement (thousands)                                                  |                                | 269,209,871                                           | 293,003,146 | 301,037,170 | 318,411,310 | 330,344,590 |
|                        | Group capital adequacy ratio (%)                                                                   |                                | 123.63                                                | 117.76      | 131.88      | 131.13      | 121.52      |



| Item (Note2)                                                                                                                                                                                                                                               | Year                                  | Financial data for the most recent five years (Note1) |        |        |        |        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|--------|--------|--------|--------|
|                                                                                                                                                                                                                                                            |                                       | 2018                                                  | 2019   | 2020   | 2021   | 2022   |
| The percentage of credit extension, guarantees or other transaction conducted by all subsidiaries of the Company to the same person, the same related party, the same affiliated enterprise that are subject to disclosure under article 46 of the FHC ACT | To the same person, (%)               | 211.72                                                | 248.26 | 325.99 | 311.50 | 354.57 |
|                                                                                                                                                                                                                                                            | To the same related party (%)         | 5.48                                                  | 8.66   | 7.42   | 12.39  | 17.45  |
|                                                                                                                                                                                                                                                            | To the same affiliated enterprise (%) | 150.72                                                | 139.18 | 181.87 | 201.43 | 251.90 |

Analysis of deviation of 2022 vs. 2021 over 20% :

1. The increase in ROA was primarily due to the growth of assets compared with the previous year and the increase in interest expenses due to lift rates.
2. The decline in the growth rate of assets in 2022 is mainly due to the decrease in the amount of total assets compared with 2021, and the continuous increase in the scale of total assets (denominator) over the years.
3. The profit growth rate decreased was primarily due to the growth amount of income before income tax in 2022 is less than that of prior year.
4. The increase in cash flow adequacy ratio was primarily due to the increase in net cash flows from operating activities in the past five years.
5. The increase in cash flow coverage ratio was primarily due to the increase in net cash flows from operating activities.
6. The increase in percentage of credit extension, guarantees or other transactions to the same person, the same affiliated enterprise was due to the increase in number of persons and affiliated enterprises that are subject to disclosure under article 46 of the FHC ACT.

Note1 : The financial statements for each year were audited by CPA.

Note2 : Formulas of the above financial analysis are as follows :

1. Operating ability
  - (1) Total assets turnover = Net revenue / Average total assets
  - (2) Loans to deposits ratio of bank subsidiaries = Total loans outstanding of bank subsidiaries / Total deposits outstanding of bank subsidiaries
  - (3) NPL ratio of bank subsidiaries = Non-performing loans of bank subsidiaries / Total loans outstanding of bank subsidiaries
  - (4) Average revenue per employee = Net revenue / Total number of employees
  - (5) Average profit per employee = Net income / Total number of employees
2. Profitability
  - (1) Return on total assets = [ Net income + Interest expense × ( 1 - Tax Rate ) ] / Average total assets
  - (2) Return on equity = Net income / Average equity
  - (3) Profit margin = Net income / Net revenue
  - (4) Earnings per share = ( Net income attributable to equity of parent company - Preferred stock dividend ) / Weighted average number of shares outstanding (Note3)
3. Financial structure
  - (1) Ratio of liabilities to assets = Total liabilities / Total assets
  - (2) Ratio of liabilities to net worth = Total liabilities / Total equity
  - (3) FHC's double leverage ratio = Equity investment made under Paragraph 2 of Article 36 and Article 37 of financial holding company Act / Net worth
4. Leverage :
  - (1) Operating leverage = (Net revenues-Variable expenses) / Income before income tax
  - (2) FHC's financial leverage = (Income before income tax+ Interest expenses) / Income before income tax
5. Growth rates :
  - (1) Growth rate of assets = (Total assets - Total assets of previous year) / Total assets of previous year
  - (2) Growth rate of profit = (Net income before tax - Net income before tax of previous year) / Net income before tax of previous year
6. Cash flow
  - (1) Cash flow ratio = Net cash provided by operating activities / (Due to banks and overdrafts + Commercial paper issued + Financial liabilities at fair value through profit or loss + Securities sold under repurchase agreements + Payables with maturity within one year)
  - (2) Cash flow adequacy ratio = Five-year sum of net cash provided by operating activities / Five-year sum of capital expenditures and cash dividend
  - (3) Cash flow coverage ratio = Net cash provided by operating activities / Net cash provided by investing activities

7. Operating scale

- (1) Market share of assets = Total assets / Total assets of all financial holding companies
- (2) Market share of net worth = New worth / Total net worth of all financial holding Companies
- (3) Market share of deposits of bank subsidiary = Total deposits / Total deposits of all financial institutions
- (4) Market share of loans of bank subsidiary = Total loans outstanding / Total loans of all financial institutions

8. Capital adequacy

- (1) Group's net eligible capital = Eligible capital of the financial holding company+ ( ownership percentage in subsidiaries × eligible capital of each subsidiary ) - mandatory deductions
- (2) Group's statutory capital requirement = Statutory capital requirement of the financial holding company + ownership percentage in subsidiaries × statutory capital requirement of each subsidiary
- (3) Group capital adequacy ratio = Group's net eligible capital / Group's statutory capital requirements

Note3 : Special attention should be paid to the following matters when using the calculation formula of earning per share above:

1. It should be based on the weighted average number of shares of common stock, rather than the number of issued shares at the end of the year.
2. Where there is cash replenishment or treasury stock transaction, the circulation period should be considered when calculating the weighted average number of shares.
3. In the case of capital increase by surplus or by capital reserve, the annual and semi-annual earnings per share of previous years should be retrospectively adjusted in accordance with the proportion of capital increase, without considering the issuance period of such capital increase.
4. If a preferred stock is designated as cumulative and non-convertible, the annual dividend of the year (whether or not issued) should be deducted from the net profit after tax or be added to the net loss after tax. If a preferred stock is designated as non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax; no adjustment is required in case of loss

Note4 : Return on equity attributable to owners of parent.

Note5 : FHC's double leverage and FHC's financial leverage are calculated based on the standalone financial statements.

Note6 : The operating scale market share is calculated by the financial statements of Bank SinoPac.

Note7 : The operating activities cash flow is negative, and therefore not included in the analysis herein.

Note8 : In calculating the average assets and average net worth, the beginning balance of 2019 and 2018 are based on the adjusted amounts under IFRS16 and IFRS9.

### III. Key Performance Indicator

|                                | Item (%)                              | 2021     | 2022     |
|--------------------------------|---------------------------------------|----------|----------|
| SinoPac Holdings               | ROE                                   | 10.17    | 10.08    |
|                                | CAR                                   | 131.13   | 121.52   |
|                                | Double Leverage Ratio (stand - alone) | 111.84   | 112.96   |
|                                | Debt/Equity (stand - alone)           | 14.27    | 15.07    |
| Bank SinoPac (Consolidated)    | ROE                                   | 8.07     | 10.47    |
|                                | CAR                                   | 15.78    | 13.80    |
| Bank SinoPac (Stand-alone)     | CAR                                   | 15.80    | 14.34    |
|                                | Coverage Ratio                        | 1,010.81 | 1,168.21 |
|                                | NPL Ratio                             | 0.13     | 0.11     |
| SinoPac Securities Corporation | ROE                                   | 15.57    | 5.08     |
|                                | CAR                                   | 369      | 388      |

Note:

1. Return on Equity = Income after income tax / Average equity.

2. Capital adequacy

(1) Group's net eligible capital = Eligible capital of the financial holding company+ (ownership percentage in subsidiaries × eligible capital of each subsidiary) – mandatory deductions

(2) Group's statutory capital requirement = Statutory capital requirement of the financial holding company+ (ownership percentage in subsidiaries × statutory capital requirement of each subsidiary) - mandatory deductions

(3) Group capital adequacy ratio = Group's net eligible capital / Group's statutory capital requirements

3. Double Leverage Ratio = Investment made by Financial Holding Company in accordance with Paragraph 2, Article 36 and Paragraph 1, Article 37 of the Act/net value.

4. Ratio of liabilities to net worth = Ratio of liabilities to net worth / Total equity

5. Coverage Ratio = LLR / NPL.

6. NPL ratio of bank subsidiaries = Non-performing loans of bank subsidiaries / Total loans outstanding of bank subsidiaries.



## IV. Audit Committee's Review Report

### SinoPac Financial Holdings Co., Ltd. Audit Committee's Review Report

The Board of Directors has submitted the company's 2022 consolidated financial statements audited by Mei-Hui Wu and Cheng-Hung Kuo, the Certificated Public Accountants of Deloitte & Touche, business report and statement of distribution of retained earnings to Audit Committee. After reviewing the abovementioned statements and reports, the Audit Committee has found them to meet the requirements of applicable laws and regulations. The Statements were thus approved by all members of the Audit Committee. Therefore, this Report is hereby prepared according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and submitted for your approval.

To  
2023 Annual General Meeting of the Shareholders

SINOPAC FINANCIAL HOLDINGS CO., Ltd.  
Audit Committee  
Convener James J. SHEU  
March 24, 2023

## V. Consolidated Financial Statements and Independent Auditors' Report

Please refer to the appendix.

## VI. Any Other Matters That Require Reporting

If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation:

The Company or its affiliates have not experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

# Financial Positions and Performance and Risk Management

## I. Analysis of Financial Status

Unit: NT\$ thousand

| Item                                                              | Year | December 31, 2021 | December 31, 2022 | Difference   |          |
|-------------------------------------------------------------------|------|-------------------|-------------------|--------------|----------|
|                                                                   |      |                   |                   | Amount       | %        |
| Cash and cash equivalents, net                                    |      | 48,521,295        | 66,231,664        | 17,710,369   | 36.50    |
| Due from the central bank and call loans to banks, net            |      | 217,618,752       | 281,921,054       | 64,302,302   | 29.55    |
| Financial assets at fair value through profit or loss             |      | 88,016,347        | 91,643,856        | 3,627,509    | 4.12     |
| Financial assets at fair value through other comprehensive income |      | 398,688,696       | 336,138,847       | (62,549,849) | (15.69)  |
| Investments in debt instruments at amortized cost                 |      | 167,247,985       | 225,460,151       | 58,212,166   | 34.81    |
| Securities purchased under resell agreement                       |      | 50,591,537        | 67,873,919        | 17,282,382   | 34.16    |
| Receivables, net                                                  |      | 110,085,509       | 90,209,758        | (19,875,751) | (18.05)  |
| Current income tax assets                                         |      | 87,225            | 125,953           | 38,728       | 44.40    |
| Discounts and loans, net                                          |      | 1,191,113,031     | 1,328,702,915     | 137,589,884  | 11.55    |
| Investments accounted for using equity method                     |      | 788,932           | 1,011,812         | 222,880      | 28.25    |
| Other financial assets, net                                       |      | 45,766,820        | 45,018,164        | (748,656)    | (1.64)   |
| Investment property, net                                          |      | 2,422,645         | 2,390,819         | (31,826)     | (1.31)   |
| Property and equipment, net                                       |      | 13,378,256        | 13,287,583        | (90,673)     | (0.68)   |
| Right-of-use assets, net                                          |      | 3,698,819         | 3,646,832         | (51,987)     | (1.41)   |
| Intangible assets, net                                            |      | 2,212,500         | 2,310,197         | 97,697       | 4.42     |
| Deferred income tax assets                                        |      | 2,274,593         | 2,014,238         | (260,355)    | (11.45)  |
| Other assets, net                                                 |      | 40,161,920        | 30,775,495        | (9,386,425)  | (23.37)  |
| Total assets                                                      |      | 2,382,674,862     | 2,588,763,257     | 206,088,395  | 8.65     |
| Deposits from the central bank and banks                          |      | 70,265,085        | 72,477,217        | 2,212,132    | 3.15     |
| Due to the central bank and banks                                 |      | 205,030           | -                 | (205,030)    | (100.00) |
| Financial liabilities at fair value through profit or loss        |      | 23,184,543        | 59,764,822        | 36,580,279   | 157.78   |
| Securities sold under repurchase agreements                       |      | 37,796,918        | 59,923,315        | 22,126,397   | 58.54    |
| Commercial papers issued, net                                     |      | 39,765,669        | 19,102,966        | (20,662,703) | (51.96)  |
| Payables                                                          |      | 55,543,537        | 50,521,956        | (5,021,581)  | (9.04)   |
| Current income tax liabilities                                    |      | 2,409,322         | 1,479,084         | (930,238)    | (38.61)  |
| Deposits and remittances                                          |      | 1,835,735,239     | 2,000,528,731     | 164,793,492  | 8.98     |
| Bonds Payable                                                     |      | 62,972,832        | 71,242,261        | 8,269,429    | 13.13    |
| Short-term borrowings                                             |      | 5,366,505         | 3,864,926         | (1,501,579)  | (27.98)  |
| Long-term borrowings                                              |      | 2,239,088         | 2,480,712         | 241,624      | 10.79    |
| Preferred stock liabilities                                       |      | 18,437            | 18,437            | 0            | 0.00     |
| Provisions                                                        |      | 3,802,653         | 3,099,728         | (702,925)    | (18.49)  |
| Other financial liabilities                                       |      | 47,672,030        | 69,764,427        | 22,092,397   | 46.34    |
| Lease liabilities                                                 |      | 3,129,982         | 3,132,839         | 2,857        | 0.09     |
| Deferred income tax liabilities                                   |      | 978,239           | 1,668,845         | 690,606      | 70.60    |
| Other liabilities                                                 |      | 28,785,901        | 15,674,254        | (13,111,647) | (45.55)  |
| Total liabilities                                                 |      | 2,219,871,010     | 2,434,744,520     | 214,873,510  | 9.68     |
| Capital stock                                                     |      | 112,710,541       | 113,837,646       | 1,127,105    | 1.00     |
| Capital surplus                                                   |      | 2,228,764         | 2,228,781         | 17           | 0.00     |
| Retained earnings                                                 |      | 45,906,514        | 52,152,522        | 6,246,008    | 13.61    |
| Other equity                                                      |      | 1,958,033         | (14,200,212)      | (16,158,245) | (825.23) |
| Total equity                                                      |      | 162,803,852       | 154,018,737       | (8,785,115)  | (5.40)   |

Change analysis :

1. The increase in due from the central bank and call loans to banks, net was primarily due to the increase in call loans to banks.
2. The increase in discounts and loans, net was primarily due to the increase in short-term loans, medium-term loans, secured medium-term loans and secured long-term loans.
3. The increase in deposits and remittances was primarily due to the increase in time deposits, time saving deposits and negotiable certificates of deposits.



## II. Analysis of Financial Performance

### A. Financial Performance in the Last Two Years

| Unit: NT\$ thousand                                                                                                                                                                                                                      |             |              |              |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|--------------|------------|
| Item \ Year                                                                                                                                                                                                                              | 2021        | 2022         | Difference   |            |
|                                                                                                                                                                                                                                          |             |              | Amount       | %          |
| Net interest revenue                                                                                                                                                                                                                     | 22,119,957  | 26,903,424   | 4,783,467    | 21.63      |
| Net revenues other than interest                                                                                                                                                                                                         | 23,583,285  | 20,342,332   | (3,240,953)  | (13.74)    |
| Net revenue                                                                                                                                                                                                                              | 45,703,242  | 47,245,756   | 1,542,514    | 3.38       |
| Bad debts expense, commitment and guarantee liability provision                                                                                                                                                                          | 2,226,883   | 2,444,392    | 217,509      | 9.77       |
| Operating expenses                                                                                                                                                                                                                       | 24,827,129  | 25,396,649   | 569,520      | 2.29       |
| Profit (loss) from continuing operations before tax                                                                                                                                                                                      | 18,649,230  | 19,404,715   | 755,485      | 4.05       |
| Income tax expense                                                                                                                                                                                                                       | 2,438,225   | 3,443,715    | 1,005,490    | 41.24      |
| Net income (loss)                                                                                                                                                                                                                        | 16,211,005  | 15,961,000   | (250,005)    | (1.54)     |
| Other comprehensive income, net of tax                                                                                                                                                                                                   | (1,387,147) | (15,729,289) | (14,342,142) | (1,033.93) |
| Total comprehensive income                                                                                                                                                                                                               | 14,823,858  | 231,711      | (14,592,147) | (98.44)    |
| Net income, attributable to owners of parent                                                                                                                                                                                             | 16,211,005  | 15,961,000   | (250,005)    | (1.54)     |
| Comprehensive income, attributable to owners of parent                                                                                                                                                                                   | 14,823,858  | 231,711      | (14,592,147) | (98.44)    |
| Change analysis :<br>The decrease in other comprehensive income, net of income tax was primarily due to the increase in valuation loss from investments in debt and equity instruments at fair value through other comprehensive income. |             |              |              |            |

### B. Analysis of Changes in Gross Profit

Not applicable.

### III. Liquidity Analysis

#### (I) Liquidity Analysis in the Last Two Years

##### A. Consolidated cash flow analysis: Please Refer to Financial Information II –Five-Year Financial Analysis

##### B. Standalone cash flow analysis

Unit : %

| Item \ Year                                                                                | 2021   | 2022      | Variance |
|--------------------------------------------------------------------------------------------|--------|-----------|----------|
| Cash flow ratio                                                                            | 85.67  | 89.12     | 4.03     |
| Cash flow adequacy ratio                                                                   | 106.15 | 104.11    | (1.92)   |
| Cash flow coverage ratio                                                                   | 62,518 | 68,340.43 | 9.31     |
| There are no major differences in the cash flow analysis above between year 2021 and 2022. |        |           |          |

#### (II) Cash Liquidity Analysis for the Following Year

Unit: NT\$ thousand

| Cash Balance,<br>Beginning of Year | Generated from<br>Operating Activities<br>Net Cash Flow | Cash Flow<br>Generated (Used) | Expected Sum<br>of Cash Surplus<br>(Inadequacy) | Remedial Measures for<br>Expected Cash Inadequacy |                |
|------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------------------------|---------------------------------------------------|----------------|
|                                    |                                                         |                               |                                                 | Investment Plan                                   | Financing Plan |
| 52,710                             | 111,466                                                 | 43,711                        | 207,887                                         | -                                                 | -              |

### IV. Impact of Material Capital Expenditures on SinoPac Holdings' Finance and Business

None.

### V. Review of Investment Policies

To effectively manage and strengthen corporate governance, SinoPac Holdings adopted the following key investment strategies in 2022:

1. Limiting investments made by each subsidiary to 1~5 levels.
2. Avoiding overseas business from investing in Taiwan.
3. Adjusting and abolishing businesses with poor performance.
4. Avoiding the Chairman or President of each subsidiary from holding a concurrent post except necessary.
5. Formulating related principles for the management and supervision of subsidiaries to confirm that there is no related transaction that lacks checks.

### VI. Risk Management

#### (I) Organizational Framework and Policy

##### A. Risk Management Organizational Framework

To effectively manage the risks arising from the operations of SinoPac Holdings and its subsidiaries, the Board of Directors serves as the highest supervisory unit in charge of approving the risk management policy and risk appetite or limit and giving the management authority for daily risk management. Based on its authority, the management should supervise risk management activities, evaluate the performance of risk management, and make sure that each risk management officer works professionally and in line with the code of ethics.



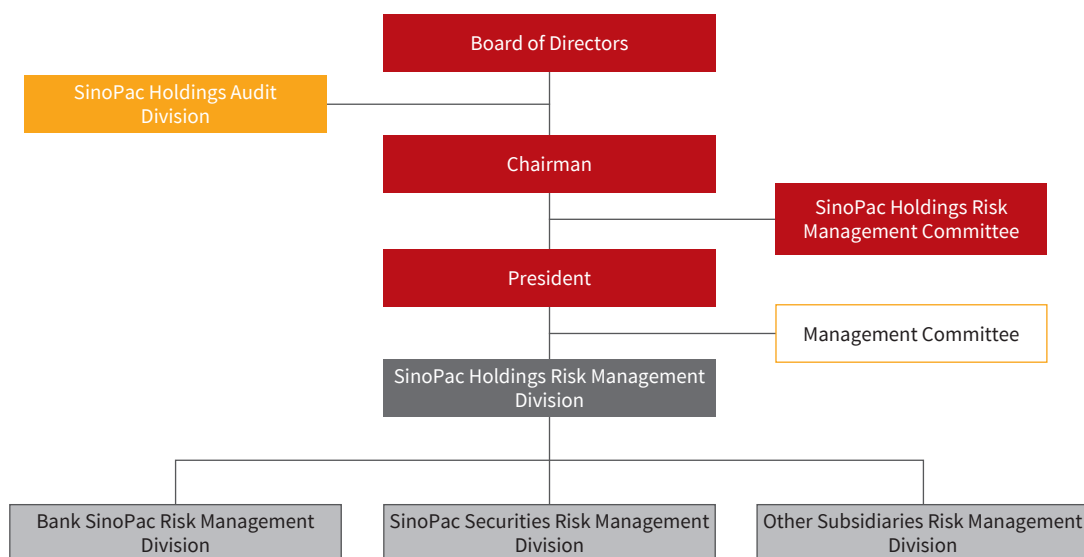


The Risk Management Committee has been set up under the Chairman, who serves as the convener of the committee, to be in charge of deliberating on the risk management policy, organization, system, and risk limit, reviewing overall risks, supervising risk management activities of SinoPac Holdings and its subsidiaries, and coordinating efforts to manage major risk incidents.

The Risk Management Division has been set up under the President to be in charge of developing the risk management policies, guidelines, and systems for SinoPac Holdings and its subsidiaries. In addition to implementing the risk management policies, guidelines, and systems approved by the Board of Directors, the Risk Management Division is responsible to regularly evaluate the performance of SinoPac Holdings and its subsidiaries in terms of risk management.

Based on its authority, the management assigns a controlling unit or personnel to be responsible for the risk management of its business to ensure that all risks are properly monitored.

### Risk Management Organizational Framework of SinoPac Holdings and its Subsidiaries



### B. Risk Management Goals and Policies

Through the establishment of an appropriate risk management structure, guidelines, controls, and risk reporting systems, as well as a sound risk management culture, SinoPac Holdings integrates and manages related risks, timely reviews the revised management mechanisms or measures, and fully formulates risk-related regulations and limits to prevent the occurrence of material risk events and to achieve the best balance between profitability and risk management.

SinoPac Holdings formulated the "risk management policy," which was approved by the Board of Directors in 2009, and the latest amendment was approved by the Board of Directors on December 20, 2019. In addition to developing a risk management environment and culture among subsidiaries, SinoPac Holdings has established the regulations and limits for various risks (e.g., market risk, credit risk, operational risk, and liquidity risk), authority of each business unit, and operating procedures to identify, measure, assess, and manage risks in relation to credit, market, operations, assets and liabilities, reputation, laws and regulations, compliance, and strategies, as well as other business risks, including emerging

risks and climate risks. Subsidiaries are also provided with reports on emerging risks and climate risks issued by external institutions to conduct risk assessments and take countermeasures, which helps identify risks on the corporate level, develop related strategies, and report them to executives at appropriate level.

The Risk Management Division of SinoPac Holdings reports to the Board of Directors monthly and to the Risk Management Committee quarterly on the implementation of risk management and recommendations for improvement. In the case of material exposure, the Risk Management Division is responsible for taking appropriate measures immediately and reporting to the Board of Directors.

## (II) Methods for the Measurement and Control of Various Risks and Information Quantifying Risk Exposure

### ■ General and Regular Disclosure:

#### A. SinoPac Holdings

With respect to the risk management policy of the business group, in addition to developing the various subsidiaries' risk management environment and culture, the relevant management regulations are separately established as to different risks, as briefly stated below:

##### 1. Strategy and process

###### (1) Credit risk

- Establish a complete credit risk management procedure for effectively implementing the identification, measurement, and monitoring of credit risks.
- Establish a credit risk management policy to be consistently followed by SinoPac Holdings and each of its subsidiaries, including organizational structure, management principles, control mechanism, and risk reporting system, so as to achieve the goal of standardized risks and centralized management.
- Establish a limit management mechanism that is consistent with the SinoPac Holdings and each of its subsidiaries' business development risk attributes and risk tolerance, so as to manage and monitor the overall concentration risk arising from operations of whole company.

###### (2) Market risk

- Use limits on value-at-risk to control the group's market risks.
- Trading book positions are to be assessed daily based on market prices, and a stop-loss mechanism is to be implemented.
- Improve the capability of price assessment and controlling over derivatives and structured products.

###### (3) Operational risk

- Actively develop an operational risk framework, and introduce a management mechanism for the identification, measurement, supervision, and control of operational risks.
- Strengthen the culture for operational risk management and the internal control environment, and establish standard operating procedures and appropriate control procedures, so as to effectively reduce the occurrence of operational risks.

###### (4) Liquidity risk

- Actively ensure a diversified and stable source of funds, maintain appropriate liquidity, and ensure the fulfillment of debt commitments and the ability to pay.
- Control indicators are to include the current ratio, the balance of assets and liabilities, sources of funds and the analysis of the uses of such funds, credit limits and financing tools analysis, etc.



### (5) Other risks

- Identify, measure, assess, and manage business risks other than credit, market, operations, assets and liabilities, reputation, laws and regulations, compliance, and strategy-related risks, including emerging risks and climate change risks.
- SinoPac Holdings has referenced related reports on emerging risks and climate change risks issued by external institutions for subsidiaries to conduct risk assessments and take mitigation or adaptation measures, so as to identify risks on the corporate level and develop related strategies and report them to executives at appropriate level.

## 2. Organization and structure of related risk management systems

- (1) SinoPac Holdings has established the Risk Management Division under the President. The Risk Management Division is responsible to coordinate the formulation of the overall risk management policies and principles of the business group, to establish and plan for risk management systems, to monitor risk management, and to promote the various matters regulated by the competent authorities.
- (2) The management of each subsidiary is responsible to report to and obtain approval from the Board of Directors, based on the subsidiary's business operations and the types and size of risk exposures; an independent risk management unit is established, or dedicated personnel, or part-time personnel, or other personnel of the business group are appointed to be responsible for risk management to ensure that all risk exposures are appropriately managed.

## 3. Risk reporting and the scope and characteristics of the measurement system

### (1) Credit risk

- The Risk Management Division of SinoPac Holdings is to regularly collect and summarize the risk exposure status of each subsidiary, as differentiated by product, types of industry, amount of exposure, overseas regions or countries, and the ten largest groups to which the subsidiary is exposed. For SinoPac Holdings and for the subsidiaries as a whole, the Risk Management Division is also to establish the concentration risk amount limits as to the same person, the same related party, the same affiliated enterprise, the same industry, and as to overseas regions or countries. The Risk Management Division is to regularly report to the Board of Directors concerning the risk exposure status of each item and the status of controlling the amount limits.
- The Risk Management Division of SinoPac Holdings is to regularly collect and summarize each subsidiary's information concerning classification of asset quality, allowances for bad debts, and loss provisions, and to report to the Board of Directors for future reference.

### (2) Market risk

Based on the types of products, each subsidiary is to establish various risk management indicators for control purposes. The Risk Management Division of SinoPac Holdings is to regularly collect and summarize the status of each subsidiary's market risk exposure, and to report to the Board of Directors.

### (3) Operational risk

With respect to operational risk incidents occurring in a subsidiary itself, each subsidiary is to analyze the reasons for the occurrence of such incidents and the methods to prevent the occurrence thereof, with such methods to be incorporated as a reference in the improvement of various processes. In addition, risk management units must regularly report operational risk events and the status of operational risk losses to the Board of Directors.

#### (4) Liquidity risk

Each subsidiary is responsible for establishing liquidity risk indicators for control purposes. The Risk Management Division of SinoPac Holdings is responsible for regularly reporting to the Board of Directors on each subsidiary's liquidity risk exposure.

#### (5) Emerging risks

Each subsidiary conducts qualitative or quantitative assessments based on the possibility of emerging risks and the degree of impact, identifies emerging risks that should be paid attention to in operations and business, and develops mitigation measures for these emerging risks. The risk management unit of each subsidiary submits the emerging risk assessment form to the Risk Management Division of SinoPac Holdings, and the Company comprehensively considers the risks' possibility of occurrence and degree of impact, and identifies emerging risks that the financial holding level should pay attention to. This feedback is then provided to the risk management unit of the subsidiary for re-examination. After that, the Company will identify the emerging risks and mitigation measures that the financial holding level should pay attention to and disclose them to the public with the annual sustainability report of SinoPac Holdings.

#### (6) Climate change risks

Each subsidiary conducts qualitative or quantitative assessments based on the possibility of climate-related risks and opportunities and the degree of impact, identifies climate-related risks and opportunities that should be paid attention to in operations and business, and develops mitigation or adaptation measures against them. The risk management unit of each subsidiary submits the climate-related risks and opportunities assessment form to the Risk Management Division of SinoPac Holdings, and the Company comprehensively considers the possibility of occurrence and degree of impact, and identifies climate-related risks and opportunities and relevant mitigation or adaptation measures that the financial holding level should pay attention to. This feedback is then provided to the risk management unit of the subsidiary for re-examination. After that, the Company will identify the emerging risks and mitigation measures that the financial holding level should pay attention to and disclose them to the public with the annual sustainability report of SinoPac Holdings. Beginning in 2021, the Risk Management Division of SinoPac Holdings discloses the overview of climate change risks in its risk management report on a quarterly basis and presents it to the Risk Management Committee and the Board of Directors.

4. Risk avoidance and risk reduction policies, and the strategies and processes for monitoring the continued effectiveness of avoidance and reduction instruments: Maintain an appropriate business proportion as to each product, line of business, and type of industry, so as to diversify and reduce the overall risk.

## B. Bank SinoPac

### 1. Strategies and Procedures

#### (1) Credit risk

- Bank SinoPac has established the relevant credit risk management strategy based on the overall operation and development goals, operations strategy, and business plan approved by the Board of Directors, with legal compliance, stable operations, risk diversification, and the pursuit of risk and reward optimization serving as the management principles, and with the transparency, systematization, professionalization, and institutionalization of credit risk management being the management objectives.



## (2) Market and liquidity risk

- Follow the market risk management policies and other relevant rules of the competent authorities to establish the control guidelines for identifying, measuring, monitoring, and reporting of the various market risks arising from Bank SinoPac's businesses, so that an appropriate risk management framework is established.
- Monitor the risk positions and loss limits based on the scope of risk management limits approved by the Board of Directors, including spot transactions in interest rates, stock prices, exchange rates, and commodities and derived forward contracts, options, futures, swaps, or related combination, so as to ensure that the market risk exposure is within the risk tolerance of Bank SinoPac.
- Evaluate and provide daily performance and reporting of changes in value-at-risk for various trading positions, so as to be constantly informed of risk exposures and return profiles.
- Based on the changes in market prices, regularly assess the effectiveness of hedging strategies and their effectiveness. Transactions involving hedged financial instruments take effect only after written approval by an authorized manager.
- Implement various liquidity indicators and banking book interest rate risk monitoring, including the maturity gap analysis of assets and liabilities and interest rate sensitivity analysis of assets and liabilities.
- Provide adequate provisions of deposit reserves and liquidity reserves to maintain diversification and stability of funding sources.

## (3) Operational risk

- Use appropriate operational risk management strategies and procedures to manage the operational risks of each business, so as to minimize the probability of occurrence of various operational risks; and set operational risk related management measures, so as to implement the operational risk management system and to improve the overall organizational health and protect the interests of shareholders.
- Using Risk Control Self-Assessments, we effectively identify various potential risks, evaluating potential risks and the effectiveness and degree of controls and their implementation; Using the "Operational Risk Data Collection," review the causes of incidents that have occurred and make improvements; using the "Key Risk Indicators," monitor Bank SinoPac's operational risks and provide an early warning function.

## 2. Organization and structure of related risk management systems

- (1) Bank SinoPac has set up the Risk Management Division to be responsible for the integration and formulation of Bank SinoPac's overall risk management policies and principles, to establish and plan for the risk management system, to collect and organize Bank SinoPac's reporting of risk information, and to assess capital adequacy; at the same time, the Risk Management Division identifies, measures, supervises and controls risks such as credit, market, operations, bank book interest rates, and liquidity, and regularly assesses the implementation results and management performance, and reports the results to the Board of Directors.

### (2) Credit risk

Bank SinoPac has set up the Credit Committee, which has been authorized by the Board of Directors to approve credit cases and investment matters relating to credit risks that exceed the President's authority, and which is to regularly report to the Board of Directors for reference. Separately, the Credit & Investment Committee has been established to be responsible for reviewing major credit and investment cases and for examining credit policies and supervising the processing of unusual credit cases, so as to ensure good credit quality.

Bank SinoPac has set up the Corporate Credit Risk Management Division to be responsible for such matters as controlling the credit risk of the corporate banking business, setting credit policies and planning processes, carrying out credit-checking and credit extension operations, managing credit position limits, establishing credit risk measurement mechanisms, managing financial transactions credit risk policies, managing corporate customers after loan extensions, managing collections, carrying out debt restructuring and management, and reviewing accounts receivable financing, and to be responsible for tasks such as controlling risk exposures to the business group with large credit balances.

(3) Liquidity risk

Bank SinoPac has established the Asset Liability Committee to be responsible for reviewing Bank SinoPac's assets and liabilities portfolio and its assets and liabilities management, liquidity, interest rates, exchange rates, risk policies, interest rates for internal flows of funds, deposit interest rates, prime lending rates, considerations regarding benchmark interest rates, and judgments on future interest rate and exchange rate movements, and the direction of other developments in financial trends; the Asset Liability Committee will also review transactions that have a significant impact on the structure of Bank SinoPac's assets and liabilities.

(4) Market risk

The Board of Directors is Bank SinoPac's highest level for supervision and decision-making. Based on the strategies and operating environment of Bank SinoPac, the Board of Directors approves various risk management policies and risk limits.

Following the principles of internal control and division of labor, Bank SinoPac clearly separates the relevant units relating to market risk into three independent units of trading, risk control, and account settlement; i.e., the three sections of the front office, middle office, and back office, with none of the three being under the jurisdiction of any of the others and with each being responsible for its own tasks, such that together they are responsible for all stages of Bank SinoPac's operational processes relating to market risk.

The unit responsible for risk control is the Market Risk Section, which is subordinate to the Risk Management Division. The Market Risk Section supervises the market risk management mechanism and monitors the measurement indicators for various risk exposures.

(5) Operational risk

The Risk Management Division is responsible for promoting an operational risk management culture, setting operational risk related management measure, establishing a method for measuring the economic capital of operational risks, and coordinating efforts of various units to manage operational risks.

At Bank SinoPac, units that implement daily operational risk management together form the first line of defense; the second line of defense is formed by the Risk Management Division, which is responsible for establishing an operational risk management framework and assessing bank-wide operational risks; the third line of defense is formed by the internal audit unit, which is tasked to verify the effectiveness of operational risk management.

3. Risk reporting and the scope and characteristics of the measurement system

(1) Credit risk

The risk management of credit assets on and off the balance sheet is carried out mainly through an appropriate information management system, allowing an understanding of information on various credit asset portfolios and concerning the status of risk exposure concentration, including the status concerning the risk exposure and amount



limit usage as to the same person, the same related party, the same affiliated enterprise, classifications based on country, classifications based on business groups, and classifications based on type of industry; the foregoing is to ensure that the risks stay within the control limits.

Various credit risk situations are reported to the Board of Directors on a regular basis, including an analysis based on credit product classifications, credit rating classifications and the status of usage on product limits, the status of degree of concentration, analysis based on type of industry, analysis based on amount classifications, analysis of asset quality, country risks, and status relating to control over amount limits, so as to adequately disclose the credit risks of the various aspects of Bank SinoPac.

The risk management unit is to regularly verify the credit risk rating model and to supervise and manage the effectiveness of Bank SinoPac's credit risk rating model.

Coordinating with the implementation of the new Basel Capital Accord, from 2005, Bank SinoPac, in keeping with its plan, has gradually established storage for credit risk data, an internal credit risk rating system, and a credit risk asset calculation system. With the development of a risk measurement information system, Bank SinoPac seeks to achieve effective capital allocation, conform to the requirements of the New Basel Capital Accord, and implement daily risk management.

#### (2) Liquidity risk

Liquidity gaps and liquidity risk management indicators are monitored, and the results of liquidity risk assessments are reported at the monthly Asset Liability Committee meeting, so the Asset Liability Committee may review and supervise the status of Bank SinoPac's liquidity.

#### (3) Market risk

Risk management reports, such as daily market assessment of profit and loss and the value-at-risk, and the limit control, are provided on a daily basis; if a limit is breached, it should be immediately reported to the appropriate level supervisors of the trading unit and the Risk Management Division. Bank SinoPac's market risk exposure status, value-at-risk, the rules on various limits and any breach thereof, and a general analysis of investments in securities are to be regularly collected and organized and reported to the Board of Directors.

The scope of risk measurement includes Bank SinoPac's risk exposure arising from fluctuations in market price, such as changes in interest rates, exchange rates, stock prices and commodity prices. Based on the type, special characteristics and complexity of each product, an appropriate market risk limit indicator is to be established to serve as the basis of control each day. Limit indicators include things such as notional principal amount at risk, risk factor sensitivity values Delta/Vega/DV01, and stop loss limits.

Bank SinoPac also follows the rules on managing a financial holding company's value-at-risk limits, setting a value-at-risk limit for trading positions, monitoring and reporting on position limits each day, and sending the reports to relevant trading units, to the President and to SinoPac Holdings' Risk Management Division; if the limit is breached, a report is to be made immediately to the appropriate level supervisors of the trading unit and the Risk Management Division.

#### (4) Operational risk

"Collection of Operational Risk Incidents": An operational risk incident is to be immediately reported by the unit where the incident occurred or by the unit that discovered the incident; Bank SinoPac adopts a systematic approach to the collection of operational risk incidents, and, pursuant to the rules of the competent authorities, categorizes such incidents into seven major types of losses and eight major types of businesses, and provides suggestions for improvement regarding significant operational risk incidents.



"Risk Control Self-Assessments": Risk Control Self-Assessments are conducted by business units in accordance with their business processes. Questionnaires are prepared and filled out by the relevant business units to cross-analyze the potential operational risk exposure of Bank SinoPac.

"Key Risk Indicators": Set key risk indicators and the threshold amounts thereof, and monitor continuously through key risk indicators, providing an early warning function.

"Operational Risk Reports": Immediately report by the unit where the incident occurred or by the unit that discovered the incident; the Risk Management Division is to regularly collect and organize, and analyze, reports relating to operational risks, and to report to the Board of Directors and high-level management, so as to enable an understanding of the contours of Bank SinoPac's operational risks.

#### 4. Risk avoidance and risk reduction policies, and the strategies and processes for monitoring the continued effectiveness of avoidance and reduction instruments

##### (1) Credit risk

With respect to the credit risk exposures arising from carrying out the credit extension and investment businesses and the collateral to be required therefor, Bank SinoPac has established rules on collateral appraisal and management, measures for collateral disposition and for disposition of real property under competitive bidding, and credit policies of various products and related rules and business manuals, all of which serve to regulate the types of collateral and the appraisal methods and processes, the reduction ratio, lending rates, the corresponding loan-to-value ratio and lending period, monitoring and supervision, and disposition. The foregoing is to ensure that there is an effect of reduction in credit risks, and to safeguard claims.

The continuing effectiveness of collateral is based on a post-loan management and review mechanism, through which continuous monitoring and management are carried out. To avoid the collateral being sold, leased, pledged, relocated or subjected to other disposition without authorization, Bank SinoPac carries out regular and unscheduled inspection or on-site verification of the use, custody, and maintenance of collateral. Credit cases that have reached the end of their terms and are being considered for renewal shall be treated as new credit cases, and the collateral should be re-evaluated.

##### (2) Liquidity risk

Bank SinoPac's assets and liabilities are dynamically adjusted based on internal funding conditions and market liquidity.

##### (3) Market risk

Hedging and non-hedging transactions are to be distinguished based on the purpose of the transaction; the applicable accounting treatment and performance evaluation are also to be distinguished. For transactions to be designated as hedging transactions, the transaction's hedging relationship, risk management goals and hedging strategy are measured based on the hedge accounting principles.

In addition, the limits placed on Bank SinoPac's value-at-risk, notional principal amounts, and stop-loss amounts are to be reviewed regularly; when the limits are breached, the trading unit must immediately reduce the positions or conduct hedging operations, so as to avoid enlarging the losses.

##### (4) Operational risk

Based on the operational risks that may occur in various lines of business, the status of Bank SinoPac's risk exposures is to be monitored through the internal control system and risk control self-assessments and key risk indicators, with appropriate risk countermeasures to be adopted based on the nature of each line of business (e.g., outsourcing,



insurance) or other appropriate improvement measures are to be adopted (e.g., strengthening the education and training of employees and improving operational processes, etc.), to ensure that operational risks are controlled within tolerance.

In response to incidents of business interruption at Bank SinoPac caused by major epidemics/pandemics, disasters, lack of liquidity, or disruptions in the information system, Bank SinoPac has established the Key Points for Responding to Emergency Incidents, which will serve as the guidelines to be followed by all units for purposes of prevention, notification, and follow-up.

## C. SinoPac Securities

### 1. Strategies and Procedures

#### (1) Credit risk

- Adopting the concept of risk capital allocation, an upper limit is established for SinoPac Securities' overall credit risk exposure; following the principle of risk diversification, controls over credit limits are set as to each customer, each enterprise, and each business group.
- Differentiated credit ratings, the setting of credit limits and the measurement of credit risks are used as the principal emphasis; through the credit rating mechanism, a corresponding upper limit for the risk exposure amount is given to different trading counterparties, with such upper limits to be reviewed quarterly.
- Trading limits and risk exposure status are to be separately established based on the types of products and the department, and the credit ratings of the investment target and the trading counterparty both must be above the rating permitted by SinoPac Securities; control must be asserted over each individual product, and risk management across departments and across products is to be considered.
- The prevention of brokerage business default risk is to monitor financing changes through the financing concentration system and high-risk stock screening indicators. At first, by analyzing abnormal stocks, regularly reviewing and adjusting the financing ratio and daily transaction upper limit of stocks helps control default risks. Furthermore, by using online review system EMS (E-Margin System), we could implement online review and registration, file upload and storage, customer account management, quota foolproof mechanism and online approval functions. Finally, we will effectively improve the efficiency of the credit review process and enhance credit risk management.

#### (2) Market risk

- Based on the concept of risk capital allocation, an upper limit is established for SinoPac Securities' overall operational position limits and market value-at-risk limits.
- Irrespective of whether SinoPac Securities is engaged in underwriting services or proprietary operations, market risk is controlled through such methods as limit controls, stop-loss rules, value-at-risk assessments and limits, and the middle counter risk control system is used to monitor position gains and losses, limits and stop-loss warnings.
- Value-at-risk (VaR) and various sensitivity indicators are adopted to more effectively assess SinoPac Securities' risks; stress tests, sensitivity analysis and back testing are regularly conducted to verify the effectiveness of the value-at-risk system.

#### (3) Operational risk

To mitigate the risks that may arise from inadequate or defective internal operations and control mechanism, any line of business must first be approved by a rigorous internal audit process before being developed, and at the same time an information risk management system and standard operating procedures are to be established to lower

man-made operational risks. SinoPac Securities has already established an online operational risk incident reporting mechanism to implement an operational risk management mechanism and to establish an operational risk loss database, so that operational risk control is strengthened.

(4) Liquidity risk

For the purpose of controlling SinoPac Securities' liquidity risks from its investment positions, in addition to requiring daily invested equity securities must meet a certain degree of market liquidity.

(5) Other risks

Business risks other than credit, market, operations, liquidity, reputation, laws and regulations, and strategy-related risks, including emerging risks and climate change risks.

SinoPac Securities has incorporated emerging risks and climate change risks into its overall risk management framework and established a management mechanism for identifying, measuring, monitoring, reporting and taking countermeasures for emerging risks and climate change risks, as well as referring to the reports on emerging risks and climate change risks issued by external organizations to appropriately assess the potential impact of these risks on the company currently and subsequently, and take relevant countermeasures.

2. Organization and structure of related risk management systems

SinoPac Securities has established the Risk Management Division, which is responsible to coordinate the formulation of SinoPac Securities' overall risk management policy and rules, and to establish and plan a system for risk management and for the monitoring, measurement and assessment of daily risks; after the various policies, principles and systems are approved by the Board of Directors, the Risk Management Division is responsible for their implementation, and is to conduct regular assessments of the implementation results and management effectiveness.

3. Risk reporting and the scope and characteristics of the measurement system

(1) Credit risk

Through the credit risk limit control platform, the credit conditions of trading counterparties are monitored daily, and limits are monitored through the preparation of a statistical table of the daily credit risk limit usage amounts and control the consolidated exposure to a single financing stock for SinoPac Securities and its subsidiaries, and weekly report on the concentration of stock financing. Credit risk reports are also to be made on a monthly basis, the contents of which are to include the credit rating distributions of SinoPac Securities' positions and the trading counterparties' risk exposure status; and reports are to be made monthly to the Board of Directors concerning the status of credit risks.

(2) Market risk

In addition to conducting daily monitoring of changes in the positions of the proprietary unit and of the underwriting unit, changes in gains and losses and status of value-at-risk, the various risk management reports or statements are to be submitted on a regular basis, the contents of which are to include the profit and loss daily report of domestic and foreign positions, the daily profit and loss report of domestic positions, the value-at-risk report, the weekly foreign exchange risk position control report, and the monthly market risk report; and reports are to be made monthly to the Board of Directors concerning the status of market risks.

(3) Operational risk

In addition to various units carrying out their own verification, internal audits are to be conducted on regular and unscheduled bases in accordance with SinoPac Securities' rules; risk management units are also to establish a



notification mechanism for operational risk incident losses, with monthly reporting to SinoPac Holdings, and thereby effectively controlling operational risks.

(4) Liquidity risk

A liquidity risk report is submitted every month, conducting liquidity risk assessment, and a report is monthly to the Board of Directors concerning the status of the liquidity risk reports of SinoPac Securities' positions.

(5) Emerging risks

Through qualitative or quantitative methods, the Company regularly evaluates related emerging risks annually and develops countermeasures or control mechanisms to address these emerging risks.

Produce the emerging risks assessment annually and submit it to the Risk Management Division.

(6) Climate change risks

Through qualitative or quantitative methods, the Company regularly evaluates climate-related risks and opportunities annually and develops countermeasures or control mechanisms to address these climate-related risks and opportunities.

Produce the climate-related risks and opportunities assessment annually and submit it to the Risk Management Division.

4. Risk avoidance and risk reduction policies, and the strategies and processes for monitoring the continued effectiveness of avoidance and reduction instruments

The hedging for investment positions regardless of whether warrant issuance or proprietary operations, follow the requirements of laws and regulations, and operational limits and stop-loss standards must be established based on the nature of business; at the same time, the operational rules of such hedging operations must also contain rules with respect to hedging strategies.

## D. SinoPac Leasing

### 1. Strategies and Procedures

(1) Credit risk

SinoPac Leasing follows the established trading rules and the requirements of laws and regulations, establishes a sound and comprehensive approval mechanism, and ensures the independence and responsibility of personnel, work and authority. Prior to undertaking a case, SinoPac Leasing implements a rigorous credit investigation and review process; after undertaking the case, SinoPac Leasing fully implements the post-transaction daily risk management.

According to the principle of appropriate risk diversification, credit risk is systematically monitored by analyzing and reviewing classifications based on types of industry, amounts of exposure, types of clients, and different regions.

The responsible unit is to monitor and manage credit deterioration, credit deficiencies and other problematic cases, and to promptly handle problematic claims, to establish an early warning system for problematic transactions, and to implement early remedial measures.

(2) Market and liquidity risk

SinoPac Leasing follows the parent company's risk management policy and market risk management rules, and regularly assesses the effectiveness of hedging strategies based on market price fluctuations; such strategy is to take effect after written approval is obtained from authorized management; in addition, SinoPac Leasing establishes a diversified and stable funding source to ensure sufficient funding liquidity.

### (3) Operational risk

SinoPac Leasing emphasizes a culture for operational risk management, establishes standard operating procedures and a strict control procedure whereby responsibility is imposed on each layer, and implements internal control and the division of labor principle to effectively prevent and control the occurrence of operational risks; at the same time, SinoPac Leasing assesses and measures operational risks to reasonably ensure that the operational risks faced by various lines of business are controlled within tolerable limits.

## 2. Organization and structure of related risk management systems

(1) SinoPac Leasing has established the Risk Management Division to be responsible for the coordination and formulation of risk management policies and principles, establishment and planning of risk management systems, and regular submission of risk information to the Board of Directors.

### (2) Credit risk

The Credit Committee has been established to be responsible for the examination of transactions approved by the Board of Directors of SinoPac Leasing and its subsidiaries, the review of trading quality and structure, the audit of trading management, the handling and supervision of problematic trades, and the examination and reporting of other trade-related risks.

SinoPac Leasing has established the Credit Division, to which the Credit Section and the Collection Management Section are subordinate to be responsible for the credit investigation, review, and process control of transactions, the establishment of warnings of abnormal enterprises, the formulation of transaction policies, the control and compliance of trading procedures, the supervision of regular management of business transactions, and the collection management; in addition, the Credit Division assists business units in handling overdue cases, managing foreclosed collateral and bad debts write-off.

The approval authority for trades is established according to the delegation of authority principle to increase trading operational efficiency. Trades that exceed the authority limits of the President must be submitted to the Credit Committee for review and approval, and then submitted to the Board of Directors for approval, so as to ensure good trading quality.

### (3) Market and liquidity risk

The Assets Liability Committee has been established to respond to changes in economic and financial conditions, to timely adjust the asset and liability management policy, and to comprehensively manage funding source and application, so as to improve the assets and liabilities structure; the main responsibilities are to review the assets and liabilities portfolio and management policies, liquidity policies, and internal funding rates, as well as to make judgments on future trends in interest rates, exchange rates and trends in financial developments.

### (4) Operational risk

An operational risk management unit has been established to collect and organize the operational risk incidents reported by various units, to handle the examination of operational risks, to analyze the reasons for loss events, to adjust the risk factors of operational risk incidents, to follow SinoPac Holdings' operational risk incident loss reporting mechanism by regularly reporting to SinoPac Holdings every month, so as to effectively control operational risks; in addition, a self-examination system is to be established and implemented, under which the operational risk control is to be supervised by the parent company's audit department and by SinoPac Leasing's chief internal auditor.



### 3. Risk reporting and the scope and characteristics of the measurement system

#### (1) Credit risk

The various risk management reports are to be made on a regular basis, including the statement for trading assets, non-performing loan ratio, and allowances for bad debts; the credit risk consolidated report (product classification, client classification, amount classification, industry classification); list of problematic credit claims; and a statistical overview of various trading businesses; regular reports are to be made to the parent company's Risk Management Division and to high-level executives.

#### (2) Market and liquidity risk

Such risk management reports as the relevant monthly market price assessment, market risk consolidated report, and derivatives products implementation status are regularly provided to the parent company's Risk Management Division and to high-level executives; liquidity gaps are also monitored.

#### (3) Operational risk

The operational risk management unit is to allocate the dedicated operational risk management personnel to each operational department; such personnel are responsible for the daily operational risk management tasks.

An incident reporting system is to be established, or in the event of major accidents, emergencies, or significant operational risk incidents, the dedicated personnel is to immediately report to the parent company's Risk Management Division; in addition, operational risk incidents reported by various units are regularly collected and organized and to be reported to high-level executives and the parent company's Risk Management Division, whereupon the parent company's Risk Management Division is to summarize and report to the parent company's Board of Directors.

### 4. Risk avoidance and risk reduction policies, and the strategies and processes for monitoring the continued effectiveness of avoidance and reduction instruments

(1) With respect to the collateral to be required for the credit extension, the rules on collateral requisition and management, types of collateral, appraisal methods and processes, and the reduction ratio are established in accordance with the Regulations Governing Collateral Appraisal and Management; the value of collateral is to be regularly re-appraised or examined based on the post-loan management and review system, so as to control the effectiveness of reducing credit risks.

(2) As to market risks, aside from transferring or reducing part of market risks through foreign exchange or interest rate swaps, the ratio of leased assets and liabilities is also to be flexibly adjusted based on market conditions and internal funding needs.

## E. SinoPac Securities Investment Trust

### 1. Strategy and Process

In addition to complying with laws and regulations, SinoPac Securities Investment Trust establishes an appropriate risk management structure, guidelines, control mechanisms and risk reporting systems to identify, measure and control market risks, credit risks, liquidity risks and operational risks.

For funds under management and discretionary investments, the following measures are taken:

(1) The top-down analysis is adopted to determine the allocation of funds for a portfolio of funds or entrusted assets and to achieve the best trade-off between risk and compensation.

- (2) Funds and discretionary investments are managed with professional judgment based on the product design of different funds or the expected return on and risk appetite for discretionary investments, to meet customers' needs.
- (3) The value-at-risk model is adopted to manage the risk of loss that may occur in the portfolio and to monitor the risk exposure at any time.
- (4) Risk management is carried out systematically according to the related contracts, regulations and internal investment policies. The management unit adjusts the investment portfolio according to the warning message to keep the investments within the limits, achieving risk avoidance, monitoring and control.

## 2. Organization and structure of related risk management systems

SinoPac Securities Investment Trust has established the Risk Management Committee under the Board of Directors. The Risk Management Committee is to establish the policies, principles and monitoring mechanisms for the related market, credit, operational and liquidity risk management of SinoPac Securities Investment Trust as a whole and of its portfolios. In addition to monitoring the effectiveness of its implementation, the Risk Management Committee also provides appropriate advice on business decisions made by the Board of Directors with respect to risk management.

SinoPac Securities Investment Trust has established the Risk Management Division to be responsible for the operation of the Risk Management Committee, the overall planning, management and evaluation of SinoPac Securities Investment Trust's controls over credit risks, market risks and operational risks, daily risk management monitoring, and the implementation of regulations of the competent authorities.

## 3. Risk reporting and the scope and characteristics of the measurement system

### (1) Credit risk

SinoPac Securities Investment Trust establishes a credit rating management system, which sets and manages the line of credit for counterparties of different levels of credit standing, regularly updates each counterparty's credit rating data, and maintains a table for each counterparty's risk exposure. If the credit status changes significantly, the line of credit will be cut immediately.

### (2) Market risk

SinoPac Securities Investment Trust establishes appropriate market risk limits, allowable trading ranges and corresponding levels of approval and responses to overruns; in addition, related stop-loss regulations for funds under management and discretionary investments are formulated to increase the awareness of price volatility.

### (3) Operational risk

In addition to following the internal control system, SinoPac Securities Investment Trust conducts the internal audit on a regular basis or from time to time. The risk management unit also establishes an operational risk event reporting system to report to the Risk Management Division of SinoPac Holdings on a monthly basis.

### (4) Liquidity risk

We establish relevant management and control standards for the managed funds and discretionary investment business, consider the degree of concentration of investment positions and market trading volume, and implement quantitative management of market liquidity risk.

### (5) Emerging risks and climate change risks

SinoPac Securities Investment Trust regularly assesses the emerging risks and climate change risks that the company should pay attention to every year and formulates relevant response measures or monitoring mechanisms, prepares emerging risks and climate change risk assessment forms, and submits them to the Risk Management Division of SinoPac Holdings.





4. Risk avoidance and risk reduction policies, and the strategies and processes for monitoring the continued effectiveness of avoidance and reduction instruments

The hedging operation of investment positions is in compliance with the regulations and internal policies; in addition, SinoPac Securities Investment Trust sets an appropriate limit and necessary management indicators for each risk and evaluates the feasibility of methods for implementation.

## F. SinoPac Venture Capital

### 1. Strategy and Process

In line with the regulations governing the investment operations, SinoPac Venture Capital convenes investment committee to review investment proposals from time to time and presents the reviewed proposals to the Chairman and the Board of Directors for approval based on the investment amount of the proposals.

### 2. Organization and structure of related risk management systems

Following approval by the chairman and board of directors and funding, investment cases are subject to the investment division for post-investment management, according to the regulations governing investments, the regulations governing the control of market risk, and the regulations governing provisions for reserves against loss from asset appraisal. In addition, the Risk Management Division of SinoPac Holdings provides assistance by making trial calculation of the risk value of investment positions daily, so as to have a firm grip of the risk caused by stock-market fluctuation for investment cases.

To conduct risk management and asset appraisal necessitated by the implementation of IFRS 9 accounting criteria, the Company has set up a middle counter for appraisal review, which started to function in Oct. 2018, mainly for review of the Company's investment portfolio. Subsequently, the Risk Management Division of SinoPac Holdings has changed its function to provision of assistance, formulation of policy, and supervision.

### 3. Risk reporting and the scope and characteristics of the measurement system

- (1) Evaluate the ratio of overall investments to each industry to avoid a concentration of risks in a single industry.
- (2) Evaluate the ratio of overall investments to each stage, so that income from investment will continue to be generated every year with the reduced risk of volatility of income from investment.
- (3) Track and report investment cases quarterly, intensify post-investment management, and maintain constant management of investment targets and put forth disposal suggestions timely, according to industrial changes and business status.
- (4) Cooperate with the Risk Management Division of SinoPac Holdings to grasp the impact of changes in the value-at-risk, and regularly review the appropriateness of the risk management model to control potential risks effectively.
- (5) For the improved efficacy of IFRS 9 evaluation, SinoPac Venture Capital has subscribed to the market information database (Capital IQ), capable of making comparisons between contents of different databases, to assure the grasp of real-time sufficient and comparable market information and to enhance the accuracy of evaluation results.

## ■ Risk Management Methods and Information Quantifying Risk Exposure:

The risk management methods for each company is as stated above, and information quantifying risk exposure is disclosed as follows:

## A. Bank SinoPac

### 1. Credit risk

#### Risk Exposure Amount and Required Capital after Risk Mitigation under the Credit Risk Standardized Approach

Reference Date: December 31, 2022;  
Unit : NT\$ million

| Types of Risk Exposure                                                    | Risk Exposure Amount after Risk Mitigation | Required Capital |
|---------------------------------------------------------------------------|--------------------------------------------|------------------|
| Sovereign states                                                          | 247,650                                    | 88               |
| Non-central government public sectors                                     | 37,741                                     | 2,346            |
| Banks (including multilateral development banks and central counterparty) | 421,373                                    | 14,057           |
| Corporations (including securities and insurance companies)               | 427,888                                    | 41,919           |
| Retail claims                                                             | 201,852                                    | 17,659           |
| Real estate                                                               | 782,305                                    | 43,574           |
| Equity securities investments                                             | 29,263                                     | 4,661            |
| Equity investments in funds                                               | 3,794                                      | 976              |
| Other assets                                                              | 129,635                                    | 2,670            |
| Total                                                                     | 2,281,501                                  | 127,950          |

#### Asset Securitization Risk Exposure and Required Capital

December 31, 2022; Unit : NT\$ million

| Types of Risk Exposure | Non-originating Bank                           |                  | Originating Bank                  |                        |                    |                        |   |                               |                                        |
|------------------------|------------------------------------------------|------------------|-----------------------------------|------------------------|--------------------|------------------------|---|-------------------------------|----------------------------------------|
|                        | Purchased or Held Securitization Risk Exposure | Required Capital | Risk Exposure Amount              |                        |                    |                        |   | Asset-backed Commercial Paper | Required Capital Before Securitization |
|                        |                                                |                  | Non-asset Backed Commercial Paper |                        |                    |                        |   |                               |                                        |
|                        |                                                |                  | Traditional Type                  |                        | Portfolio Type     |                        |   |                               |                                        |
|                        |                                                |                  | Remaining Position                | Non-remaining Position | Remaining Position | Non-remaining Position |   |                               |                                        |
| Retail                 | 53,497                                         | 1,123            | 0                                 | 0                      | 0                  | 0                      | 0 | 0                             |                                        |
| Corporations           | 0                                              | 0                | 0                                 | 0                      | 0                  | 0                      | 0 | 0                             |                                        |
| Total                  | 53,497                                         | 1,123            | 0                                 | 0                      | 0                  | 0                      | 0 | 0                             |                                        |

### 2. Liquidity risk

#### Structural Analysis of NTD Maturity Dates

December 31, 2022; Unit: NT\$ million

| Item                          | Total     | Amount Outstanding for the Remaining Period Prior to the Maturity Date |            |             |                 |             |
|-------------------------------|-----------|------------------------------------------------------------------------|------------|-------------|-----------------|-------------|
|                               |           | 1~30 Days                                                              | 31~90 Days | 91~180 Days | 181 Days~1 Year | Over 1 Year |
| Primary inflow upon maturity  | 1,962,050 | 427,780                                                                | 340,805    | 130,211     | 124,488         | 938,766     |
| Primary outflow upon maturity | 2,334,229 | 320,140                                                                | 452,182    | 271,894     | 459,488         | 830,525     |
| Period gap                    | (372,179) | 107,640                                                                | (111,377)  | (141,683)   | (335,000)       | 108,241     |

Note: This table contains only the amount of NT dollars (excluding foreign currencies) of Bank SinoPac and its domestic and overseas branches.



## Structural Analysis of USD Maturity Dates

December 31, 2022; Unit: US\$ thousand

| Item                          | Total       | Amount Outstanding for the Remaining Period Prior to the Maturity Date |             |             |                 |             |
|-------------------------------|-------------|------------------------------------------------------------------------|-------------|-------------|-----------------|-------------|
|                               |             | 1~30 Days                                                              | 31~90 Days  | 91~180 Days | 181 Days~1 Year | over 1 Year |
| Primary inflow upon maturity  | 48,267,319  | 16,947,913                                                             | 14,853,061  | 4,267,290   | 3,094,700       | 9,104,355   |
| Primary outflow upon maturity | 49,386,396  | 15,548,360                                                             | 16,816,058  | 8,268,149   | 4,487,089       | 4,266,740   |
| Period gap                    | (1,119,077) | 1,399,553                                                              | (1,962,997) | (4,000,859) | (1,392,389)     | 4,837,615   |
| Accumulated period gap        | (1,119,077) | 1,399,553                                                              | (563,444)   | (4,564,303) | (5,956,692)     | (1,119,077) |

Note: This table refers to the amount of US dollars of Bank SinoPac.

### 3. Market risk

## Required Capital for Market Risk

December 31, 2022; Unit: NT\$ million

| Type of Risk          | Required Capital |
|-----------------------|------------------|
| Interest rate risk    | 2,599            |
| Equity risk           | 15               |
| Foreign exchange risk | 601              |
| Commodity risk        | 0                |
| Total                 | 3,215            |

### 4. Operational risk

## Required Capital for Operational Risk

December 31, 2022; Unit: NT\$ million

| Year  | Gross Profit | Required Capital |
|-------|--------------|------------------|
| 2020  | 26,666       |                  |
| 2021  | 28,934       |                  |
| 2022  | 36,259       |                  |
| Total | 91,859       | 6,246            |

## B. SinoPac Securities

### 1. Market risk

## Approximate Amount of Market Risk

December 31, 2022; Unit: NT\$ million

| Item                       | Amount |
|----------------------------|--------|
| Interest rate risk         | 1,588  |
| Equity securities risk     | 1,669  |
| Foreign exchange risk      | 164    |
| Commodity risk             | 33     |
| Special concentration risk | 0      |
| Total                      | 3,454  |

## 2. Credit risk

| Approximate Amount of Credit Risks                                                                     |        | December 31, 2022; Unit: NT\$ million |
|--------------------------------------------------------------------------------------------------------|--------|---------------------------------------|
| Type of Risk                                                                                           | Amount |                                       |
| Repurchase agreements                                                                                  | 92     |                                       |
| Margin transaction account                                                                             | 41     |                                       |
| Borrowing or lending receivables in connection with securities business                                | 0      |                                       |
| Over-the-counter market derivatives                                                                    | 144    |                                       |
| General counterparty risk in brokerage trading                                                         | 167    |                                       |
| Counterparty risk for futures and options in brokerage trading-trading                                 | 0      |                                       |
| Four days accumulated transaction amount of brokerage trading of securities in foreign exchange market | 0      |                                       |
| On-balance-sheet transactions                                                                          | 217    |                                       |
| Off-balance-sheet transactions                                                                         | 0      |                                       |
| Asset securitization (originator)                                                                      | 0      |                                       |
| Non-scheduled settlement                                                                               | 0      |                                       |
| Total                                                                                                  | 661    |                                       |

## 3. Operational Risk

| Approximate Amount of Operational Risk |       |       | December 31, 2022; Unit: NT\$ million |
|----------------------------------------|-------|-------|---------------------------------------|
| Item                                   | 2019  | 2020  | 2021                                  |
| Gross profit                           | 6,377 | 7,950 | 11,989                                |
| Risk factor                            | 18%   | 18%   | 18%                                   |
| Approximate amount of risk             | 1,579 |       |                                       |

## 4. Business risk

| Approximate Amount of Business Risk                 |        | December 31, 2022; Unit: NT\$ million |
|-----------------------------------------------------|--------|---------------------------------------|
| Type of Risk                                        | Amount |                                       |
| Approximate amount of market risk (1)               | 3,454  |                                       |
| Approximate amount of credit risk (2)               | 661    |                                       |
| Approximate amount of operational risk (3)          | 1,579  |                                       |
| Approximate amount of business risk (4)=(1)+(2)+(3) | 5,694  |                                       |

## 5. Capital adequacy ratio

At the end of 2022, SinoPac Securities' capital adequacy ratio of credit risk, market risk, and operational risk was 388%, far above 200% set by the authorities.



### (III) Changes in Local and Overseas Policies and Laws that Impact SinoPac Holdings' Finance and Business and Countermeasures

| Changes in Local and Overseas Policies and Laws Impact on Finance and Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Impact on Finance and Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Countermeasures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In March 2022, "Self-Regulatory Standards for the Banking Industry to Treat Elderly Customers Fairly," issued by the Bankers Association of the R.O.C., which were filed and accepted by Financial Supervisory Commission.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Banks should take measures to treat elderly customers fairly according to this standard, including:<br>(1) Understanding the needs of elderly customers;<br>(2) Establishing clear customer service processes and standards;<br>(3) Developing suitable products and providing appropriate services;<br>(4) Communicating with elderly customers;<br>(5) Preventing from financial fraud and providing protections where required;<br>(6) Providing training to employees for them to equip with skills and abilities to understand the needs of elderly customers;<br>(7) Having a complete monitoring and evaluation mechanism.<br>Banks should refer to this standard to formulate internal operating regulations before September 2022.                                                                                                                                                                                                                                                                                                                       | Bank SinoPac has made adjustments to internal regulations, contracts, forms, and IT systems in accordance with self-regulatory standards before September 2022 and has held the course "Financial Friendly Education and Training Program" to raise employees' awareness of vulnerable and elderly customers. Regular reviews of the handling of consumer disputes and complaints by elderly customers and the results of service measures for the same are reported to the Fair Treatment of Customers Committee and the Board of Directors to ensure the effectiveness of relevant service processes and policies. |
| In April 2022, the standards formulated by the professional associations for the securities, securities investment trust and consulting, and futures consulting industries, namely the "Self-Regulatory Standards for the Provision of Financial Services to Elderly Customers by Securities Firms," "Standards for Assessment of Suitability of Financial Products or Services Offered to Elderly Financial Consumers by Securities, securities investment trust, and consulting and Futures Consulting Businesses," and "Standards for Assessment of Suitability of Financial Products or Services Offered to Elderly Customers by Futures Services Businesses," along with amendments to the "Self-Regulatory Standards for the Management of Credit Check and Futures Account Opening and the Provision of Financial Services to Elderly Customers," were filed and accepted by the Financial Supervisory Commission. | Businesses in the securities, securities investment trust and consulting, and futures consulting industries should have in place measures for the fair treatment of elderly customers in accordance with the regulations, including:<br>(1) Designing a risk attribute assessment mechanism in line with risk characteristics;<br>(2) Taking into consideration more highly impactful factors so as to fully reflect their risk level and labeling characteristics;<br>(3) Properly evaluating and explaining the suitability of the products to be promoted;<br>(4) Enhancing the readability of marketing and contract documents;<br>(5) Preferably adopting caring questioning and response measures;<br>(6) And employing mechanisms for high-risk commodity transaction confirmation, transaction monitoring, and enhanced inspection.<br>Companies in the securities, securities investment trust and consulting, and futures consulting industries should refer to this specification in formulating internal operating regulations before September 2022. | SinoPac Securities, SinoPac SITC, SinoPac Investment Service, and SinoPac Futures had made adjustments to their internal regulations, contracts, forms and systems ahead of September 2022, in compliance with relevant self-regulatory standards.                                                                                                                                                                                                                                                                                                                                                                   |
| On May 12, 2022, the "Principles of Fair Treatment of Customers in the Financial Services Industry", which were filed and accepted by Financial Supervisory Commission.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Principles of friendly service and integrity management were added to the principle of fair treatment and included in the assessment indicators. From 2023, in addition to the existing disclosure of the first level (top 25%), Financial Supervisory Commission will expand its assessment scope by revealing the second level (between 25% and 50%).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Bank SinoPac, SinoPac Securities, SinoPac SITC, SinoPac Investment Service, and SinoPac Futures have cooperated in revising internal regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| Changes in Local and Overseas Policies and Laws Impact on Finance and Business                                                                                                                                                   | Impact on Finance and Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Countermeasures                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| On October 3, 2022, the Bankers Association of the Republic of China's (BAROC) revisions to the "Code of Practice on Governance of Financial Holding Companies" were filed and accepted by the Financial Supervisory Commission. | The communication between a controlling shareholder and the Company shall, in principle, be done through the shareholder's representative elected as a director. If necessary, the director representative may invite the Company's managers to accompany and communicate with the shareholder, with such communication to be done on the record. If a controlling shareholder has a suggestion for a Board of Directors meeting proposal or a Company business decision, the representative of the director should put it forward to the Board of Directors or functional committee and shall not convene a meeting or improperly intervene in the Company's decision-making in other ways. | SinoPac Holdings has cooperated with the revision of the internal "Corporate Governance Practice Code" regulation and conducted corporate governance and shareholder interaction compliance mechanism training on December 9, 2022. |

#### (IV) Changes in Technology (including Cyber Security Risk) and Industry that Impact SinoPac Holdings' Finance and Business and Countermeasures

China finally started to lift COVID-19 restrictions in 2022 and began reopening at the end of the year, entering the post-pandemic period in 2023 with the world officially reopening. Changes in consumer demand and loosening of supply chains extending into various industries are leading to inventory adjustments, and interest rate hikes by global central banks, too, have repeatedly put operating pressure on industry. In the future, we must pay attention to the impact of manufacturer behavior adjustments and financial pressure on the supply chain. The changes in the state of industrial supply and demand are changing rapidly. We will continue to observe and analyze the industrial dynamics and the impact situation analysis of important policy events, and deconstruct the opportunities and risks within the general trend.

In 2022, both the stock and bond markets and industries experienced a quarter by quarter downturn. The second half of the year revolved around deleveraging in the financial industry and destocking in the electronics industry. Although adjustments have been made for half a year, both inflation and interest rates remain high, leading to depressed consumer demand, and overall, manufacturers have made slow progress in destocking. It is estimated that the overall electronics industry will still be in the destocking stage in 1H23. As Europe and the United States enter the traditional off-season, the speed of sales can only be expected to contribute to the recovery of consumption after the reopening of China. It is expected that the inventory adjustment of the electronics industry will be completed in Q2~Q3 of 2023. In addition to waiting for this inventory adjustment, key trends are still focused on high-speed data, automotive electronics, AI computing, and 5G extension related business opportunities. In terms of traditional industries, end-consumer goods such as bicycles, sports shoes, and ready-made clothing are also facing inventory adjustments, but clothing, footwear and other products are mandatory due to their high price elasticity, so it is estimated that the pace of destocking will be fast. However, bicycles and the like are durable products, and with consumption power in the past three years exhausted, the adjustment time will be prolonged. Regarding raw materials, due to the Russia-Ukraine War and the reopening of China, overall raw material prices have declined to a certain extent. In the future, as China reopens and demand returns to normal, the market for raw materials is expected to fluctuate before stabilizing and then rising slowly. Therefore, while



it may not be easy to profit off of cyclical stocks and raw materials stocks and they may not quickly return to their peak, they may rise slowly after stabilizing in the first half of the year. As a whole, regardless whether in traditional industry or the electronics industry, due to the slowdown of overall turnover and the increase in financial costs, it is necessary to pay attention to the financial risks of small and medium-sized manufacturers with weak constitutions.

The technological offensive and defensive war between China and the United States continues to spread, with the main focus being on the applications of AI. In this regard, we must pay attention to the continued expansion of US bans, which will cause operational fluctuation risks to manufacturers with a high proportion of Taiwan's supply chain supplying China-related applications. As for information security, in addition to the strengthening of firewalls, the monitoring of various phishing letters and websites must be strengthened. In addition, in the use of related equipment, we must pay attention to evaluations of China Information Communication equipment procurement to maintain a clean network. Various innovative financial services are prevalent in the United States, and Buy Now Pay Later (BNPL), virtual currency transactions, and accelerating digital platform competition are all trends that the current financial industry needs to pay attention to as they present financial operator with new opportunities and challenges.

#### **(V) Impact of Changes in the Image of SinoPac Holdings and Its Subsidiaries and Countermeasures**

If the mass media has misrepresented SinoPac Holdings and its subsidiaries, SinoPac Holdings will immediately clarify the misrepresentation on the Market Observation Post System of Taiwan Stock Exchange.

#### **(VI) Expected Benefits, Possible Risks and Countermeasures for Merger and Acquisition**

None.

#### **(VII) Risks of Business Concentration and Countermeasures**

In net income of SinoPac Holdings in 2022, net interest accounted for 57%, and net fee income accounted for 29%. The business under operation was still scattered. In the future, SinoPac Holdings will continue to maintain and supervise its business development.

#### **(VIII) Impact, Risks, and Countermeasures for Significant Equity Transfer or Replacement by Directors, Supervisors, or Major Shareholders with Shareholding More than 1%**

According to the Securities and Exchange Act, SinoPac Holdings reports the changes in the shareholding of directors and supervisors on a monthly basis. As of the publication of the Annual Report, none of significant equity transfer or replacement by directors or supervisors, notices of substantial equity transfer or replacement by major shareholders with shareholding more than 1%, and applications for the registration of stock transfer occurred.

#### **(IX) Impact, Risks, and Countermeasures for Changes in Management Rights**

In 2022, no significant changes in management rights occurred.



## (X) Litigation and Non-litigation Events

### A. SinoPac Holdings

| Case Name                                                        | Case Amount | Facts in Dispute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Update                                                                 |
|------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Chang (Private prosecution by SinoPac Holdings and Bank SinoPac) | N/A         | <p>1. Facts</p> <p>After two years of clarification and investigation on the sale of Far East National Bank, a U.S. subsidiary of Bank SinoPac, to Cathay General Bancorp since 2017 as per requests from the FSC and the Board of Directors of SinoPac Holdings, Chang, the person in charge and former president of Bank SinoPac, was found to have failed to fully disclose the valuation allowance of deferred tax assets and allowance for bad debts of Far East National Bank to the Board of Directors of SinoPac Holdings and Bank SinoPac, causing an underestimation of US\$69.28 million in total. Chang was verified to have committed special breach of trust under the Financial Holding Company Act and the Banking Act. SinoPac Holdings and Bank SinoPac brought a private prosecution for Chang's criminal liability.</p> <p>2. Court Hearing</p> <p>The case is currently being tried by the Taiwan Taipei District Court.</p> | The case is currently being tried by the Taiwan Taipei District Court. |

### B. Bank SinoPac

| Case Name                                                                              | Case Amount       | Facts in Dispute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Update                                                                                                                                   |
|----------------------------------------------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Procomp Informatics Ltd.<br>(Accused: Bank SinoPac; SinoPac Leasing; Plaintiff: SFIPC) | NT\$4,161,219,350 | <p>1. Facts</p> <p>(1) Procomp Informatics Ltd. used its deposits totaling US\$10 million at Bank SinoPac Sisong Branch (formerly Songshan Branch) as a guarantee with restricted use for the debts of ADDIE arising from the transactions with Grand Capital, a subsidiary of SinoPac Leasing. Securities and Futures Investors Protection Center (SFIPC) held that Bank SinoPac and SinoPac Leasing assisted Ms. Yeh in conducting unconventional transactions, misusing such funds for false sales, and suspending the deduction from the account of Procomp Informatics Ltd. at Bank SinoPac, causing loss to Procomp Informatics Ltd.</p> <p>(2) Bank SinoPac provided false written replies during the term of the loan to conceal the fact that Procomp Informatics Ltd.'s deposits were restricted, which led to the misleading financial statements of Procomp Informatics Ltd.</p> <p>2. Court Hearing</p> <p>(1) SFIPC claimed that Bank SinoPac and SinoPac Leasing should compensate it for damage requested on behalf of investors severally and jointly with the defendants, including Procomp Informatics Ltd. On March 11, 2008, the Taiwan Shihlin District Court dismissed the complaint from SFIPC against Bank SinoPac and SinoPac Leasing.</p> <p>(2) SFIPC filed an appeal to the Taiwan High Court, and compensation requested amounted to NT\$4,207,212,425. On December 15, 2015, the Taiwan High Court ruled that it dismissed SFIPC's appeal against Bank SinoPac and SinoPac Leasing; that is, Bank SinoPac and SinoPac Leasing won the case.</p> | While the part of the case against Bank SinoPac remains at trial in the Taiwan High Court, the verdict on SinoPac Leasing was finalized. |



| Case Name                                                        | Case Amount     | Facts in Dispute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Update                                                                 |
|------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
|                                                                  |                 | <p>(3) SFIPC refused to accept the ruling given by the Taiwan High Court and filed an appeal to the Supreme Court on January 20, 2016. On July 26, 2017, the Supreme Court abolished the original ruling and remanded the case to the Taiwan High Court for retrial.</p> <p>(4) During the hearing of the Taiwan High Court, SFIPC reduced the claim to NT\$4,161,366,488 on September 19, 2018. On November 30, 2018, the claim was further reduced to NT\$4,161,219,350.</p> <p>(5) On May 7, 2019, the Taiwan High Court ruled that Bank SinoPac and SinoPac Leasing won the case. SFIPC refused to accept the ruling and filed an appeal on June 6, 2019.</p> <p>(6) On March 17, 2021, the Supreme Court rejected the SFIPC's appeal against SinoPac Leasing (SinoPac Leasing won the case, and this judgment was confirmed), and part of the case against Bank SinoPac was sent back to the High Court for retrial.</p>                                                                                                                                                                                                                                                   |                                                                        |
| Skwentex International Corporation<br>(Accused: Bank SinoPac)    | NT\$214,470,629 | <p>1. Facts<br/>Bank SinoPac undertook the accounts receivable of the credit account of Skwentex International Corp. to Siltrontech Electronics Corp. Due to suspected fraudulent transactions between the credit account or Skwentex International Corporation and Siltrontech Electronics Corp., Bank SinoPac believed that the circumstances of the transactions constituted sufficient reason for the termination of the contract in the general agreement on credit granting and transactions, and then claimed termination of the contract and returned the creditor's rights of accounts receivable to Skwentex International Corp. Skwentex denied participating in any fraudulent transactions to Siltrontech Electronics Corp. and sued Bank SinoPac for the payment of the purchase price of the accounts receivable.</p> <p>2. Court Hearing<br/>(1) In July 2017, Bank SinoPac was sued by Skwentex International Corporation to pay NT\$214,470,629.<br/>(2) The Taiwan Taipei District Court decided in favor of Bank SinoPac on February 27, 2020. The plaintiff filed an appeal in March 2020. The case is currently being heard by the Taiwan High Court.</p> | The case is currently being heard by the Taiwan High Court.            |
| Chang (Private prosecution by Bank SinoPac and SinoPac Holdings) | N/A             | <p>1. Facts<br/>Since 2017, Bank SinoPac has conducted relevant clarifications and investigations on the sale of the US subsidiary Far East National Bank to Cathay General Bancorp in the US based on the petition letter from the FSC and the request of the FHC Board of Directors. These efforts found that Chang, the former general manager in charge of the project, failed to fully disclose the deferred income tax asset allowance evaluation and allowance for bad debts of Far East National Bank to the Board of Directors of the Company and to Bank SinoPac. As a result, the transaction price of the case did not fully consider these factors, the total value of which is as high as US\$69.28 million. It is concluded that his behavior is suspected of violating the Financial Holding Company Act and the Banking Act, constituting a special breach of trust, and a criminal private prosecution should be filed to investigate his criminal responsibility.</p> <p>2. Court Hearing<br/>The case is currently being tried by the Taiwan Taipei District Court.</p>                                                                                     | The case is currently being tried by the Taiwan Taipei District Court. |

| Case Name                       | Case Amount    | Facts in Dispute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Update                                                      |
|---------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Yu (Plaintiff:<br>Bank SinoPac) | NT\$74,079,086 | <p>1. Facts</p> <p>Yu, an employee of Bank SinoPac, took advantage of the position and misappropriated customers' funds in violation of the Code of Conduct, causing damage to Bank SinoPac. Bank SinoPac requested damages from Yu for non-performance. Yu's relatives, including ex-wife Hsu and customer Li, provided their accounts for Yu based on intention liaison, causing damage to Bank SinoPac. Bank SinoPac requested damages from Yu's relatives jointly in accordance with Article 185 of the Civil Code.</p> <p>2. Court Hearing</p> <p>In the first instance, the Taipei District Court in Taiwan ruled that Yu should pay NT\$66,843,787 plus interest to Bank SinoPac, and the remaining lawsuits were dismissed. Bank SinoPac appealed to the Taiwan High Court in September 2022 on the part that lost the case.</p> | The case is currently being tried by the Taiwan High Court. |

#### C. SinoPac Securities (Asia) Ltd.

| Case Name                                      | Case Amount    | Facts in Dispute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Update    |
|------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Customer<br>Tang (Plaintiff:<br>Customer Tang) | HK\$59,670,000 | <p>1. Facts</p> <p>In January 2018, Customer Tang filed a civil case against SinoPac Securities (Asia) Ltd. for the breach of contract or credit responsibility and claimed that SinoPac Securities (Asia) Ltd. should compensate for the loss of stock transfer amounting to HK\$59,670,000. However, SinoPac Securities (Asia) Ltd. performed the stock transfer according to the purchase agreement and the original written instructions of Customer Tang without any breach of responsibility found. SinoPac Securities (Asia) Ltd. will take all necessary steps to actively defend itself against the customer's claim. The subsequent proceedings have been entrusted to external lawyers.</p> <p>2. Court Hearing</p> <p>The pleading is currently ongoing at the court of first instance of the High Court of Hong Kong.</p> | Pleadings |

#### D. Other Subsidiaries

None.



## (XI) Other Material Risks and Countermeasures

| Type of Risks              | Impact                                                                                                                                                                                                                                                                                                                                                            | Countermeasures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Information security risks | The improper design of the information security framework or insufficient controls oversys tems, net work, and privacy management affecting information security increases the possibilities information systems hacking or leaks of personal information and may result in litigation, penalties, or business discontinuance and lead to a crisis in reputation. | <ol style="list-style-type: none"> <li>1. Maintain the certification of "ISO 27001 Information Security Management System" to enhance information security protection mechanism and the intensity of personal information protection, including the advanced persistent threat (APT) protection, antiDDoS attacks, E-mail content filtering, malicious software detection, and website and App vulnerability scanning and security inspections.</li> <li>2. Cooperating with the competent authority to promote the "Financial Security Action Plan", the subsidiary Bank SinoPac will complete the "Information Security Governance Maturity Assessment" in 2022 and introduce the international standard "ISO22301: 2019 Business Continuity Management System" and "BS 10012 PIMS Personal Information Management System" are expected to obtain external certification in 2023.</li> <li>3. Ensure business continuity and hold regular on-site and off-site backup drills based on the disaster recovery plan.</li> <li>4. Provide structural isolation and protection for high-risk systems, such as ATM and SWIFT systems.</li> <li>5. Enhance employees' awareness of information security and conduct regular social engineering exercises, information security/personal information training, and the exercises of contingency plan for personal information breaches.</li> <li>6. Continuous assessments of cyber security insurance.</li> </ol> |

## VII. Crisis Management and Response

In addition to the Board of Directors meetings, SinoPac Holdings also convenes meetings of the Management Committee on a regular basis to review various indicators, such as business operation results, changes in the financial structure and risk control, and to make subsequent resolutions and regular follow-ups.

## VIII. Other Important Matters

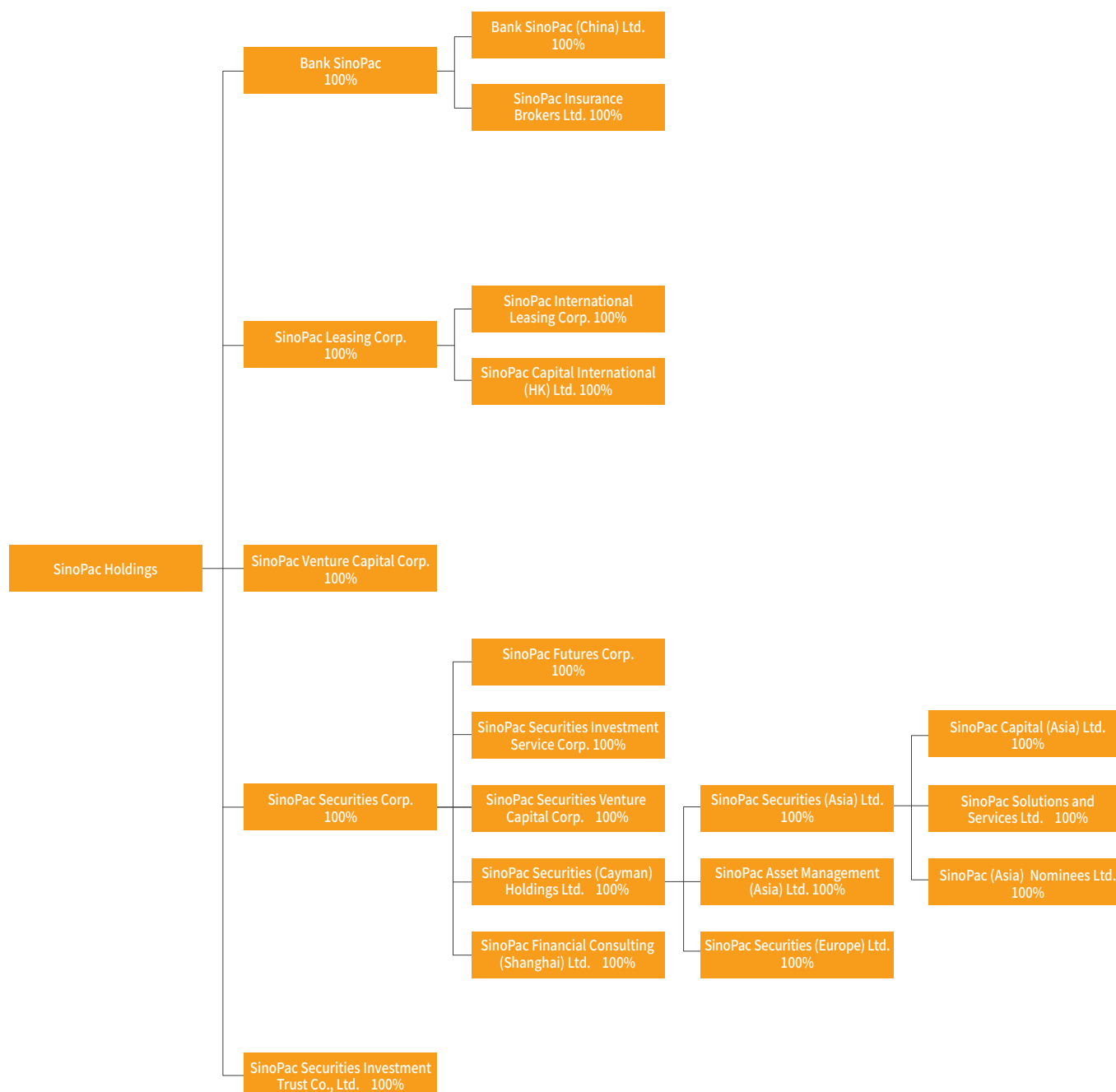
None.

## I. Affiliates

### (I) Consolidated Business Report of Affiliates

#### Organizational Structure of Affiliates

Reference date: December 31, 2022





| Profiles of Affiliated Enterprises                  |                       |                                                                                                       |              | Reference date: December 31, 2022; Unit: NT\$ million or foreign currencies                                         |  |
|-----------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------|--|
| Company                                             | Date of Incorporation | Address                                                                                               | Capital      | Main Business                                                                                                       |  |
| SinoPac Financial Holdings Company Limited          | 2002.05               | 3F & 5F~13F, No. 306 and 6F-1 & 6F-2, No. 308, Section 2, Bade Road, Taipei, Taiwan                   | 113,938      | Investments in related businesses approved by the competent authority and management of investee companies          |  |
| Bank SinoPac Company Limited                        | 1992.01               | No. 36, Section 3, Nanjing East Road, Taipei, Taiwan                                                  | 90,326       | Commercial bank, trust, foreign exchange, etc.                                                                      |  |
| SinoPac Insurance Brokers Ltd.                      | 2004.05               | Units 03-06, 12AF, One Peking, No. 1, Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong                  | HKD 0.3      | Insurance brokerage                                                                                                 |  |
| Bank SinoPac (China) Ltd.                           | 2014.01               | Rooms 3501 & 3601, Building 4, No. 248, Lushan Road, Jianye District, Nanjing, China                  | CNY 2,000    | Commercial bank                                                                                                     |  |
| SinoPac Securities Corporation                      | 1988.10               | 7F, 18F & 20F, No. 2, Section 1, Chongqing South Road, Taipei, Taiwan                                 | 16,212       | Securities brokerage, dealing, and underwriting                                                                     |  |
| SinoPac Futures Corp.                               | 1994.01               | 8F, No. 2, Section 1, Chongqing South Road, Taipei, Taiwan                                            | 1,675        | Futures brokerage, dealing, advisory, and managed enterprises, as well as securities investment consulting services |  |
| SinoPac Securities Investment Service Corp.         | 1995.06               | 14F, No. 80, Section 1, Zhongxiao West Road, Taipei, Taiwan                                           | 150          | Securities investment consulting and offshore fund master agent business                                            |  |
| SinoPac Securities Venture Capital Corp.            | 2020.03               | 5F, No. 17, Bo'ai Road, Taipei, Taiwan                                                                | 702          | Venture capital                                                                                                     |  |
| SinoPac Financial Consulting (Shanghai) Ltd.        | 2013.12               | Room 2103B, No. 666, Gubei Road, Kirin Plaza Building, Changning District, Shanghai, China            | USD 2        | Enterprise management consulting, investment consulting, and information consulting                                 |  |
| SinoPac Securities (Cayman) Holdings Ltd.           | 1998.04               | P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands | USD 137.753  | Investment holding company                                                                                          |  |
| SinoPac Securities (Asia) Ltd.                      | 1994.04               | Room 601, 6F & 7F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong                          | HKD 821.06   | Securities and futures brokerage and dealing                                                                        |  |
| SinoPac Capital (Asia) Ltd.                         | 1995.10               | 7F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong                                         | HKD 218      | Proprietary trading                                                                                                 |  |
| SinoPac Solutions and Service Ltd.                  | 2013.09               | 7F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong                                         | HKD 46.8     | Fund administration and middle office service                                                                       |  |
| SinoPac (Asia) Nominees Ltd.                        | 1995.10               | 7F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong                                         | HKD 0.000002 | Trust accounts on overseas stocks                                                                                   |  |
| SinoPac Asset Management (Asia) Ltd.                | 1994.10               | Room 601, 6F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong                               | HKD 95.55    | Asset management and investment consulting                                                                          |  |
| SinoPac Securities (Europe) Ltd.                    | 1999.05               | 6 Lloyd's Avenue, London EC3N 3AX, United Kingdom                                                     | GBP 2        | Agency service                                                                                                      |  |
| SinoPac Leasing Corporation                         | 1997.09               | 5F, No. 203, Section 2, Bade Road, Taipei, Taiwan                                                     | 4,681        | Leasing, installment, and financing of machinery, ships, aircraft, etc.                                             |  |
| SinoPac International Leasing Corp.                 | 2011.07               | Room 4105, Sunnyworld Center, No. 188, Lushan Road, Jianye District, Nanjing, Jiangsu Province, China | CNY 379.822  | Financial lease                                                                                                     |  |
| SinoPac Capital International (HK) Limited          | 2020.06               | Suites 3306, 33/F., Tower 1, the Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong           | USD 100      | Leasing, installment, and financing of machinery, ships, aircraft, etc.                                             |  |
| SinoPac Securities Investment Trust Company Limited | 1997.10               | 13F & 14F, No. 17, Boai Road, Zhongzheng District, Taipei, Taiwan                                     | 1,420        | Securities investment trust                                                                                         |  |
| SinoPac Venture Capital Corporation                 | 2003.01               | 3F, No. 39, Section 2, Jinan Road, Taipei, Taiwan                                                     | 2,500        | Venture capital                                                                                                     |  |

# Directors, Supervisors, and Presidents

Reference date: December 31, 2022; Unit: Share, million in NTD or foreign currencies

| Company                                    | Title                | Name              | Nominating legal entity                    | Number of Shares Held by the Legal Entity |                   | Shares Held by the Directors, Supervisors, or Presidents |                   |
|--------------------------------------------|----------------------|-------------------|--------------------------------------------|-------------------------------------------|-------------------|----------------------------------------------------------|-------------------|
|                                            |                      |                   |                                            | Number of shares/<br>capital contribution | Percentage<br>(%) | Number of<br>shares/capital<br>contribution              | Percentage<br>(%) |
| SinoPac Financial Holdings Company Limited | Chairman             | Shi-kuan CHEN     | Hsinex International Corp.                 | 177,446,612 shares                        | 1.56 %            | 0                                                        | 0                 |
|                                            | Independent Director | Chi SCHIVE        | —                                          | —                                         | —                 | 0                                                        | 0                 |
|                                            | Independent Director | James J. SHEU     | —                                          | —                                         | —                 | 0                                                        | 0                 |
|                                            | Independent Director | Wei-ta PAN        | —                                          | —                                         | —                 | 0                                                        | 0                 |
|                                            | Director             | Stanley CHU       | Hsinex International Corp.                 | 177,446,612 shares                        | 1.56%             | 0                                                        | 0                 |
|                                            | Director             | Chi-hsing YEH     | Xing Yuan Co., Ltd.                        | 130,033,529 shares                        | 1.14%             | 0                                                        | 0                 |
|                                            | Director             | Wei-thyr TSAO     | Xing Yuan Co., Ltd.                        | 130,033,529 shares                        | 1.14%             | 0                                                        | 0                 |
|                                            | President            | Stanley CHU       | —                                          | —                                         | —                 | 0                                                        | 0                 |
| Bank SinoPac Company Limited               | Chairman             | Wei-thyr TSAO     | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Director             | Shi-kuan CHEN     | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Director             | Stanley CHU       | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Director             | Chia-hsien CHEN   | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Director             | Kerry HSU         | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Director             | Eric CHUANG       | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Independent Director | Yu-fen LIN        | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Independent Director | Chih-cheng SU     | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | Independent Director | Chung-ming SU     | SinoPac Financial Holdings Company Limited | 9,032,584,140 shares                      | 100%              | —                                                        | —                 |
|                                            | President            | Eric CHUANG       | —                                          | —                                         | —                 | —                                                        | —                 |
| SinoPac Insurance Brokers Ltd.             | Director             | Russell C. L. LIN | Bank SinoPac Company Limited               | 100,000 shares                            | 100%              | —                                                        | —                 |
|                                            | Director             | Alton WANG        | Bank SinoPac Company Limited               | 100,000 shares                            | 100%              | —                                                        | —                 |
| Bank SinoPac (China) Ltd.                  | Chairman             | Matt CHUANG       | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Executive Director   | Tsung-kuan HUANG  | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Independent Director | Bin-qing XIAO     | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Independent Director | Sheng HUANG       | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Independent Director | Shu LIN           | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Director             | Eric CHUANG       | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Director             | Alton WANG        | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Director             | Robert TSAI       | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Director             | Hung-yang LIN     | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | Supervisor           | Hsiang-yuan CHANG | Bank SinoPac Company Limited               | CNY 2,000                                 | 100%              | —                                                        | —                 |
|                                            | President            | Tsung-kuan HUANG  | —                                          | —                                         | —                 | —                                                        | —                 |





| Company                                      | Title                | Name                 | Nominating legal entity                    | Number of Shares Held by the Legal Entity |                | Shares Held by the Directors, Supervisors, or Presidents |                |
|----------------------------------------------|----------------------|----------------------|--------------------------------------------|-------------------------------------------|----------------|----------------------------------------------------------|----------------|
|                                              |                      |                      |                                            | Number of shares/capital contribution     | Percentage (%) | Number of shares/capital contribution                    | Percentage (%) |
| SinoPac Securities Corporation               | Chairman             | Stanley CHU          | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Independent Director | Chi SCHIVE           | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Independent Director | Tzu-wen HO           | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Independent Director | Ling-lan LIN         | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Director             | Wei-yuan CHIANG      | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Director             | Chia-wen SHYU        | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Director             | Sheng-wu LIEN        | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Director             | Tsung-lin HO         | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | Director             | Hung-shien TSAI      | SinoPac Financial Holdings Company Limited | 1,621,223,800 shares                      | 100%           | —                                                        | —              |
|                                              | President            | Chang-lung CHANG LEE | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Futures Corp.                        | Chairman             | Michelle LIN         | SinoPac Securities Corporation             | 167,525,053 shares                        | 100%           | —                                                        | —              |
|                                              | Director             | Chia-ching LIN       | SinoPac Securities Corporation             | 167,525,053 shares                        | 100%           | —                                                        | —              |
|                                              | Director             | Chang-lung CHANG LEE | SinoPac Securities Corporation             | 167,525,053 shares                        | 100%           | —                                                        | —              |
|                                              | Director             | Feng-chi HUANG       | SinoPac Securities Corporation             | 167,525,053 shares                        | 100%           | —                                                        | —              |
|                                              | Director             | Chao-yuan YU         | SinoPac Securities Corporation             | 167,525,053 shares                        | 100%           | —                                                        | —              |
|                                              | Supervisor           | Ti PANG              | SinoPac Securities Corporation             | 167,525,053 shares                        | 100%           | —                                                        | —              |
|                                              | President            | Chia-ching LIN       | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Securities Investment Service Corp.  | Chairman             | Jack HUANG           | SinoPac Securities Corporation             | 15,000,000 shares                         | 100%           | —                                                        | —              |
|                                              | Director             | Poem LEE             | SinoPac Securities Corporation             | 15,000,000 shares                         | 100%           | —                                                        | —              |
|                                              | Director             | Po-tang HUANG        | SinoPac Securities Corporation             | 15,000,000 shares                         | 100%           | —                                                        | —              |
|                                              | Supervisor           | Ally HSIEH           | SinoPac Securities Corporation             | 15,000,000 shares                         | 100%           | —                                                        | —              |
|                                              | President            | Poem LEE             | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Securities Venture Capital Corp.     | Chairman             | Chang-lung CHANG LEE | SinoPac Securities Corporation             | 70,154,042 shares                         | 100%           | —                                                        | —              |
|                                              | Director             | Wen-hsiung LIN       | SinoPac Securities Corporation             | 70,154,042 shares                         | 100%           | —                                                        | —              |
|                                              | Director             | Ti PANG              | SinoPac Securities Corporation             | 70,154,042 shares                         | 100%           | —                                                        | —              |
|                                              | Supervisor           | Michelle LIN         | SinoPac Securities Corporation             | 70,154,042 shares                         | 100%           | —                                                        | —              |
|                                              | President            | Wen-hsiung LIN       | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Financial Consulting (Shanghai) Ltd. | Chairman             | Tony TSAI            | SinoPac Securities Corporation             | USD 2                                     | 100%           | —                                                        | —              |
|                                              | Director             | Yu CHEN              | SinoPac Securities Corporation             | USD 2                                     | 100%           | —                                                        | —              |
|                                              | Director             | Jong-chee BAIR       | SinoPac Securities Corporation             | USD 2                                     | 100%           | —                                                        | —              |
|                                              | Supervisor           | Michelle LIN         | SinoPac Securities Corporation             | USD 2                                     | 100%           | —                                                        | —              |
|                                              | President            | Yu CHEN              | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Securities (Cayman) Holdings Ltd.    | Director             | Chang-lung CHANG LEE | SinoPac Securities Corporation             | USD 137.753                               | 100%           | —                                                        | —              |
|                                              | Director             | Ti PANG              | SinoPac Securities Corporation             | USD 137.753                               | 100%           | —                                                        | —              |
|                                              | Director             | Michelle LIN         | SinoPac Securities Corporation             | USD 137.753                               | 100%           | —                                                        | —              |

| Company                              | Title             | Name                       | Nominating legal entity                    | Number of Shares Held by the Legal Entity |                | Shares Held by the Directors, Supervisors, or Presidents |                |
|--------------------------------------|-------------------|----------------------------|--------------------------------------------|-------------------------------------------|----------------|----------------------------------------------------------|----------------|
|                                      |                   |                            |                                            | Number of shares/<br>capital contribution | Percentage (%) | Number of shares/<br>capital contribution                | Percentage (%) |
| SinoPac Securities (Asia) Ltd.       | Chairman          | Wei-yuan CHIANG            | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Managing Director | Kuan-hsun CHU              | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Director          | Chang-lung CHANG LEE       | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Director          | Leon HUANG                 | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Director          | Chia-ching LIN             | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Director          | Jong-chee BAIR             | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Director          | Ti PANG                    | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
|                                      | Director          | Cheng-yung KAO             | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 821.06                                | 100%           | —                                                        | —              |
| SinoPac Capital (Asia) Ltd.          | Director          | Kuan-hsun CHU              | SinoPac Securities (Asia) Ltd.             | HKD 218                                   | 100%           | —                                                        | —              |
|                                      | Director          | Wei-yuan CHIANG (Note 1)   | SinoPac Securities (Asia) Ltd.             | HKD 218                                   | 100%           | —                                                        | —              |
|                                      | Director          | Frank J. L. HUANG (Note 1) | SinoPac Securities (Asia) Ltd.             | HKD 218                                   | 100%           | —                                                        | —              |
| SinoPac Solutions and Service Ltd.   | Managing Director | Kuan-hsun CHU              | SinoPac Securities (Asia) Ltd.             | HKD 46.8                                  | 100%           | —                                                        | —              |
|                                      | Director          | William SU                 | SinoPac Securities (Asia) Ltd.             | HKD 46.8                                  | 100%           | —                                                        | —              |
| SinoPac (Asia) Nominees Ltd.         | Director          | Kuan-hsun CHU              | SinoPac Securities (Asia) Ltd.             | HKD 0.000002                              | 100%           | —                                                        | —              |
|                                      | Director          | William SU                 | SinoPac Securities (Asia) Ltd.             | HKD 0.000002                              | 100%           | —                                                        | —              |
| SinoPac Asset Management (Asia) Ltd. | Managing Director | Chih-yung CHEN             | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 95.55                                 | 100%           | —                                                        | —              |
|                                      | Director          | Kuan-hsun CHU              | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 95.55                                 | 100%           | —                                                        | —              |
|                                      | Director          | Wei-yuan CHIANG (Note 2)   | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 95.55                                 | 100%           | —                                                        | —              |
|                                      | Director          | Kerry HSU                  | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 95.55                                 | 100%           | —                                                        | —              |
|                                      | Director          | Leon HUANG                 | SinoPac Securities (Cayman) Holdings Ltd.  | HKD 95.55                                 | 100%           | —                                                        | —              |
| SinoPac Securities (Europe) Ltd.     | Managing Director | Juno LEE                   | SinoPac Securities (Cayman) Holdings Ltd.  | GBP 2                                     | 100%           | —                                                        | —              |
|                                      | Director          | Wei-yuan CHIANG (Note 3)   | SinoPac Securities (Cayman) Holdings Ltd.  | GBP 2                                     | 100%           | —                                                        | —              |
|                                      | Director          | Mei M. C. LAN              | SinoPac Securities (Cayman) Holdings Ltd.  | GBP 2                                     | 100%           | —                                                        | —              |
| SinoPac Leasing Corporation          | Chairman          | Wen-hung LEE               | SinoPac Financial Holdings Company Limited | 468,104,377 shares                        | 100%           | —                                                        | —              |
|                                      | Director          | Chia-heng LIN (Note 4)     | SinoPac Financial Holdings Company Limited | 468,104,377 shares                        | 100%           | —                                                        | —              |
|                                      | Director          | Wei-li WU                  | SinoPac Financial Holdings Company Limited | 468,104,377 shares                        | 100%           | —                                                        | —              |
|                                      | Director          | Chung-zung KUNG            | SinoPac Financial Holdings Company Limited | 468,104,377 shares                        | 100%           | —                                                        | —              |
|                                      | Director          | Wei-min LIN                | SinoPac Financial Holdings Company Limited | 468,104,377 shares                        | 100%           | —                                                        | —              |
|                                      | Supervisor        | Shun-hsing LIAO            | SinoPac Financial Holdings Company Limited | 468,104,377 shares                        | 100%           | —                                                        | —              |
|                                      | President         | Chia-heng LIN              | —                                          | —                                         | —              | —                                                        | —              |



| Company                                       | Title      | Name                   | Nominating legal entity                    | Number of Shares Held by the Legal Entity |                | Shares Held by the Directors, Supervisors, or Presidents |                |
|-----------------------------------------------|------------|------------------------|--------------------------------------------|-------------------------------------------|----------------|----------------------------------------------------------|----------------|
|                                               |            |                        |                                            | Number of shares/capital contribution     | Percentage (%) | Number of shares/capital contribution                    | Percentage (%) |
| SinoPac Capital International (HK) Limited    | Director   | Chia-heng LIN          | SinoPac Leasing Corp.                      | 100,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Tai-fang HUANG         | SinoPac Leasing Corp.                      | 100,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Ching-hsiang WENG      | SinoPac Leasing Corp.                      | 100,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Chung-zung KUNG        | SinoPac Leasing Corp.                      | 100,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Wei-min LIN            | SinoPac Leasing Corp.                      | 100,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | President  | Chia-heng LIN          | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac International Leasing Corp.           | Chairman   | Wen-hung LEE           | SinoPac Leasing Corp.                      | CNY 379.882                               | 100%           | —                                                        | —              |
|                                               | Director   | Ta-hua CHEN            | SinoPac Leasing Corp.                      | CNY 379.882                               | 100%           | —                                                        | —              |
|                                               | Director   | Chia-heng LIN          | SinoPac Leasing Corp.                      | CNY 379.882                               | 100%           | —                                                        | —              |
|                                               | Director   | Chung-jung KU (Note 6) | SinoPac Leasing Corp.                      | CNY 379.882                               | 100%           | —                                                        | —              |
|                                               | Director   | Lih-wei JIAAN (Note 5) | SinoPac Leasing Corp.                      | CNY 379.882                               | 100%           | —                                                        | —              |
|                                               | Supervisor | Kuo-chen LIN           | SinoPac Leasing Corp.                      | CNY 379.882                               | 100%           | —                                                        | —              |
|                                               | President  | Chung-jung KU (Note 6) | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Securities Investment Trust Co., Ltd. | Chairman   | Shi-kuan CHEN          | SinoPac Financial Holdings Company Limited | 142,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Kerry HSU              | SinoPac Financial Holdings Company Limited | 142,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Tzu-neng OUYANG        | SinoPac Financial Holdings Company Limited | 142,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Supervisor | Patricia LIN           | SinoPac Financial Holdings Company Limited | 142,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | President  | Le-wei PU              | —                                          | —                                         | —              | —                                                        | —              |
| SinoPac Venture Capital Corporation           | Chairman   | Kerry HSU              | SinoPac Financial Holdings Company Limited | 250,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Kuo-hao LEE            | SinoPac Financial Holdings Company Limited | 250,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Tzu-neng OUYANG        | SinoPac Financial Holdings Company Limited | 250,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Jack HUANG             | SinoPac Financial Holdings Company Limited | 250,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Director   | Wen-hsiung LIN         | SinoPac Financial Holdings Company Limited | 250,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | Supervisor | Shun-hsing LIAO        | SinoPac Financial Holdings Company Limited | 250,000,000 shares                        | 100%           | —                                                        | —              |
|                                               | President  | Kuo-hao LEE            | —                                          | —                                         | —              | —                                                        | —              |

Note 1: On December 23, 2022, the resolution of the Board of Directors of SinoPac Holdings was approved to reassign Mr. Chang-lung CHANG LEE and Ms. Grace CHANG to replace Mr. Wei-yuan CHIANG and Mr. Frank J. L. HUANG as directors of SinoPac Capital (Asia) Ltd. from January 1, 2023.

Note 2: On December 23, 2022, the resolution of the Board of Directors of SinoPac Holdings was approved to reassign Mr. Chang-lung CHANG LEE to replace Mr. Wei-yuan CHIANG as director of SinoPac Asset Management (Asia) Ltd. from January 1, 2023.

Note 3: On December 23, 2022, the resolution of the Board of Directors of SinoPac Holdings was approved to reassign Mr. Chang-lung CHANG LEE to replace Mr. Wei-yuan CHIANG as director of SinoPac Securities (Europe) Ltd. from January 1, 2023.

Note 4: On December 23, 2022, the resolution of the Board of Directors of SinoPac Holdings was approved to reassign Mr. Chih-hong TSAI to replace Mr. Chia-heng LIN as director of SinoPac Leasing Corp. from January 1, 2023.

Note 5: On December 23, 2022, the resolution of the Board of Directors of SinoPac Holdings was approved to reassign Mr. Chih-hong TSAI to replace Mr. Lih-wei JIAAN as director of SinoPac International Leasing Corp. from January 1, 2023.

Note 6: On December 23, 2022, the resolution of the Board of Directors of SinoPac Holdings was approved, with Mr. Hsiao-tien CHIEN reassigned to replace Mr. Chung-jung KU as the general manager of SinoPac International Leasing Corp. from January 16, 2023. On January 13, 2023, the resolution of the Board of Directors of SinoPac Holdings approved the reassignment of Mr. Hsiao-tien CHIEN to replace Mr. Chung-jung KU as director of SinoPac International Leasing Corp. from February 1, 2023.

## Operation Information

December 31, 2022; Expressed in NT\$ thousands, except EPS in NT\$

| Company                                              | Paid-in Capital | Total Assets  | Total Liabilities | Equity      | Total Operating Revenue | Operating Income (Loss) | Net Income (After Tax) | Earnings Per Share (After Tax) |
|------------------------------------------------------|-----------------|---------------|-------------------|-------------|-------------------------|-------------------------|------------------------|--------------------------------|
| SinoPac Holdings (Note 1)                            | 113,837,646     | 177,230,791   | 23,212,054        | 154,018,737 | 16,487,331              | 16,095,079              | 15,961,000             | 1.40                           |
| Bank SinoPac                                         | 90,325,841      | 2,339,151,470 | 2,201,290,870     | 137,860,600 | 35,781,256              | 17,283,223              | 14,713,277             | 1.63                           |
| SinoPac Securities Corp.                             | 16,212,238      | 122,588,056   | 92,979,932        | 29,608,124  | 9,258,624               | 1,302,452               | 1,582,495              | 0.98                           |
| SinoPac Venture Capital Corp.                        | 2,500,000       | 2,706,851     | 30,199            | 2,676,652   | (83,237)                | (112,943)               | (81,583)               | (0.33)                         |
| SinoPac Securities Investment Trust Co., Ltd.        | 1,420,000       | 1,868,581     | 149,741           | 1,718,840   | 221,044                 | (5,513)                 | 170,512                | 1.20                           |
| SinoPac Leasing Corp.                                | 4,681,044       | 14,998,795    | 10,306,028        | 4,692,767   | 486,616                 | (113,760)               | 238,823                | 0.51                           |
| Bank SinoPac (China) Ltd.(Note 3)                    | 8,819,080       | 77,570,408    | 67,558,558        | 10,011,850  | 1,270,862               | 377,729                 | 287,940                | -                              |
| SinoPac Insurance Brokers Ltd.                       | 1,182           | 78,483        | 6,979             | 71,504      | 6,571                   | (2,107)                 | (1,916)                | (19.16)                        |
| SinoPac Futures Corp.                                | 1,675,251       | 35,250,565    | 31,443,048        | 3,807,517   | 1,521,078               | 385,688                 | 495,116                | 3.07                           |
| SinoPac Securities Investment Service Corp.          | 150,000         | 212,904       | 41,890            | 171,014     | 102,807                 | (9,186)                 | 4,063                  | 0.27                           |
| SinoPac Securities Venture Capital Corp.             | 701,541         | 712,002       | 12,328            | 699,674     | 4,907                   | (7,614)                 | (13,600)               | (0.19)                         |
| SinoPac Securities (Cayman) Holdings Ltd.            | 4,232,248       | 4,665,964     | 1,233,715         | 3,432,249   | (12,031)                | (44,513)                | (16,021)               | (0.12)                         |
| SinoPac Financial Consulting (Shanghai) Ltd.(Note 3) | 61,447          | 37,587        | 2,686             | 34,901      | 0                       | (7,318)                 | (4,448)                | -                              |
| SinoPac Securities (Asia) Ltd.                       | 3,235,042       | 19,489,081    | 16,081,620        | 3,407,461   | 718,431                 | 29,021                  | 30,769                 | 374.74                         |
| SinoPac Asset Management (Asia) Ltd.                 | 376,475         | 303,847       | 56,019            | 247,828     | 152,049                 | (20,505)                | (18,535)               | (0.19)                         |
| SinoPac Securities (Europe) Ltd.                     | 74,116          | 40,103        | 6,032             | 34,071      | 10,510                  | (9,935)                 | (9,310)                | (4.66)                         |
| SinoPac Capital (Asia) Ltd.                          | 858,937         | 4,070,995     | 3,324,121         | 746,874     | 72,629                  | (32,881)                | (32,881)               | (0.15)                         |
| SinoPac (Asia) Nominees Ltd.                         | 0               | 0             | 0                 | 0           | 0                       | 0                       | 0                      | 0                              |
| SinoPac Solutions and Services Limited               | 184,396         | 177,851       | 7,366             | 170,485     | 66,805                  | 16,969                  | 17,973                 | 0.38                           |
| SinoPac International Leasing Corp. (Note 3)         | 1,675,105       | 3,410,991     | 1,396,379         | 2,014,612   | 257,357                 | 158,562                 | 111,226                | -                              |
| SinoPac Capital International (HK) Limited           | 3,072,355       | 7,310,708     | 3,895,066         | 3,415,642   | 469,858                 | 211,379                 | 170,666                | 1.71                           |

Note 1: For items in balance sheets and paid-in Capital, 2022/12/31 exchange rates were used (USD\$: 30.72355; HKD\$: 3.94008; GBP\$: 37.05809; RMB\$: 4.40954); for items in statements of comprehensive income, average 2022 exchange rates were used (USD\$: 29.80262; HKD\$: 3.80547; GBP\$: 36.77244; RMB\$: 4.42327). The paid-in capital of SinoPac Holdings in above table is the paid-in amount by common stock, and the registered paid-in capital under Company Act is NT\$ 113,937,646 thousands.

Note 2: All of the information is disclosed according to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and each company uses the equity method of accounting on investment of subsidiaries.

Note 3: Bank SinoPac (China), SinoPac Financial Consulting (Shanghai) Ltd. and SinoPac International Leasing Corp., do not issue stocks; EPS is not applicable.



## (II) Consolidated Financial Statements of Affiliates

Please refer to [Appendix: Consolidated Financial Statements and Independent Auditors' Report].

## (III) Affiliation Report

Not applicable.

## II. Private Placements of Securities

In the most recent year and as of the publication date of the annual report, there were no privately placed securities

## III. Holding or Disposal of Shares by Subsidiaries

In the most recent year and as of the publication date of the annual report, the holding or disposal of the company's stocks by subsidiaries: None.

## IV. Necessary Supplements

With respect to events having material impacts on shareholders' rights and interests or securities prices according to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

| Item  |                                                                                                                                                                                                                                                 | Description                                                                      |                                                                                                                                                                                                                                                                                                                                                                                    |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (I)   | The dishonoring of negotiable instruments due to insufficient deposits, the refusal to transact by banking services, or other events that result in the loss of good credit standing.                                                           | None.                                                                            |                                                                                                                                                                                                                                                                                                                                                                                    |
| (II)  | Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company.                   | 1. Litigation: Refer to Page 218-220.<br>2. Administrative: Refer to Page 91-92. |                                                                                                                                                                                                                                                                                                                                                                                    |
| (III) | Serious decrease in the output, complete or partial suspension of work, leasing of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business. | None.                                                                            |                                                                                                                                                                                                                                                                                                                                                                                    |
| (IV)  | Any event specified under Paragraph 1, Article 185 of the Company Act.                                                                                                                                                                          | Refer to X Major Contracts on Page 184-185.                                      |                                                                                                                                                                                                                                                                                                                                                                                    |
| (V)   | Judgment by the competent court to prohibit the transfer of the company's shares under Subparagraph 5, Paragraph 1, Article 287 of the Company Act.                                                                                             | None.                                                                            |                                                                                                                                                                                                                                                                                                                                                                                    |
| (VI)  | Change in the Chairman of the Board of Directors, President, or one-third or more of the directors of the company.                                                                                                                              | Bank SinoPac                                                                     | 1. The term of the former chairman Chia-hsien CHEN has expired, and the new chairman Wei-thyr TSAO took office on July 1, 2022.<br>2. The President, Eric CHUANG, was dismissed by the competent authority for three months from September 8, 2022 to December 7, 2022, with senior executive vice president Robert TSAI taking the position of acting President during that time. |

| Item   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Description                                   |                                                                                                                                                                                                                      |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (VI)   | Change in the Chairman of the Board of Directors, President, or one-third or more of the directors of the company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | SinoPac Securities                            | With adjustment made to the position of President Wei-yuan CHIANG, Chang-lung CHANG LEE assumed office as the new President of SinoPac Securities on September 1, 2022 with the approval of the competent authority. |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SinoPac Securities Investment Trust Co., Ltd. | The former chairman Henry LIN retired, and the new chairman Shi-kuan CHEN took office on January 18, 2022.                                                                                                           |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SinoPac Leasing                               | The former chairman Che-hung WEI's position has been adjusted, and the new chairman Wen-hung LEE took office on June 1, 2022.                                                                                        |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SinoPac Securities (Asia) Ltd.                | 1. With adjustment made to the position of Managing director Ching-liang HSIAO, Kuan-hsun CHU took office on June 1, 2022.<br>2. Chairman Wei-yuan CHIANG took office on July 1, 2022.                               |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Bank SinoPac (China) Ltd.                     | The former chairman Ming-ming CHONG retired, and the new chairman Matt CHUANG took office on September 26, 2022 with the approval of the competent authority.                                                        |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SinoPac Futures Corp.                         | The former chairman Huang-chi YEH resigned, and the new chairman Michelle LIN took office on July 1, 2022.                                                                                                           |
| (VII)  | Change in the auditing and certifying accountant. However, where the change is due to internal adjustments in the accounting office, this shall not be applicable.                                                                                                                                                                                                                                                                                                                                                                                                                           | None.                                         |                                                                                                                                                                                                                      |
| (VIII) | Signing, amendment, termination, and rescission of important memoranda, strategic alliances or other cooperative business plans, or important contracts; change in the material contents of the business plan; completion of new product development; successful development of trial products and formal entrance into mass production; acquisition of other enterprises; acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions; which have a major effect on the finances or business of the company. | Refer to X Major Contracts on Page 184-185.   |                                                                                                                                                                                                                      |
| (IX)   | Other important events that have had significant impact on the continuation of company operation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | None.                                         |                                                                                                                                                                                                                      |

# Appendix

## **SinoPac Financial Holdings Company Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**



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

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

March 10, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
SinoPac Financial Holdings Company Limited

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates impairment of discounts and loans based on the overdue loans classified by loan term and situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the consolidated financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the year ended December 31, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei-Hui Wu and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2023

#### Notice to Readers

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

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

|                                                                                           | 2022                    |            | 2021                    |            |
|-------------------------------------------------------------------------------------------|-------------------------|------------|-------------------------|------------|
|                                                                                           | Amount                  | %          | Amount                  | %          |
| <b>ASSETS</b>                                                                             |                         |            |                         |            |
| CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 45)                                        | \$ 66,231,664           | 3          | \$ 48,521,295           | 2          |
| DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7, 45 and 46)               | 281,921,054             | 11         | 217,618,752             | 9          |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 14 and 45)             | 91,643,856              | 4          | 88,016,347              | 4          |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 45 and 46) | 336,138,847             | 13         | 398,688,696             | 17         |
| INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 46)                    | 225,460,151             | 9          | 167,247,985             | 7          |
| SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 45)                         | 67,873,919              | 3          | 50,591,537              | 2          |
| RECEIVABLES, NET (Notes 4, 12 and 45)                                                     | 90,209,758              | 3          | 110,085,509             | 5          |
| CURRENT INCOME TAX ASSETS (Notes 4, 33 and 45)                                            | 125,953                 | -          | 87,225                  | -          |
| DISCOUNTS AND LOANS, NET (Notes 5, 13, 45 and 46)                                         | 1,328,702,915           | 51         | 1,191,113,031           | 50         |
| INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 15)                            | 1,011,812               | -          | 788,932                 | -          |
| OTHER FINANCIAL ASSETS, NET (Notes 4, 16, 45 and 46)                                      | 45,018,164              | 2          | 45,766,820              | 2          |
| INVESTMENT PROPERTY, NET (Notes 4, 17, 45 and 46)                                         | 2,390,819               | -          | 2,422,645               | -          |
| PROPERTY AND EQUIPMENT, NET (Notes 4, 18, 45 and 46)                                      | 13,287,583              | -          | 13,378,256              | -          |
| RIGHT-OF-USE ASSETS, NET (Notes 4, 19, 45 and 46)                                         | 3,646,832               | -          | 3,698,819               | -          |
| INTANGIBLE ASSETS, NET (Notes 4, 20 and 45)                                               | 2,310,197               | -          | 2,212,500               | -          |
| DEFERRED INCOME TAX ASSETS (Notes 4 and 33)                                               | 2,014,238               | -          | 2,274,593               | -          |
| OTHER ASSETS, NET (Notes 4, 21 and 45)                                                    | 30,775,495              | 1          | 40,161,920              | 2          |
| <b>TOTAL</b>                                                                              | <b>\$ 2,588,763,257</b> | <b>100</b> | <b>\$ 2,382,674,862</b> | <b>100</b> |
| <b>LIABILITIES AND EQUITY</b>                                                             |                         |            |                         |            |
| DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 45)                                | \$ 72,477,217           | 3          | \$ 70,265,085           | 3          |
| DUE TO THE CENTRAL BANK AND BANKS                                                         | -                       | -          | 205,030                 | -          |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)            | 59,764,822              | 2          | 23,184,543              | 1          |
| SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11, 23 and 45)            | 59,923,315              | 2          | 37,796,918              | 2          |
| COMMERCIAL PAPERS ISSUED, NET (Notes 24 and 45)                                           | 19,102,966              | 1          | 39,765,669              | 2          |
| PAYABLES (Notes 4, 25, 30, 41 and 45)                                                     | 50,521,956              | 2          | 55,543,537              | 2          |
| CURRENT INCOME TAX LIABILITIES (Notes 4, 33 and 45)                                       | 1,479,084               | -          | 2,409,322               | -          |
| DEPOSITS AND REMITTANCES (Notes 26 and 45)                                                | 2,000,528,731           | 77         | 1,835,735,239           | 77         |
| BONDS PAYABLE (Notes 4, 27 and 45)                                                        | 71,242,261              | 3          | 62,972,832              | 3          |
| SHORT-TERM BORROWINGS (Notes 28, 45 and 46)                                               | 3,864,926               | -          | 5,366,505               | -          |
| LONG-TERM BORROWINGS (Notes 28, 45 and 46)                                                | 2,480,712               | -          | 2,239,088               | -          |
| PREFERRED STOCK LIABILITIES (Notes 4 and 34)                                              | 18,437                  | -          | 18,437                  | -          |
| PROVISIONS (Notes 4, 29 and 30)                                                           | 3,099,728               | -          | 3,802,653               | -          |
| OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)                                          | 69,764,427              | 3          | 47,672,030              | 2          |
| LEASE LIABILITIES (Notes 4, 19 and 45)                                                    | 3,132,839               | -          | 3,129,982               | -          |
| DEFERRED INCOME TAX LIABILITIES (Notes 4 and 33)                                          | 1,668,845               | -          | 978,239                 | -          |
| OTHER LIABILITIES (Notes 4, 32 and 45)                                                    | 15,674,254              | 1          | 28,785,901              | 1          |
| <b>Total liabilities</b>                                                                  | <b>2,434,744,520</b>    | <b>94</b>  | <b>2,219,871,010</b>    | <b>93</b>  |
| <b>EQUITY</b>                                                                             |                         |            |                         |            |
| Capital stock                                                                             |                         |            |                         |            |
| Common stock                                                                              | 113,837,646             | 4          | 112,710,541             | 5          |
| Capital surplus                                                                           | 2,228,781               | -          | 2,228,764               | -          |
| Retained earnings                                                                         |                         |            |                         |            |
| Legal reserve                                                                             | 22,112,855              | 1          | 20,389,695              | 1          |
| Special reserve                                                                           | 483,818                 | -          | 483,818                 | -          |
| Unappropriated earnings                                                                   | 29,555,849              | 1          | 25,033,001              | 1          |
| Total retained earnings                                                                   | 52,152,522              | 2          | 45,906,514              | 2          |
| Other equity                                                                              | (14,200,212)            | -          | 1,958,033               | -          |
| <b>Total equity</b>                                                                       | <b>154,018,737</b>      | <b>6</b>   | <b>162,803,852</b>      | <b>7</b>   |
| <b>TOTAL</b>                                                                              | <b>\$ 2,588,763,257</b> | <b>100</b> | <b>\$ 2,382,674,862</b> | <b>100</b> |

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                                                                                             | 2022                |             | 2021               |             | Percentage<br>Increase<br>(Decrease) |
|-------------------------------------------------------------------------------------------------------------|---------------------|-------------|--------------------|-------------|--------------------------------------|
|                                                                                                             | Amount              | %           | Amount             | %           | %                                    |
| INTEREST INCOME                                                                                             | \$ 47,358,582       | 100         | \$ 31,179,949      | 68          | 52                                   |
| INTEREST EXPENSES                                                                                           | <u>(20,455,158)</u> | <u>(43)</u> | <u>(9,059,992)</u> | <u>(20)</u> | 126                                  |
| NET INTEREST REVENUE (Notes 4, 35 and 45)                                                                   | <u>26,903,424</u>   | <u>57</u>   | <u>22,119,957</u>  | <u>48</u>   | 22                                   |
| NET REVENUES OTHER THAN INTEREST (Note 4)                                                                   |                     |             |                    |             |                                      |
| Service fee and commissions income, net (Notes 36 and 45)                                                   | 13,878,860          | 29          | 16,992,115         | 37          | (18)                                 |
| Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)       | 1,481,963           | 3           | 2,656,087          | 6           | (44)                                 |
| Realized gains on financial assets at fair value through other comprehensive income (Notes 38 and 45)       | 1,268,186           | 3           | 2,041,373          | 5           | (38)                                 |
| (Losses) gains arising from derecognition of financial assets measured at amortized cost                    | (83,790)            | -           | 23,207             | -           | (461)                                |
| Foreign exchange gains                                                                                      | 2,635,522           | 6           | 904,209            | 2           | 191                                  |
| (Impairment loss on assets) reversal of impairment loss on assets (Notes 16 and 39)                         | (16,228)            | -           | 49,953             | -           | (132)                                |
| Share of profit of associates for using equity method (Note 15)                                             | 215,053             | -           | 202,617            | -           | 6                                    |
| Net other revenue other than interest income (Notes 40 and 45)                                              | <u>962,766</u>      | <u>2</u>    | <u>713,724</u>     | <u>2</u>    | 35                                   |
| Net revenues other than interest                                                                            | <u>20,342,332</u>   | <u>43</u>   | <u>23,583,285</u>  | <u>52</u>   | (14)                                 |
| NET REVENUE                                                                                                 | <u>47,245,756</u>   | <u>100</u>  | <u>45,703,242</u>  | <u>100</u>  | 3                                    |
| BAD DEBTS EXPENSE,<br>COMMITMENT AND GUARANTEE<br>LIABILITY PROVISION (Notes 5, 6,<br>7, 12, 13, 16 and 29) | <u>(2,444,392)</u>  | <u>(5)</u>  | <u>(2,226,883)</u> | <u>(5)</u>  | 10<br>(Continued)                    |



# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                                                                                                                     | 2022                |             | 2021                |             | Percentage<br>Increase<br>(Decrease) |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|---------------------|-------------|--------------------------------------|
|                                                                                                                                     | Amount              | %           | Amount              | %           | %                                    |
| OPERATING EXPENSES                                                                                                                  |                     |             |                     |             |                                      |
| Employee benefits expenses (Notes 4, 30, 41 and 45)                                                                                 | \$ (15,819,509)     | (34)        | \$ (16,335,909)     | (35)        | (3)                                  |
| Depreciation and amortization expense (Notes 4, 19, 42 and 45)                                                                      | (2,307,168)         | (5)         | (2,194,105)         | (5)         | 5                                    |
| Other general and administrative expenses (Notes 43 and 45)                                                                         | <u>(7,269,972)</u>  | <u>(15)</u> | <u>(6,297,115)</u>  | <u>(14)</u> | 15                                   |
| Total operating expenses                                                                                                            | <u>(25,396,649)</u> | <u>(54)</u> | <u>(24,827,129)</u> | <u>(54)</u> | 2                                    |
| PROFIT FROM CONTINUING OPERATIONS BEFORE TAX                                                                                        | 19,404,715          | 41          | 18,649,230          | 41          | 4                                    |
| INCOME TAX EXPENSE (Notes 4 and 33)                                                                                                 | <u>(3,443,715)</u>  | <u>(7)</u>  | <u>(2,438,225)</u>  | <u>(6)</u>  | 41                                   |
| NET INCOME                                                                                                                          | <u>15,961,000</u>   | <u>34</u>   | <u>16,211,005</u>   | <u>35</u>   | (2)                                  |
| OTHER COMPREHENSIVE INCOME                                                                                                          |                     |             |                     |             |                                      |
| Items that will not be reclassified to profit or loss                                                                               |                     |             |                     |             |                                      |
| Remeasurement of defined benefit plans                                                                                              | 510,950             | 1           | 72,531              | -           | 604                                  |
| Change in fair value of financial liability attributable to change in credit risk of liability (Note 34)                            | 39,237              | -           | (3,539)             | -           | 1,209                                |
| Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Note 34) | (4,217,479)         | (9)         | 2,864,192           | 6           | (247)                                |
| Income tax related to items that will not be reclassified to profit or loss (Notes 33 and 34)                                       | <u>(98,341)</u>     | <u>-</u>    | <u>(15,792)</u>     | <u>-</u>    | 523                                  |
| Items that will not be reclassified to profit or loss                                                                               | <u>(3,765,633)</u>  | <u>(8)</u>  | <u>2,917,392</u>    | <u>6</u>    | (229)                                |

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                                                                                                              | 2022                |             | 2021                 |            | Percentage Increase (Decrease) |
|------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|----------------------|------------|--------------------------------|
|                                                                                                                              | Amount              | %           | Amount               | %          | %                              |
| Items that will be reclassified to profit or loss                                                                            |                     |             |                      |            |                                |
| Exchange differences on translation of foreign operations (Note 34)                                                          | \$ 881,463          | 2           | \$ (373,395)         | (1)        | 336                            |
| (Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 34)      | (12,720,706)        | (27)        | (3,978,496)          | (8)        | 220                            |
| Share of other comprehensive (loss) income of associates accounted for using equity method (Notes 15 and 34)                 | (10,104)            | -           | 2,505                | -          | (503)                          |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 33 and 34) | <u>(114,309)</u>    | <u>(1)</u>  | <u>44,847</u>        | <u>-</u>   | (355)                          |
| Items that will be reclassified to profit or loss                                                                            | <u>(11,963,656)</u> | <u>(26)</u> | <u>(4,304,539)</u>   | <u>(9)</u> | 178                            |
| Other comprehensive income                                                                                                   | <u>(15,729,289)</u> | <u>(34)</u> | <u>(1,387,147)</u>   | <u>(3)</u> | 1,034                          |
| TOTAL COMPREHENSIVE INCOME                                                                                                   | <u>\$ 231,711</u>   | <u>-</u>    | <u>\$ 14,823,858</u> | <u>32</u>  | (98)                           |
| EARNINGS PER SHARE (Note 44)                                                                                                 |                     |             |                      |            |                                |
| Basic                                                                                                                        | <u>\$ 1.40</u>      |             | <u>\$ 1.42</u>       |            |                                |
| Diluted                                                                                                                      | <u>\$ 1.40</u>      |             | <u>\$ 1.42</u>       |            |                                |

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

(Concluded)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

|                                                                                                                    | Capital Stock<br>(Note 34)<br>Common Stock | Capital Surplus<br>(Note 34) | Retained Earnings (Notes 9 and 34) |                 |                            | Exchange<br>Differences on<br>Translation of<br>Foreign<br>Operations | Other Equity (Notes 4, 9 and 34)                                                                                 |                                                                                                                  |                 |                |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------|------------------------------------|-----------------|----------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
|                                                                                                                    |                                            |                              | Legal Reserve                      | Special Reserve | Unappropriated<br>Earnings |                                                                       | Unrealized Gains<br>(Losses) on<br>Financial Assets<br>at Fair Value<br>through Other<br>Comprehensive<br>Income | Change in Fair<br>Value of<br>Financial<br>Liability<br>Attributable to<br>Change in Credit<br>Risk of Liability | Total           | Total Equity   |
| BALANCE AT JANUARY 1, 2021                                                                                         | \$ 112,710,541                             | \$ 2,228,764                 | \$ 19,171,226                      | \$ 483,818      | \$ 16,909,609              | \$ 36,564,653                                                         | \$ (1,593,696)                                                                                                   | \$ 6,041,813                                                                                                     | \$ 4,365,774    | \$ 155,869,732 |
| Appropriation and distribution of retained earnings generated in 2020                                              |                                            |                              |                                    |                 |                            |                                                                       |                                                                                                                  |                                                                                                                  |                 |                |
| Legal reserve                                                                                                      | -                                          | -                            | 1,218,469                          | -               | (1,218,469)                | -                                                                     | -                                                                                                                | -                                                                                                                | -               | -              |
| Cash dividends - common stock                                                                                      | -                                          | -                            | -                                  | -               | (7,889,738)                | (7,889,738)                                                           | -                                                                                                                | -                                                                                                                | -               | (7,889,738)    |
| Net income for the year ended December 31, 2021                                                                    | -                                          | -                            | -                                  | -               | 16,211,005                 | 16,211,005                                                            | -                                                                                                                | -                                                                                                                | -               | 16,211,005     |
| Other comprehensive income for the year ended December 31, 2021, net of income tax                                 | -                                          | -                            | -                                  | -               | 58,025                     | 58,025                                                                | (297,455)                                                                                                        | (1,144,178)                                                                                                      | (1,445,172)     | (1,387,147)    |
| Total comprehensive income for the year ended December 31, 2021                                                    | -                                          | -                            | -                                  | -               | 16,269,030                 | 16,269,030                                                            | (297,455)                                                                                                        | (1,144,178)                                                                                                      | (1,445,172)     | 14,823,858     |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income          | -                                          | -                            | -                                  | -               | 962,569                    | 962,569                                                               | -                                                                                                                | -                                                                                                                | (962,569)       | -              |
| BALANCE AT DECEMBER 31, 2021                                                                                       | 112,710,541                                | 2,228,764                    | 20,389,695                         | 483,818         | 25,033,001                 | 45,906,514                                                            | (1,891,151)                                                                                                      | 3,935,066                                                                                                        | 1,958,033       | 162,803,852    |
| Appropriation and distribution of retained earnings generated in 2021                                              |                                            |                              |                                    |                 |                            |                                                                       |                                                                                                                  |                                                                                                                  |                 |                |
| Legal reserve                                                                                                      | -                                          | -                            | 1,723,160                          | -               | (1,723,160)                | -                                                                     | -                                                                                                                | -                                                                                                                | -               | -              |
| Cash dividends - common stock                                                                                      | -                                          | -                            | -                                  | -               | (9,016,843)                | (9,016,843)                                                           | -                                                                                                                | -                                                                                                                | -               | (9,016,843)    |
| Stock dividends - common stock                                                                                     | 1,127,105                                  | -                            | -                                  | -               | (1,127,105)                | (1,127,105)                                                           | -                                                                                                                | -                                                                                                                | -               | -              |
| Other changes in capital surplus                                                                                   |                                            |                              |                                    |                 |                            |                                                                       |                                                                                                                  |                                                                                                                  |                 |                |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | -                                          | 17                           | -                                  | -               | -                          | -                                                                     | -                                                                                                                | -                                                                                                                | -               | 17             |
| Net income for the year ended December 31, 2022                                                                    | -                                          | -                            | -                                  | -               | 15,961,000                 | 15,961,000                                                            | -                                                                                                                | -                                                                                                                | -               | 15,961,000     |
| Other comprehensive income for the year ended December 31, 2022, net of income tax                                 | -                                          | -                            | -                                  | -               | 408,760                    | 408,760                                                               | 700,282                                                                                                          | (16,877,568)                                                                                                     | 39,237          | (15,729,289)   |
| Total comprehensive income for the year ended December 31, 2022                                                    | -                                          | -                            | -                                  | -               | 16,369,760                 | 16,369,760                                                            | 700,282                                                                                                          | (16,877,568)                                                                                                     | 39,237          | 231,711        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income          | -                                          | -                            | -                                  | -               | 20,196                     | 20,196                                                                | -                                                                                                                | -                                                                                                                | (20,196)        | -              |
| BALANCE AT DECEMBER 31, 2022                                                                                       | \$ 113,837,646                             | \$ 2,228,781                 | \$ 22,112,855                      | \$ 483,818      | \$ 29,555,849              | \$ 52,152,522                                                         | \$ (1,190,869)                                                                                                   | \$ (12,962,698)                                                                                                  | \$ (14,200,212) | \$ 154,018,737 |

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

|                                                                                           | 2022          | 2021          |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                               |               |               |
| Profit from continuing operations before tax                                              | \$ 19,404,715 | \$ 18,649,230 |
| Adjustments to reconcile profit                                                           |               |               |
| Depreciation expense                                                                      | 1,925,546     | 1,843,916     |
| Amortization expense                                                                      | 381,622       | 350,189       |
| Provision for bad debt expense                                                            | 2,895,586     | 2,796,336     |
| Interest expenses                                                                         | 20,455,158    | 9,059,992     |
| Net loss (gain) arising from derecognition of financial assets measured at amortized cost | 83,790        | (23,207)      |
| Interest income                                                                           | (47,358,582)  | (31,179,949)  |
| Dividend income                                                                           | (3,060,424)   | (1,143,512)   |
| Net change in provisions for guarantee liabilities                                        | (56,689)      | 82,392        |
| Net change in other provisions                                                            | 117,209       | (45,611)      |
| Effect of exchange rate changes of corporated bonds payable                               | -             | (3,415)       |
| Share of profit of associates for using equity method                                     | (215,053)     | (202,617)     |
| Gains on disposal and retirement of property and equipment                                | (6,109)       | (2,107)       |
| Property and equipment transferred to expenses                                            | 1,403         | 595           |
| Losses on disposal of intangible assets                                                   | 498           | 2,727         |
| Impairment loss (reversal of impairment loss) on financial assets                         | 43,726        | (49,953)      |
| Reversal of impairment loss on non-financial assets                                       | (27,498)      | -             |
| Losses on disposal of collaterals                                                         | 5,344         | -             |
| Net loss (gain) on changing in leasing contracts                                          | 967           | (1,033)       |
| Changes in operating assets and liabilities                                               |               |               |
| Increase in due from the Central Bank and call loans to banks                             | (23,572,573)  | (3,745,318)   |
| (Increase) decrease in financial assets at fair value through profit or loss              | (3,627,509)   | 806,881       |
| Decrease (increase) in financial assets at fair value through other comprehensive income  | 45,618,081    | (49,579,338)  |
| Increase in investments in debt instruments at amortized cost                             | (58,157,747)  | (4,850,899)   |
| Increase in securities purchased under resell agreements                                  | (2,539,409)   | (336,116)     |
| Decrease (increase) in receivables                                                        | 22,849,917    | (19,416,996)  |
| Increase in discounts and loans                                                           | (140,868,430) | (48,856,110)  |
| Decrease (increase) in other financial assets                                             | 669,535       | (9,556,331)   |
| Decrease (increase) in other assets                                                       | 9,335,086     | (20,125,363)  |
| Increase (decrease) in deposits from the Central Bank and banks                           | 2,212,132     | (5,249,285)   |
| Increase (decrease) in financial liabilities at fair value through profit or loss         | 36,619,516    | (3,312,070)   |
| Increase in securities sold under repurchase agreements                                   | 22,126,397    | 12,161,577    |
| (Decrease) increase in payables                                                           | (8,488,288)   | 5,687,526     |
| Increase in deposits and remittances                                                      | 164,793,492   | 182,265,001   |
| Decrease in provisions for employee benefits                                              | (274,293)     | (72,029)      |
| Increase in other financial liabilities                                                   | 22,092,397    | 9,354,001     |
| (Decrease) increase in other liabilities                                                  | (13,111,647)  | 16,118,923    |
| Net cash generated from operations                                                        | 70,267,866    | 61,428,027    |

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

|                                                              | 2022                  | 2021                  |
|--------------------------------------------------------------|-----------------------|-----------------------|
| Interest received                                            | \$ 44,984,399         | \$ 30,855,530         |
| Dividends received                                           | 3,025,265             | 1,142,519             |
| Interest paid                                                | (17,612,893)          | (9,444,181)           |
| Income tax paid                                              | <u>(3,633,322)</u>    | <u>(1,649,494)</u>    |
| Net cash generated from operating activities                 | <u>97,031,315</u>     | <u>82,332,401</u>     |
| CASH FLOWS FROM INVESTING ACTIVITIES                         |                       |                       |
| Acquisition of property and equipment                        | (1,128,006)           | (1,301,452)           |
| Proceeds from disposal of property and equipment             | 57,469                | 28,110                |
| Acquisition of intangible assets                             | (249,886)             | (167,947)             |
| Proceeds from disposal of collaterals                        | 32,795                | -                     |
| Acquisition of right-of-use-assets                           | (739)                 | (792)                 |
| Acquisition of investment properties                         | <u>(1,099)</u>        | <u>(346)</u>          |
| Net cash used in investing activities                        | <u>(1,289,466)</u>    | <u>(1,442,427)</u>    |
| CASH FLOWS FROM FINANCING ACTIVITIES                         |                       |                       |
| Decrease in short-term borrowings                            | (1,581,198)           | (6,508,535)           |
| (Decrease) increase in due to the Central Bank and banks     | (205,030)             | 124,650               |
| (Decrease) increase in commercial papers issued              | (20,662,703)          | 10,755,912            |
| Corporate bonds issued                                       | 3,000,000             | 5,000,000             |
| Repayment of corporate bonds payable                         | (434,909)             | -                     |
| Bank debentures issued                                       | 7,000,000             | 11,000,000            |
| Repayment of bank debentures payable                         | (1,300,000)           | (5,530,000)           |
| Proceeds from long-term borrowings                           | 28,703,404            | 15,934,146            |
| Repayments of long-term borrowings                           | (28,624,546)          | (15,528,248)          |
| Repayments of lease liabilities                              | (877,785)             | (869,908)             |
| Cash dividends paid                                          | <u>(9,016,843)</u>    | <u>(7,889,738)</u>    |
| Net cash (used in) generated from financing activities       | <u>(23,999,610)</u>   | <u>6,488,279</u>      |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>1,426,680</u>      | <u>(494,475)</u>      |
| NET INCREASE IN CASH AND CASH EQUIVALENTS                    | 73,168,919            | 86,883,778            |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR       | <u>253,520,365</u>    | <u>166,636,587</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR             | <u>\$ 326,689,284</u> | <u>\$ 253,520,365</u> |

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2022 and 2021:

|                                                                                                                           | <b>December 31</b>    |                       |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                           | <b>2022</b>           | <b>2021</b>           |
| Cash and cash equivalents in consolidated balance sheets                                                                  | \$ 66,231,664         | \$ 48,521,295         |
| Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7 | 195,483,168           | 154,767,591           |
| Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7      | <u>64,974,452</u>     | <u>50,231,479</u>     |
| Cash and cash equivalents at the end of the year                                                                          | <u>\$ 326,689,284</u> | <u>\$ 253,520,365</u> |

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

(Concluded)

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

SPH invests and manages financial institutions.

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

The information on consolidated entities is shown in Note 4.

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

The consolidated financial statements were approved and authorized for release by the Company's board of directors on March 10, 2023.

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

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

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



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

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

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

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

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

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

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

| <b>New IFRSs</b>                                                                                                         | <b>Effective Date<br/>Announced by IASB (Note 1)</b> |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB                             |
| 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.

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

#### **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 competent authority, and IFRSs as endorsed by the FSC.

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

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

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

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

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

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 non-current. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 50 for the maturity analysis of assets and liabilities.

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

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

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

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

The consolidated entities were as follows:

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

## Foreign Currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group’s functional currency (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.

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

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

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

### **d. Termination benefits**

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

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

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

## **Revenue Recognition**

### **a. Interest income and expense**

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

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

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

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

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

### **b. Commission revenue**

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

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

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

### **c. Dividend income**

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

## **Income Tax**

Income tax expense represents the sum of the current tax and deferred tax.

### **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

|                                      | <b>December 31</b>   |                      |
|--------------------------------------|----------------------|----------------------|
|                                      | <b>2022</b>          | <b>2021</b>          |
| Cash on hand                         | \$ 8,050,200         | \$ 7,308,319         |
| Notes and checks for clearing        | 3,718,425            | 4,178,657            |
| Deposits in banks and due from banks | 45,184,778           | 35,664,216           |
| Short-term bills                     | <u>9,281,115</u>     | <u>1,379,496</u>     |
|                                      | 66,234,518           | 48,530,688           |
| Less: Allowance for credit losses    | <u>(2,854)</u>       | <u>(9,393)</u>       |
| Net amount                           | <u>\$ 66,231,664</u> | <u>\$ 48,521,295</u> |

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

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

|                  | <b>December 31</b> |             |
|------------------|--------------------|-------------|
|                  | <b>2022</b>        | <b>2021</b> |
| Short-term bills | 0.45%-1.6%         | 0.13%-0.33% |

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

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

|                                                        | <b>December 31</b>    |                       |
|--------------------------------------------------------|-----------------------|-----------------------|
|                                                        | <b>2022</b>           | <b>2021</b>           |
| Call loans to banks                                    | \$ 170,342,445        | \$ 120,027,269        |
| Trade finance advance - interbank                      | 11,051,789            | 8,727,495             |
| Deposit reserve - checking accounts                    | 43,522,334            | 36,110,430            |
| Due from the Central Bank - interbank settlement funds | 6,000,041             | 6,000,477             |
| Deposit reserve - demand accounts                      | 44,715,565            | 38,955,034            |
| Deposit reserve - foreign currencies                   | 614,471               | 553,791               |
| Deposit - other                                        | <u>5,678,754</u>      | <u>7,262,753</u>      |
|                                                        | 281,925,399           | 217,637,249           |
| Less: Allowance for credit losses                      | <u>(4,345)</u>        | <u>(18,497)</u>       |
| Net amount                                             | <u>\$ 281,921,054</u> | <u>\$ 217,618,752</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

|                                                                                 | December 31          |                      |
|---------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                 | 2022                 | 2021                 |
| Financial assets mandatorily classified as at fair value through profit or loss |                      |                      |
| Operating securities - proprietary                                              | \$ 27,976,715        | \$ 34,119,122        |
| Corporate bonds                                                                 | 7,060,615            | 1,532,353            |
| Commercial papers                                                               | 5,784,949            | 2,698,706            |
| Government bonds                                                                | 5,127,237            | 19,499,020           |
| Stocks                                                                          | 2,559,700            | 2,505,596            |
| Operating securities - hedging                                                  | 1,366,322            | 2,061,231            |
| Certificates of deposits                                                        | 1,094,691            | 2,782,335            |
| Operating securities - underwriting                                             | 496,048              | 727,721              |
| Bank debentures                                                                 | 219,864              | 814,147              |
| Currency contracts                                                              | 20,202,997           | 4,181,288            |
| Interest rate swap contracts                                                    | 11,685,849           | 3,654,970            |
| Excess future margin- marketable securities                                     | 848,754              | -                    |
| Forward contracts                                                               | 819,409              | 421,640              |
| Futures contracts                                                               | 719,375              | 1,062,157            |
| Option contracts                                                                | 470,665              | 361,485              |
| Asset swap option contracts                                                     | 453,594              | 1,294,849            |
| Others                                                                          | 430,082              | 337,915              |
|                                                                                 | <u>87,316,866</u>    | <u>78,054,535</u>    |
| Financial assets designated as at fair value through profit or loss             |                      |                      |
| Corporate bonds                                                                 | 4,326,990            | 8,874,520            |
| Government bonds                                                                | -                    | 1,087,292            |
|                                                                                 | <u>4,326,990</u>     | <u>9,961,812</u>     |
|                                                                                 | <u>\$ 91,643,856</u> | <u>\$ 88,016,347</u> |
| Held-for-trading financial liabilities                                          |                      |                      |
| Borrowing security payable                                                      | \$ 11,159,808        | \$ 8,394,192         |
| Securities purchased under resell agreements - short sales bonds                | 1,059,287            | 814,736              |
| Currency contracts                                                              | 21,410,574           | 4,790,598            |
| Interest rate swap contracts                                                    | 7,883,216            | 2,636,169            |
| Liabilities for issuance of warrants                                            | 6,306,804            | 8,650,713            |
| Option contracts                                                                | 2,042,672            | 500,961              |
| Asset swap option contracts                                                     | 1,042,104            | 2,594,080            |
| Forward contracts                                                               | 944,878              | 507,686              |
| Repurchase of liabilities for issuance of warrants                              | (6,006,927)          | (8,232,742)          |
| Others                                                                          | 491,400              | 467,357              |
|                                                                                 | <u>46,333,816</u>    | <u>21,123,750</u>    |
| Financial liabilities designated as at fair value through profit or loss        |                      |                      |
| Bank debentures                                                                 | 1,790,442            | 1,543,747            |
| Liabilities for structured notes                                                | 11,640,564           | 517,046              |
|                                                                                 | <u>13,431,006</u>    | <u>2,060,793</u>     |
|                                                                                 | <u>\$ 59,764,822</u> | <u>\$ 23,184,543</u> |

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

- b. As of December 31, 2022 and 2021, the par values of financial assets at FVTPL under repurchase agreements were \$14,003,922 and \$10,249,026, respectively.
- c. Information on financial liabilities designated as at fair value through profit or loss were as follows:

|                                                                     | <b>December 31</b> |                                               |
|---------------------------------------------------------------------|--------------------|-----------------------------------------------|
|                                                                     | <b>2022</b>        | <b>2021</b>                                   |
| Difference between carrying amounts and the amounts due on maturity |                    |                                               |
| Fair value                                                          | \$ 1,790,442       | \$ 1,543,747                                  |
| Amounts due on maturity                                             | <u>(1,800,452)</u> | <u>(1,552,780)</u>                            |
|                                                                     | <u>\$ (10,010)</u> | <u>\$ (9,033)</u>                             |
|                                                                     |                    | <b>Changes in Fair Value</b>                  |
|                                                                     |                    | <b>Attributable to Changes in Credit Risk</b> |
| Change in amount during the year                                    |                    |                                               |
| For the year ended December 31, 2022                                |                    | <u>\$ 39,237</u>                              |
| For the year ended December 31, 2021                                |                    | <u>\$ (3,539)</u>                             |
| Accumulated amount of change                                        |                    |                                               |
| As of December 31, 2022                                             |                    | <u>\$ (46,645)</u>                            |
| As of December 31, 2021                                             |                    | <u>\$ (85,882)</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 and credit risk margin is estimated by obtaining credit default swap spread of the company with similar credit rating.

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

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

|                                | <b>December 31</b> |                  |
|--------------------------------|--------------------|------------------|
|                                | <b>2022</b>        | <b>2021</b>      |
| Currency contracts             | \$ 1,664,495,352   | \$ 1,144,545,860 |
| Interest rate swap contracts   | 1,221,953,801      | 919,406,165      |
| Option contracts               | 142,365,664        | 30,043,329       |
| Forward contracts              | 102,926,184        | 74,694,290       |
| Futures contracts              | 64,041,526         | 12,955,748       |
| Asset swap contracts           | 25,264,789         | 16,803,681       |
| Principal guaranteed contracts | 10,916,062         | 236,777          |
| Cross-currency swap contracts  | 2,402,866          | 6,270,641        |
| Equity-linked swap contracts   | 1,962,456          | 2,375,968        |
| Credit-linked note             | 623,000            | 190,000          |
| Equity derivatives contracts   | -                  | 323,684          |
| Debt-linked note               | -                  | 2,769            |

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

|                                                                     | <b>December 31</b>    |                       |
|---------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                     | <b>2022</b>           | <b>2021</b>           |
| Equity instruments at fair value through other comprehensive income | \$ 25,576,964         | \$ 22,096,702         |
| Debt instruments at fair value through other comprehensive income   | <u>310,561,883</u>    | <u>376,591,994</u>    |
|                                                                     | <u>\$ 336,138,847</u> | <u>\$ 398,688,696</u> |

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

|                                                     | <b>December 31</b>   |                      |
|-----------------------------------------------------|----------------------|----------------------|
|                                                     | <b>2022</b>          | <b>2021</b>          |
| Stock                                               | \$ 21,782,968        | \$ 18,934,370        |
| Real estate investment trust beneficiary securities | <u>3,793,996</u>     | <u>3,162,332</u>     |
|                                                     | <u>\$ 25,576,964</u> | <u>\$ 22,096,702</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 management the risk of investment position, the Group sold the stocks at a fair value of \$7,732,966 and \$7,135,492, and transferred the income of gain \$20,196 and \$962,569 from other equity to retained earnings for the years ended December 31, 2022 and 2021, respectively.

b. Debt instruments at fair value through other comprehensive income

|                          | <b>December 31</b>    |                       |
|--------------------------|-----------------------|-----------------------|
|                          | <b>2022</b>           | <b>2021</b>           |
| Bank debentures          | \$ 92,060,256         | \$ 88,664,460         |
| Certificates of deposits | 87,751,306            | 123,177,595           |
| Commercial papers        | 43,112,630            | 76,584,814            |
| Corporate bonds          | 42,417,134            | 44,314,154            |
| Government bonds         | 26,659,866            | 27,144,246            |
| Asset-based securities   | 15,311,285            | 12,321,296            |
| Others                   | <u>3,249,406</u>      | <u>4,385,429</u>      |
|                          | <u>\$ 310,561,883</u> | <u>\$ 376,591,994</u> |

- 1) Loss allowance of debt instruments at fair value through other comprehensive income were \$51,230 and \$52,619 on December 31, 2022 and 2021. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 50, Table 7 and 10.
- 2) Please refer to Note 46 for information relating to debt instrument at FVTOCI pledged as security.
- 3) As of December 31, 2022 and 2021, the par value of debt instruments at FVTOCI under repurchase agreements were \$21,529,140 and \$16,230,911, respectively.

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

|                          | <b>December 31</b>    |                       |
|--------------------------|-----------------------|-----------------------|
|                          | <b>2022</b>           | <b>2021</b>           |
| Government bonds         | \$ 62,307,008         | \$ 55,754,680         |
| Certificates of deposits | 60,038,758            | 48,763,448            |
| Bank debentures          | 50,285,085            | 35,908,206            |
| Asset-based securities   | 38,185,507            | 12,379,342            |
| Corporate bonds          | 12,551,932            | 12,727,316            |
| Others                   | <u>2,108,635</u>      | <u>1,728,307</u>      |
|                          | 225,476,925           | 167,261,299           |
| Less: Impairment loss    | <u>(16,774)</u>       | <u>(13,314)</u>       |
| Net amount               | <u>\$ 225,460,151</u> | <u>\$ 167,247,985</u> |

- a. Credit risk management and information of impairment valuation of investment in debt instruments at amortized cost are shown in Note 50, Table 7 and 11.
- b. Please refer to Note 46 for information relating to investment in debt instruments at amortized cost pledged as security.
- c. As of December 31, 2022, the par value of investment in debt instruments at amortized cost under repurchase agreements were \$1,302,984. (December 31, 2021: None)

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

|                                     | December 31          |                      |
|-------------------------------------|----------------------|----------------------|
|                                     | 2022                 | 2021                 |
| Commercial papers                   | \$ 31,990,324        | \$ 35,734,209        |
| Government bonds                    | 23,570,549           | 6,953,129            |
| Negotiable certificates of deposits | 6,428,179            | 1,010,467            |
| Corporate bonds                     | 4,196,355            | 4,194,571            |
| Bank debentures                     | <u>1,688,512</u>     | <u>2,699,161</u>     |
|                                     | <u>\$ 67,873,919</u> | <u>\$ 50,591,537</u> |
| Agreed-upon resell amount           | \$ 68,133,535        | \$ 50,612,261        |
| Par value                           | \$ 73,184,746        | \$ 52,180,812        |
| Expiry                              | December 2023        | May 2022             |

As of December 31, 2022 and 2021, the par value of securities purchased under resell agreements under repurchase agreements were \$27,542,840 and \$11,742,038, respectively.

## 12. RECEIVABLES, NET

|                                             | December 31          |                       |
|---------------------------------------------|----------------------|-----------------------|
|                                             | 2022                 | 2021                  |
| Credit card receivables                     | \$ 20,878,070        | \$ 20,472,061         |
| Accounts receivable - factoring             | 16,881,776           | 14,253,265            |
| Margin loans receivable                     | 15,200,052           | 24,921,113            |
| Interest and revenue receivables            | 7,995,083            | 4,721,188             |
| Accounts receivable - settlement            | 7,548,441            | 13,710,037            |
| Acceptances                                 | 5,951,568            | 5,322,788             |
| Accounts and notes receivable               | 3,679,608            | 3,482,572             |
| Lease receivables and installment           | 3,603,736            | 4,095,900             |
| Accounts receivable - forfaiting            | 3,345,588            | 10,030,050            |
| Receivables from securities sale            | 808,351              | 4,423,814             |
| Trust administration fee revenue receivable | 795,298              | 694,353               |
| Settlement price                            | -                    | 1,080,332             |
| Others                                      | <u>4,330,750</u>     | <u>3,752,032</u>      |
|                                             | 91,018,321           | 110,959,505           |
| Less: Allowance for credit losses           | (806,022)            | (873,056)             |
| Premium or discount on receivables          | <u>(2,541)</u>       | <u>(940)</u>          |
| Net amount                                  | <u>\$ 90,209,758</u> | <u>\$ 110,085,509</u> |

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

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

|                                 | <b>For the Year Ended December 31</b> |                   |
|---------------------------------|---------------------------------------|-------------------|
|                                 | <b>2022</b>                           | <b>2021</b>       |
| Balance, January 1              | \$ 873,056                            | \$ 892,903        |
| Provision                       | 66,979                                | 172,996           |
| Write-off                       | (132,373)                             | (161,841)         |
| Reclassification                | (28,225)                              | (20,662)          |
| Effect of exchange rate changes | <u>26,585</u>                         | <u>(10,340)</u>   |
| Balance, December 31            | <u>\$ 806,022</u>                     | <u>\$ 873,056</u> |

Please refer to Note 50 and Tables 7 and 9 for the analysis of receivable impairment loss for information on pledged as security. The recovery of receivables write-off as deduction of provision for the years ended December 31, 2022 and 2021 were \$154,371 and \$156,963, respectively.

### 13. DISCOUNTS AND LOANS, NET

|                                                  | <b>December 31</b>      |                         |
|--------------------------------------------------|-------------------------|-------------------------|
|                                                  | <b>2022</b>             | <b>2021</b>             |
| Export negotiation                               | \$ 881,123              | \$ 848,190              |
| Discounts and overdrafts                         | 37,037                  | 59,445                  |
| Accounts receivable - financing                  | 1,544,711               | 2,636,695               |
| Short-term loans                                 | 159,039,843             | 120,330,681             |
| Secured short-term loans                         | 92,257,054              | 106,073,662             |
| Medium-term loans                                | 289,379,000             | 246,413,654             |
| Secured medium-term loans                        | 208,320,581             | 166,326,272             |
| Long-term loans                                  | 14,461,761              | 10,487,473              |
| Secured long-term loans                          | 579,509,414             | 552,730,175             |
| Non-performing loans transferred from loans      | <u>1,262,288</u>        | <u>1,201,033</u>        |
|                                                  | 1,346,692,812           | 1,207,107,280           |
| Less: Allowance for credit losses                | (17,612,485)            | (15,557,839)            |
| Less: Premium or discount on discounts and loans | <u>(377,412)</u>        | <u>(436,410)</u>        |
| Net amount                                       | <u>\$ 1,328,702,915</u> | <u>\$ 1,191,113,031</u> |

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



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

|                                 | <b>For the Year Ended December 31</b> |                      |
|---------------------------------|---------------------------------------|----------------------|
|                                 | <b>2022</b>                           | <b>2021</b>          |
| Balance, January 1              | \$ 15,557,839                         | \$ 15,065,694        |
| Provision                       | 2,977,221                             | 2,608,121            |
| Write-off                       | (1,222,772)                           | (2,021,929)          |
| Effect of exchange rate changes | <u>300,197</u>                        | <u>(94,047)</u>      |
| Balance, December 31            | <u>\$ 17,612,485</u>                  | <u>\$ 15,557,839</u> |

The Group received payments for loans previously written-off \$310,503 and \$401,061 for the years ended December 31, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

#### 14. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

|       | <b>December 31</b>   |                      |
|-------|----------------------|----------------------|
|       | <b>2022</b>          | <b>2021</b>          |
| Funds | <u>\$ 63,394,864</u> | <u>\$ 60,117,374</u> |

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

|                                                       | <b>December 31</b> |                   |
|-------------------------------------------------------|--------------------|-------------------|
|                                                       | <b>2022</b>        | <b>2021</b>       |
| Financial assets at fair value through profit or loss | <u>\$ 359,235</u>  | <u>\$ 381,689</u> |

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

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

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

|                                      |                                                                   |                                    | <b>December 31</b>                               |                   |
|--------------------------------------|-------------------------------------------------------------------|------------------------------------|--------------------------------------------------|-------------------|
|                                      |                                                                   |                                    | <b>2022</b>                                      | <b>2021</b>       |
| Golden Trust SinoPac Fund Management |                                                                   |                                    | \$ 914,748                                       | \$ 691,470        |
| Telexpress                           |                                                                   |                                    | <u>97,064</u>                                    | <u>97,462</u>     |
|                                      |                                                                   |                                    | <u>\$ 1,011,812</u>                              | <u>\$ 788,932</u> |
|                                      |                                                                   |                                    | <b>Proportion of Ownership and Voting Rights</b> |                   |
|                                      |                                                                   |                                    | <b>December 31</b>                               |                   |
| <b>Name of Associate</b>             | <b>Nature of Activities</b>                                       | <b>Principal Place of Business</b> | <b>2022</b>                                      | <b>2021</b>       |
| Golden Trust SinoPac Fund Management | Fund raising and sale, asset management business approved by CSRC | China                              | 49.00%                                           | 49.00%            |
| Telexpress                           | Stockholding                                                      | Cayman Islands/<br>Taiwan          | 34.21%                                           | 34.21%            |

The Group accounts for investments using the equity method, and hence the profit or loss and other comprehensive income resulting from the investments therefore are prorated accordingly based on the owned shares. The calculation of the share of other investments was based on the investee's audited financial statements.

The associates' audited financial information is summarized as follows:

|                                   |  |  | <b>For the Year Ended December 31</b> |                   |
|-----------------------------------|--|--|---------------------------------------|-------------------|
|                                   |  |  | <b>2022</b>                           | <b>2021</b>       |
| The Group's share of:             |  |  |                                       |                   |
| Net income                        |  |  | \$ 215,053                            | \$ 202,617        |
| Other comprehensive (loss) income |  |  | <u>(10,104)</u>                       | <u>2,505</u>      |
|                                   |  |  | <u>\$ 204,949</u>                     | <u>\$ 205,122</u> |

## 16. OTHER FINANCIAL ASSETS, NET

|                                                              |  |  | <b>December 31</b>   |                      |
|--------------------------------------------------------------|--|--|----------------------|----------------------|
|                                                              |  |  | <b>2022</b>          | <b>2021</b>          |
| Customer margin deposits                                     |  |  | \$ 32,966,447        | \$ 35,114,017        |
| Bank deposits not belonging to cash and cash equivalents     |  |  | 7,111,176            | 5,776,450            |
| Purchase of the PEM Group's instruments                      |  |  | 4,539,144            | 4,091,191            |
| Long-term lease receivables and installment                  |  |  | 2,191,760            | 2,412,585            |
| Non-performing receivables transferred from other than loans |  |  | 117,409              | 141,808              |
| Others                                                       |  |  | <u>665,077</u>       | <u>548,447</u>       |
|                                                              |  |  | 47,591,013           | 48,084,498           |
| Less: Allowance for credit loss                              |  |  | (140,622)            | (167,568)            |
| Accumulated impairment                                       |  |  | <u>(2,432,227)</u>   | <u>(2,150,110)</u>   |
| Net amount                                                   |  |  | <u>\$ 45,018,164</u> | <u>\$ 45,766,820</u> |

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

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

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

|                                 | <b>For the Year Ended December 31</b> |                   |
|---------------------------------|---------------------------------------|-------------------|
|                                 | <b>2022</b>                           | <b>2021</b>       |
| Balance, January 1              | \$ 167,568                            | \$ 201,904        |
| (Reversal of) provision         | 1,585                                 | 5,562             |
| Write off                       | (58,047)                              | (59,968)          |
| Reclassifications               | 28,225                                | 20,662            |
| Effect of exchange rate changes | <u>1,291</u>                          | <u>(592)</u>      |
| Balance, December 31            | <u>\$ 140,622</u>                     | <u>\$ 167,568</u> |

The Group received payments for loans previously written-off \$36,055 and \$59,468 for the years ended December 31, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

Bank SinoPac was delegated by professional investors to sell the PEM Group's investment products amounting to US\$146,000 thousand through private placement. A U.S. Federal Court appointed a receiver for all assets that belonged to, were being managed by, or were in the possession of or control of the PEM Group. To protect the client's interests, Bank SinoPac bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, Bank SinoPac's board of directors resolved to abide by a court's appointment of a PEM Group receiver to take the PEM Group's insurance policies at the price of approximately US\$40.4 million. On March 7, 2011, the receiver transferred the insurance policies to a trustee established jointly by certain banks to hold insurance policies. And Bank SinoPac had submitted to the authorities the results of this policy transfer. As of December 31, 2022, a reserve of US\$79,165 thousand (NT\$2,432,227) had been set aside to cover the accumulated impairment losses. Bank SinoPac has recognized impairment loss of \$48,020 and reversal of impairment loss of \$41,795 for PEM Group for the years ended December 31, 2022 and 2021.

## 17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

|                      | <b>For the Year Ended December 31, 2022</b> |                     |                  |                  |
|----------------------|---------------------------------------------|---------------------|------------------|------------------|
|                      | <b>Land</b>                                 |                     | <b>Buildings</b> |                  |
|                      | <b>Land</b>                                 | <b>Improvements</b> | <b>Buildings</b> | <b>Total</b>     |
| <u>Cost</u>          |                                             |                     |                  |                  |
| Balance, January 1   | \$ 1,936,290                                | \$ 6,790            | \$ 943,706       | \$ 2,886,786     |
| Addition             | -                                           | 220                 | 879              | 1,099            |
| Deduction            | -                                           | -                   | -                | -                |
| Reclassifications    | <u>(12,230)</u>                             | <u>-</u>            | <u>(5,947)</u>   | <u>(18,177)</u>  |
| Balance, December 31 | <u>1,924,060</u>                            | <u>7,010</u>        | <u>938,638</u>   | <u>2,869,708</u> |

(Continued)

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

|                                 | <b>Land</b>         | <b>Land<br/>Improvements</b> | <b>Buildings</b>  | <b>Total</b>                       |
|---------------------------------|---------------------|------------------------------|-------------------|------------------------------------|
| <u>Accumulated depreciation</u> |                     |                              |                   |                                    |
| Balance, January 1              | \$ -                | \$ 5,722                     | \$ 421,115        | \$ 426,837                         |
| Depreciation                    | -                   | 428                          | 20,189            | 20,617                             |
| Deduction                       | -                   | -                            | -                 | -                                  |
| Reclassifications               | -                   | -                            | (5,869)           | (5,869)                            |
| Balance, December 31            | -                   | 6,150                        | 435,435           | 441,585                            |
| <u>Accumulated impairment</u>   |                     |                              |                   |                                    |
| Balance, January 1              | 14,532              | -                            | 22,772            | 37,304                             |
| Addition                        | -                   | -                            | -                 | -                                  |
| Deduction                       | -                   | -                            | -                 | -                                  |
| Balance, December 31            | 14,532              | -                            | 22,772            | 37,304                             |
| <u>Net amount</u>               |                     |                              |                   |                                    |
| Balance, December 31            | <u>\$ 1,909,528</u> | <u>\$ 860</u>                | <u>\$ 480,431</u> | <u>\$ 2,390,819</u><br>(Concluded) |

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

|                                 | <b>Land</b>         | <b>Land<br/>Improvements</b> | <b>Buildings</b>  | <b>Total</b>        |
|---------------------------------|---------------------|------------------------------|-------------------|---------------------|
| <u>Cost</u>                     |                     |                              |                   |                     |
| Balance, January 1              | \$ 1,951,302        | \$ 6,583                     | \$ 937,058        | \$ 2,894,943        |
| Addition                        | -                   | 207                          | 139               | 346                 |
| Deduction                       | -                   | -                            | -                 | -                   |
| Reclassifications               | (15,012)            | -                            | 6,509             | (8,503)             |
| Balance, December 31            | 1,936,290           | 6,790                        | 943,706           | 2,886,786           |
| <u>Accumulated depreciation</u> |                     |                              |                   |                     |
| Balance, January 1              | -                   | 5,414                        | 400,472           | 405,886             |
| Depreciation                    | -                   | 308                          | 20,158            | 20,466              |
| Deduction                       | -                   | -                            | -                 | -                   |
| Reclassifications               | -                   | -                            | 485               | 485                 |
| Balance, December 31            | -                   | 5,722                        | 421,115           | 426,837             |
| <u>Accumulated impairment</u>   |                     |                              |                   |                     |
| Balance, January 1              | 14,532              | -                            | 22,772            | 37,304              |
| Addition                        | -                   | -                            | -                 | -                   |
| Deduction                       | -                   | -                            | -                 | -                   |
| Balance, December 31            | 14,532              | -                            | 22,772            | 37,304              |
| <u>Net amount</u>               |                     |                              |                   |                     |
| Balance, December 31            | <u>\$ 1,921,758</u> | <u>\$ 1,068</u>              | <u>\$ 499,819</u> | <u>\$ 2,422,645</u> |

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

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

The investment property of Bank SinoPac was held for earning rentals and/or for capital appreciation. The fair values of properties used mainly or partially by lease for Bank SinoPac's investment properties as of December 31, 2022 and 2021 were \$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 December 31, 2022 and 2021 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 December 31, 2022 and 2021 were \$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 Year Ended December 31, 2022 |                               |                     |                                        |                             |                    |                          |                                                                    |                      |
|--------------------------------------|-------------------------------|---------------------|----------------------------------------|-----------------------------|--------------------|--------------------------|--------------------------------------------------------------------|----------------------|
|                                      | Land and Land<br>Improvements | Buildings           | Machinery and<br>Computer<br>Equipment | Transportation<br>Equipment | Other<br>Equipment | Leasehold<br>Improvement | Prepayments<br>for Equipment<br>and<br>Construction in<br>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                             | -                             | 57,776              | 342,465                                | 45,415                      | 160,264            | 89,796                   | 432,290                                                            | 1,128,006            |
| Deduction                            | -                             | (8,341)             | (121,755)                              | (145,827)                   | (86,864)           | (58,273)                 | -                                                                  | (421,060)            |
| Reclassifications                    | 12,230                        | 94,761              | 106,358                                | 3,054                       | 28,656             | 37,574                   | (486,087)                                                          | (203,454)            |
| Effect of exchange rate<br>changes   | -                             | 5,103               | 28,679                                 | 116                         | 4,454              | 13,351                   | 507                                                                | 52,210               |
| Balance, December 31                 | <u>7,352,042</u>              | <u>7,912,413</u>    | <u>3,105,934</u>                       | <u>580,348</u>              | <u>1,827,295</u>   | <u>1,772,061</u>         | <u>350,528</u>                                                     | <u>22,900,621</u>    |
| <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                         | 23                            | 192,133             | 421,056                                | 132,967                     | 127,885            | 98,259                   | -                                                                  | 972,323              |
| Deduction                            | -                             | (8,277)             | (118,493)                              | (100,054)                   | (85,089)           | (57,787)                 | -                                                                  | (369,700)            |
| Reclassifications                    | -                             | 5,869               | (344)                                  | -                           | 344                | 446                      | -                                                                  | 6,315                |
| Effect of exchange rate<br>changes   | -                             | 733                 | 23,485                                 | 116                         | 3,201              | 9,902                    | -                                                                  | 37,437               |
| Balance, December 31                 | <u>84</u>                     | <u>4,556,743</u>    | <u>1,998,470</u>                       | <u>309,235</u>              | <u>1,299,192</u>   | <u>1,449,314</u>         | <u>-</u>                                                           | <u>9,613,038</u>     |
| <u>Net amount</u>                    |                               |                     |                                        |                             |                    |                          |                                                                    |                      |
| Balance, December 31                 | <u>\$ 7,351,958</u>           | <u>\$ 3,355,670</u> | <u>\$ 1,107,464</u>                    | <u>\$ 271,113</u>           | <u>\$ 528,103</u>  | <u>\$ 322,747</u>        | <u>\$ 350,528</u>                                                  | <u>\$ 13,287,583</u> |

| For the Year Ended December 31, 2021 |                               |                     |                                        |                             |                    |                          |                                                                    |                      |
|--------------------------------------|-------------------------------|---------------------|----------------------------------------|-----------------------------|--------------------|--------------------------|--------------------------------------------------------------------|----------------------|
|                                      | Land and Land<br>Improvements | Buildings           | Machinery and<br>Computer<br>Equipment | Transportation<br>Equipment | Other<br>Equipment | Leasehold<br>Improvement | Prepayments<br>for Equipment<br>and<br>Construction in<br>Progress | Total                |
| <u>Cost</u>                          |                               |                     |                                        |                             |                    |                          |                                                                    |                      |
| Balance, January 1                   | \$ 7,324,800                  | \$ 7,703,353        | \$ 2,565,058                           | \$ 517,647                  | \$ 1,647,007       | \$ 1,813,620             | \$ 235,903                                                         | \$ 21,807,388        |
| Addition                             | -                             | 51,498              | 340,504                                | 222,204                     | 143,668            | 68,907                   | 474,671                                                            | 1,301,452            |
| Deduction                            | -                             | -                   | (176,500)                              | (62,223)                    | (95,713)           | (201,434)                | -                                                                  | (535,870)            |
| Reclassifications                    | 15,012                        | 11,140              | 30,329                                 | -                           | 27,139             | 13,220                   | (306,513)                                                          | (209,673)            |
| Effect of exchange rate<br>changes   | -                             | (2,877)             | (9,204)                                | (38)                        | (1,316)            | (4,700)                  | (243)                                                              | (18,378)             |
| Balance, December 31                 | <u>7,339,812</u>              | <u>7,763,114</u>    | <u>2,750,187</u>                       | <u>677,590</u>              | <u>1,720,785</u>   | <u>1,689,613</u>         | <u>403,818</u>                                                     | <u>22,344,919</u>    |
| <u>Accumulated depreciation</u>      |                               |                     |                                        |                             |                    |                          |                                                                    |                      |
| Balance, January 1                   | 37                            | 4,183,402           | 1,485,184                              | 170,894                     | 1,236,924          | 1,512,173                | -                                                                  | 8,588,614            |
| Depreciation                         | 24                            | 183,678             | 370,316                                | 148,132                     | 110,946            | 91,755                   | -                                                                  | 904,851              |
| Deduction                            | -                             | -                   | (172,278)                              | (42,782)                    | (93,890)           | (200,917)                | -                                                                  | (509,867)            |
| Reclassifications                    | -                             | (485)               | (2,732)                                | -                           | -                  | (745)                    | -                                                                  | (3,962)              |
| Effect of exchange rate<br>changes   | -                             | (310)               | (7,724)                                | (38)                        | (1,129)            | (3,772)                  | -                                                                  | (12,973)             |
| Balance, December 31                 | <u>61</u>                     | <u>4,366,285</u>    | <u>1,672,766</u>                       | <u>276,206</u>              | <u>1,252,851</u>   | <u>1,398,494</u>         | <u>-</u>                                                           | <u>8,966,663</u>     |
| <u>Net amount</u>                    |                               |                     |                                        |                             |                    |                          |                                                                    |                      |
| Balance, December 31                 | <u>\$ 7,339,751</u>           | <u>\$ 3,396,829</u> | <u>\$ 1,077,421</u>                    | <u>\$ 401,384</u>           | <u>\$ 467,934</u>  | <u>\$ 291,119</u>        | <u>\$ 403,818</u>                                                  | <u>\$ 13,378,256</u> |

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

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

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 December 31, 2022 and 2021 were \$242,551 and \$372,665, respectively.

## 19. LEASE ARRANGEMENTS

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

|                                   | <u>December 31</u>  |                     |
|-----------------------------------|---------------------|---------------------|
|                                   | <u>2022</u>         | <u>2021</u>         |
| <u>Carrying amounts</u>           |                     |                     |
| Land and surface rights           | \$ 939,537          | \$ 959,226          |
| Buildings                         | 2,550,222           | 2,551,645           |
| Machinery and computer equipment  | 110,070             | 142,167             |
| Transportation equipment          | 12,476              | 10,097              |
| Other equipment                   | 4,445               | 3,561               |
| Decommissioning restoration costs | <u>30,082</u>       | <u>32,123</u>       |
|                                   | <u>\$ 3,646,832</u> | <u>\$ 3,698,819</u> |

|                                                                   | <b>For the Year Ended December 31</b> |                   |
|-------------------------------------------------------------------|---------------------------------------|-------------------|
|                                                                   | <b>2022</b>                           | <b>2021</b>       |
| Additions to right-of-use assets                                  | \$ 854,612                            | \$ 1,293,014      |
| Depreciation charge for right-of-use assets                       |                                       |                   |
| Land and surface rights                                           | \$ 36,102                             | \$ 36,546         |
| Buildings                                                         | 841,893                               | 829,972           |
| Machinery and computer equipment                                  | 33,650                                | 34,050            |
| Transportation equipment                                          | 7,799                                 | 6,548             |
| Other equipment                                                   | 1,784                                 | 1,583             |
| Decommissioning restoration costs                                 | 11,378                                | 9,900             |
|                                                                   | <u>\$ 932,606</u>                     | <u>\$ 918,599</u> |
| Right-of-use assets sublease revenue (financing interest revenue) | <u>\$ 971</u>                         | <u>\$ 1,130</u>   |

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

b. Lease liabilities

|                  | <b>December 31</b>  |                     |
|------------------|---------------------|---------------------|
|                  | <b>2022</b>         | <b>2021</b>         |
| Carrying amounts | <u>\$ 3,132,839</u> | <u>\$ 3,129,982</u> |

Range of discount rate for lease liabilities were as follows:

|                                  | <b>December 31</b>  |                     |
|----------------------------------|---------------------|---------------------|
|                                  | <b>2022</b>         | <b>2021</b>         |
| Land and surface rights          | 1.0212%-<br>2.1233% | 0.1404%-<br>1.6391% |
| Buildings                        | 0.1553%-<br>6.1000% | 0.1553%-<br>6.1000% |
| Machinery and computer equipment | 0.5754%-<br>2.3588% | 0.5754%-<br>1.0768% |
| Transportation equipment         | 0.1098%-<br>5.5000% | 0.3804%-<br>5.8366% |
| Other equipment                  | 0.1023%-<br>5.3290% | 0.3410%-<br>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.

|                                                                                                   | <b>For the Year Ended December 31</b> |                |
|---------------------------------------------------------------------------------------------------|---------------------------------------|----------------|
|                                                                                                   | <b>2022</b>                           | <b>2021</b>    |
| Expenses relating to short-term leases                                                            | \$ 28,531                             | \$ 28,353      |
| Expenses relating to low-value asset leases                                                       | \$ 42,097                             | \$ 43,100      |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | \$ 5,157                              | \$ 8,125       |
| Total cash outflow for leases                                                                     | \$ (1,013,611)                        | \$ (1,023,221) |

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

|                        | <b>December 31</b>  |                     |
|------------------------|---------------------|---------------------|
| <b>Items</b>           | <b>2022</b>         | <b>2021</b>         |
| Goodwill               | \$ 1,088,243        | \$ 1,088,243        |
| Computer software      | 1,031,354           | 874,300             |
| Customer relationships | 142,455             | 201,651             |
| Membership fees        | 41,413              | 41,413              |
| Others                 | 6,732               | 6,893               |
|                        | <u>\$ 2,310,197</u> | <u>\$ 2,212,500</u> |

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

|                                 | <b>Goodwill</b>     | <b>Computer Software</b> | <b>Customer Relationships</b> | <b>Membership Fees</b> | <b>Others</b>   | <b>Total</b>        |
|---------------------------------|---------------------|--------------------------|-------------------------------|------------------------|-----------------|---------------------|
| Balance January 1, 2022         | \$ 1,088,243        | \$ 874,300               | \$ 201,651                    | \$ 41,413              | \$ 6,893        | \$ 2,212,500        |
| Addition                        | -                   | 249,886                  | -                             | -                      | -               | 249,886             |
| Deduction                       | -                   | (498)                    | -                             | -                      | -               | (498)               |
| Amortization                    | -                   | (316,162)                | (65,204)                      | -                      | (256)           | (381,622)           |
| Reclassifications               | -                   | 221,112                  | -                             | -                      | -               | 221,112             |
| Effect of exchange rate changes | -                   | 2,716                    | 6,008                         | -                      | 95              | 8,819               |
| Balance December 31, 2022       | <u>\$ 1,088,243</u> | <u>\$ 1,031,354</u>      | <u>\$ 142,455</u>             | <u>\$ 41,413</u>       | <u>\$ 6,732</u> | <u>\$ 2,310,197</u> |
| Balance January 1, 2021         | \$ 1,088,243        | \$ 776,594               | \$ 273,914                    | \$ 41,413              | \$ 7,204        | \$ 2,187,368        |
| Addition                        | -                   | 167,947                  | -                             | -                      | -               | 167,947             |
| Deduction                       | -                   | (2,731)                  | -                             | -                      | -               | (2,731)             |
| Amortization                    | -                   | (279,659)                | (70,275)                      | -                      | (255)           | (350,189)           |
| Reclassifications               | -                   | 213,339                  | -                             | -                      | -               | 213,339             |
| Effect of exchange rate changes | -                   | (1,190)                  | (1,988)                       | -                      | (56)            | (3,234)             |
| Balance December 31, 2021       | <u>\$ 1,088,243</u> | <u>\$ 874,300</u>        | <u>\$ 201,651</u>             | <u>\$ 41,413</u>       | <u>\$ 6,893</u> | <u>\$ 2,212,500</u> |



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

| Items                  | Years         |
|------------------------|---------------|
| Computer software      | 1-10.58 years |
| Customer relationships | 8-15 years    |

Goodwill in each above period will be tested for impairment annually and whenever there is an indication that it may be impaired. In assessing whether goodwill on an equity investment or an unamortized difference between the acquisition cost and the equity is impaired, the Company considered the credit card department of Bank SinoPac or the Company's investee company as a cash generating unit and estimated the recoverable amount of the investee's value in use. The Group used an investee's actual profitability and estimated salvage value in making key assumptions to predict the investee's future cash flows and thus calculate the investee's value in use. Under a going concern assumption, the Group predicted the net cash flows that would be generated from the investee's operating activities in the next 5 years and estimated the salvage value and used the Company's weighted average cost of capital to calculate the value in use. The goodwill had been tested for impairment on October 31, 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 years ended December 31, 2022 and 2021, the amounts of net income affiliated with cash generating units were \$82,059 and \$94,018, respectively. The amounts of expected net income for the years 2022 and 2021 as assessed by the impairment test on goodwill would be \$56,787 and \$84,069, respectively. The recoverable amount was expected to be higher than the book value. Therefore, the Company found no objective evidence that goodwill had been impaired as of December 31, 2022 and 2021.

- b. As of December 31, 2022, SinoPac Securities and its subsidiaries had the following goodwill:

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

For the ended December 31, 2022 and 2021, the amounts of net income which are not included share of profit of associates accounted for using equity method were \$1,117,350 and \$4,287,554, respectively. The amounts of expected net income were \$3,668,182 and \$2,079,067 in 2022 and 2021, respectively. Affected by the poor investment environment of domestic and foreign financial markets, the actual operating results were not as expected, but the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2022. Due to there was no significant difference between the results of actual operation and expected benefit, the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2021.

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

For the years ended December 31, 2022 and 2021, actual net income of SinoPac Futures were \$495,116 and \$373,749, respectively. The amounts of expected net income for the years 2022 and 2021 used as basis for the assessment of impairment on goodwill were \$380,837 and \$340,799, respectively. There was no significant difference between the results of actual operation and expected benefit. The recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired.

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

## 21. OTHER ASSETS, NET

|                                                              | <b>December 31</b>   |                      |
|--------------------------------------------------------------|----------------------|----------------------|
|                                                              | <b>2022</b>          | <b>2021</b>          |
| Securities borrowing margins                                 | \$ 11,359,773        | \$ 10,628,167        |
| Guarantee deposits                                           | 9,085,542            | 2,439,940            |
| Amounts held for settlement                                  | 7,074,026            | 9,892,746            |
| Operating guarantee deposits and settlement fund             | 1,471,227            | 1,384,835            |
| Receipts under custody from customers' security subscription | 1,086,460            | 15,082,130           |
| Prepayment                                                   | 368,961              | 360,093              |
| Temporary payments and suspense accounts                     | 221,044              | 233,038              |
| Collaterals                                                  | -                    | 37,351               |
| Others                                                       | <u>116,397</u>       | <u>111,627</u>       |
|                                                              | 30,783,430           | 40,169,927           |
| Less: Allowance for inventory write-down gold                | -                    | (72)                 |
| Less: Accumulated impairment                                 | <u>(7,935)</u>       | <u>(7,935)</u>       |
| Net amount                                                   | <u>\$ 30,775,495</u> | <u>\$ 40,161,920</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

|                               | <b>December 31</b>   |                      |
|-------------------------------|----------------------|----------------------|
|                               | <b>2022</b>          | <b>2021</b>          |
| Call loans from banks         | \$ 59,956,018        | \$ 58,564,837        |
| Redeposits from Chunghwa Post | 10,054,000           | 10,076,600           |
| Call loans from Central Bank  | 1,536,178            | 1,384,478            |
| Due to banks                  | <u>931,021</u>       | <u>239,170</u>       |
|                               | <u>\$ 72,477,217</u> | <u>\$ 70,265,085</u> |

## 23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

|                              | December 31          |                      |
|------------------------------|----------------------|----------------------|
|                              | 2022                 | 2021                 |
| Government bonds             | \$ 23,920,054        | \$ 6,111,884         |
| Bank debentures              | 17,979,374           | 14,173,488           |
| Corporate bonds              | 12,178,153           | 12,401,209           |
| Convertible bonds            | <u>5,845,734</u>     | <u>5,110,337</u>     |
|                              | <u>\$ 59,923,315</u> | <u>\$ 37,796,918</u> |
| Agreed-upon repurchase price | \$ 60,272,934        | \$ 37,834,074        |
| Par value                    | \$ 64,378,886        | \$ 38,221,975        |
| Expiry                       | November 2023        | December 2022        |

## 24. COMMERCIAL PAPERS ISSUED, NET

|                            | December 31          |                      |
|----------------------------|----------------------|----------------------|
|                            | 2022                 | 2021                 |
| Commercial papers payables | \$ 19,120,000        | \$ 39,784,000        |
| Less: Unamortized discount | <u>(17,034)</u>      | <u>(18,331)</u>      |
| Net amount                 | <u>\$ 19,102,966</u> | <u>\$ 39,765,669</u> |
| Maturity date              | 2023.01-2023.03      | 2022.01-2022.03      |
| Discount rate              | 0.9080%-<br>1.6880%  | 0.23%-<br>0.9380%    |

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

## 25. PAYABLES

|                                 | December 31          |                      |
|---------------------------------|----------------------|----------------------|
|                                 | 2022                 | 2021                 |
| Accounts payable for settlement | \$ 13,519,230        | \$ 23,268,682        |
| Acceptances payable             | 5,751,986            | 5,142,813            |
| Accrued expense                 | 5,469,023            | 5,691,968            |
| Interests payable               | 4,509,812            | 1,673,195            |
| Deposits on short sales         | 4,172,275            | 2,873,781            |
| Financing guarantees payable    | 3,973,588            | 3,244,589            |
| Accounts payable - factoring    | 3,875,519            | 2,807,640            |
| Notes and checks in clearing    | 3,718,425            | 4,178,657            |
| Accounts and notes payable      | 3,265,547            | 4,694,695            |
| Others                          | <u>2,266,551</u>     | <u>1,967,517</u>     |
|                                 | <u>\$ 50,521,956</u> | <u>\$ 55,543,537</u> |

## 26. DEPOSITS AND REMITTANCES

|                                     | December 31             |                         |
|-------------------------------------|-------------------------|-------------------------|
|                                     | 2022                    | 2021                    |
| Checking                            | \$ 12,809,645           | \$ 13,363,317           |
| Demand                              | 466,425,995             | 486,300,037             |
| Savings - demand                    | 525,698,441             | 507,555,116             |
| Time deposits                       | 688,239,431             | 573,244,036             |
| Negotiable certificates of deposits | 16,639,400              | 427,800                 |
| Savings - time                      | 289,947,164             | 252,214,965             |
| Inward remittances                  | 666,295                 | 1,043,879               |
| Outward remittances                 | 70,920                  | 1,556,260               |
| Others                              | 31,440                  | 29,829                  |
|                                     | <u>\$ 2,000,528,731</u> | <u>\$ 1,835,735,239</u> |

## 27. BONDS PAYABLE

|                         | December 31          |                      |
|-------------------------|----------------------|----------------------|
|                         | 2022                 | 2021                 |
| Bank debentures         | \$ 56,250,137        | \$ 50,548,494        |
| Corporate bonds payable | <u>14,992,124</u>    | <u>12,424,338</u>    |
|                         | <u>\$ 71,242,261</u> | <u>\$ 62,972,832</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:

|                                                        | December 31 |              | Maturity Date                                                                                                                             | Rates                                                    |
|--------------------------------------------------------|-------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
|                                                        | 2022        | 2021         |                                                                                                                                           |                                                          |
| First subordinated bank debentures issued in 2012 (B)  | \$ -        | \$ 1,299,947 | 2012.09.18-2022.09.18<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.65%, interest is paid annually. |
| Third subordinated bank debentures issued in 2014 (B)  | 699,904     | 699,850      | 2014.09.30-2024.09.30<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 2.05%, interest is paid annually. |
| Third subordinated bank debentures issued in 2016      | 1,419,874   | 1,419,747    | 2016.12.23-2023.12.23<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.50%, interest is paid annually. |
| First subordinated bank debentures issued in 2017 (A)  | 149,973     | 149,950      | 2017.02.24-2024.02.24<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.60%, interest is paid annually. |
| First subordinated bank debentures issued in 2017 (B)  | 2,099,504   | 2,099,390    | 2017.02.24-2027.02.24<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.90%, interest is paid annually. |
| Third subordinated bank debentures issued in 2017 (A)  | 199,970     | 199,950      | 2017.06.28-2024.06.28<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.70%, interest is paid annually. |
| Third subordinated bank debentures issued in 2017 (B)  | 539,831     | 539,796      | 2017.06.28-2027.06.28<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.95%, interest is paid annually. |
| Fourth subordinated bank debentures issued in 2017     | 3,000,000   | 2,999,660    | 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)  | 649,857     | 649,797      | 2018.04.30-2025.04.30<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.40%, interest is paid annually. |
| First subordinated bank debentures issued in 2018 (B)  | 499,823     | 499,791      | 2018.04.30-2028.04.30<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.65%, interest is paid annually. |
| First subordinated bank debentures issued in 2019      | 1,999,649   | 1,999,437    | 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) | 1,199,700   | 1,199,605    | 2019.01.25-2026.01.25<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.40%, interest is paid annually. |
| Second subordinated bank debentures issued in 2019 (B) | 1,799,377   | 1,799,280    | 2019.01.25-2029.01.25<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 1.55%, interest is paid annually. |
| Third senior bank debentures issued in 2019            | 2,999,877   | 2,999,796    | 2019.06.26-2024.06.26<br>Principal is repayable on maturity date.                                                                         | Fixed interest rate of 0.76%, interest is paid annually. |
| Fourth subordinated bank debentures issued in 2019     | 1,499,682   | 1,499,503    | 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)

|                                                       | December 31          |                      |                                                                                                                                               |                                                          |
|-------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
|                                                       | 2022                 | 2021                 | Maturity Date                                                                                                                                 | Rates                                                    |
| Fifth subordinated bank debentures issued in 2019 (A) | \$ 1,749,494         | \$ 1,749,359         | 2019.08.23-2026.08.23<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 1.03%, interest is paid annually. |
| Fifth subordinated bank debentures issued in 2019 (B) | 1,749,354            | 1,749,260            | 2019.08.23-2029.08.23<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 1.13%, interest is paid annually. |
| First subordinated bank debentures issued in 2020     | 2,999,550            | 2,999,382            | 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    | 1,999,520            | 1,999,456            | 2020.03.31-2030.03.31<br>Principal is repayable on maturity date                                                                              | Fixed interest rate of 0.75%, interest is paid annually. |
| Third subordinated bank debentures issued in 2020     | 2,899,659            | 2,899,532            | 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    | 2,599,502            | 2,599,439            | 2020.06.30-2030.06.30<br>Principal is repayable on maturity date                                                                              | Fixed interest rate of 1.00%, interest is paid annually. |
| Fifth subordinated bank debentures issued in 2020     | 2,099,737            | 2,099,648            | 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     | 2,399,562            | 2,399,508            | 2020.10.29-2030.10.29<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 0.87%, interest is paid annually. |
| Seventh senior bank debentures issued in 2020         | 999,797              | 999,726              | 2020.11.06-2025.11.06<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 0.46%, interest is paid annually. |
| First senior bank debentures issued in 2021           | 999,793              | 999,732              | 2021.05.18-2026.05.18<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 0.45%, interest is paid annually. |
| Second subordinated bank debentures issued in 2021    | 2,719,575            | 2,719,455            | 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     | 2,299,615            | 2,299,571            | 2021.05.28-2031.05.28<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 0.82%, interest is paid annually. |
| Fourth subordinated bank debentures issued in 2021    | 3,279,620            | 3,279,522            | 2021.10.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.     | Fixed interest rate of 1.70%, interest is paid annually. |
| Fifth subordinated bank debentures issued in 2021     | 1,699,464            | 1,699,405            | 2021.10.28-2031.10.28<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 0.80%, interest is paid annually. |
| First subordinated bank debentures issued in 2022     | 4,999,222            | -                    | 2022.03.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and four months. | Fixed interest rate of 2.00%, interest is paid annually. |
| Second senior bank debentures issued in 2022          | <u>1,999,652</u>     | <u>-</u>             | 2022.04.08-2027.04.08<br>Principal is repayable on maturity date.                                                                             | Fixed interest rate of 0.78%, interest is paid annually. |
|                                                       | <u>\$ 56,250,137</u> | <u>\$ 50,548,494</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:

|                                                        | December 31          |                      |                                                                   |                                                          |
|--------------------------------------------------------|----------------------|----------------------|-------------------------------------------------------------------|----------------------------------------------------------|
|                                                        | 2022                 | 2021                 | Maturity Date                                                     | Rates                                                    |
| <u>The Company</u>                                     |                      |                      |                                                                   |                                                          |
| First unsecured bonds issued in 2020                   | \$ 4,997,104         | \$ 4,995,700         | 2020.01.15-2025.01.15<br>Principal is repayable on maturity date. | Fixed interest rate of 0.79%, interest is paid annually. |
| First unsecured bonds issued in 2021                   | 4,995,020            | 4,993,729            | 2021.10.21-2026.10.21<br>Principal is repayable on maturity date. | Fixed interest rate of 0.56%, interest is paid annually. |
| <u>SinoPac Securities</u>                              |                      |                      |                                                                   |                                                          |
| First unsecured bonds issued in 2020                   | 2,000,000            | 2,000,000            | 2020.01.08-2025.01.08<br>Principal is repayable on maturity date. | Fixed interest rate of 0.80%, interest is paid annually. |
| Second unsecured bonds issued in 2020 (Note)           | -                    | 434,909              | 2020.12.23-2022.12.23<br>Principal is repayable on maturity date. | Fixed interest rate of 3.20%, interest is paid annually. |
| First unsecured subordinated bonds issued in 2022 (A)  | 400,000              | -                    | 2022.05.27-2029.05.27<br>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              | -                    | 2022.05.27-2032.05.27<br>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            | -                    | 2022.08.26-2029.08.26<br>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>-</u>             | 2022.08.26-2032.08.26<br>Principal is repayable on maturity date. | Fixed interest rate of 2.50%, interest is paid annually. |
|                                                        | <u>\$ 14,992,124</u> | <u>\$ 12,424,338</u> |                                                                   |                                                          |

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

## 28. BORROWINGS

### a. Short-term borrowings

|                                   | December 31         |                     |
|-----------------------------------|---------------------|---------------------|
|                                   | 2022                | 2021                |
| Credit loans                      | \$ 3,564,926        | \$ 4,586,505        |
| Guaranteed loans                  | <u>300,000</u>      | <u>780,000</u>      |
|                                   | <u>\$ 3,864,926</u> | <u>\$ 5,366,505</u> |
| Maturity date                     | 2023.1-2023.12      | 2022.1-2022.12      |
| Range of interest rates per annum | 1.33%-<br>5.98208%  | 0.80%-<br>5.66766%  |

### b. Long-term borrowings

|                                   | December 31         |                     |
|-----------------------------------|---------------------|---------------------|
|                                   | 2022                | 2021                |
| Credit loans                      | <u>\$ 2,480,712</u> | <u>\$ 2,239,088</u> |
| Maturity date                     | 2023.1-2024.12      | 2022.1-2023.9       |
| Range of interest rates per annum | 4.75%-<br>5.49210%  | 0.995%-<br>4.67500% |

#### 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

|                                           | <b>December 31</b>  |                     |
|-------------------------------------------|---------------------|---------------------|
|                                           | <b>2022</b>         | <b>2021</b>         |
| Provision for employee benefits           | \$ 2,298,554        | \$ 3,083,797        |
| Provision for financing commitment        | 287,905             | 163,432             |
| Provision for guarantee liabilities       | 339,536             | 395,361             |
| Provision for decommissioning liabilities | 157,546             | 136,227             |
| Other provision                           | <u>16,187</u>       | <u>23,836</u>       |
|                                           | <u>\$ 3,099,728</u> | <u>\$ 3,802,653</u> |

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

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

|                                 | <b>For the Year Ended December 31, 2021</b>       |                                                    |                        |
|---------------------------------|---------------------------------------------------|----------------------------------------------------|------------------------|
|                                 | <b>Provision for<br/>Financing<br/>Commitment</b> | <b>Provision for<br/>Guarantee<br/>Liabilities</b> | <b>Other Provision</b> |
| Balance at January 1            | \$ 217,077                                        | \$ 313,880                                         | \$ 15,420              |
| (Reversal of) provision         | (51,182)                                          | 82,392                                             | 8,893                  |
| Effect of exchange rate changes | <u>(2,463)</u>                                    | <u>(911)</u>                                       | <u>(477)</u>           |
| Balance at December 31          | <u>\$ 163,432</u>                                 | <u>\$ 395,361</u>                                  | <u>\$ 23,836</u>       |

### 30. PROVISION FOR EMPLOYEE BENEFITS

|                                                                         | December 31         |                     |
|-------------------------------------------------------------------------|---------------------|---------------------|
|                                                                         | 2022                | 2021                |
| Recognized in the consolidated balance sheets (payables and provisions) |                     |                     |
| Defined contribution plans                                              | \$ 77,703           | \$ 74,485           |
| Defined benefit plans                                                   | 1,680,397           | 2,527,144           |
| Preferential interest on employees' deposits                            | 343,699             | 340,375             |
| Deferred annual leave and retirement benefits                           | <u>274,458</u>      | <u>216,278</u>      |
|                                                                         | <u>\$ 2,376,257</u> | <u>\$ 3,158,282</u> |

#### a. Defined contribution plans

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

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

The total expenses recognized in profit or loss for the years ended December 31, 2022 and 2021 of \$443,673 and \$426,714, respectively, represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

#### b. Defined benefit plans

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

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

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



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

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

|                                                                               | <b>December 31</b>  |                     |
|-------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                               | <b>2022</b>         | <b>2021</b>         |
| Present value of defined benefit obligation                                   | \$ 5,409,589        | \$ 6,056,791        |
| Fair value of plan assets                                                     | <u>(3,784,618)</u>  | <u>(3,576,465)</u>  |
| Deficit                                                                       | 1,624,971           | 2,480,326           |
| Asset ceiling                                                                 | <u>-</u>            | <u>-</u>            |
| Net defined benefit liability                                                 | <u>\$ 1,624,971</u> | <u>\$ 2,480,326</u> |
| Net defined benefit assets (recognized in prepayment)                         | <u>\$ (55,426)</u>  | <u>\$ (46,818)</u>  |
| Net defined benefit liability (recognized in provision for employee benefits) | <u>\$ 1,680,397</u> | <u>\$ 2,527,144</u> |

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

|                                                                    | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liability</b> |
|--------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------|
| Balance at January 1, 2021                                         | <u>\$ 6,430,851</u>                                                | <u>\$ (3,656,515)</u>                    | <u>\$ 2,774,336</u>                          |
| Service cost                                                       |                                                                    |                                          |                                              |
| Current service cost                                               | 69,443                                                             | -                                        | 69,443                                       |
| Past service cost                                                  | -                                                                  | -                                        | -                                            |
| Net interest expense (income)                                      | <u>18,891</u>                                                      | <u>(10,945)</u>                          | <u>7,946</u>                                 |
| Recognized in loss or (profit)                                     | <u>88,334</u>                                                      | <u>(10,945)</u>                          | <u>77,389</u>                                |
| Remeasurement                                                      |                                                                    |                                          |                                              |
| Return on plan assets (excluding amounts included in net interest) | -                                                                  | (39,916)                                 | (39,916)                                     |
| Actuarial (gain) loss - changes in demographic assumptions         | 6,549                                                              | -                                        | 6,549                                        |
| Actuarial (gain) loss - changes in financial assumptions           | (181,696)                                                          | -                                        | (181,696)                                    |
| Actuarial (gain) loss - experience adjustments                     | <u>92,630</u>                                                      | <u>-</u>                                 | <u>92,630</u>                                |
| Recognized in other comprehensive (income) loss                    | <u>(82,517)</u>                                                    | <u>(39,916)</u>                          | <u>(122,433)</u>                             |
| Contributions from the employer                                    | -                                                                  | (245,558)                                | (245,558)                                    |
| Benefits paid                                                      | <u>(379,877)</u>                                                   | <u>376,469</u>                           | <u>(3,408)</u>                               |
| Balance at December 31, 2021                                       | <u>\$ 6,056,791</u>                                                | <u>\$ (3,576,465)</u>                    | <u>\$ 2,480,326</u>                          |

(Continued)

|                                                                       | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liability</b> |
|-----------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------|
| Balance at January 1, 2022                                            | <u>\$ 6,056,791</u>                                                | <u>\$ (3,576,465)</u>                    | <u>\$ 2,480,326</u>                          |
| Service cost                                                          |                                                                    |                                          |                                              |
| Current service cost                                                  | 52,383                                                             | -                                        | 52,383                                       |
| Past service cost                                                     | -                                                                  | -                                        | -                                            |
| Net interest expense (income)                                         | <u>35,550</u>                                                      | <u>(21,406)</u>                          | <u>14,144</u>                                |
| Recognized in (profit) or loss                                        | <u>87,933</u>                                                      | <u>(21,406)</u>                          | <u>66,527</u>                                |
| Remeasurement                                                         |                                                                    |                                          |                                              |
| Return on plan assets (excluding amounts<br>included in net interest) | -                                                                  | (232,416)                                | (232,416)                                    |
| Actuarial (gain) loss - changes in<br>demographic assumptions         | 123                                                                | -                                        | 123                                          |
| Actuarial (gain) loss - changes in financial<br>assumptions           | (362,886)                                                          | -                                        | (362,886)                                    |
| Actuarial (gain) loss - experience<br>adjustments                     | <u>94,422</u>                                                      | <u>-</u>                                 | <u>94,422</u>                                |
| Recognized in other comprehensive (income)<br>loss                    | <u>(268,341)</u>                                                   | <u>(232,416)</u>                         | <u>(500,757)</u>                             |
| Contributions from the employer                                       | -                                                                  | (414,390)                                | (414,390)                                    |
| Benefits paid                                                         | <u>(466,794)</u>                                                   | <u>460,059</u>                           | <u>(6,735)</u>                               |
| Balance at December 31, 2022                                          | <u>\$ 5,409,589</u>                                                | <u>\$ (3,784,618)</u>                    | <u>\$ 1,624,971</u><br>(Concluded)           |

The plan assets' actual returns were \$253,822 and \$50,861 for the years ended December 31, 2022 and 2021, respectively.

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

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

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

|                                  | <b>December 31</b> |             |
|----------------------------------|--------------------|-------------|
|                                  | <b>2022</b>        | <b>2021</b> |
| Discount rate                    | 1.30%              | 0.60%       |
| Expected rate of salary increase | 1.75%              | 1.75%       |
| Turnover rate                    | 0.33%-0.99%        | 0.30%-0.94% |

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

|                                                      | <b>December 31</b>  |                     |
|------------------------------------------------------|---------------------|---------------------|
|                                                      | <b>2022</b>         | <b>2021</b>         |
| Discount rate (2022: 1.30%; 2021: 0.60%)             |                     |                     |
| 0.25% increase                                       | <u>\$ (121,974)</u> | <u>\$ (147,293)</u> |
| 0.25% decrease                                       | <u>\$ 125,986</u>   | <u>\$ 146,462</u>   |
| Expected rate of salary increase 1.75%               |                     |                     |
| 0.25% increase                                       | <u>\$ 125,295</u>   | <u>\$ 150,496</u>   |
| 0.25% decrease                                       | <u>\$ (121,921)</u> | <u>\$ (146,167)</u> |
| Turnover rate (2022: 0.33%-0.99%; 2021: 0.30%-0.94%) |                     |                     |
| 110% of expected turnover rate                       | <u>\$ (420)</u>     | <u>\$ (777)</u>     |
| 90% of expected turnover rate                        | <u>\$ 422</u>       | <u>\$ 780</u>       |

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

|                                                          | <b>December 31</b> |                   |
|----------------------------------------------------------|--------------------|-------------------|
|                                                          | <b>2022</b>        | <b>2021</b>       |
| The expected contributions to the plan for the next year | <u>\$ 238,031</u>  | <u>\$ 245,860</u> |
| The average duration of the defined benefit obligation   | 3-13 years         | 4-12 years        |

c. Preferential interest on employees' deposits

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

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

|                                                                                              | <b>December 31</b> |             |
|----------------------------------------------------------------------------------------------|--------------------|-------------|
|                                                                                              | <b>2022</b>        | <b>2021</b> |
| Discount rate                                                                                | 4.00%              | 4.00%       |
| Expected interest rate on preferential interest on employees' deposits                       |                    |             |
| Manager                                                                                      | 7.47%              | 6.84%       |
| Staff                                                                                        | 13.00%             | 13.00%      |
| Normal deposit interest rate                                                                 | 1.47%              | 0.84%       |
| Return on deposits                                                                           | 2.00%              | 2.00%       |
| Excess preferential interest                                                                 |                    |             |
| Manager                                                                                      | 4.00%              | 4.00%       |
| Staff                                                                                        | 9.53%              | 10.16%      |
| The probability of preferential interest on employees' deposits is canceled within ten years | 50.00%             | 50.00%      |

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

|                                             | <b>December 31</b> |                   |
|---------------------------------------------|--------------------|-------------------|
|                                             | <b>2022</b>        | <b>2021</b>       |
| Present value of defined benefit obligation | \$ 343,699         | \$ 340,375        |
| Fair value of plan assets                   | <u>-</u>           | <u>-</u>          |
| Deficit                                     | 343,699            | 340,375           |
| Asset ceiling                               | <u>-</u>           | <u>-</u>          |
| Net defined benefit liability               | <u>\$ 343,699</u>  | <u>\$ 340,375</u> |

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

|                                                 | <b>Present Value of the Defined Benefit Obligation</b> | <b>Fair Value of the Plan Assets</b> | <b>Net Defined Benefit Liability</b> |
|-------------------------------------------------|--------------------------------------------------------|--------------------------------------|--------------------------------------|
| Balance at January 1, 2021                      | <u>\$ 293,173</u>                                      | <u>\$ -</u>                          | <u>\$ 293,173</u>                    |
| Service cost                                    |                                                        |                                      |                                      |
| Past service cost                               | 16,173                                                 | -                                    | 16,173                               |
| Interest expense                                | <u>6,330</u>                                           | <u>-</u>                             | <u>6,330</u>                         |
| Recognized in (profit) or loss                  | <u>22,503</u>                                          | <u>-</u>                             | <u>22,503</u>                        |
| Remeasurement                                   |                                                        |                                      |                                      |
| Actuarial (gain) loss - experience adjustments  | 31,646                                                 | -                                    | 31,646                               |
| Actuarial (gain) loss - changes in assumptions  | <u>18,256</u>                                          | <u>-</u>                             | <u>18,256</u>                        |
| Recognized in other comprehensive (income) loss | <u>49,902</u>                                          | <u>-</u>                             | <u>49,902</u>                        |
| Benefits paid                                   | <u>(25,203)</u>                                        | <u>-</u>                             | <u>(25,203)</u>                      |
| Balance at December 31, 2021                    | <u>\$ 340,375</u>                                      | <u>\$ -</u>                          | <u>\$ 340,375</u>                    |

(Continued)

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

d. Others

Others included long-term incentive compensation plans; deferred service leave and termination benefits. On December 31, 2022 and 2021, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$225,708 and \$175,582, respectively, the acquired total embedded value of which were \$192,799 and \$134,160, respectively.

### 31. OTHER FINANCIAL LIABILITIES

|                                         | <b>December 31</b>   |                      |
|-----------------------------------------|----------------------|----------------------|
|                                         | <b>2022</b>          | <b>2021</b>          |
| Principal of structured products        | \$ 36,117,642        | \$ 12,013,819        |
| Futures trader's equity                 | 32,966,447           | 35,114,017           |
| Equity for each customer in the account | 525,327              | 495,486              |
| Others                                  | <u>155,011</u>       | <u>48,708</u>        |
|                                         | <u>\$ 69,764,427</u> | <u>\$ 47,672,030</u> |

### 32. OTHER LIABILITIES

|                                                              | <b>December 31</b> |              |
|--------------------------------------------------------------|--------------------|--------------|
|                                                              | <b>2022</b>        | <b>2021</b>  |
| Securities lending refundable deposits                       | \$ 10,452,320      | \$ 9,349,612 |
| Guarantee deposits received                                  | 2,323,922          | 2,264,570    |
| Receipts under custody from customers' security subscription | 1,086,460          | 15,082,130   |
| Temporary receipts and suspense accounts                     | 671,652            | 707,186      |
| Receipt sub-brokerage under custody                          | 394,676            | 611,193      |
|                                                              |                    | (Continued)  |

|                  | <b>December 31</b>   |                      |
|------------------|----------------------|----------------------|
|                  | <b>2022</b>          | <b>2021</b>          |
| Advance revenue  | \$ 191,704           | \$ 215,172           |
| Deferred revenue | 106,494              | 114,579              |
| Others           | <u>447,026</u>       | <u>441,459</u>       |
|                  | <u>\$ 15,674,254</u> | <u>\$ 28,785,901</u> |
|                  |                      | (Concluded)          |

### 33. INCOME TAX

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

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

#### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

|                                                  | <b>For the Year Ended December 31</b> |                     |
|--------------------------------------------------|---------------------------------------|---------------------|
|                                                  | <b>2022</b>                           | <b>2021</b>         |
| Current tax                                      |                                       |                     |
| Current period                                   | \$ 2,564,724                          | \$ 2,723,498        |
| Unappropriated earnings                          | 268,225                               | 156,128             |
| Prior periods                                    | 12,727                                | 3,707               |
| Others                                           | <u>-</u>                              | <u>50,302</u>       |
|                                                  | 2,845,676                             | 2,933,635           |
| Deferred tax                                     |                                       |                     |
| Incurrence and reversal of temporary differences | 579,092                               | (490,178)           |
| Prior periods                                    | <u>18,947</u>                         | <u>(5,232)</u>      |
| Income tax expenses recognized in profit or loss | <u>\$ 3,443,715</u>                   | <u>\$ 2,438,225</u> |

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

|                                                           | <b>For the Year Ended December 31</b> |                      |
|-----------------------------------------------------------|---------------------------------------|----------------------|
|                                                           | <b>2022</b>                           | <b>2021</b>          |
| Profit before tax                                         | <u>\$ 19,404,715</u>                  | <u>\$ 18,649,230</u> |
| Income tax expense calculated at the statutory rate (20%) | \$ 3,880,943                          | \$ 3,729,846         |
| Tax effect of adjusting items:                            |                                       |                      |
| Tax-exempt income                                         | (226,983)                             | (831,567)            |
| Permanent difference                                      | (664,888)                             | (1,268,877)          |
| Unrecognized temporary difference                         | 15,795                                | 16,424               |
| Unrecognized (current period pledged) loss carryforwards  | (2,006)                               | (9,270)              |
|                                                           |                                       | (Continued)          |

|                                                                           | <b>For the Year Ended December 31</b> |                                    |
|---------------------------------------------------------------------------|---------------------------------------|------------------------------------|
|                                                                           | <b>2022</b>                           | <b>2021</b>                        |
| Additional income tax under the Alternative Minimum Tax Act               | \$ 6,379                              | \$ 481,895                         |
| Different income tax rate effects of subsidiaries operating in other area | 23,184                                | 4,966                              |
| Others                                                                    | 111,392                               | 160,205                            |
| Adjustments for prior years' tax                                          | 31,674                                | (1,525)                            |
| Income tax on unappropriated earnings                                     | <u>268,225</u>                        | <u>156,128</u>                     |
| Income tax expense recognized in profit or loss                           | <u>\$ 3,443,715</u>                   | <u>\$ 2,438,225</u><br>(Concluded) |

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

b. Income tax recognized in other comprehensive income

|                                                                                                       | <b>For the Year Ended December 31</b> |                  |
|-------------------------------------------------------------------------------------------------------|---------------------------------------|------------------|
|                                                                                                       | <b>2022</b>                           | <b>2021</b>      |
| <u>Deferred tax</u>                                                                                   |                                       |                  |
| Adjustments of current period                                                                         |                                       |                  |
| Defined benefit plans remeasurement                                                                   | \$ (102,190)                          | \$ (14,506)      |
| Exchange difference on translation of foreign operations                                              | (173,098)                             | 73,936           |
| Unrealized gain or loss on financial assets measured at fair value through other comprehensive income | 60,617                                | (29,874)         |
| Share of the other comprehensive income of associate                                                  | <u>2,021</u>                          | <u>(501)</u>     |
| Income tax recognized in other comprehensive income                                                   | <u>\$ (212,650)</u>                   | <u>\$ 29,055</u> |

c. Current tax assets and liabilities

|                         | <b>December 31</b> |             |
|-------------------------|--------------------|-------------|
|                         | <b>2022</b>        | <b>2021</b> |
| Current tax assets      | \$ 125,953         | \$ 87,225   |
| Current tax liabilities | 1,479,084          | 2,409,322   |

d. Deferred tax assets and liabilities

|                                                                  | <b>December 31</b>  |                     |
|------------------------------------------------------------------|---------------------|---------------------|
|                                                                  | <b>2022</b>         | <b>2021</b>         |
| <u>Deferred tax assets</u>                                       |                     |                     |
| Bad debt quota                                                   | \$ 953,369          | \$ 826,924          |
| Provision for employee benefit                                   | 393,433             | 547,231             |
| Exchange differences on translation of foreign operations        | 230,708             | 365,107             |
| Losses on investments accounted for using the equity method      | 100,614             | 66,403              |
| Unrealized losses on foreign exchange and derivative instruments | 83,566              | 202,326             |
| Others                                                           | <u>252,548</u>      | <u>266,602</u>      |
|                                                                  | <u>\$ 2,014,238</u> | <u>\$ 2,274,593</u> |
| <u>Deferred tax liabilities</u>                                  |                     |                     |
| Gains on investments accounted for using the equity method       | \$ 428,430          | \$ 241,996          |
| Land value increment tax                                         | 587,038             | 587,038             |
| Unrealized gains on foreign exchange and derivative instruments  | 570,379             | 61,387              |
| Others                                                           | <u>82,998</u>       | <u>87,818</u>       |
|                                                                  | <u>\$ 1,668,845</u> | <u>\$ 978,239</u>   |

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

|                                                                           | <b>For the Year Ended December 31</b> |                     |
|---------------------------------------------------------------------------|---------------------------------------|---------------------|
|                                                                           | <b>2022</b>                           | <b>2021</b>         |
| Investments accounted for using the equity method                         | \$ 152,223                            | \$ (397,715)        |
| Bad debt quota                                                            | (124,804)                             | 1,828               |
| Provision for defined benefit                                             | 53,590                                | 16,183              |
| Loss carryforwards                                                        | (132,447)                             | (53,372)            |
| Unrealized gains or losses on foreign exchange and derivative instruments | 652,548                               | 26,841              |
| Others                                                                    | <u>(3,071)</u>                        | <u>(89,175)</u>     |
|                                                                           | <u>\$ 598,039</u>                     | <u>\$ (495,410)</u> |

As of December 31, 2022 and 2021, the carrying amounts of deferred income tax assets were \$2,014,238 and \$2,274,593, respectively, and the carrying amounts that are not yet classified as deferred income tax assets were \$2,509,716 and \$2,175,278, respectively, because the profit in the future is unpredictable. The realizability of the deferred income tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognized in profit or loss for the period in which the reversal takes place.

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



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

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

### 34. EQUITY

#### a. Capital stock

##### 1) Common stock

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

On May 27, 2022, the shareholders's 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.

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 December 31, 2022, preferred Class A shares had been converted into 60,000 thousand common stock.

b. Capital surplus

|                                                  | <b>December 31</b>  |                     |
|--------------------------------------------------|---------------------|---------------------|
|                                                  | <b>2022</b>         | <b>2021</b>         |
| Arising from issuance of common stock            | \$ 2,080,001        | \$ 2,080,001        |
| Conversion rights                                | 41,562              | 41,562              |
| Employee share option - issuance of common stock | 102,570             | 102,570             |
| Others                                           | <u>4,648</u>        | <u>4,631</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. Besides, the capital surplus from employee share options may not be used for any purpose due to its transitional nature.

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

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

c. Other equity items

|                                                                                                         | Exchange<br>Differences on<br>Translation of<br>Foreign<br>Operations | Unrealized Gain or Loss on<br>Financial Assets at Fair Value<br>Through Other Comprehensive<br>Income |                        | Change in Fair<br>Value of<br>Financial<br>Liability<br>Attributable to<br>Change in<br>Credit Risk of<br>Liability | Total                  |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------|
|                                                                                                         |                                                                       | Equity<br>Instrument                                                                                  | Debt<br>Instrument     |                                                                                                                     |                        |
| Balance January 1, 2022                                                                                 | \$ (1,891,151)                                                        | \$ 4,503,408                                                                                          | \$ (568,342)           | \$ (85,882)                                                                                                         | \$ 1,958,033           |
| Exchange differences                                                                                    |                                                                       |                                                                                                       |                        |                                                                                                                     |                        |
| Exchange differences on<br>translation of foreign<br>operations                                         | 881,463                                                               | -                                                                                                     | -                      | -                                                                                                                   | 881,463                |
| Related income tax                                                                                      | (173,098)                                                             | -                                                                                                     | -                      | -                                                                                                                   | (173,098)              |
| Financial assets at fair value<br>through other<br>comprehensive income                                 |                                                                       |                                                                                                       |                        |                                                                                                                     |                        |
| Current adjustment for<br>change in value                                                               | -                                                                     | (4,217,479)                                                                                           | (13,029,311)           | -                                                                                                                   | (17,246,790)           |
| Adjustment for loss<br>allowance of debt<br>instruments                                                 | -                                                                     | -                                                                                                     | (1,389)                | -                                                                                                                   | (1,389)                |
| Current disposal                                                                                        | -                                                                     | -                                                                                                     | 309,994                | -                                                                                                                   | 309,994                |
| Cumulative realized gain<br>or loss transferred to<br>retained earnings due to<br>disposal              | -                                                                     | (20,196)                                                                                              | -                      | -                                                                                                                   | (20,196)               |
| Related income tax                                                                                      | -                                                                     | 3,849                                                                                                 | 56,768                 | -                                                                                                                   | 60,617                 |
| Share of the other<br>comprehensive income of<br>associates accounted for<br>using equity method        |                                                                       |                                                                                                       |                        |                                                                                                                     |                        |
| Current amounts                                                                                         | (10,104)                                                              | -                                                                                                     | -                      | -                                                                                                                   | (10,104)               |
| Related income tax                                                                                      | 2,021                                                                 | -                                                                                                     | -                      | -                                                                                                                   | 2,021                  |
| Change in fair value of<br>financial liability<br>attributable to change in<br>credit risk of liability |                                                                       |                                                                                                       |                        |                                                                                                                     |                        |
| Change in amount                                                                                        | -                                                                     | -                                                                                                     | -                      | 39,237                                                                                                              | 39,237                 |
| Balance December 31, 2022                                                                               | <u>\$ (1,190,869)</u>                                                 | <u>\$ 269,582</u>                                                                                     | <u>\$ (13,232,280)</u> | <u>\$ (46,645)</u>                                                                                                  | <u>\$ (14,200,212)</u> |
| Balance January 1, 2021                                                                                 | \$ (1,593,696)                                                        | \$ 2,603,071                                                                                          | \$ 3,438,742           | \$ (82,343)                                                                                                         | \$ 4,365,774           |
| Exchange differences                                                                                    |                                                                       |                                                                                                       |                        |                                                                                                                     |                        |
| Exchange differences on<br>translation of foreign<br>operations                                         | (373,395)                                                             | -                                                                                                     | -                      | -                                                                                                                   | (373,395)              |
| Related income tax                                                                                      | 73,936                                                                | -                                                                                                     | -                      | -                                                                                                                   | 73,936                 |
| Financial assets at fair value<br>through other<br>comprehensive income                                 |                                                                       |                                                                                                       |                        |                                                                                                                     |                        |
| Current adjustment for<br>change in value                                                               | -                                                                     | 2,864,192                                                                                             | (2,881,187)            | -                                                                                                                   | (16,995)               |
| Adjustment for loss<br>allowance of debt<br>instruments                                                 | -                                                                     | -                                                                                                     | (11,723)               | -                                                                                                                   | (11,723)               |
| Current disposal                                                                                        | -                                                                     | -                                                                                                     | (1,085,586)            | -                                                                                                                   | (1,085,586)            |
| Cumulative realized gain<br>or loss transferred to<br>retained earnings due to<br>disposal              | -                                                                     | (962,569)                                                                                             | -                      | -                                                                                                                   | (962,569)              |
| Related income tax                                                                                      | -                                                                     | (1,286)                                                                                               | (28,588)               | -                                                                                                                   | (29,874)               |

(Continued)

|                                                                                                         | Exchange<br>Differences on<br>Translation of<br>Foreign<br>Operations | Unrealized Gain or Loss on<br>Financial Assets at Fair Value<br>Through Other Comprehensive<br>Income |                     | Change in Fair<br>Value of<br>Financial<br>Liability<br>Attributable to<br>Change in<br>Credit Risk of<br>Liability | Total                              |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------|
|                                                                                                         |                                                                       | Equity<br>Instrument                                                                                  | Debt<br>Instrument  |                                                                                                                     |                                    |
| Share of the other<br>comprehensive income of<br>associates accounted for<br>using equity method        |                                                                       |                                                                                                       |                     |                                                                                                                     |                                    |
| Current amounts                                                                                         | \$ 2,505                                                              | \$ -                                                                                                  | \$ -                | \$ -                                                                                                                | \$ 2,505                           |
| Related income tax                                                                                      | (501)                                                                 | -                                                                                                     | -                   | -                                                                                                                   | (501)                              |
| Change in fair value of<br>financial liability<br>attributable to change in<br>credit risk of liability |                                                                       |                                                                                                       |                     |                                                                                                                     |                                    |
| Change in amount                                                                                        | -                                                                     | -                                                                                                     | -                   | (3,539)                                                                                                             | (3,539)                            |
| Balance December 31, 2021                                                                               | <u>\$ (1,891,151)</u>                                                 | <u>\$ 4,503,408</u>                                                                                   | <u>\$ (568,342)</u> | <u>\$ (85,882)</u>                                                                                                  | <u>\$ 1,958,033</u><br>(Concluded) |

d. Earnings distribution and dividend policy

The Company's Articles of Incorporation provide that annual net income should be appropriated after deducting any accumulated losses and taxes and providing legal and special reserves and reversing special reserve. The remaining earnings will be used to pay the accumulated and current year's dividends of Class-A preferred shares, 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 and 2020 had been approved in the shareholder's meetings on May 27, 2022 and July 20, 2021. The appropriation and dividends per share are as follows:

|                             | <b>Appropriation of Earnings</b> |              | <b>Dividends Per Share (NT\$)</b> |             |
|-----------------------------|----------------------------------|--------------|-----------------------------------|-------------|
|                             | <b>2021</b>                      | <b>2020</b>  | <b>2021</b>                       | <b>2020</b> |
| Legal reserve               | \$ 1,723,160                     | \$ 1,218,469 |                                   |             |
| Cash dividends              | 9,016,843                        | 7,889,738    | \$0.8                             | \$0.7       |
| Reversal of special reserve | 1,127,105                        | -            | 0.1                               | -           |

### 35. NET INTEREST REVENUE

|                                              | <b>For the Year Ended December 31</b> |                      |
|----------------------------------------------|---------------------------------------|----------------------|
|                                              | <b>2022</b>                           | <b>2021</b>          |
| Interest income                              |                                       |                      |
| Discounts and loans                          | \$ 30,654,222                         | \$ 21,636,373        |
| Investment securities interest               | 9,126,874                             | 6,020,420            |
| Due from the Central Bank and other banks    | 3,627,285                             | 618,068              |
| Financing                                    | 1,442,387                             | 1,564,070            |
| Securities purchased under resell agreements | 684,769                               | 150,100              |
| Credit card revolving interest rate income   | 494,766                               | 507,897              |
| Deposits                                     | 375,762                               | 173,744              |
| Others                                       | 952,517                               | 509,277              |
|                                              | <u>47,358,582</u>                     | <u>31,179,949</u>    |
| Interest expense                             |                                       |                      |
| Deposits                                     | (15,301,550)                          | (6,867,227)          |
| Call loans from banks                        | (1,558,971)                           | (376,960)            |
| Securities sold under repurchase agreements  | (1,117,272)                           | (161,847)            |
| Bank debentures                              | (853,945)                             | (774,274)            |
| Interest expense of structured products      | (727,274)                             | (311,548)            |
| Borrowing                                    | (584,236)                             | (383,544)            |
| Others                                       | (311,910)                             | (184,592)            |
|                                              | <u>(20,455,158)</u>                   | <u>(9,059,992)</u>   |
| Net amount                                   | <u>\$ 26,903,424</u>                  | <u>\$ 22,119,957</u> |

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

|                             | <b>For the Year Ended December 31</b> |                   |
|-----------------------------|---------------------------------------|-------------------|
|                             | <b>2022</b>                           | <b>2021</b>       |
| Commissions and fee revenue |                                       |                   |
| Brokerage services          | \$ 7,322,997                          | \$ 10,260,781     |
| Trust and related services  | 2,622,719                             | 3,326,419         |
| Insurance services          | 2,438,978                             | 2,555,925         |
| Loan services               | 2,028,075                             | 1,628,842         |
| Credit card services        | 716,360                               | 606,054           |
| Others                      | 1,505,292                             | 1,400,279         |
|                             | <u>16,634,421</u>                     | <u>19,778,300</u> |

(Continued)

|                                  | <b>For the Year Ended December 31</b> |                                     |
|----------------------------------|---------------------------------------|-------------------------------------|
|                                  | <b>2022</b>                           | <b>2021</b>                         |
| Commissions and fee expense      |                                       |                                     |
| Brokerage services               | \$ (723,036)                          | \$ (956,793)                        |
| Credit card services             | (686,704)                             | (592,999)                           |
| Interbank services               | (331,217)                             | (252,227)                           |
| Trust services                   | (219,614)                             | (260,780)                           |
| Settlement and delivery services | (182,448)                             | (173,536)                           |
| Futures commission               | (146,151)                             | (119,324)                           |
| Others                           | <u>(466,391)</u>                      | <u>(430,526)</u>                    |
|                                  | <u>(2,755,561)</u>                    | <u>(2,786,185)</u>                  |
| Net amount                       | <u>\$ 13,878,860</u>                  | <u>\$ 16,992,115</u><br>(Concluded) |

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

|                                                                                                 | <b>For the Year Ended December 31</b> |                  |
|-------------------------------------------------------------------------------------------------|---------------------------------------|------------------|
|                                                                                                 | <b>2022</b>                           | <b>2021</b>      |
| Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss   |                                       |                  |
| Securities lending and short sales bonds under resell agreements transactions                   | \$ 1,594,816                          | \$ (54,892)      |
| Stocks                                                                                          | 108,933                               | 192,597          |
| Government bonds                                                                                | (572,879)                             | (153,711)        |
| Operating securities - hedging                                                                  | (589,538)                             | 1,177,670        |
| Corporate bonds                                                                                 | (774,312)                             | 107,082          |
| Operating securities - proprietary                                                              | (2,262,637)                           | 3,003,498        |
| Interest rate swap contracts                                                                    | 1,901,497                             | 1,206,643        |
| Futures contracts                                                                               | 345,668                               | (935,142)        |
| Issuance of call (put) warrants                                                                 | 168,835                               | (502,751)        |
| Currency swap contracts                                                                         | (221,876)                             | (80,910)         |
| Forward contracts                                                                               | (396,365)                             | (148,048)        |
| Asset swap contracts                                                                            | (555,418)                             | (1,313,425)      |
| Option contracts                                                                                | (758,933)                             | 74,469           |
| Others                                                                                          | <u>73,052</u>                         | <u>370,666</u>   |
|                                                                                                 | <u>(1,939,157)</u>                    | <u>2,943,746</u> |
| Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss |                                       |                  |
| Securities lending and short sales bonds under resell agreements transactions                   | 1,388,806                             | (526,508)        |
| Government bonds                                                                                | 180,034                               | (208,766)        |
| Stocks                                                                                          | (251,532)                             | (86,072)         |
| Corporate bonds                                                                                 | (828,383)                             | (70,551)         |
| Operating securities - proprietary                                                              | (2,404,446)                           | 312,227          |
| Interest rate swap contracts                                                                    | 2,761,904                             | (754,683)        |
| Asset swap contracts                                                                            | 811,587                               | 157,517          |
| Issuance of call (put) warrants                                                                 | 587,605                               | (26,245)         |
|                                                                                                 |                                       | (Continued)      |

|                         | <b>For the Year Ended December 31</b> |                     |
|-------------------------|---------------------------------------|---------------------|
|                         | <b>2022</b>                           | <b>2021</b>         |
| Currency swap contracts | \$ 341,107                            | \$ (51,020)         |
| Option contracts        | (889,562)                             | (20,912)            |
| Others                  | <u>(498,904)</u>                      | <u>41,624</u>       |
|                         | <u>1,198,216</u>                      | <u>(1,233,389)</u>  |
| Interest income         | <u>740,660</u>                        | <u>758,005</u>      |
| Dividend income         | <u>1,482,244</u>                      | <u>187,725</u>      |
|                         | <u>\$ 1,481,963</u>                   | <u>\$ 2,656,087</u> |
|                         |                                       | (Concluded)         |

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**

|                                               | <b>For the Year Ended December 31</b> |                     |
|-----------------------------------------------|---------------------------------------|---------------------|
|                                               | <b>2022</b>                           | <b>2021</b>         |
| Dividend revenues                             |                                       |                     |
| Held at the end of the reporting period       | \$ 1,455,059                          | \$ 809,310          |
| Disposed in the reporting period              | 123,121                               | 146,477             |
| Gain (loss) from disposal of debt instruments | <u>(309,994)</u>                      | <u>1,085,586</u>    |
|                                               | <u>\$ 1,268,186</u>                   | <u>\$ 2,041,373</u> |

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

|                                                                             | <b>For the Year Ended December 31</b> |                  |
|-----------------------------------------------------------------------------|---------------------------------------|------------------|
|                                                                             | <b>2022</b>                           | <b>2021</b>      |
| Reversal of impairment losses (impairment losses) on other financial assets | \$ (48,020)                           | \$ 41,795        |
| Others                                                                      | <u>31,792</u>                         | <u>8,158</u>     |
|                                                                             | <u>\$ (16,228)</u>                    | <u>\$ 49,953</u> |



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

|                                                      | <b>For the Year Ended December 31</b> |                   |
|------------------------------------------------------|---------------------------------------|-------------------|
|                                                      | <b>2022</b>                           | <b>2021</b>       |
| Securities lending                                   | \$ 553,561                            | \$ 332,247        |
| Operating assets rental income                       | 217,349                               | 204,789           |
| Stock affairs agent revenue                          | 130,681                               | 120,453           |
| Rental income                                        | 51,174                                | 54,288            |
| Transaction bonus                                    | 28,933                                | 46,151            |
| Insurance claims                                     | 3,569                                 | 30,295            |
| Expense arising from issuance of call (put) warrants | (169,805)                             | (205,843)         |
| Others                                               | <u>147,304</u>                        | <u>131,344</u>    |
|                                                      | <u>\$ 962,766</u>                     | <u>\$ 713,724</u> |

#### 41. EMPLOYEE BENEFITS EXPENSES

|                                               | <b>For the Year Ended December 31</b> |                      |
|-----------------------------------------------|---------------------------------------|----------------------|
|                                               | <b>2022</b>                           | <b>2021</b>          |
| Salaries and wages                            | \$ 13,252,894                         | \$ 13,908,778        |
| Labor insurance and national health insurance | 958,052                               | 906,983              |
| Pension costs                                 | 510,431                               | 504,103              |
| Cash-settled share-based payment transaction  | 50,230                                | 93,177               |
| Others                                        | <u>1,047,902</u>                      | <u>922,868</u>       |
|                                               | <u>\$ 15,819,509</u>                  | <u>\$ 16,335,909</u> |

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

For the years ended December 31, 2022 and 2021, the compensation were \$2,000, respectively, and the remuneration of directors were \$36,000, respectively. These amounts were estimated on the basis of the provisions of the Company's Articles of Incorporation and past experience.

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

The board of directors approved \$2,000 as employees' compensation and \$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 board of directors approved \$1,500 as employees' compensation and \$28,334 as remuneration of directors on January 29, 2021 and February 26, 2021, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash. The approval has been reported in the shareholders' meeting on July 20, 2021.

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

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

#### 42. DEPRECIATION AND AMORTIZATION EXPENSE

|                                  | <b>For the Year Ended December 31</b> |                     |
|----------------------------------|---------------------------------------|---------------------|
|                                  | <b>2022</b>                           | <b>2021</b>         |
| Depreciation expense             |                                       |                     |
| Land improvements                | \$ 451                                | \$ 332              |
| Buildings                        | 212,322                               | 203,836             |
| Machinery and computer equipment | 421,056                               | 370,316             |
| Transportation equipment         | 132,967                               | 148,132             |
| Other equipment                  | 127,885                               | 110,946             |
| Leasehold improvements           | 98,259                                | 91,755              |
| Right-of-use assets              | 932,606                               | 918,599             |
|                                  | <u>1,925,546</u>                      | <u>1,843,916</u>    |
| Amortization expense             | <u>381,622</u>                        | <u>350,189</u>      |
|                                  | <u>\$ 2,307,168</u>                   | <u>\$ 2,194,105</u> |

#### 43. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

|                        | <b>For the Year Ended December 31</b> |                     |
|------------------------|---------------------------------------|---------------------|
|                        | <b>2022</b>                           | <b>2021</b>         |
| Taxation and fees      | \$ 1,873,430                          | \$ 1,550,021        |
| Automated equipment    | 1,176,744                             | 1,096,744           |
| Professional advisory  | 753,709                               | 605,509             |
| Marketing              | 684,223                               | 555,805             |
| Location fee           | 464,104                               | 454,028             |
| Insurance              | 443,968                               | 384,919             |
| Communications expense | 423,087                               | 399,808             |
| Others                 | <u>1,450,707</u>                      | <u>1,250,281</u>    |
|                        | <u>\$ 7,269,972</u>                   | <u>\$ 6,297,115</u> |

#### 44. EARNINGS PER SHARE

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

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

**Dollars Per Share**

|             | <b>For the Year Ended December 31</b> |                |
|-------------|---------------------------------------|----------------|
|             | <b>2022</b>                           | <b>2021</b>    |
| Basic EPS   | \$ <u>1.40</u>                        | \$ <u>1.42</u> |
| Diluted EPS | \$ <u>1.40</u>                        | \$ <u>1.42</u> |

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

**Net Income**

|                                              | <b>For the Year Ended December 31</b> |                      |
|----------------------------------------------|---------------------------------------|----------------------|
|                                              | <b>2022</b>                           | <b>2021</b>          |
| Net income for calculating basic EPS         | \$ 15,961,000                         | \$ 16,211,005        |
| Effect of potentially dilutive common stock: |                                       |                      |
| Preferred shares                             | 998                                   | 888                  |
| Employee stock bonus                         | <u>-</u>                              | <u>-</u>             |
| Net income for calculating diluted EPS       | \$ <u>15,961,998</u>                  | \$ <u>16,211,893</u> |

**Shares****Shares in Thousands**

|                                                                                           | <b>For the Year Ended December 31</b> |                   |
|-------------------------------------------------------------------------------------------|---------------------------------------|-------------------|
|                                                                                           | <b>2022</b>                           | <b>2021</b>       |
| The weighted-average number of common stock outstanding in the computation of basic EPS   | 11,383,765                            | 11,383,765        |
| Effect of potentially dilutive common stock:                                              |                                       |                   |
| Preferred shares                                                                          | 10,000                                | 10,000            |
| Employee stock bonus                                                                      | <u>126</u>                            | <u>134</u>        |
| The weighted-average number of common stock outstanding in the computation of diluted EPS | <u>11,393,891</u>                     | <u>11,393,899</u> |

When calculating the EPS on the comparable period, the 2021 EPS was retrospectively adjusted for the effects of the bonus stock issuance on August 16, 2022. Thus, the basic EPS for the year ended December 31, 2021 decrease from 1.44 to 1.42, respectively, diluting earnings per share from 1.44 to 1.42, respectively.

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

## 45. RELATED-PARTY TRANSACTIONS

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

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

| 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)    |
| Centera Photonics Inc. (Centera Photonics)                                   | Affiliate of SinoPac Venture Capital's general manager           |
| High Entropy Materials, Inc. (High Entropy Materials)                        | Affiliate of SinoPac Venture Capital's general manager           |
| Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)                        | The Company's corporate director                                 |
| Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)                 | Affiliate of the Company's corporate director                    |
| Quanta Computer Inc. (Quanta Computer)                                       | Affiliate of the Company's director (before July 2022)           |
| Asia Cement Corporation (Asia Cement)                                        | Affiliate of the Company's director                              |
| Pegatron Corporation (Pegatron)                                              | Affiliate of the Company's director                              |
| President Chain Store Company (PCSC)                                         | Affiliate of Bank SinoPac's director                             |
| Uni-President Development Corp. (Uni-President Development)                  | Affiliate of Bank SinoPac's director                             |
| Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)                                | 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                        |
| Rakuten International Commercial Bank Co., Ltd. (Rakuten International Bank) | Affiliate of SPL's director (before November 2021)               |
| 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         |
| Kingstate Electronics Corporation (Kingstate Electronics)                    | Affiliate of second-degree kin of Bank SinoPac's manager         |

(Continued)

| <b>Related Party</b>                                                                                 | <b>Relationship with the Group</b>                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yong, Yu-Kang Construction Co., Ltd.<br>(Yong, Yu-Kang Construction)                                 | Affiliate of third-degree kin of Bank<br>SinoPac's manager                                                                                                                                                                                    |
| Froch Enterprise Co., Ltd. (Froch Enterprise)                                                        | Affiliate of second-degree-in-laws of Bank<br>SinoPac's manager                                                                                                                                                                               |
| Hao Yu Co., Ltd. (Hao Yu)                                                                            | Affiliate of second-degree-in-laws of Bank<br>SinoPac's manager                                                                                                                                                                               |
| Avision Inc. (Avision)                                                                               | Bank SinoPac holds more than 5% of the<br>capital of charitable trust entrusted assets                                                                                                                                                        |
| Elite Material Co., Ltd. (Elite Material)                                                            | Related party                                                                                                                                                                                                                                 |
| SinoPac Securities Investment Trust Funds                                                            | Related party                                                                                                                                                                                                                                 |
| TaiGen Biopharmaceuticals Holdings Limited (TaiGen<br>Biopharmaceuticals)                            | Related party                                                                                                                                                                                                                                 |
| Sun He Energy Co., Ltd. (Sun He Energy)                                                              | Related party                                                                                                                                                                                                                                 |
| Jhong Cing Investment Co., Ltd. (Jhong Cing<br>Investment)                                           | Related party                                                                                                                                                                                                                                 |
| E Ink Holdings Inc. (E Ink Holdings)                                                                 | Related party                                                                                                                                                                                                                                 |
| Hsin-Yi Foundation                                                                                   | Related party                                                                                                                                                                                                                                 |
| Transyork Technology (Yangzhou) Ltd. (Transyork<br>Technology (Yangzhou))                            | Related party                                                                                                                                                                                                                                 |
| China Color Printing Co., Ltd. (China Color Printing)                                                | Related party                                                                                                                                                                                                                                 |
| TaiGen Biotechnology Co., Ltd. (TaiGen<br>Biotechnology)                                             | Related party                                                                                                                                                                                                                                 |
| Dream Universe Limited                                                                               | Related party                                                                                                                                                                                                                                 |
| YFY Biotech Management Co., Ltd. (YFY Biotech<br>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<br>Enterprise)                                       | Related party                                                                                                                                                                                                                                 |
| YFY Investment Co., Ltd. (YFY Investment)                                                            | Related party                                                                                                                                                                                                                                 |
| Effion Enertech Co., Ltd. (Effion Enertech)                                                          | Related party                                                                                                                                                                                                                                 |
| Hoss Capital Inc. (Hoss Capital)                                                                     | Related party                                                                                                                                                                                                                                 |
| Shin Foong Specialty And Applied Materials Co., Ltd.<br>(Shin Foong Specialty And Applied Materials) | Related party                                                                                                                                                                                                                                 |
| Everterminal Co., Ltd. (Everterminal)                                                                | Related party                                                                                                                                                                                                                                 |
| Foundation of Fire Fighting Development                                                              | Related party                                                                                                                                                                                                                                 |
| Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics<br>(Yangzhou))                                   | Related party                                                                                                                                                                                                                                 |
| Transcend Optronics (Yangzhou) Co., Ltd. (Transcend<br>Optronics (Yangzhou))                         | Related party                                                                                                                                                                                                                                 |
| YFY Packaging Inc. (YFY Packaging)                                                                   | Related party                                                                                                                                                                                                                                 |
| Shen's Art Printing Co., Ltd. (Shen's Art Printing)                                                  | Related party                                                                                                                                                                                                                                 |
| Foongtone Technology Co., Ltd. (Foongtone<br>Technology)                                             | 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<br>and their relatives, department chiefs,<br>investments accounted for using equity<br>method and their subsidiaries, and investees<br>of the Company's other subsidiaries, etc.<br>(Concluded) |

b. Significant transactions with related parties

1) Cash and cash equivalents

|                                         | <b>December 31</b> |             |
|-----------------------------------------|--------------------|-------------|
|                                         | <b>2022</b>        | <b>2021</b> |
| SinoPac Securities and its subsidiaries |                    |             |
| Bank deposits                           |                    |             |
| Hua Nan Bank                            | \$ 871,711         | \$ 2,242    |
| Grand Bills Finance                     | 864,418            | -           |
| TAIFEX                                  | 340,179            | -           |
| SinoPac Venture Capital                 |                    |             |
| Bank deposits                           |                    |             |
| Others                                  | -                  | 20,334      |
| SinoPac Leasing and its subsidiaries    |                    |             |
| Bank deposits                           |                    |             |
| Others                                  | 69                 | 13          |

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

|                                   | <b>For the Year Ended December 31, 2022</b> |                              |                        |
|-----------------------------------|---------------------------------------------|------------------------------|------------------------|
|                                   | <b>Ending<br/>Balance</b>                   | <b>Interest Rate<br/>(%)</b> | <b>Interest Income</b> |
| Bank SinoPac and its subsidiaries |                                             |                              |                        |
| Call loans to banks               |                                             |                              |                        |
| Hua Nan Bank                      | \$ 1,226,221                                | 0.16-8.5                     | \$ 13,824              |
| Others                            | -                                           | 0.59                         | 68                     |
|                                   | <b>For the Year Ended December 31, 2021</b> |                              |                        |
|                                   | <b>Ending<br/>Balance</b>                   | <b>Interest Rate<br/>(%)</b> | <b>Interest Income</b> |
| Bank SinoPac and its subsidiaries |                                             |                              |                        |
| Call loans to banks               |                                             |                              |                        |
| Hua Nan Bank                      | \$ 553,791                                  | 0.025-2.2                    | \$ 1,579               |

3) Financial assets at fair value through profit or loss

|                                           | <b>December 31</b> |             |
|-------------------------------------------|--------------------|-------------|
|                                           | <b>2022</b>        | <b>2021</b> |
| SinoPac Securities and its subsidiaries   |                    |             |
| TAIFEX                                    | \$ 1,235,136       | \$ -        |
| Elite Material                            | 172,970            | 28,078      |
| SinoPac Securities Investment Trust Funds | 166,362            | 208,139     |
| Others                                    | 157,118            | 278,707     |
| SinoPac Securities Investment Trust       |                    |             |
| Others                                    | 8,424              | 9,481       |
| SinoPac Venture Capital                   |                    |             |
| Taigen Biopharmaceuticals                 | 347,437            | 316,472     |
| Centera Photonics                         | 22,568             | 104,269     |
| Others                                    | 188,414            | 186,059     |

#### 4) Derivative financial instruments

| December 31, 2022                       |                                  |                      |                              |                                                            |            |
|-----------------------------------------|----------------------------------|----------------------|------------------------------|------------------------------------------------------------|------------|
|                                         | Contract<br>(Notional)<br>Amount | Contract<br>Period   | Valuation<br>Gains or Losses | Account                                                    | Balance    |
| Bank SinoPac and its subsidiaries       |                                  |                      |                              |                                                            |            |
| Interest rate swap contracts            |                                  |                      |                              |                                                            |            |
| Hua Nan Bank                            | \$ 11,123,563                    | 2020.11.13-2032.3.16 | \$ 398,067                   | Financial assets at fair value through profit or loss      | \$ 473,707 |
| TAIFEX                                  | 3,150,000                        | 2022.7.27-2027.8.11  | 14,033                       | Financial assets at fair value through profit or loss      | 14,033     |
| TAIFEX                                  | 2,000,000                        | 2022.7.27-2023.7.27  | (3,610)                      | Financial liabilities at fair value through profit or loss | 3,610      |
| Forward contracts                       |                                  |                      |                              |                                                            |            |
| TGL                                     | 772,448                          | 2022.10.17-2023.7.13 | 16,430                       | Financial assets at fair value through profit or loss      | 16,430     |
| TGL                                     | 3,081,540                        | 2022.3.30-2023.6.16  | (128,889)                    | Financial liabilities at fair value through profit or loss | 128,889    |
| Currency swap contracts                 |                                  |                      |                              |                                                            |            |
| Hua Nan Bank                            | 1,843,413                        | 2021.11.11-2023.10.5 | 89,955                       | Financial assets at fair value through profit or loss      | 88,916     |
| Hua Nan Bank                            | 3,686,826                        | 2022.1.12-2023.4.20  | (237,148)                    | Financial liabilities at fair value through profit or loss | 237,148    |
| TGL                                     | 7,680,888                        | 2021.1.21-2023.4.14  | 78,444                       | Financial assets at fair value through profit or loss      | 74,865     |
| TGL                                     | 9,038,066                        | 2022.9.27-2023.3.1   | (236,918)                    | Financial liabilities at fair value through profit or loss | 236,918    |
| SinoPac Securities and its subsidiaries |                                  |                      |                              |                                                            |            |
| Asset exchange option contracts         |                                  |                      |                              |                                                            |            |
| Grand Bills Finance                     | 421,600                          | 2020.6.4-2024.8.3    | 49,062                       | Financial assets at fair value through profit or loss      | (54,643)   |
| December 31, 2021                       |                                  |                      |                              |                                                            |            |
|                                         | Contract<br>(Notional)<br>Amount | Contract<br>Period   | Valuation<br>Gains or Losses | Account                                                    | Balance    |
| Bank SinoPac and its subsidiaries       |                                  |                      |                              |                                                            |            |
| Interest rate swap contracts            |                                  |                      |                              |                                                            |            |
| Hua Nan Bank                            | \$ 8,898,000                     | 2020.11.13-2031.11.4 | \$ 81,345                    | Financial assets at fair value through profit or loss      | \$ 89,414  |
| Currency swap contracts                 |                                  |                      |                              |                                                            |            |
| Hua Nan Bank                            | 830,687                          | 2021.10.5-2022.7.15  | 10,704                       | Financial assets at fair value through profit or loss      | 10,704     |
| Hua Nan Bank                            | 553,791                          | 2021.11.11-2023.9.28 | (1,039)                      | Financial liabilities at fair value through profit or loss | 1,039      |
| SinoPac Securities and its subsidiaries |                                  |                      |                              |                                                            |            |
| Asset exchange option                   |                                  |                      |                              |                                                            |            |
| Grand Bills Finance                     | 242,800                          | 2020.6.4-2024.8.3    | (5,582)                      | Financial liabilities at fair value through profit or loss | 24,271     |

5) Financial assets at fair value through other comprehensive income

|                                         | <b>December 31</b> |             |
|-----------------------------------------|--------------------|-------------|
|                                         | <b>2022</b>        | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                    |             |
| Equity instruments                      |                    |             |
| TAIFEX                                  | \$ 333,886         | \$ 410,315  |
| PCSC                                    | 207,808            | -           |
| Quanta Computer                         | -                  | 311,563     |
| Others                                  | 23,032             | 19,659      |
| SinoPac Securities and its subsidiaries |                    |             |
| Equity instruments                      |                    |             |
| TAIFEX                                  | 313,852            | 385,696     |
| Chunghwa Telecom                        | 253,685            | 289,503     |
| TWSE                                    | -                  | 767,936     |
| Elite Material                          | -                  | 166,800     |
| Others                                  | -                  | 71,783      |
| SinoPac Venture Capital                 |                    |             |
| Equity instruments                      |                    |             |
| Sun He Energy                           | 109,690            | 107,393     |
| Others                                  | 71,559             | 78,987      |

6) Securities purchased under resell agreements

|                                         | <b>December 31, 2022</b> |                        | <b>For the Year Ended December 31, 2022</b> |
|-----------------------------------------|--------------------------|------------------------|---------------------------------------------|
|                                         | <b>Face Amount</b>       | <b>Carrying Amount</b> | <b>Interest Income</b>                      |
| Bank SinoPac and its subsidiaries       |                          |                        |                                             |
| Others                                  | \$ -                     | \$ -                   | \$ 14                                       |
| SinoPac Securities and its subsidiaries |                          |                        |                                             |
| Grand Bills Finance                     | 399,406                  | 351,154                | 14,681                                      |
| Others                                  | 153,945                  | 85,559                 | 3,226                                       |
|                                         | <b>December 31, 2021</b> |                        | <b>For the Year Ended December 31, 2021</b> |
|                                         | <b>Face Amount</b>       | <b>Carrying Amount</b> | <b>Interest Income</b>                      |
| Bank SinoPac and its subsidiaries       |                          |                        |                                             |
| Others                                  | \$ -                     | \$ -                   | \$ 10                                       |
| SinoPac Securities and its subsidiaries |                          |                        |                                             |
| Grand Bills Finance                     | 692,239                  | 690,896                | 3,192                                       |
| Others                                  | 388,964                  | 227,295                | 3,585                                       |



7) Receivables

|                                         | <b>December 31</b> |             |
|-----------------------------------------|--------------------|-------------|
|                                         | <b>2022</b>        | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                    |             |
| Others                                  | \$ 267,276         | \$ 289,400  |
| SinoPac Securities and its subsidiaries |                    |             |
| Others                                  | 51,626             | 61,244      |
| SinoPac Securities Investment Trust     |                    |             |
| Others                                  | 18,992             | 16,892      |
| SinoPac Leasing and its subsidiaries    |                    |             |
| Others                                  | 3                  | 34          |

8) Loans

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

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

| <b>Category</b>           | <b>December 31, 2022</b>                               |                            |                           |               |                |                                                               |                                                                               |
|---------------------------|--------------------------------------------------------|----------------------------|---------------------------|---------------|----------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|
|                           | <b>Account Volume<br/>or Name of<br/>Related Party</b> | <b>Highest<br/>Balance</b> | <b>Ending<br/>Balance</b> | <b>Normal</b> | <b>Overdue</b> | <b>Type of Collaterals</b>                                    | <b>Is the<br/>Transaction<br/>at Arm's<br/>Length<br/>Commercial<br/>Term</b> |
| 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 Year Ended December 31, 2021**

|       | <b>Ending<br/>Balance</b> | <b>Highest<br/>Balance</b> | <b>Interest/<br/>Fee Rates (%)</b> | <b>Interest<br/>Income</b> |
|-------|---------------------------|----------------------------|------------------------------------|----------------------------|
| Loans | <u>\$ 9,702,215</u>       | <u>\$ 10,756,148</u>       | 0-12.9                             | <u>\$ 116,883</u>          |

| Category                  | December 31, 2021                       |                 |                |        |         |                                                               |                                                    |
|---------------------------|-----------------------------------------|-----------------|----------------|--------|---------|---------------------------------------------------------------|----------------------------------------------------|
|                           | Account Volume or Name of Related Party | Highest Balance | Ending Balance | Normal | Overdue | Type of Collaterals                                           | Is the Transaction at Arm's Length Commercial Term |
| Employees' consumer loans | 266                                     | \$ 458,173      | \$ 418,550     | V      | -       | None                                                          | Yes                                                |
| Household mortgage loans  | 1,124                                   | 6,735,921       | 6,371,257      | V      | -       | Real estate                                                   | Yes                                                |
| Others:                   |                                         |                 |                |        |         |                                                               |                                                    |
|                           | Avision                                 | 98,023          | -              | V      | -       | Real estate                                                   | Yes                                                |
|                           | Jhong Cing Investment                   | 59,051          | 58,160         | V      | -       | Real estate                                                   | Yes                                                |
|                           | Kim Great                               | 46,474          | 43,566         | V      | -       | Real estate                                                   | Yes                                                |
|                           | Evercast Precision                      | 44,674          | 32,472         | V      | -       | Real estate                                                   | Yes                                                |
|                           | Kingstate Electronics                   | 25,000          | -              | V      | -       | None, Note 1                                                  | Yes                                                |
|                           | Hao Yu                                  | 11,600          | -              | V      | -       | Real estate                                                   | Yes                                                |
|                           | Hao-Xin-Di                              | 8,542           | 7,689          | V      | -       | Real estate                                                   | Yes                                                |
|                           | Hotai Investment                        | 3,231           | 2,406          | V      | -       | Vehicle                                                       | Yes                                                |
|                           | Zetai Investment                        | 1,400           | 1,225          | V      | -       | Vehicle                                                       | Yes                                                |
|                           | Others                                  | 3,264,059       | 2,766,850      | V      | -       | Real estate, certificates of deposits, securities and vehicle | Yes                                                |
|                           | Others subtotal                         | 3,562,054       | 2,912,368      |        |         |                                                               |                                                    |
|                           | Total                                   | \$ 10,756,148   | \$ 9,702,175   |        |         |                                                               |                                                    |

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

##### 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          |      |

##### December 31, 2021

None.

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

#### 10) Property and equipment

In the years ended December 31, 2022 and 2021, Bank SinoPac and its subsidiaries purchased property and equipment from its related parties for a total price of \$27,473 and \$29,580, respectively, recognized as machinery and computer equipment and prepayments for equipment.

In the years ended December 31, 2022 and 2021, SinoPac Securities and its subsidiaries purchased property and equipment from its related parties for a total price of \$453 and \$2,582, respectively, and recognized as machinery and computer equipment and prepayments for equipment.

## 11) Intangible assets

In the year ended December 31, 2022, the Company purchased computer software from its related parties for a total price of \$216, recognized as intangible assets. (In the year ended December 31, 2021: None)

In the years ended December 31, 2022 and 2021, Bank SinoPac and its subsidiaries purchased computer software from its related parties for a total price of \$36,372 and \$27,355, respectively, recognized as intangible assets.

In the years ended December 31, 2022 and 2021, SinoPac Securities and its subsidiaries purchased computer software from its related parties for a total price of \$3,819 and \$2,141, respectively, recognized as intangible assets.

## 12) Other assets

|                                         | <b>December 31</b> |             |
|-----------------------------------------|--------------------|-------------|
|                                         | <b>2022</b>        | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                    |             |
| Guarantee deposits                      |                    |             |
| Others                                  | \$ 1,157           | \$ 1,455    |
| Prepayments                             |                    |             |
| Others                                  | 17                 | 23          |
| SinoPac Securities and its subsidiaries |                    |             |
| Clearing and settlement fund            |                    |             |
| TAIFEX                                  | 224,818            | 141,693     |
| TWSE                                    | -                  | 125,571     |
| Guarantee deposits                      |                    |             |
| Others                                  | 2,330              | 2,636       |
| Prepayment                              |                    |             |
| Others                                  | 573                | 1,182       |
| Temporary payment                       |                    |             |
| Others                                  | 240                | -           |
| Securities borrowing margins            |                    |             |
| TWSE                                    | -                  | 1,424,003   |
| SinoPac Securities Investment Trust     |                    |             |
| Guarantee deposits                      |                    |             |
| Others                                  | 11                 | 11          |
| SinoPac Leasing and its subsidiaries    |                    |             |
| Guarantee deposits                      |                    |             |
| Others                                  | 640                | 630         |
| Prepayments                             |                    |             |
| Others                                  | 20                 | 29          |

Bank SinoPac and its subsidiaries signed an agreement with other related parties for the purchase. Bank SinoPac and its subsidiaries paid \$27,412 and \$45,652 for the years ended December 31, 2022 and 2021, respectively, which were recognized as prepayments (other assets) or operating expenses.

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

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

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

13) Notes and bonds transaction

|                                         | <b>For the Year Ended<br/>December 31, 2022</b> |                                    |
|-----------------------------------------|-------------------------------------------------|------------------------------------|
|                                         | <b>Purchase of<br/>Notes and<br/>Bonds</b>      | <b>Sell of Notes<br/>and Bonds</b> |
| Bank SinoPac and its subsidiaries       |                                                 |                                    |
| Quanta Computer                         | \$ 999,768                                      | \$ 999,981                         |
| SinoPac Securities and its subsidiaries |                                                 |                                    |
| Grand Bills Finance                     | 30,756,599                                      | 29,892,181                         |
| Hua Nan Bank                            | 8,615,896                                       | 7,746,623                          |
| Chunghwa Telecom                        | 500,000                                         | -                                  |
| Others                                  | 13,844                                          | 12,145                             |
|                                         |                                                 |                                    |
|                                         | <b>For the Year Ended<br/>December 31, 2021</b> |                                    |
|                                         | <b>Purchase of<br/>Notes and<br/>Bonds</b>      | <b>Sell of Notes<br/>and Bonds</b> |
| Bank SinoPac and its subsidiaries       |                                                 |                                    |
| Hua Nan Bank                            | \$ -                                            | \$ 5,003,395                       |
| SinoPac Securities and its subsidiaries |                                                 |                                    |
| Grand Bills Finance                     | 17,737,515                                      | 7,400,000                          |
| Hua Nan Bank                            | 7,144,858                                       | 10,200,000                         |
| Rakuten International Bank              | -                                               | 2,064,768                          |
| Asia Cement                             | -                                               | 400,000                            |
| Others                                  | 67,734                                          | 11,671                             |

14) Deposits from the Central Bank and banks

|                                   | <b>December 31, 2022</b>  |                              | <b>For the Year<br/>Ended<br/>December 31,<br/>2022</b> |
|-----------------------------------|---------------------------|------------------------------|---------------------------------------------------------|
|                                   | <b>Ending<br/>Balance</b> | <b>Interest Rate<br/>(%)</b> | <b>Interest<br/>Expense</b>                             |
| Bank SinoPac and its subsidiaries |                           |                              |                                                         |
| Hua Nan Bank                      | \$ 1,228,942              | 0.11-5.35                    | \$ 15,588                                               |
|                                   |                           |                              |                                                         |
|                                   | <b>December 31, 2021</b>  |                              | <b>For the Year<br/>Ended<br/>December 31,<br/>2021</b> |
|                                   | <b>Ending<br/>Balance</b> | <b>Interest Rate<br/>(%)</b> | <b>Interest<br/>Expense</b>                             |
| Bank SinoPac and its subsidiaries |                           |                              |                                                         |
| Hua Nan Bank                      | \$ 913,755                | 0.09-1.30                    | \$ 792                                                  |

15) Securities sold under repurchase agreements

|                                         | <b>December 31, 2022</b> |                        | <b>For the Year Ended December 31, 2022</b> |
|-----------------------------------------|--------------------------|------------------------|---------------------------------------------|
|                                         | <b>Face Amount</b>       | <b>Carrying Amount</b> | <b>Interest Expense</b>                     |
| SinoPac Securities and its subsidiaries |                          |                        |                                             |
| Others                                  | \$ -                     | \$ -                   | \$ 941                                      |
|                                         |                          |                        |                                             |
|                                         | <b>December 31, 2021</b> |                        | <b>For the Year Ended December 31, 2021</b> |
|                                         | <b>Face Amount</b>       | <b>Carrying Amount</b> | <b>Interest Expense</b>                     |
| SinoPac Securities and its subsidiaries |                          |                        |                                             |
| Others                                  | \$ 57,191                | \$ 58,088              | \$ 1,602                                    |

16) Commercial papers payable

|                                         | <b>December 31, 2022</b> |                          | <b>For the Year Ended December 31, 2022</b> |
|-----------------------------------------|--------------------------|--------------------------|---------------------------------------------|
|                                         | <b>Face Amount</b>       | <b>Interest Rate (%)</b> | <b>Interest Expense</b>                     |
| The Company                             |                          |                          |                                             |
| Others                                  | \$ -                     | 0.7347                   | \$ 84                                       |
| SinoPac Securities and its subsidiaries |                          |                          |                                             |
| Others                                  | -                        | 0.35-1.29                | 10,628                                      |
| SinoPac Leasing and its subsidiaries    |                          |                          |                                             |
| Grand Bills Finance                     | 100,000                  | 0.4780-1.588             | 3,070                                       |
|                                         |                          |                          |                                             |
|                                         | <b>December 31, 2021</b> |                          | <b>For the Year Ended December 31, 2021</b> |
|                                         | <b>Face Amount</b>       | <b>Interest Rate (%)</b> | <b>Interest Expense</b>                     |
| The Company                             |                          |                          |                                             |
| Grand Bills Finance                     | \$ 700,000               | 0.308-0.7563             | \$ 5,664                                    |
| SinoPac Securities and its subsidiaries |                          |                          |                                             |
| Grand Bills Finance                     | 2,950,000                | 0.36-0.42                | 5,614                                       |
| Hua Nan Bank                            | 600,000                  | 0.39                     | 3,224                                       |
| SinoPac Leasing and its subsidiaries    |                          |                          |                                             |
| Grand Bills Finance                     | 850,000                  | 0.318-1.00               | 1,322                                       |

17) Payables

|                                         | <b>December 31</b> |             |
|-----------------------------------------|--------------------|-------------|
|                                         | <b>2022</b>        | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                    |             |
| Others                                  | \$ 13,113          | \$ 3,282    |
| SinoPac Securities and its subsidiaries |                    |             |
| Others                                  | 34,874             | 72,636      |
| SinoPac Leasing and its subsidiaries    |                    |             |
| Others                                  | -                  | 9           |

18) Deposits

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

|        | <b>December 31, 2021</b> |                          | <b>For the Year Ended December 31, 2021</b> |
|--------|--------------------------|--------------------------|---------------------------------------------|
|        | <b>Ending Balance</b>    | <b>Interest Rate (%)</b> | <b>Interest Expense</b>                     |
| Others | \$ 47,186,687            | 0-13                     | \$ 249,493                                  |

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 years ended December 31, 2022 and 2021 in the amount of \$47,653 and \$15,660, respectively.

20) Other financial liabilities

|                                         | <b>December 31</b> |             |
|-----------------------------------------|--------------------|-------------|
|                                         | <b>2022</b>        | <b>2021</b> |
| SinoPac Securities and its subsidiaries |                    |             |
| Futures traders' equity                 |                    |             |
| Others                                  | \$ 50,156          | \$ 45,919   |

21) Lease

|                                                     | <b>December 31</b> |             |
|-----------------------------------------------------|--------------------|-------------|
|                                                     | <b>2022</b>        | <b>2021</b> |
| Bank SinoPac and its subsidiaries as a lessee       |                    |             |
| Right-of-use assets, net                            |                    |             |
| Chunghwa Telecom                                    | \$ 63,384          | \$ 108,126  |
| Others                                              | 10,088             | 13,451      |
| Lease liabilities                                   |                    |             |
| Chunghwa Telecom                                    | 64,523             | 109,522     |
| Others                                              | 10,147             | 13,479      |
| SinoPac Securities and its subsidiaries as a lessee |                    |             |
| Right-of-use assets, net                            |                    |             |
| Others                                              | 4,387              | 390         |
| Lease liabilities                                   |                    |             |
| Others                                              | 4,399              | 394         |
| SinoPac Leasing and its subsidiaries as a lessee    |                    |             |
| Right-of-use assets, net                            |                    |             |
| Others                                              | 7,186              | 10,779      |
| Lease liabilities                                   |                    |             |
| Others                                              | 7,362              | 10,954      |

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 years ended December 31, 2022 and 2021, refer to Note 45,b. 23, 24 and 29.

22) Other liabilities

|                                          | <b>December 31</b> |             |
|------------------------------------------|--------------------|-------------|
|                                          | <b>2022</b>        | <b>2021</b> |
| Bank SinoPac and its subsidiaries        |                    |             |
| Guarantee deposits received              |                    |             |
| Others                                   | \$ 1,587           | \$ 1,515    |
| SinoPac Securities Investment Trust      |                    |             |
| Temporary receipts and suspense accounts |                    |             |
| Others                                   | 10                 | -           |

23) Interest income

|                                         | <b>For the Year Ended December 31</b> |             |
|-----------------------------------------|---------------------------------------|-------------|
|                                         | <b>2022</b>                           | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                                       |             |
| Others                                  | \$ 6                                  | \$ 6        |
| SinoPac Securities and its subsidiaries |                                       |             |
| Others                                  | 8,669                                 | 3,449       |
| SinoPac Venture Capital                 |                                       |             |
| Others                                  | 1                                     | 33          |
| SinoPac Leasing and its subsidiaries    |                                       |             |
| Others                                  | 11                                    | 14          |

24) Interest expense

|                                         | <b>For the Year Ended December 31</b> |             |
|-----------------------------------------|---------------------------------------|-------------|
|                                         | <b>2022</b>                           | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                                       |             |
| Others                                  | \$ 977                                | \$ 1,450    |
| SinoPac Securities and its subsidiaries |                                       |             |
| Others                                  | 61                                    | 12          |
| SinoPac Leasing and its subsidiaries    |                                       |             |
| Others                                  | 197                                   | 427         |

25) Service fee and commissions income, net

|                                           | <b>For the Year Ended December 31</b> |             |
|-------------------------------------------|---------------------------------------|-------------|
|                                           | <b>2022</b>                           | <b>2021</b> |
| Bank SinoPac and its subsidiaries         |                                       |             |
| Fee revenues                              |                                       |             |
| Others                                    | \$ 20,117                             | \$ 13,937   |
| Fee expenses                              |                                       |             |
| Others                                    | 15,000                                | 6,706       |
| SinoPac Securities and its subsidiaries   |                                       |             |
| Fee revenues                              |                                       |             |
| Others                                    | 35,093                                | 49,880      |
| Fee expenses                              |                                       |             |
| TAIFEX                                    | 451,519                               | 222,539     |
| TWSE                                      | 142,605                               | 486,207     |
| Others                                    | 8,539                                 | 13,840      |
| SinoPac Leasing and its subsidiaries      |                                       |             |
| Fee expenses                              |                                       |             |
| Others                                    | -                                     | 1           |
| SinoPac Securities Investment Trust       |                                       |             |
| Fee revenues                              |                                       |             |
| SinoPac Securities Investment Trust Funds | 203,977                               | 184,701     |

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

|                                         | <b>For the Year Ended December 31</b> |             |
|-----------------------------------------|---------------------------------------|-------------|
|                                         | <b>2022</b>                           | <b>2021</b> |
| SinoPac Securities and its subsidiaries |                                       |             |
| Others                                  | \$ 20,410                             | \$ 3,721    |
| SinoPac Securities Investment Trust     |                                       |             |
| Others                                  | (736)                                 | (45)        |
| SinoPac Venture Capital                 |                                       |             |
| Others                                  | 22,512                                | 12,729      |



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

|                                         | <b>For the Year Ended December 31</b> |             |
|-----------------------------------------|---------------------------------------|-------------|
|                                         | <b>2022</b>                           | <b>2021</b> |
| Bank SinoPac and its subsidiaries       |                                       |             |
| Others                                  | \$ 25,847                             | \$ 35,070   |
| SinoPac Securities and its subsidiaries |                                       |             |
| Others                                  | 28,719                                | 38,216      |
| SinoPac Venture Capital                 |                                       |             |
| Others                                  | 1,799                                 | 1,859       |

28) Net other revenue other than interest income

|                                                  | <b>For the Year Ended December 31</b> |             |
|--------------------------------------------------|---------------------------------------|-------------|
|                                                  | <b>2022</b>                           | <b>2021</b> |
| Bank SinoPac and its subsidiaries                |                                       |             |
| Operating assets rental revenue                  |                                       |             |
| Others                                           | \$ 9,552                              | \$ 9,122    |
| Other revenues                                   |                                       |             |
| Others                                           | 1,777                                 | 1,851       |
| SinoPac Securities and its subsidiaries          |                                       |             |
| Stock affairs agent revenue                      |                                       |             |
| Others                                           | 16,272                                | 13,815      |
| Expenses on issuance of call (put) warrants      |                                       |             |
| TWSE                                             | 59,943                                | 138,317     |
| Other net revenues                               |                                       |             |
| Funds managed by SinoPac Asset Management (Asia) | 113,051                               | 141,083     |
| Others                                           | 4,471                                 | 3,326       |
| SinoPac Venture Capital                          |                                       |             |
| Other revenues                                   |                                       |             |
| Others                                           | 151                                   | 138         |
| SinoPac Leasing and its subsidiaries             |                                       |             |
| Other expenses                                   |                                       |             |
| Others                                           | 116                                   | 422         |

29) Operating expenses

|                                         | <b>For the Year Ended December 31</b> |             |
|-----------------------------------------|---------------------------------------|-------------|
|                                         | <b>2022</b>                           | <b>2021</b> |
| The Company                             |                                       |             |
| Others                                  | \$ 6,351                              | \$ 6,220    |
| Bank SinoPac and its subsidiaries       |                                       |             |
| Others                                  | 270,888                               | 237,945     |
| SinoPac Securities and its subsidiaries |                                       |             |
| Chunghwa Telecom                        | 105,111                               | 124,816     |
| Others                                  | 84,431                                | 92,615      |
| SinoPac Securities Investment Trust     |                                       |             |
| Others                                  | 4,505                                 | 3,000       |
| SinoPac Venture Capital                 |                                       |             |
| Others                                  | 59                                    | 53          |
| SinoPac Leasing and its subsidiaries    |                                       |             |
| Others                                  | 6,547                                 | 6,660       |

### 30) Other transactions

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

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

### 31) Compensation of key management personnel

|                              | <b>For the Year Ended December 31</b> |                   |
|------------------------------|---------------------------------------|-------------------|
|                              | <b>2022</b>                           | <b>2021</b>       |
| Short-term employee benefits | \$ 271,784                            | \$ 262,931        |
| Post-employment benefits     | <u>15,906</u>                         | <u>13,918</u>     |
|                              | <u>\$ 287,690</u>                     | <u>\$ 276,849</u> |

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

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

#### Bank SinoPac and its subsidiaries

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

|                                    | <b>For the Year Ended December 31, 2022</b> |                              |                            |
|------------------------------------|---------------------------------------------|------------------------------|----------------------------|
|                                    | <b>Ending<br/>Balance</b>                   | <b>Interest Rate<br/>(%)</b> | <b>Interest<br/>Income</b> |
| Call loans to bank<br>Hua Nan Bank | \$ 1,226,221                                | 0.16-8.5                     | \$ 13,824                  |
|                                    | <b>For the Year Ended December 31, 2021</b> |                              |                            |
|                                    | <b>Ending<br/>Balance</b>                   | <b>Interest Rate<br/>(%)</b> | <b>Interest<br/>Income</b> |
| Call loans to bank<br>Hua Nan Bank | \$ 553,791                                  | 0.025-2.2                    | \$ 1,579                   |

## 2) Derivative financial instruments

| December 31, 2022            |                                  |                          |                              |                                                               |          |
|------------------------------|----------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|----------|
|                              | Contract<br>(Notional)<br>Amount | Contract<br>Period       | Valuation<br>Gains or Losses | Account                                                       | Balance  |
| Interest rate swap contracts |                                  |                          |                              |                                                               |          |
| SinoPac Securities           | \$ 675,000                       | 2020.8.3-<br>2024.8.12   | \$ (4,566)                   | Financial liabilities at fair<br>value through profit or loss | \$ 7,122 |
| Hua Nan Bank                 | 11,123,563                       | 2020.11.13-<br>2032.3.16 | 398,067                      | Financial assets at fair value<br>through profit or loss      | 473,707  |
| TAIFEX                       | 3,150,000                        | 2022.7.27-<br>2027.8.11  | 14,033                       | Financial assets at fair value<br>through profit or loss      | 14,033   |
| TAIFEX                       | 2,000,000                        | 2022.7.27-<br>2023.7.27  | (3,610)                      | Financial liabilities at fair<br>value through profit or loss | 3,610    |
| Forward contracts            |                                  |                          |                              |                                                               |          |
| TGL                          | 772,448                          | 2022.10.17-<br>2023.7.13 | 16,430                       | Financial assets at fair value<br>through profit or loss      | 16,430   |
| TGL                          | 3,081,540                        | 2022.3.30-<br>2023.6.16  | (128,889)                    | Financial liabilities at fair<br>value through profit or loss | 128,889  |
| Currency swap contracts      |                                  |                          |                              |                                                               |          |
| Hua Nan Bank                 | 1,843,413                        | 2021.11.11-<br>2023.10.5 | 89,955                       | Financial assets at fair value<br>through profit or loss      | 88,916   |
| Hua Nan Bank                 | 3,686,826                        | 2022.1.12-<br>2023.4.20  | (237,148)                    | Financial liabilities at fair<br>value through profit or loss | 237,148  |
| TGL                          | 7,680,888                        | 2021.1.21-<br>2023.4.14  | 78,444                       | Financial assets at fair value<br>through profit or loss      | 74,865   |
| TGL                          | 9,038,066                        | 2022.9.27-<br>2023.3.1   | (236,918)                    | Financial liabilities at fair<br>value through profit or loss | 236,918  |
| December 31, 2021            |                                  |                          |                              |                                                               |          |
|                              | Contract<br>(Notional)<br>Amount | Contract<br>Period       | Valuation<br>Gains or Losses | Account                                                       | Balance  |
| Interest rate swap contracts |                                  |                          |                              |                                                               |          |
| SinoPac Securities           | \$ 500,000                       | 2020.3.9-<br>2022.3.9    | \$ (544)                     | Financial assets at fair value<br>through profit or loss      | \$ 160   |
| SinoPac Securities           | 675,000                          | 2020.8.3-<br>2024.8.12   | (1,256)                      | Financial liabilities at fair<br>value through profit or loss | 2,555    |
| Hua Nan Bank                 | 8,898,000                        | 2020.11.13-<br>2031.11.4 | 81,345                       | Financial assets at fair value<br>through profit or loss      | 89,414   |
| Currency swap contracts      |                                  |                          |                              |                                                               |          |
| SinoPac Securities           | 956,800                          | 2021.9.9-<br>2022.5.12   | 9,116                        | Financial assets at fair value<br>through profit or loss      | 9,116    |
| Hua Nan Bank                 | 830,687                          | 2021.10.5-<br>2022.7.15  | 10,704                       | Financial assets at fair value<br>through profit or loss      | 10,704   |
| Hua Nan Bank                 | 553,791                          | 2021.11.11-<br>2023.9.28 | (1,039)                      | Financial liabilities at fair<br>value through profit or loss | 1,039    |

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

| December 31        |            |            |  |
|--------------------|------------|------------|--|
|                    | 2022       | 2021       |  |
| Equity instruments |            |            |  |
| TAIFEX             | \$ 333,886 | \$ 410,315 |  |
| PCSC               | 207,808    | -          |  |
| Quanta Computer    | -          | 311,563    |  |

## 4) Current income tax assets and liabilities

| December 31                                    |                     |                     |
|------------------------------------------------|---------------------|---------------------|
|                                                | 2022                | 2021                |
| Receivable from adopting the linked-tax system | <u>\$ 1,055,020</u> | <u>\$ 1,055,020</u> |
| Payable from adopting the linked-tax system    | <u>\$ 989,706</u>   | <u>\$ 586,906</u>   |

5) Loans

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

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

| <b>Category</b>           | <b>December 31, 2022</b>                               |                            |                           |               |                |                                                               |                                                                               |
|---------------------------|--------------------------------------------------------|----------------------------|---------------------------|---------------|----------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|
|                           | <b>Account Volume<br/>or Name of<br/>Related Party</b> | <b>Highest<br/>Balance</b> | <b>Ending<br/>Balance</b> | <b>Normal</b> | <b>Overdue</b> | <b>Type of Collaterals</b>                                    | <b>Is the<br/>Transaction<br/>at Arm's<br/>Length<br/>Commercial<br/>Term</b> |
| 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 Year Ended December 31, 2021**

| <b>Ending<br/>Balance</b> | <b>Highest<br/>Balance</b> | <b>Interest/<br/>Fee Rates (%)</b> | <b>Interest<br/>Income</b> |
|---------------------------|----------------------------|------------------------------------|----------------------------|
| <u>\$ 9,702,175</u>       | <u>\$ 11,726,148</u>       | 0-12.9                             | <u>\$ 123,524</u>          |

| Category                  | December 31, 2021                       |                 |                |        |         |                                                               |                                                    |
|---------------------------|-----------------------------------------|-----------------|----------------|--------|---------|---------------------------------------------------------------|----------------------------------------------------|
|                           | Account Volume or Name of Related Party | Highest Balance | Ending Balance | Normal | Overdue | Type of Collaterals                                           | Is the Transaction at Arm's Length Commercial Term |
| Employees' consumer loans | 266                                     | \$ 458,173      | \$ 418,550     | V      | -       | None                                                          | Yes                                                |
| Household mortgage loans  | 1,124                                   | 6,735,921       | 6,371,257      | V      | -       | Real estate                                                   | Yes                                                |
| Others:                   |                                         |                 |                |        |         |                                                               |                                                    |
|                           | SPL                                     | 970,000         | -              | V      | -       | Real estate                                                   | Yes                                                |
|                           | Avision                                 | 98,023          | -              | V      | -       | Real estate                                                   | Yes                                                |
|                           | Jhong Cing Investment                   | 59,051          | 58,160         | V      | -       | Real estate                                                   | Yes                                                |
|                           | Kim Great                               | 46,474          | 43,566         | V      | -       | Real estate                                                   | Yes                                                |
|                           | Evercast Precision                      | 44,674          | 32,472         | V      | -       | Real estate                                                   | Yes                                                |
|                           | Kingstate Electronics                   | 25,000          | -              | V      | -       | None, Note 1                                                  | Yes                                                |
|                           | Hao Yu                                  | 11,600          | -              | V      | -       | Real estate                                                   | Yes                                                |
|                           | Hao-Xin-Di                              | 8,542           | 7,689          | V      | -       | Real estate                                                   | Yes                                                |
|                           | Hotai Investment                        | 3,231           | 2,406          | V      | -       | Vehicle                                                       | Yes                                                |
|                           | Zetai Investment                        | 1,400           | 1,225          | V      | -       | Vehicle                                                       | Yes                                                |
|                           | Others                                  | 3,264,059       | 2,766,850      | V      | -       | Real estate, certificates of deposits, securities and vehicle | Yes                                                |
|                           | Others subtotal                         | 4,532,054       | 2,912,368      |        |         |                                                               |                                                    |
|                           | Total                                   | \$ 11,726,148   | \$ 9,702,175   |        |         |                                                               |                                                    |

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

December 31, 2022

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

December 31, 2021

None.

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

#### 7) Notes and bonds transaction

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

|                    | Purchase of Notes and Bonds | Sell of Notes and Bonds |
|--------------------|-----------------------------|-------------------------|
| Quanta Computer    | \$ 999,768                  | \$ 999,981              |
| SinoPac Securities | -                           | 7,000,000               |

|                    | <b>For the Year Ended December 31,<br/>2021</b> |                                    |
|--------------------|-------------------------------------------------|------------------------------------|
|                    | <b>Purchase of<br/>Notes and<br/>Bonds</b>      | <b>Sell of Notes<br/>and Bonds</b> |
| SPH                | \$ 3,500,000                                    | \$ -                               |
| SinoPac Securities | -                                               | 10,200,000                         |
| Hua Nan Bank       | -                                               | 5,003,395                          |

8) Deposits from the Central Bank and banks

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

|              | <b>December 31, 2021</b> |                               | <b>For the Year<br/>Ended<br/>December 31,<br/>2021</b> |
|--------------|--------------------------|-------------------------------|---------------------------------------------------------|
|              | <b>Ending Balance</b>    | <b>Interest Rates<br/>(%)</b> | <b>Interest<br/>Expense</b>                             |
| Hua Nan Bank | <u>\$ 913,755</u>        | 0.09-1.30                     | <u>\$ 792</u>                                           |

9) Payables

|                                      | <b>December 31</b>  |                     |
|--------------------------------------|---------------------|---------------------|
|                                      | <b>2022</b>         | <b>2021</b>         |
| Cash dividend payable to the Company | <u>\$ 1,435,025</u> | <u>\$ 1,435,025</u> |

10) Deposits

|                                 | <b>December 31, 2022</b> |                               |
|---------------------------------|--------------------------|-------------------------------|
|                                 | <b>Ending Balance</b>    | <b>Interest Rates<br/>(%)</b> |
| SinoPac Securities              | \$ 6,220,948             | 0-4.55                        |
| TGL                             | 4,998,167                | 0.2-0.85                      |
| GUC                             | 1,984,002                | 0.001-1.01                    |
| E Ink Holdings                  | 1,034,254                | 0-1.44                        |
| ScinoPharm                      | 1,034,040                | 0.405-1.44                    |
| Hsin-Yi Foundation              | 791,639                  | 0.01-1.9                      |
| SinoPac Securities (Asia)       | 513,531                  | 0-2.75                        |
| Transyork Technology (Yangzhou) | 448,182                  | 0.05-3.1                      |
| BAROC                           | 432,384                  | 0-1.455                       |
| TAIFEX                          | 400,000                  | 0.285-1.135                   |
| Hsin Yi Recreation              | 281,785                  | 0.2-2                         |

(Continued)

|                                            | <b>December 31, 2022</b> |                           |
|--------------------------------------------|--------------------------|---------------------------|
|                                            | <b>Ending Balance</b>    | <b>Interest Rates (%)</b> |
| China Color Printing                       | \$ 271,554               | 0.405-1.44                |
| SPL                                        | 268,751                  | 0-0.85                    |
| TaiGen Biotechnology                       | 248,812                  | 0-3.25                    |
| Dream Universe Limited                     | 222,946                  | 0.05-2                    |
| YFY Biotech Management                     | 194,824                  | 0-1.135                   |
| Hoss Investment                            | 184,407                  | 0.2-1.7                   |
| YuanHan Materials                          | 182,288                  | 0.001-1.44                |
| SinoPac Securities Venture Capital         | 179,980                  | 0.405                     |
| SinoPac Securities Investment Service      | 173,052                  | 0-1.44                    |
| SPIIL                                      | 162,673                  | 0.35-2.025                |
| Yong Hsin Yi Enterprise                    | 153,080                  | 0.405-4.83                |
| Taiwan Riken Industrial                    | 146,724                  | 0.001-1.195               |
| YFY Investment                             | 145,840                  | 0.05-2.1                  |
| Effion Enertech                            | 132,420                  | 0.405-1.005               |
| Hoss Capital                               | 131,525                  | 0.2-0.85                  |
| Shin Yuan Investment                       | 126,312                  | 0.001-4.83                |
| Shin Foong Specialty And Applied Materials | 106,957                  | 0.405-0.85                |
| Everterminal                               | 100,301                  | 0.285-0.865               |
|                                            |                          | (Concluded)               |

|                                            | <b>December 31, 2021</b> |                           |
|--------------------------------------------|--------------------------|---------------------------|
|                                            | <b>Ending Balance</b>    | <b>Interest Rates (%)</b> |
| Pegatron                                   | \$ 20,053,441            | 0.03-0.63                 |
| SinoPac Securities                         | 17,374,974               | 0-0.8                     |
| Quanta Computer                            | 7,350,088                | 0-0.76                    |
| SinoPac Securities (Asia)                  | 2,781,193                | 0-0.9                     |
| E Ink Holdings                             | 1,850,436                | 0.001-0.815               |
| Shin Foong Specialty And Applied Materials | 1,564,537                | 0.03-0.38                 |
| Hsin-Yi Foundation                         | 855,914                  | 0.01-2.3                  |
| GUC                                        | 770,390                  | 0.001-0.76                |
| Foundation of Fire Fighting Development    | 720,390                  | 0-0.84                    |
| Transyork Technology (Yangzhou)            | 657,118                  | 0.05-1.15                 |
| TaGen Biotechnology                        | 551,865                  | 0-0.815                   |
| YuanHan Materials                          | 423,029                  | 0.001-0.815               |
| Dream Universe Limited                     | 336,700                  | 0.05                      |
| TWSE                                       | 300,441                  | 0.03-0.76                 |
| Rich Optronics (Yangzhou)                  | 299,083                  | 0.05-0.9                  |
| China Color Printing                       | 271,089                  | 0.03-0.815                |
| Transcend Optronics (Yangzhou)             | 251,097                  | 0.05-0.85                 |
| Hsin Yi Recreation                         | 246,856                  | 0.03-1.7                  |
| YFY Biotech Management                     | 208,432                  | 0-0.76                    |
| SinoPac Securities Venture Capital         | 205,408                  | 0.03                      |
| TAIFEX                                     | 200,001                  | 0.03-0.76                 |
| SinoPac Securities Investment Service      | 177,434                  | 0-0.815                   |
| SinoPac Capital (Asia)                     | 152,338                  | 0-0.18                    |
| Taiwan Riken Industrial                    | 148,918                  | 0-2                       |
| YFY Packaging                              | 142,639                  | 0-0.76                    |
|                                            |                          | (Continued)               |

|                                            | <b>December 31, 2021</b> |                           |
|--------------------------------------------|--------------------------|---------------------------|
|                                            | <b>Ending Balance</b>    | <b>Interest Rates (%)</b> |
| SinoPac Venture Capital                    | \$ 142,031               | 0.03-0.08                 |
| Yong Hsin Yi Enterprise                    | 141,002                  | 0.03-0.815                |
| High Entropy Materials                     | 140,263                  | 0.03                      |
| Shin Yuan Investment                       | 135,031                  | 0.001-0.57                |
| Effion Enertech                            | 127,146                  | 0.03-0.38                 |
| SPIL                                       | 120,382                  | 0.35-2.025                |
| SinoPac Capital International (HK) Limited | 108,347                  | 0-0.15                    |
| Shen's Art Printing                        | 107,842                  | 0.03-0.84                 |
| SPL                                        | 103,038                  | 0.02-0.2                  |
| Hoss Capital                               | 102,453                  | 0.03-0.2                  |
| Foongtone Technology                       | 101,509                  | 0-1.35                    |
|                                            |                          | (Concluded)               |

#### 11) Lease

Bank SinoPac and its subsidiaries as a lessee.

|                          | <b>December 31</b> |             |
|--------------------------|--------------------|-------------|
|                          | <b>2022</b>        | <b>2021</b> |
| Right-of-use assets, net |                    |             |
| SPL                      | \$ 569,552         | \$ 626,145  |
| Chunghwa Telecom         | 63,384             | 108,126     |
| Lease liabilities        |                    |             |
| SPL                      | 608,016            | 653,091     |
| Chunghwa Telecom         | 64,523             | 109,522     |

#### SinoPac Securities and its subsidiaries

##### 1) Bank deposits

|                     | <b>December 31</b>  |                      |
|---------------------|---------------------|----------------------|
|                     | <b>2022</b>         | <b>2021</b>          |
| Bank SinoPac        | \$ 5,098,342        | \$ 18,666,821        |
| Hua Nan Bank        | 871,711             | 2,242                |
| Grand Bills Finance | 864,418             | -                    |
| TAIFEX              | 340,179             | -                    |
|                     | <u>\$ 7,174,650</u> | <u>\$ 18,669,063</u> |

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



|                                                                  | <b>December 31</b>  |                     |
|------------------------------------------------------------------|---------------------|---------------------|
|                                                                  | <b>2022</b>         | <b>2021</b>         |
| 2) Current financial assets at fair value through profit or loss |                     |                     |
| Futures margin-securities                                        | \$ 848,754          | \$ -                |
| TAIFEX                                                           |                     |                     |
| Futures margin-own funds                                         |                     |                     |
| TAIFEX                                                           | 386,382             | -                   |
| Operating securities                                             |                     |                     |
| Elite Material                                                   | 170,573             | -                   |
| Funds managed by SinoPac Securities Investment Trust             | <u>166,362</u>      | <u>208,139</u>      |
|                                                                  | <u>\$ 1,572,071</u> | <u>\$ 208,139</u>   |
| 3) Derivative financial instruments - contract (notional) amount |                     |                     |
| Interest rate swap contracts                                     |                     |                     |
| Bank SinoPac                                                     | <u>\$ 675,000</u>   | <u>\$ 1,175,000</u> |
| Currency swap contracts                                          |                     |                     |
| Bank SinoPac                                                     | <u>\$ -</u>         | <u>\$ 956,800</u>   |
| Assets swap options                                              |                     |                     |
| Grand Bills Finance                                              | <u>\$ 421,600</u>   | <u>\$ 242,800</u>   |
| 4) Securities purchased under resell agreements                  |                     |                     |
| Grand Bills Finance                                              | <u>\$ 351,154</u>   | <u>\$ 690,896</u>   |
| 5) Securities borrowing deposits                                 |                     |                     |
| TWSE                                                             | <u>\$ -</u>         | <u>\$ 1,424,003</u> |
| 6) Current income tax assets                                     |                     |                     |
| SPH                                                              | <u>\$ 292,326</u>   | <u>\$ 164,907</u>   |
| 7) Restricted assets - current                                   |                     |                     |
| Bank SinoPac                                                     | <u>\$ 1,030,560</u> | <u>\$ 1,025,000</u> |
| 8) Guarantee deposits                                            |                     |                     |
| Bank SinoPac                                                     | \$ 715,626          | \$ 715,573          |
| TAIFEX                                                           | 224,818             | 141,693             |
| TWSE                                                             | <u>-</u>            | <u>125,571</u>      |
|                                                                  | <u>\$ 940,444</u>   | <u>\$ 982,837</u>   |

|                                                                      |    | <b>December 31</b>                              |                                    |
|----------------------------------------------------------------------|----|-------------------------------------------------|------------------------------------|
|                                                                      |    | <b>2022</b>                                     | <b>2021</b>                        |
| 9) Financial assets at fair value through other comprehensive income |    |                                                 |                                    |
| TAIFEX                                                               | \$ | 313,852                                         | \$ 385,696                         |
| Chunghwa Telecom                                                     |    | 253,685                                         | 289,503                            |
| TWSE                                                                 |    | -                                               | 767,936                            |
| Elite Material                                                       |    | -                                               | 166,800                            |
|                                                                      |    | <u>\$ 567,537</u>                               | <u>\$ 1,609,935</u>                |
| 10) Commercial papers payable - face amount                          |    |                                                 |                                    |
| Grand Bills Finance                                                  | \$ | -                                               | \$ 2,950,000                       |
| Hua Nan Bank                                                         |    | -                                               | 600,000                            |
|                                                                      |    | <u>\$ -</u>                                     | <u>\$ 3,550,000</u>                |
| 11) Current income tax liabilities                                   |    |                                                 |                                    |
| SPH                                                                  | \$ | 97,457                                          | \$ 672,919                         |
| 12) Notes and bonds transaction                                      |    |                                                 |                                    |
|                                                                      |    | <b>For the Year Ended<br/>December 31, 2022</b> |                                    |
|                                                                      |    | <b>Purchase of<br/>Notes and<br/>Bonds</b>      | <b>Sell of Notes<br/>and Bonds</b> |
| Grand Bills Finance                                                  | \$ | 30,756,599                                      | \$ 29,892,181                      |
| Hua Nan Bank                                                         |    | 8,615,896                                       | 7,746,623                          |
| Bank SinoPac                                                         |    | 7,000,000                                       | -                                  |
| Chunghwa Telecom                                                     |    | 500,000                                         | -                                  |
|                                                                      |    | <b>For the Year Ended<br/>December 31, 2021</b> |                                    |
|                                                                      |    | <b>Purchase of<br/>Notes and<br/>Bonds</b>      | <b>Sell of Notes<br/>and Bonds</b> |
| Grand Bills Finance                                                  | \$ | 17,737,515                                      | \$ 7,400,000                       |
| Bank SinoPac                                                         |    | 10,200,000                                      | -                                  |
| Hua Nan Bank                                                         |    | 7,144,858                                       | 10,200,000                         |
| SPH                                                                  |    | 1,500,000                                       | -                                  |
| Rakuten International Bank                                           |    | -                                               | 2,064,768                          |
| Asia Cement                                                          |    | -                                               | 400,000                            |

13) Other operating income

**For the Year Ended December 31**  
**2022**                      **2021**

Funds managed by SinoPac Asset Management (Asia)                      \$ 113,051                      \$ 141,083

14) Brokerage fee expense

**For the Year Ended December 31**  
**2022**                      **2021**

TAIFEX                      \$ 262,715                      \$ 132,304  
TWSE                      135,187                      471,131

\$ 397,902                      \$ 603,435

15) Expenses arising from issuance of call (put) warrants

**For the Year Ended December 31**  
**2022**                      **2021**

TWSE                      \$ 59,943                      \$ 138,317

16) Settlement and delivery services

**For the Year Ended December 31**  
**2022**                      **2021**

TAIFEX                      \$ 182,449                      \$ 89,980

SinoPac Securities Investment Trust

**For the Year Ended December 31**  
**2022**                      **2021**

Commission and fee revenue  
Funds managed by SinoPac Securities Investment Trust                      \$ 203,977                      \$ 184,701

SinoPac Venture Capital

**December 31**  
**2022**                      **2021**

1) Cash and cash equivalents

Bank deposits  
Bank SinoPac                      \$ 83,638                      \$ 142,031

|                                                                      |    | <b>December 31</b> |                   |
|----------------------------------------------------------------------|----|--------------------|-------------------|
|                                                                      |    | <b>2022</b>        | <b>2021</b>       |
| 2) Financial assets at fair value through profit or loss             |    |                    |                   |
| TaiGen Biopharmaceuticals                                            | \$ | 347,437            | \$ 316,472        |
| Centera Photonics                                                    |    | <u>22,568</u>      | <u>104,269</u>    |
|                                                                      | \$ | <u>370,005</u>     | <u>\$ 420,741</u> |
| 3) Financial assets at fair value through other comprehensive income |    |                    |                   |
| Sun He Energy                                                        | \$ | <u>109,690</u>     | <u>\$ 107,393</u> |

SinoPac Leasing and its subsidiaries

|                                                                                                                                                                                                                                                                                              |    | <b>December 31</b> |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------|-------------------|
|                                                                                                                                                                                                                                                                                              |    | <b>2022</b>        | <b>2021</b>       |
| 1) Cash and cash equivalents                                                                                                                                                                                                                                                                 |    |                    |                   |
| Bank deposits                                                                                                                                                                                                                                                                                |    |                    |                   |
| Bank SinoPac                                                                                                                                                                                                                                                                                 | \$ | 355,415            | \$ 211,644        |
| Bank SinoPac (China)                                                                                                                                                                                                                                                                         |    | <u>162,673</u>     | <u>120,382</u>    |
|                                                                                                                                                                                                                                                                                              | \$ | <u>518,088</u>     | <u>\$ 332,026</u> |
| 2) Current income tax assets                                                                                                                                                                                                                                                                 |    |                    |                   |
| SPH                                                                                                                                                                                                                                                                                          | \$ | <u>306,570</u>     | <u>\$ 69,944</u>  |
| 3) Commercial papers issued - face amount                                                                                                                                                                                                                                                    |    |                    |                   |
| Grand Bills Finance                                                                                                                                                                                                                                                                          | \$ | <u>100,000</u>     | <u>\$ 850,000</u> |
| 4) As of December 31, 2022 and 2021, borrowings and derivative financial instruments from Bank SinoPac for SinoPac Leasing and its subsidiaries totaling \$1,029,618 and \$1,208,448, respectively, and investment properties were provided as collaterals for SinoPac Leasing's borrowings. |    |                    |                   |

#### 46. PLEDGED OR MORTGAGED ASSETS

In addition to those disclosed in other Notes, pledged or restricted assets of the Group are summarized as follows ended in December 31, 2022 and 2021:

| Restricted Assets                                                 | Object                            | <b>December 31</b> |              | Remarks |
|-------------------------------------------------------------------|-----------------------------------|--------------------|--------------|---------|
|                                                                   |                                   | <b>2022</b>        | <b>2021</b>  |         |
| 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                   | -                  | 2,846,479    | Note 2  |

(Continued)

| Restricted Assets                                | Object                                     | December 31  |              | Remarks |
|--------------------------------------------------|--------------------------------------------|--------------|--------------|---------|
|                                                  |                                            | 2022         | 2021         |         |
| Investment in debt instruments at amortized cost | Certificates of deposits                   | \$ 8,153,618 | \$ 8,138,448 | Note 3  |
| Investment in debt instruments at amortized cost | Government bonds                           | 1,462,398    | 1,609,325    | Note 4  |
| Discounts and loans                              | Loans                                      | 16,610,100   | 12,975,007   | Note 5  |
| Other financial assets                           | Certificates of deposits and time deposits | 450,000      | 455,560      | Note 6  |
| Investment properties                            | Land and land improvements and buildings   | 716,367      | 718,098      | Note 7  |
| Properties and equipment                         | Land and buildings                         | 1,036,540    | 1,054,362    | Note 7  |
| Right-of-use assets                              | Land and surface rights                    | 939,300      | 959,162      | Note 8  |
| (Concluded)                                      |                                            |              |              |         |

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 December 31, 2022 and 2021 are as follows:

|                                               | December 31    |                |
|-----------------------------------------------|----------------|----------------|
|                                               | 2022           | 2021           |
| Trust assets                                  | \$ 754,698,688 | \$ 660,017,153 |
| Securities under custody                      | 229,382,736    | 214,851,201    |
| Agent for government bonds                    | 84,867,900     | 89,466,800     |
| Receipts under custody                        | 24,867,070     | 27,306,635     |
| Agent for marketable securities under custody | 16,758,120     | 5,885,170      |
| Guarantee notes payable                       | 8,739,018      | 8,752,948      |
| Appointment of investment                     | 6,434,557      | 4,533,851      |
| Goods under custody                           | 1,083,102      | 1,215,393      |

As of December 31, 2022, in addition to above mentioned unrecognized commitments, Bank SinoPac and SinoPac Securities had applied for tax concessions to Ministry of Finance regarding their technical support service expenditure relating to financial transaction system, and had jointly signed to the system manufacturer the letter of which indemnity of the total compensation is not more than US\$1,300 thousand to obtain the proxy of the manufacturer thereof to apply for foresaid tax concession. The compensation distributable to Bank SinoPac is US\$867 thousand and to SinoPac Securities is US\$433 thousand. The deadline for compensation guarantee period is December 31, 2027.

In order to continue the cooperation with National Cheng Kung University on the research about practical application of artificial intelligence and accelerate the digital transformation, Bank SinoPac continued to sign a three-year with the total budget of \$80,000 enterprise and industry cooperation and donation agreement effective from July 1, 2020 through June 30, 2023. As of December 31, 2022, 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 \$930,402 and \$942,205, of which \$579,874 and \$538,387 had not been paid as of December 31, 2022 and 2021.
- c. Contingent liabilities and contingencies
- 1) The Securities and Futures Investors Protection Center (SFIPC) filed a lawsuit against Bank SinoPac and SinoPac Leasing Corporation's (SPL) subsidiary, Grand Capital International Limited (renamed as SinoPac Capital International Limited on October 4, 2018, liquidated), on the ground that Procomp Informatics Ltd. (Procomp) deposited US\$10,000 thousand in Bank SinoPac's Shisung Branch (formerly Sungshan Branch) and placed a restriction on the use of this deposit as a condition for a short-term loan to Addie International Limited granted by SPL and for allegedly helping Yeh, Sue-Fei and Procomp do irregular trading. But at the same time, Procomp used the restricted deposit for fictitious sale transactions. Later, when problems on Procomp's account arose, Bank SinoPac and SPL demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. Bank SinoPac was suspected of misleading investors by concealing the restricted status of Procomp's deposit and window dressing Procomp's financial statements. On behalf of investors, the SFIPC filed a lawsuit against Bank SinoPac, SPL and all other parties related to Procomp jointly. The amount of the claim was \$4,207,212 in total.

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

However, the SFIPC decided to file an appeal on January 20, 2016. The Supreme Court reversed the declared 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, the Company 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 the Company committed a breach of obligation and liable for HK\$59,670 thousand for his loss in stock transfer without authorization. However, the Company transferred the stocks based on stock purchase and sale agreement and Mr. Tang's order and was not liable for the loss. The Company entrusted an external lawyer to handle the case and would take all necessary actions to defend the Company against the claim.
- 5) The custodian bank of SinoPac Securities (Asia) has carried out the Taiwan Taipei District Court's order to seize SinoPac Securities (Asia)'s settlement payment to company V, in which SinoPac Securities (Asia) was unable to fulfill its stock purchasing agreement. As a result, company V has filed a civil complaint against SinoPac Securities (Asia), claiming the remaining balance of \$731,442 in SinoPac Securities (Asia)'s account in October 2019. SinoPac Securities (Asia) is not liable for the failure of payment, and the legal obligations in the original seizure of the expected payment are still to be determined, as of the date the financial statements. Thus, the case is postponed and SinoPac Securities (Asia) has entrusted an external lawyer for further litigations. The Taiwan Taipei District Court revoked the order in February 2022. SinoPac Securities (Asia) received the seized amount transferred from the custodian bank and returned it to Company V in March 2022. Company V filed a termination of lawsuit with the Hong Kong court. The Hong Kong court issued an order to terminate the lawsuit, and the case was closed in April 2022.

#### 48. LEASE AGREEMENT

a. The Group as lessee

All the Group's lease agreements on business space and transportation equipment with terms of between 0.25 year and 30.1 years. The Group has no bargain purchase option.

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

|                         | <b>Within 1 Year</b> | <b>1 Year<br/>to 5 Years</b> | <b>Over 5 Years</b> | <b>Total</b> |
|-------------------------|----------------------|------------------------------|---------------------|--------------|
| As of December 31, 2022 | \$ 843,601           | \$ 1,705,807                 | \$ 675,911          | \$ 3,225,319 |
| As of December 31, 2021 | 855,455              | 1,791,342                    | 636,890             | 3,283,687    |

b. The Group as lessor

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

The Group's lease commitments are as follows:

| <b>December 31, 2022</b>               | <b>Within 1<br/>Year</b> | <b>1 Year<br/>to 5 Years</b> | <b>Over 5 Years</b> | <b>Total</b> |
|----------------------------------------|--------------------------|------------------------------|---------------------|--------------|
| 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    |

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

#### 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                          | 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   | -            |

(Continued)

| Financial Instruments Measured at Fair Value                             | December 31, 2022 |              |               |              |
|--------------------------------------------------------------------------|-------------------|--------------|---------------|--------------|
|                                                                          | Total             | Level 1      | Level 2       | Level 3      |
| <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       |

(Concluded)

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

## 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 year ended December 31, 2022, the Group transferred part of the government bonds, corporate bonds, bank debentures and certificates of deposits from Levels 1 to 2 because the Group determined these investments were not in an active market.

For the year ended December 31, 2021, the Group transferred part of the government bonds, corporate bonds and bank debentures from Levels 1 to 2 because the Group determined these investments were not in an active market.

#### 5) Reconciliation of Level 3 items of financial instruments

##### a) Reconciliation of Level 3 items of financial assets

| For the Year Ended December 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      | \$ (207,970)                | \$ -                       | \$ 841,419       | \$ 137,108                 | \$ (564,828)  | \$ (185,355)                   | \$ -                                | \$ 2,132,325   |
| Bonds                                                             | 1,300,317         | 6,143                       | -                          | 733,694          | -                          | (260,476)     | -                              | 75,617                              | 1,855,295      |
| Financial assets at fair value through other comprehensive income |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Equity instruments at FVTOCI                                      |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Stock                                                             | 3,373,295         | -                           | (595,523)                  | -                | -                          | (18,176)      | -                              | -                                   | 2,759,596      |
| Debt instruments at FVTOCI                                        |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Bonds                                                             | 1,641,729         | -                           | (16,102)                   | 205,868          | -                          | -             | -                              | 122,851                             | 1,954,346      |
| Certificates of deposits                                          | 426,093           | -                           | (26)                       | -                | -                          | (450,775)     | -                              | 24,708                              | -              |
| <u>Derivative financial instruments</u>                           |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Financial assets at fair value through profit or loss             |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Financial assets mandatorily classified as at FVTPL               | 449,176           | 2,167,226                   | -                          | -                | -                          | -             | -                              | -                                   | 2,616,402      |

| For the Year Ended December 31, 2021                              |                   |                             |                            |                  |                            |               |                                |                                     |                |
|-------------------------------------------------------------------|-------------------|-----------------------------|----------------------------|------------------|----------------------------|---------------|--------------------------------|-------------------------------------|----------------|
| 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                                                             | \$ 1,389,040      | \$ 176,961                  | \$ -                       | \$ 867,652       | \$ 128,484                 | \$ (294,270)  | \$ (155,916)                   | \$ -                                | \$ 2,111,951   |
| Bonds                                                             | 1,876,562         | 19,640                      | -                          | 737,257          | -                          | (811,989)     | (458,166)                      | (62,987)                            | 1,300,317      |
| Financial assets at fair value through other comprehensive income |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Equity instruments at FVTOCI                                      |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Stock                                                             | 2,375,347         | -                           | 925,868                    | 74,323           | -                          | (2,243)       | -                              | -                                   | 3,373,295      |
| Debt instruments at FVTOCI                                        |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Bonds                                                             | 2,430,454         | -                           | (1,551)                    | 96,744           | -                          | (835,078)     | -                              | (48,840)                            | 1,641,729      |
| Certificates of deposits                                          | -                 | -                           | 26                         | 426,067          | -                          | -             | -                              | -                                   | 426,093        |
| <u>Derivative financial instruments</u>                           |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Financial assets at fair value through profit or loss             |                   |                             |                            |                  |                            |               |                                |                                     |                |
| Financial assets mandatorily classified as at FVTPL               | 277,946           | 171,230                     | -                          | -                | -                          | -             | -                              | -                                   | 449,176        |

Note: Items are transferred to Level 3 for the year ended December 31, 2022 and 2021 for lack of observable price (due to the inactive transaction in the securities market); items transferring out of Level 3 are because the price can be attained from the securities market.

For the years ended December 31, 2022 and 2021, the gains on valuation included in net income with assets still held were \$2,417,963 and \$389,958, respectively.

For the years ended December 31, 2022 and 2021, the gain or loss on valuation included in other comprehensive income with assets still held were loss \$616,907 and gain \$937,625, respectively.

b) Reconciliation of Level 3 items of financial liabilities

| For the Year Ended December 31, 2022                                     |                   |                                                 |                  |                     |               |                         |                                    |                |
|--------------------------------------------------------------------------|-------------------|-------------------------------------------------|------------------|---------------------|---------------|-------------------------|------------------------------------|----------------|
| Items                                                                    | Beginning Balance | Valuation Gain/Loss Reflected on Profit or Loss | Increase         |                     | Decrease      |                         | Effect of Changes in Exchange Rate | Ending Balance |
|                                                                          |                   |                                                 | Purchase/ Issued | Transfer to Level 3 | Disposed/Sold | Transfer Out of Level 3 |                                    |                |
| <u>Derivative financial instruments</u>                                  |                   |                                                 |                  |                     |               |                         |                                    |                |
| Financial liabilities at fair value through profit or loss               |                   |                                                 |                  |                     |               |                         |                                    |                |
| Held-for-trading financial liabilities                                   | \$ 757,540        | \$ 749,543                                      | \$ -             | \$ -                | \$ -          | \$ -                    | \$ -                               | \$ 1,507,083   |
| Financial liabilities designated as at fair value through profit or loss | 89,753            | (4,401)                                         | 53,617           | -                   | (120,934)     | -                       | -                                  | 18,035         |

| For the Year Ended December 31, 2021                                     |                   |                                                 |                  |                     |               |                         |                                    |                |
|--------------------------------------------------------------------------|-------------------|-------------------------------------------------|------------------|---------------------|---------------|-------------------------|------------------------------------|----------------|
| 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                                   | \$ 881,535        | \$ (123,995)                                    | \$ -             | \$ -                | \$ -          | \$ -                    | \$ -                               | \$ 757,540     |
| Financial liabilities designated as at fair value through profit or loss | 137,466           | 5,367                                           | 282,867          | -                   | (335,947)     | -                       | -                                  | 89,753         |

For the years ended December 31, 2022 and 2021, the gain or loss on valuation included in net income with liabilities still held were loss \$1,200,706 and gain \$92,754, respectively.

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

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

December 31, 2022

| Financial Instruments Measured at Fair Value                             | Financial Assets    | Financial Liabilities | Valuation Techniques            | Significant Unobservable Inputs | Interval (Weighted-average) |
|--------------------------------------------------------------------------|---------------------|-----------------------|---------------------------------|---------------------------------|-----------------------------|
| <u>Derivative financial instruments</u>                                  |                     |                       |                                 |                                 |                             |
| Financial instruments at fair value through profit or loss               |                     |                       |                                 |                                 |                             |
| Financial assets mandatorily classified as at FVTPL and held-for-trading |                     |                       |                                 |                                 |                             |
| financial liabilities                                                    |                     |                       |                                 |                                 |                             |
| Interest rate swap contracts                                             | \$ 1,928,089        | \$ 819,142            | Sellers' quote                  | (Notes 1 and 2)                 | -                           |
| Currency swap contracts-Hybrid FX swap structured instruments            | 379,401             | 379,196               | Sellers' quote                  | (Note 1)                        | -                           |
| Others                                                                   | 308,912             | 308,745               | 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                                          | \$ -                | \$ 18,035             | Self-built option pricing model | Volatility                      | 3%-33% (Note 4)             |

(Continued)

| Financial Instruments Measured at Fair Value                                                                      | Financial Assets    | Financial Liabilities | Valuation Techniques                                                                                   | Significant Unobservable Inputs                     | Interval (Weighted-average) |
|-------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------|
| Non-derivative financial instruments                                                                              |                     |                       |                                                                                                        |                                                     |                             |
| Financial instruments at fair value through profit or loss<br>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, Bloomberg's quote or Sellers' quote                                           | (Note 3)                                            | -                           |
|                                                                                                                   | <u>\$ 4,713,942</u> | <u>\$ -</u>           |                                                                                                        |                                                     |                             |

(Concluded)

December 31, 2021

| 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<br>Financial assets mandatorily classified as at FVTPL and held-for-trading<br>financial liabilities |                   |                       |                                 |                                 |                             |
| Hybrid FX swap structured instruments                                                                                                                           | \$ 300,992        | \$ 300,830            | Sellers' quote                  | (Note 1)                        | -                           |
| Interest rate swap contracts                                                                                                                                    | 9,947             | 318,542               | Sellers' quote                  | (Notes 1 and 2)                 | -                           |
| Others                                                                                                                                                          | <u>138,237</u>    | <u>138,168</u>        | Sellers' quote                  | (Note 1)                        | -                           |
|                                                                                                                                                                 | <u>\$ 449,176</u> | <u>\$ 757,540</u>     |                                 |                                 |                             |
| Financial instruments designated as at fair value through profit or loss                                                                                        |                   |                       |                                 |                                 |                             |
| Liabilities for structured notes                                                                                                                                | <u>\$ -</u>       | <u>\$ 89,753</u>      | Self-built option pricing model | Volatility                      | 3%-53%<br>(Note 5)          |

(Continued)

| Financial Instruments Measured at Fair Value                                                                               | Financial Assets    | Financial Liabilities | Valuation Techniques                                                                                   | Significant Unobservable Inputs                     | Interval (Weighted-average) |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------|
| Non-derivative financial instruments                                                                                       |                     |                       |                                                                                                        |                                                     |                             |
| Financial instruments at fair value through profit or loss<br>Financial assets mandatorily classified as at FVTPL<br>Stock | \$ 2,111,951        | \$ -                  | Market approach or asset approach or market value with liquidity valuation discount                    | Other shareholders and discount factor of liquidity | 0%-35%                      |
| Bonds                                                                                                                      | <u>1,300,317</u>    | <u>-</u>              | Taipei Exchange's quote or Bloomberg's quote or sellers' quote                                         | (Note 3)                                            | -                           |
|                                                                                                                            | <u>\$ 3,412,268</u> | <u>\$ -</u>           |                                                                                                        |                                                     |                             |
| Financial assets at fair value through other comprehensive income<br>Equity instruments at FVTOCI<br>Stock                 | \$ 3,373,295        | \$ -                  | 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<br>Bonds                                                                                        | 1,641,729           | -                     | Taipei Exchange's quote, Bloomberg's quote or Sellers' quote                                           | (Note 3)                                            | -                           |
| Certificates of deposits                                                                                                   | <u>426,093</u>      | <u>-</u>              | Sellers' quote                                                                                         | (Note 2)                                            | -                           |
|                                                                                                                            | <u>\$ 5,441,117</u> | <u>\$ -</u>           |                                                                                                        |                                                     |                             |

(Concluded)

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

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

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

Note 4: The stock price volatilities of structured notes issued by SinoPac Securities and its subsidiaries were between 3% and 33%.

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

#### 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 data to bring the assessment results closer to market conditions, confirm that data sources are independent, reliable, consistent with other resources and represent executable price, calibrate the evaluation model periodically and update input values and data required for the evaluation model to ensure the evaluation results are reasonable.

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

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

December 31, 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 | \$ (94,250)                                                   | \$ 94,250        |
| Financial assets at fair value through other comprehensive income               |                                                               |                  |
| Debt instruments at fair value through other comprehensive income               | \$ (37,145)                                                   | \$ 37,145        |

December 31, 2021

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



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, payables, deposits and remittances, short-term and long-term borrowings, liability component of preferred stock and other financial liabilities.

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

2) Hierarchy information of fair value of financial instruments

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

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

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, commercial papers payables, securities sold under repurchase agreements, short-term borrowings, payables and other financial liabilities approximate their fair value because of the short maturity or the similarity of the carrying amount and future price.

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

## **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)      |

(Continued)

| <b>Credit</b> | <b>Moody's</b> | <b>S&amp;P</b> | <b>Fitch</b> | <b>Taiwan Ratings</b> | <b>Fitch (Taiwan)</b> |
|---------------|----------------|----------------|--------------|-----------------------|-----------------------|
| 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)               |

(Concluded)

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.

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

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

| Off-Balance Sheet Items         | The Maximum Credit Exposure |                   |
|---------------------------------|-----------------------------|-------------------|
|                                 | December 31, 2022           | December 31, 2021 |
| Undrawn credit card commitments | \$ 221,832,593              | \$ 207,556,077    |
| Undrawn loan commitments        | 45,067,636                  | 45,812,543        |
| Guarantees                      | 34,537,369                  | 39,866,757        |
| Standby letter of credit        | 7,978,791                   | 8,218,744         |

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                                   | December 31, 2022 |        | December 31, 2021 |        |
|----------------------------------------------|-------------------|--------|-------------------|--------|
|                                              | Amount            | %      | Amount            | %      |
| Private enterprise                           | \$ 641,380,549    | 47.87  | \$ 550,733,915    | 45.87  |
| Public enterprise                            | 22,366,382        | 1.67   | 7,512,132         | 0.63   |
| Government sponsored enterprise and business | 12,000,000        | 0.90   | 13,993,648        | 1.16   |
| Nonprofit organization                       | 192,340           | 0.01   | 272,106           | 0.02   |
| Private                                      | 651,745,182       | 48.64  | 615,447,654       | 51.26  |
| Financial institutions                       | 12,262,932        | 0.91   | 12,672,809        | 1.06   |
| Total                                        | \$1,339,947,385   | 100.00 | \$1,200,632,264   | 100.00 |

b) By region

| Regions       | December 31, 2022 |        | December 31, 2021 |        |
|---------------|-------------------|--------|-------------------|--------|
|               | Amount            | %      | Amount            | %      |
| Domestic      | \$1,077,234,867   | 80.39  | \$ 963,997,152    | 80.29  |
| Asia          | 141,222,369       | 10.54  | 129,603,731       | 10.80  |
| North America | 82,035,723        | 6.12   | 70,626,160        | 5.88   |
| Others        | 39,454,426        | 2.95   | 36,405,221        | 3.03   |
| Total         | \$1,339,947,385   | 100.00 | \$1,200,632,264   | 100.00 |

c) By collateral

| Collaterals         | December 31, 2022 |        | December 31, 2021 |        |
|---------------------|-------------------|--------|-------------------|--------|
|                     | Amount            | %      | Amount            | %      |
| Credit              | \$ 441,814,944    | 32.97  | \$ 356,979,492    | 29.73  |
| Secured             |                   |        |                   |        |
| Stocks              | 3,337,185         | 0.25   | 5,357,079         | 0.45   |
| Bonds               | 10,871,060        | 0.81   | 15,402,440        | 1.28   |
| Real estate         | 801,483,415       | 59.82  | 742,323,649       | 61.83  |
| Movable collaterals | 54,794,521        | 4.09   | 51,539,989        | 4.29   |
| Guarantees          | 16,064,270        | 1.20   | 16,436,132        | 1.37   |
| Others              | 11,581,990        | 0.86   | 12,593,483        | 1.05   |
| Total               | \$1,339,947,385   | 100.00 | \$1,200,632,264   | 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 December 31, 2022 and 2021, the amount of discounts and loans were \$4,572,446 and \$6,538,123, with a provision for loss allowance of \$718,288 and \$1,028,123 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to \$3,010,962 and \$3,721,432.

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 \$48,781,006 and \$47,391,803 on December 31, 2022 and 2021.

13) Management policies of collaterals assumed

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

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

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

a) Overdue loans and receivables

| Date                                                             |                       |           | December 31, 2022                        |                         |                       |                                |                            |
|------------------------------------------------------------------|-----------------------|-----------|------------------------------------------|-------------------------|-----------------------|--------------------------------|----------------------------|
| Items                                                            |                       |           | Non-performing<br>Loan (NPL)<br>(Note 1) | Total Loans             | NPL Ratio<br>(Note 2) | Loan Loss Reserves<br>(LLR)    | Coverage Ratio<br>(Note 3) |
| Corporate loan                                                   | Secured               |           | \$ 538,157                               | \$ 277,018,665          | 0.19%                 | \$ 3,624,654                   | 673.53%                    |
|                                                                  | Unsecured             |           | 390,080                                  | 388,551,125             | 0.10%                 | 4,884,097                      | 1,252.08%                  |
| Consumer loan                                                    | Mortgage (Note 4)     |           | 197,174                                  | 350,109,424             | 0.06%                 | 5,309,215                      | 2,692.65%                  |
|                                                                  | Cash card             |           | -                                        | 1,986                   | -                     | 262                            | -                          |
|                                                                  | Micro credit (Note 5) |           | 91,927                                   | 32,040,000              | 0.29%                 | 581,299                        | 632.35%                    |
|                                                                  | Others (Note 6)       | Secured   | 237,400                                  | 248,337,134             | 0.10%                 | 2,603,880                      | 1,096.83%                  |
|                                                                  |                       | Unsecured | 2,595                                    | 1,859,469               | 0.14%                 | 21,309                         | 821.16%                    |
| Total                                                            |                       |           | 1,457,333                                | 1,297,917,803           | 0.11%                 | 17,024,716                     | 1,168.21%                  |
|                                                                  |                       |           | Overdue<br>Receivables                   | Accounts<br>Receivables | Delinquency Ratio     | Allowance for<br>Credit Losses | Coverage Ratio             |
| Credit card                                                      |                       |           | 24,302                                   | 20,878,070              | 0.12%                 | 166,519                        | 685.21%                    |
| Accounts receivable - factoring with no recourse (Notes 7 and 8) |                       |           | -                                        | 15,882,597              | -                     | 201,452                        | -                          |

| Date                                                             |                       |           | December 31, 2021                        |                         |                       |                                |                            |
|------------------------------------------------------------------|-----------------------|-----------|------------------------------------------|-------------------------|-----------------------|--------------------------------|----------------------------|
| Items                                                            |                       |           | Non-performing<br>Loan (NPL)<br>(Note 1) | Total Loans             | NPL Ratio<br>(Note 2) | Loan Loss Reserves<br>(LLR)    | Coverage Ratio<br>(Note 3) |
| Corporate loan                                                   | Secured               |           | \$ 457,127                               | \$ 249,038,945          | 0.18%                 | \$ 3,170,840                   | 693.65%                    |
|                                                                  | Unsecured             |           | 468,192                                  | 315,820,102             | 0.15%                 | 3,811,773                      | 814.15%                    |
| Consumer loan                                                    | Mortgage (Note 4)     |           | 188,663                                  | 335,169,498             | 0.06%                 | 5,101,122                      | 2,703.83%                  |
|                                                                  | Cash card             |           | 47                                       | 2,875                   | 1.63%                 | 428                            | 910.64%                    |
|                                                                  | Micro credit (Note 5) |           | 77,572                                   | 27,091,433              | 0.29%                 | 459,315                        | 592.11%                    |
|                                                                  | Others (Note 6)       | Secured   | 296,818                                  | 235,582,147             | 0.13%                 | 2,503,549                      | 843.46%                    |
|                                                                  |                       | Unsecured | 2,510                                    | 2,174,608               | 0.12%                 | 23,478                         | 935.38%                    |
| Total                                                            |                       |           | 1,490,929                                | 1,164,879,608           | 0.13%                 | 15,070,505                     | 1,010.81%                  |
|                                                                  |                       |           | Overdue<br>Receivables                   | Accounts<br>Receivables | Delinquency Ratio     | Allowance for<br>Credit Losses | Coverage Ratio             |
| Credit card                                                      |                       |           | 22,743                                   | 20,472,061              | 0.11%                 | 201,510                        | 886.03%                    |
| Accounts receivable - factoring with no recourse (Notes 7 and 8) |                       |           | -                                        | 13,588,340              | -                     | 170,743                        | -                          |

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

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

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

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

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

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

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

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

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

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

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

b) Excluded NPLs and excluded overdue receivables

| Date                                                        | December 31, 2022 |                              | December 31, 2021 |                              |
|-------------------------------------------------------------|-------------------|------------------------------|-------------------|------------------------------|
| Items                                                       | Excluded NPL      | Excluded Overdue Receivables | Excluded NPL      | Excluded Overdue Receivables |
| As a result of debt negotiation and loan agreement (Note 1) | \$ 1,446          | \$ 16,422                    | \$ 548            | \$ 24,067                    |
| As a result of consumer debt clearance (Note 2)             | 17,755            | 565,939                      | 17,595            | 619,322                      |
| Total                                                       | \$ 19,201         | \$ 582,361                   | \$ 18,143         | \$ 643,389                   |

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

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

c) Concentration of credit extensions

| Year          | December 31, 2022                                                                      |                                         |                             |
|---------------|----------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------|
| Rank (Note 1) | Industry Category (Note 2)                                                             | Total Credit Consists of Loans (Note 3) | Percentage of Net Worth (%) |
| 1             | A Group (finance container leasing)                                                    | \$ 11,722,101                           | 8.50                        |
| 2             | B Group (real estate development activities)                                           | 7,336,962                               | 5.32                        |
| 3             | C Group (other holding companies)                                                      | 6,571,801                               | 4.77                        |
| 4             | D Group (metal casting)                                                                | 6,351,463                               | 4.61                        |
| 5             | E Group (real estate development activities)                                           | 5,457,000                               | 3.96                        |
| 6             | F Group (manufacture of computers)                                                     | 4,928,816                               | 3.58                        |
| 7             | G Group (department store)                                                             | 4,510,025                               | 3.27                        |
| 8             | H Company (manufacture of computers)                                                   | 4,375,837                               | 3.17                        |
| 9             | I Group (manufacture of computer, peripheral equipment and software retail activities) | 3,809,720                               | 2.76                        |
| 10            | J Company (real estate development activities)                                         | 3,803,000                               | 2.76                        |

| Year          | December 31, 2021                                            |                                         |                             |
|---------------|--------------------------------------------------------------|-----------------------------------------|-----------------------------|
| Rank (Note 1) | Industry Category (Note 2)                                   | Total Credit Consists of Loans (Note 3) | Percentage of Net Worth (%) |
| 1             | A Group (packaging and testing of semi-conductors)           | \$ 10,448,285                           | 7.30                        |
| 2             | B Group (finance container leasing)                          | 10,402,875                              | 7.27                        |
| 3             | C Group (manufacture of computers)                           | 10,073,706                              | 7.04                        |
| 4             | D Group (metal casting)                                      | 5,796,567                               | 4.05                        |
| 5             | E Group (real estate development activities)                 | 5,595,128                               | 3.91                        |
| 6             | F Group (other holding companies)                            | 5,547,231                               | 3.88                        |
| 7             | G Group (real estate development activities)                 | 5,294,840                               | 3.70                        |
| 8             | H Company (other metalworking activities)                    | 5,000,000                               | 3.49                        |
| 9             | I Group (real estate development activities)                 | 3,748,000                               | 2.62                        |
| 10            | J Group (manufacture of other computer peripheral equipment) | 3,627,331                               | 2.53                        |

- Note 1: Ranking of top 10 groups (excluding government or state - owned enterprises) whose total credit consists of loans. If the borrower is a member of any of the above groups, the total amount of credits of the entire group must be listed and disclosed by code and line of industry. If the borrower is the group enterprise, for the risk exposure maximum, the line of industry must be disclosed. The line of industry must be classified and filled to the industry name of sub-category which is based on the industry classification standard of Department of Budget, Accounting and Statistics.
- Note 2: Groups were those as defined in Articles 6 of the Supplementary Provision to the Taiwan Stock Exchange Corporation's Rules for Review of Securities Listings Law.
- Note 3: Total credit is the sum of all loans (including import and export bills negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and non-performing loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantee deposit issued.

d. Liquidity risk management

1) Definition of liquidity risk

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

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

a) Strategies

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

b) Risk measurement

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

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

c) Risk monitoring

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

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

## 2) Maturity analysis of non-derivative financial liabilities

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

### Bank SinoPac

| December 31, 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    |

| December 31, 2021                                          | 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                   | \$ 20,417,174 | \$ 21,968,226 | \$ 23,693,468 | \$ 1,892,287       | \$ -        | \$ 67,971,155 |
| Due to the Central Bank and banks                          | 17            | 33            | 52            | 205,035            | -           | 205,137       |
| Financial liabilities at fair value through profit or loss | -             | -             | 1,552,780     | -                  | -           | 1,552,780     |
| Securities sold under repurchase agreements                | 7,007,206     | 1,149,222     | 340,576       | 1,254,871          | -           | 9,751,875     |
| Payables                                                   | 9,535,074     | 551,491       | 162,803       | 190,045            | 2,045,652   | 12,485,065    |
| Deposits and remittances                                   | 1,149,858,340 | 221,648,785   | 179,558,818   | 223,373,681        | 24,540,743  | 1,798,980,367 |
| Bank debentures                                            | 70,147        | 118,252       | 205,367       | 4,739,867          | 48,834,266  | 53,967,899    |

### Bank SinoPac (China)

(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)

| December 31, 2021                           | 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    | \$ 74,167 | \$ 624,342 | \$ 333,257  | \$ 266,172         | \$ -        | \$ 1,297,938 |
| Securities sold under repurchase agreements | 656,082   | -          | -           | -                  | -           | 656,082      |
| Payables                                    | 329,800   | 201,830    | 402,124     | 116,672            | -           | 1,050,463    |
| Deposits and remittances                    | 4,321,632 | 1,937,420  | 1,340,063   | 2,591,947          | 161,781     | 10,352,843   |

## 3) Maturity analysis of financial derivatives

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

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

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

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

Other derivatives: Stock options and commodity futures.

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



### Bank SinoPac

| December 31, 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 |

| December 31, 2021                                          | 0-30 Days    | 31-90 Days | 91-180 Days | 181 Days to 1 Year | Over 1 Year | Total        |
|------------------------------------------------------------|--------------|------------|-------------|--------------------|-------------|--------------|
| Financial liabilities at fair value through profit or loss | \$ 2,899,621 | \$ -       | \$ -        | \$ -               | \$ -        | \$ 2,899,621 |

### Bank SinoPac (China)

(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)

| December 31, 2021                                          | 0-30 Days | 31-90 Days | 91-180 Days | 181 Days to 1 Year | Over 1 Year | Total    |
|------------------------------------------------------------|-----------|------------|-------------|--------------------|-------------|----------|
| Financial liabilities at fair value through profit or loss | \$ 6,032  | \$ -       | \$ -        | \$ -               | \$ -        | \$ 6,032 |

#### b) Derivatives settled on a gross basis

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

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

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

### Bank SinoPac

| December 31, 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    |

| December 31, 2021                                          | 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                                                | \$ 328,997,031 | \$ 283,944,634 | \$ 226,427,584 | \$ 231,973,283     | \$ 44,585,385 | \$ 1,115,927,917 |
| Cash outflow                                               | 329,010,085    | 284,255,555    | 226,677,128    | 231,904,317        | 44,568,996    | 1,116,416,081    |

### Bank SinoPac (China)

(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)

| December 31, 2021                                          | 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                                                | \$ 4,243,011      | \$ 2,888,126 | \$ 6,414,422       | \$ 724,568 | \$ -         | \$ 14,270,127 |
| Cash outflow                                               | 4,210,516         | 2,903,422    | 6,471,277          | 718,729    | -            | 14,303,944    |

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

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

### Bank SinoPac

| December 31, 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     |

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

### Bank SinoPac (China)

(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 |
| Guarantees                | 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)

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

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:

| <b>December 31, 2022</b>        | <b>Less than<br/>1 Year</b> | <b>1-5 Years</b> | <b>Over 5 Years</b> | <b>Total</b> |
|---------------------------------|-----------------------------|------------------|---------------------|--------------|
| 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      |

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

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)

|                                  | <b>December 31, 2022</b> |                  |                   |                   |                    |                               |                    |
|----------------------------------|--------------------------|------------------|-------------------|-------------------|--------------------|-------------------------------|--------------------|
|                                  | <b>Total</b>             | <b>0-10 Days</b> | <b>11-30 Days</b> | <b>31-90 Days</b> | <b>91-180 Days</b> | <b>181 Days to<br/>1 Year</b> | <b>Over 1 Year</b> |
| Main capital inflow on maturity  | \$ 1,962,049,134         | \$ 215,968,005   | \$ 211,811,856    | \$ 340,804,761    | \$ 130,210,767     | \$ 124,488,093                | \$ 938,765,652     |
| Main capital outflow on maturity | 2,334,228,600            | 119,987,873      | 200,152,007       | 452,181,604       | 271,894,034        | 459,487,766                   | 830,525,316        |
| Gap                              | (372,179,466)            | 95,980,132       | 11,659,849        | (111,376,843)     | (141,683,267)      | (334,999,673)                 | 108,240,336        |

|                                  | <b>December 31, 2021</b> |                  |                   |                   |                    |                               |                    |
|----------------------------------|--------------------------|------------------|-------------------|-------------------|--------------------|-------------------------------|--------------------|
|                                  | <b>Total</b>             | <b>0-10 Days</b> | <b>11-30 Days</b> | <b>31-90 Days</b> | <b>91-180 Days</b> | <b>181 Days to<br/>1 Year</b> | <b>Over 1 Year</b> |
| Main capital inflow on maturity  | \$ 1,933,219,606         | \$ 184,276,228   | \$ 274,260,895    | \$ 254,035,019    | \$ 132,791,095     | \$ 222,048,780                | \$ 865,807,589     |
| Main capital outflow on maturity | 2,280,604,954            | 89,948,618       | 165,576,939       | 300,886,292       | 330,779,897        | 513,614,739                   | 879,798,469        |
| Gap                              | (347,385,348)            | 94,327,610       | 108,683,956       | (46,851,273)      | (197,988,802)      | (291,565,959)                 | (13,990,880)       |

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)

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

(In Thousands of U.S. Dollars)

|                                  | December 31, 2021 |               |              |              |                    |              |
|----------------------------------|-------------------|---------------|--------------|--------------|--------------------|--------------|
|                                  | Total             | 0-30 Days     | 31-90 Days   | 91-180 Days  | 181 Days to 1 Year | Over 1 Year  |
| Main capital inflow on maturity  | \$ 39,592,919     | \$ 10,210,865 | \$ 9,481,713 | \$ 5,942,587 | \$ 5,224,573       | \$ 8,733,181 |
| Main capital outflow on maturity | 40,658,571        | 10,248,432    | 9,712,505    | 7,399,590    | 6,819,375          | 6,478,669    |
| Gap                              | (1,065,652)       | (37,567)      | (230,792)    | (1,457,003)  | (1,594,802)        | 2,254,512    |

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

e. Market risk

1) Definition of market risk

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

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

2) Management strategies and procedures

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

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

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

3) Organization and framework

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

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

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

#### 4) Market risk control procedure

##### a) Identification and measurement

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

##### b) Supervision and reporting

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

#### 5) Trading book risk management policies

##### a) Definitions

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

##### b) Strategies

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

##### c) Policies and procedures

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

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

d) Assessment policies

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

e) Measurements

- i. The risk valuation and calculation methods are described in Note 50, e, 12).
- ii. The calculation of the nominal exposure amount and the risk factor sensitivity value Delta/Vega/DV01 is done through the trading systems.
- iii. Bank SinoPac makes stress tests using a light scenario (change in interest rate  $\pm 100$  bp, change in securities  $\pm 15\%$  and change in exchange rate  $\pm 3\%$ ) and serious scenario (change in interest rate  $\pm 200$  bp, change in securities  $\pm 30\%$  and change in exchange rate  $\pm 6\%$ ) and reports the stress test results to the board of directors.

6) Trading book interest rate risk management

a) Definitions

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

b) Procedures

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

c) Measurements

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

7) Trading book exchange rate risk management

a) Definitions

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

b) Policies and procedures

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

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 50, e, 12).

- ii. Exposure positions are measured daily for the impact of exchange rate changes on investment portfolio value.

#### 8) Trading book equity risk management

##### a) Definitions

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

##### b) Procedures

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

##### c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 50, e, 12).
- ii. Exposure positions are measured daily to measure the impact of equity risk on investment portfolio value due from equity risk.

#### 9) Banking book interest rate risk management

Banking book interest rate risk refers to the 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. The Bank 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. The Bank 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 December 31, 2022, 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 December 31, 2022, the financial instruments of Bank SinoPac and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

| Non-derivatives | Book Value       |                       |
|-----------------|------------------|-----------------------|
|                 | Financial Assets | Financial Liabilities |
| USD LIBOR       | \$ 100,386,902   | \$ -                  |
| EUR LIBOR       | -                | -                     |
| GBP LIBOR       | -                | -                     |
| JPY LIBOR       | -                | -                     |
| CHF LIBOR       | -                | -                     |
| Total           | \$ 100,386,902   | \$ -                  |

Note: EUR/GBP LIBOR financial assets have been fully placed in the conversion clause.

| Derivatives | Notional Amount |
|-------------|-----------------|
| USD LIBOR   | \$ 28,053,153   |
| EUR LIBOR   | -               |
| GBP LIBOR   | -               |
| JPY LIBOR   | -               |
| CHF LIBOR   | -               |
| Total       | \$ 28,053,153   |

## 12) Market risk measurement technique

### Value at Risk (VaR)

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

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

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

Bank SinoPac's trading book VaR overview

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

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

Note 2: Historical data period: 2022.01.03-2022.12.30.

|                    | <b>For the Year Ended December 31, 2021</b> |                |                |
|--------------------|---------------------------------------------|----------------|----------------|
|                    | <b>Average</b>                              | <b>Maximum</b> | <b>Minimum</b> |
| Exchange rate risk | 14,833                                      | 39,447         | 8,547          |
| Interest rate risk | 29,748                                      | 58,153         | 19,113         |
| Equity risk        | 4,286                                       | 13,291         | -              |
| Total VaR          | 34,619                                      | 68,237         | 20,693         |

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

Note 2: Historical data period: 2021.01.04-2021.12.30.

Bank SinoPac (China)'s trading book VaR overview

(In Thousands of CNY)

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

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

Note 2: Historical data period: 2022.01.01-2022.12.31.

(In Thousands of CNY)

|                    | <b>For the Year Ended December 31, 2021</b> |                |                |
|--------------------|---------------------------------------------|----------------|----------------|
|                    | <b>Average</b>                              | <b>Maximum</b> | <b>Minimum</b> |
| Exchange rate risk | 1,700                                       | 4,336          | 684            |
| Interest rate risk | 36                                          | 573            | 7              |
| Equity risk        | -                                           | -              | -              |
| Total VaR          | 436                                         | 2,033          | 153            |

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

Note 2: Historical data period: 2021.01.01-2021.12.31.

### 13) Exchange rate risks

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

| December 31, 2022            |                                       |               |                     |
|------------------------------|---------------------------------------|---------------|---------------------|
|                              | Foreign<br>Currency<br>(In Thousands) | Exchange Rate | Converted to<br>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          |
| December 31, 2021            |                                       |               |                     |
|                              | Foreign<br>Currency<br>(In Thousands) | Exchange Rate | Converted to<br>NTD |
| <u>Financial assets</u>      |                                       |               |                     |
| Monetary items               |                                       |               |                     |
| USD                          | \$ 16,603,751                         | 27.68955      | \$ 459,750,394      |
| CNY                          | 14,766,776                            | 4.34909       | 64,222,038          |
| Nonmonetary items            |                                       |               |                     |
| USD                          | 427,957                               | 27.68955      | 11,849,937          |
| <u>Financial liabilities</u> |                                       |               |                     |
| Monetary items               |                                       |               |                     |
| USD                          | 20,560,106                            | 27.68955      | 569,300,083         |
| CNY                          | 13,232,475                            | 4.34909       | 57,549,225          |

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

#### a) Interest rate sensitivity information (New Taiwan dollars)

December 31, 2022

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

**December 31, 2021**

| Items                                                      | 1 to 90 Days     | 91 to 180 Days | 181 Days to 1 Year | Over 1 Year    | Total            |
|------------------------------------------------------------|------------------|----------------|--------------------|----------------|------------------|
| Interest rate-sensitive assets                             | \$ 1,186,591,425 | \$ 32,466,879  | \$ 69,354,870      | \$ 115,782,219 | \$ 1,404,195,393 |
| Interest rate-sensitive liabilities                        | 318,472,130      | 789,015,900    | 113,338,825        | 58,451,535     | 1,279,278,390    |
| Interest rate-sensitive gap                                | 868,119,295      | (756,549,021)  | (43,983,955)       | 57,330,684     | 124,917,003      |
| Net worth                                                  |                  |                |                    |                | 142,411,498      |
| Ratio of interest rate-sensitive assets to liabilities (%) |                  |                |                    |                | 109.76%          |
| Ratio of interest rate-sensitive gap to net worth (%)      |                  |                |                    |                | 87.72%           |

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

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

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

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

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

**December 31, 2022**

(In Thousands of U.S. Dollars)

| Items                                                      | 1 to 90 Days  | 91 to 180 Days | 181 Days to 1 Year | Over 1 Year  | Total         |
|------------------------------------------------------------|---------------|----------------|--------------------|--------------|---------------|
| Interest rate-sensitive assets                             | \$ 13,471,296 | \$ 312,485     | \$ 331,336         | \$ 3,802,954 | \$ 17,918,071 |
| Interest rate-sensitive liabilities                        | 10,624,243    | 10,099,552     | 1,236,351          | 410,769      | 22,370,915    |
| Interest rate-sensitive gap                                | 2,847,053     | (9,787,067)    | (905,015)          | 3,392,185    | (4,452,844)   |
| Net worth                                                  |               |                |                    |              | (228,746)     |
| Ratio of interest rate-sensitive assets to liabilities (%) |               |                |                    |              | 80.10%        |
| Ratio of interest rate-sensitive gap to net worth (%)      |               |                |                    |              | 1,946.63%     |

**December 31, 2021**

(In Thousands of U.S. Dollars)

| Items                                                      | 1 to 90 Days  | 91 to 180 Days | 181 Days to 1 Year | Over 1 Year  | Total         |
|------------------------------------------------------------|---------------|----------------|--------------------|--------------|---------------|
| Interest rate-sensitive assets                             | \$ 11,947,284 | \$ 441,900     | \$ 193,265         | \$ 2,896,834 | \$ 15,479,283 |
| Interest rate-sensitive liabilities                        | 7,121,417     | 10,649,769     | 892,412            | 88,512       | 18,752,110    |
| Interest rate-sensitive gap                                | 4,825,867     | (10,207,869)   | (699,147)          | 2,808,322    | (3,272,827)   |
| Net worth                                                  |               |                |                    |              | 9,476         |
| Ratio of interest rate-sensitive assets to liabilities (%) |               |                |                    |              | 82.55%        |
| Ratio of interest rate-sensitive gap to net worth (%)      |               |                |                    |              | (34,538.06%)  |

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

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

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

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

## 15) Transfers of financial assets

The transferred financial assets of Bank SinoPac and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements. The transaction transfers the contractual rights to receive the cash flows of the financial assets but Bank SinoPac and its subsidiaries retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. Bank SinoPac and its subsidiaries cannot use, sell, or pledge such transferred financial assets at fair value through other comprehensive income and investments in debt instruments at amortized cost within the validity period of the transaction. However, Bank SinoPac and its subsidiaries still bear the interest rate risk and credit risk thus, Bank SinoPac and its subsidiaries do not derecognize it. The analysis of financial assets and related liabilities that did not completely meet the derecognizing condition is shown in the following table:

| Category of Financial Asset                                                                                   | December 31, 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<br>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<br>Transactions under repurchase agreements                 | 1,261,905                                 | 1,173,179                                  | 1,234,563                                 | 1,173,179                                  | 61,384                    |
| Securities purchased under resell agreements<br>Transactions under repurchase agreements                      | 17,884,383                                | 19,532,939                                 | 17,884,383                                | 19,532,939                                 | (1,648,556)               |

| Category of Financial Asset                                                                                   | December 31, 2021                         |                                            |                                           |                                            |                           |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------|-------------------------------------------|--------------------------------------------|---------------------------|
|                                                                                                               | Transferred Financial Assets - Book Value | Related Financial Liabilities - Book Value | Transferred Financial Assets - Fair Value | Related Financial Liabilities - Fair Value | Net Position - Fair Value |
| Financial assets at fair value through other comprehensive income<br>Transactions under repurchase agreements | \$ 2,735,542                              | \$ 2,650,255                               | \$ 2,735,542                              | \$ 2,650,255                               | \$ 85,287                 |
| Securities purchased under resell agreements<br>Transactions under repurchase agreements                      | 6,671,855                                 | 7,087,481                                  | 6,671,855                                 | 7,087,481                                  | (415,626)                 |

## 16) Offsetting of financial assets and financial liabilities

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

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

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

December 31, 2022

| Financial Assets                             | Recognized<br>Financial<br>Assets - Gross<br>Amount | Netted<br>Financial<br>Liabilities<br>Recognized on<br>the Balance<br>Sheet - Gross<br>Amount | Recognized<br>Financial<br>Assets - Net<br>Amount | Related Amount Not Netted on<br>the Balance Sheet |                                 | Net Amount           |
|----------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------|----------------------|
|                                              |                                                     |                                                                                               |                                                   | Financial<br>Instruments<br>(Note)                | Cash Received<br>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<br>Financial<br>Liabilities -<br>Gross Amount | Netted<br>Financial<br>Assets<br>Recognized on<br>the Balance<br>Sheet - Gross<br>Amount | Recognized<br>Financial<br>Liabilities - Net<br>Amount | Related Amount Not Netted on<br>the Balance Sheet |                                | Net Amount          |
|---------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|--------------------------------|---------------------|
|                                             |                                                          |                                                                                          |                                                        | Financial<br>Instruments<br>(Note)                | Cash<br>Collaterals<br>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.

December 31, 2021

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

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

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

## **SinoPac Securities Corporation and Its Subsidiaries**

### **a. Risk management organization**

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

### **b. Goal and policy of risk management**

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

#### **1) Market risk**

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

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

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

#### **a) Value-at-risk (VaR)**

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

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

|                           | <b>December 31</b> |             |
|---------------------------|--------------------|-------------|
|                           | <b>2022</b>        | <b>2021</b> |
| Equities                  | \$ 52,195          | \$ 82,882   |
| Interest rate risk        | \$ 92,445          | \$ 101,044  |
| Overall market risk value | \$ 127,893         | \$ 106,501  |
| Percentage of net value   | 0.43%              | 0.32%       |

|                    | <b>For the Year Ended December 31</b> |                |                |                |                |                |
|--------------------|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                    | <b>2022</b>                           |                |                | <b>2021</b>    |                |                |
|                    | <b>Average</b>                        | <b>Minimum</b> | <b>Maximum</b> | <b>Average</b> | <b>Minimum</b> | <b>Maximum</b> |
| Equities           | \$ 99,845                             | \$ 25,132      | \$ 265,238     | \$ 131,261     | \$ 71,627      | \$ 228,304     |
| Interest rate risk | 168,185                               | 73,656         | 285,736        | 76,177         | 19,375         | 181,465        |

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

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

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

|                              | <b>December 31, 2022</b>  |                      |               |
|------------------------------|---------------------------|----------------------|---------------|
|                              | <b>Foreign Currencies</b> | <b>Exchange Rate</b> | <b>NTD</b>    |
| <u>Financial assets</u>      |                           |                      |               |
| Monetary items               |                           |                      |               |
| USD                          | \$ 1,653,019              | 30.721               | \$ 50,784,103 |
| NTD                          | 752,789                   | 1.000                | 752,789       |
| HKD                          | 638,238                   | 3.938                | 2,513,423     |
| CNY                          | 1,555,618                 | 4.406                | 6,859,568     |
| EUR                          | 103,576                   | 32.725               | 3,389,547     |
| AUD                          | 40,489                    | 20.839               | 844,019       |
| JPY                          | 25,361,842                | 0.232                | 5,893,589     |
| ZAR                          | 81,112                    | 1.880                | 152,520       |
| GBP                          | 2,954                     | 37.059               | 109,469       |
| <u>Financial liabilities</u> |                           |                      |               |
| Monetary items               |                           |                      |               |
| USD                          | 1,513,334                 | 30.721               | 46,490,891    |
| NTD                          | 247,258                   | 1.000                | 247,258       |
| HKD                          | 625,338                   | 3.938                | 2,462,580     |
| CNY                          | 826,644                   | 4.406                | 3,642,302     |
| EUR                          | 100,977                   | 32.725               | 3,304,487     |
| AUD                          | 19,629                    | 20.839               | 409,048       |
| JPY                          | 24,950,513                | 0.232                | 5,798,036     |



|                         | <b>December 31, 2021</b>  |                      |               |
|-------------------------|---------------------------|----------------------|---------------|
|                         | <b>Foreign Currencies</b> | <b>Exchange Rate</b> | <b>NTD</b>    |
| <u>Financial assets</u> |                           |                      |               |
| Monetary items          |                           |                      |               |
| USD                     | \$ 1,738,651              | 27.688               | \$ 48,139,193 |
| NTD                     | 2,248,385                 | 1.000                | 2,248,385     |
| HKD                     | 375,383                   | 3.549                | 1,332,270     |
| CNY                     | 1,874,580                 | 4.349                | 8,152,709     |
| EUR                     | 123,656                   | 31.321               | 3,873,023     |
| AUD                     | 25,687                    | 20.095               | 516,182       |
| JPY                     | 13,194,380                | 0.240                | 3,173,034     |
| ZAR                     | 154,802                   | 1.736                | 268,788       |
| GBP                     | 4,342                     | 37.290               | 161,916       |

Financial liabilities

|                |            |        |            |
|----------------|------------|--------|------------|
| Monetary items |            |        |            |
| USD            | 1,606,144  | 27.688 | 44,470,252 |
| NTD            | 1,453,143  | 1.000  | 1,453,043  |
| HKD            | 367,041    | 3.549  | 1,302,697  |
| CNY            | 544,726    | 4.349  | 2,369,045  |
| EUR            | 122,352    | 31.321 | 3,832,190  |
| JPY            | 12,734,141 | 0.240  | 3,062,385  |
| GBP            | 3,432      | 37.290 | 128,010    |

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

|                               | <b>December 31</b> |             |
|-------------------------------|--------------------|-------------|
|                               | <b>2022</b>        | <b>2021</b> |
| Futures and options           | \$ 150,851         | \$ 61,742   |
| Warrants                      | 40,489             | 19,985      |
| Interest rate swap contracts  | 53,593             | 4,032       |
| Currency contracts            | 1,431              | 1,051       |
| Asset swap option contracts   | 63,635             | 50,984      |
| Equity-linked note            | 742                | 781         |
| Credit-linked note            | 11,800             | 4,622       |
| Principal-guaranteed note     | 1,362              | 1           |
| Non-principal-guaranteed note | -                  | 42          |
| 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 December 31, 2022, SinoPac Securities and its subsidiaries have identified all information systems and internal processes that need to be updated, including complying with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. And SinoPac Securities and its subsidiaries have started discussions with financial instrument counterparties on how to amend the affected contracts. At present, the projects are implemented on time according to the schedule.

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

As of December 31, 2022, the financial instruments of SinoPac Securities and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

|                        |                        | <b>Book Value</b>       |                              |
|------------------------|------------------------|-------------------------|------------------------------|
|                        |                        | <b>Financial Assets</b> | <b>Financial Liabilities</b> |
| <b>Non-derivatives</b> |                        |                         |                              |
| USD LIBOR              |                        | \$ 2,358,858            | \$ 921,707                   |
| EUR LIBOR              |                        | -                       | -                            |
| GBP LIBOR              |                        | -                       | -                            |
| JPY LIBOR              |                        | -                       | -                            |
| CHF LIBOR              |                        | -                       | -                            |
|                        |                        | <u>\$ 2,358,858</u>     | <u>\$ 921,707</u>            |
|                        |                        | <b>Book Value</b>       |                              |
|                        |                        | <b>Financial Assets</b> | <b>Financial Liabilities</b> |
| <b>Derivatives</b>     | <b>Notional Amount</b> |                         |                              |
| USD LIBOR              | \$ 50,162,340          | \$ 1,103,920            | \$ 1,151,094                 |
| EUR LIBOR              | -                      | -                       | -                            |
| GBP LIBOR              | -                      | -                       | -                            |
| JPY LIBOR              | -                      | -                       | -                            |
| CHF LIBOR              | -                      | -                       | -                            |
|                        | <u>\$ 50,162,340</u>   | <u>\$ 1,103,920</u>     | <u>\$ 1,151,094</u>          |

## 2) Credit risk

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

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

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

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

|                              | <b>December 31, 2022</b> |                                    |
|------------------------------|--------------------------|------------------------------------|
|                              | <b>Carrying Value</b>    | <b>Max. Credit Exposure Amount</b> |
| Interest rate swap contracts | \$ 3,929,411             | \$ 3,018,312                       |
| Asset swap option contracts  | <u>453,594</u>           | <u>645,950</u>                     |
|                              | <u>\$ 4,383,005</u>      | <u>\$ 3,664,262</u>                |
|                              | <b>December 31, 2021</b> |                                    |
|                              | <b>Carrying Value</b>    | <b>Max. Credit Exposure Amount</b> |
| Interest rate swap contracts | \$ 1,263,599             | \$ 2,367,795                       |
| Asset swap option contracts  | <u>1,294,849</u>         | <u>1,522,136</u>                   |
|                              | <u>\$ 2,558,448</u>      | <u>\$ 3,889,931</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 December 31, 2022, were 54% 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 83%.

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 December 31, 2022 and 2021, the unused credit lines of SinoPac Securities and its subsidiaries were \$90,151,809 and \$66,687,848, respectively.

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

| 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> |

| December 31, 2021                                                  | Payment Period        |                      |                     |                  |                       |
|--------------------------------------------------------------------|-----------------------|----------------------|---------------------|------------------|-----------------------|
|                                                                    | Current Period        | First 3 to 12 Months | 1 Year to 5 Years   | Over 5 Years     | Total                 |
| Current borrowings                                                 | \$ 274,784            | \$ -                 | \$ -                | \$ -             | \$ 274,784            |
| Commercial paper payable                                           | 17,000,000            | 6,350,000            | -                   | -                | 23,350,000            |
| Current financial liabilities at fair value through profit or loss | 9,866,867             | 308,101              | 3,693,270           | 86,982           | 13,955,220            |
| Liabilities for bonds with attached repurchase agreements          | 23,508,379            | 1,720,461            | -                   | -                | 25,228,840            |
| Securities financing refundable deposits                           | 2,873,781             | -                    | -                   | -                | 2,873,781             |
| Deposits payable for securities financing                          | 3,244,589             | -                    | -                   | -                | 3,244,589             |
| Securities lending refundable deposits                             | 9,349,612             | -                    | -                   | -                | 9,349,612             |
| Futures traders' equity                                            | 35,165,089            | -                    | -                   | -                | 35,165,089            |
| Equity for each customer in the account                            | 495,486               | -                    | -                   | -                | 495,486               |
| Notes and accounts payable                                         | 26,947,399            | -                    | -                   | -                | 26,947,399            |
| Other payables                                                     | 2,230,569             | -                    | -                   | -                | 2,230,569             |
| Other current financial liabilities                                | 20,000                | -                    | -                   | -                | 20,000                |
| Long-term liabilities - current portion                            | 3,775                 | 445,051              | -                   | -                | 448,826               |
| Bonds payable                                                      | 19,638                | 10,696               | 2,033,666           | -                | 2,064,000             |
| Long-term borrowings                                               | 831,212               | -                    | -                   | -                | 831,212               |
| Lease liabilities                                                  | 63,149                | 183,323              | 502,734             | 5,890            | 755,096               |
|                                                                    | <u>\$ 131,894,329</u> | <u>\$ 9,017,632</u>  | <u>\$ 6,229,670</u> | <u>\$ 92,872</u> | <u>\$ 147,234,503</u> |

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

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

c. Transfers of financial assets

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

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

d. Offsetting of financial assets and financial liabilities

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

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

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

December 31, 2022

| Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements |                                            |                                                                             |                                          |                                                |                             |                     |
|-------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------|------------------------------------------------|-----------------------------|---------------------|
| 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                          | Cash Received as Collateral |                     |
| Derivative assets - OTC                                                                         | \$ 4,385,357                               | \$ -                                                                        | \$ 4,385,357                             | \$ 3,473,117                                   | \$ -                        | \$ 912,240          |
| Bond investments under resale agreements                                                        | 7,609,811                                  | -                                                                           | 7,609,811                                | 7,609,811                                      | -                           | -                   |
| Accounts receivable for sale of securities                                                      | <u>3,166,854</u>                           | <u>2,458,962</u>                                                            | <u>707,892</u>                           | <u>-</u>                                       | <u>-</u>                    | <u>707,892</u>      |
|                                                                                                 | <u>\$ 15,162,022</u>                       | <u>\$ 2,458,962</u>                                                         | <u>\$ 12,703,060</u>                     | <u>\$ 11,082,928</u>                           | <u>\$ -</u>                 | <u>\$ 1,620,132</u> |

| Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements |                                                 |                                                                        |                                               |                                                |                         |                     |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------|-------------------------|---------------------|
| Financial Liabilities                                                                                | Recognized Financial Liabilities - Gross Amount | Netted Financial Assets Recognized on the Balance Sheet - Gross Amount | Recognized Financial Liabilities - Net Amount | Related Amount Not Netted on the Balance Sheet |                         | 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> |

December 31, 2021

| Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements |                                            |                                                                             |                                          |                                                |                             |                     |
|-------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------|------------------------------------------------|-----------------------------|---------------------|
| 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                          | Cash Received as Collateral |                     |
| Derivative assets - OTC                                                                         | \$ 2,607,415                               | \$ -                                                                        | \$ 2,607,415                             | \$ 1,081,793                                   | \$ -                        | \$ 1,525,622        |
| Bond investments under resale agreements                                                        | 4,470,013                                  | -                                                                           | 4,470,013                                | 4,470,013                                      | -                           | -                   |
| Accounts receivable for sale of securities                                                      | <u>6,042,767</u>                           | <u>4,092,762</u>                                                            | <u>1,950,005</u>                         | <u>-</u>                                       | <u>-</u>                    | <u>1,950,005</u>    |
|                                                                                                 | <u>\$ 13,120,195</u>                       | <u>\$ 4,092,762</u>                                                         | <u>\$ 9,027,433</u>                      | <u>\$ 5,551,806</u>                            | <u>\$ -</u>                 | <u>\$ 3,475,627</u> |



| Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements |                                                 |                                                |                                               |                                                |                         |                     |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------|-----------------------------------------------|------------------------------------------------|-------------------------|---------------------|
| Financial Liabilities                                                                                | 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                                                                         | \$ 3,792,860                                    | \$ -                                           | \$ 3,792,860                                  | \$ 1,081,793                                   | \$ -                    | \$ 2,711,067        |
| Liabilities for bonds with attached repurchase agreements                                            | 25,212,703                                      | -                                              | 25,212,703                                    | 21,720,854                                     | -                       | 3,491,849           |
| Accounts payable for securities purchased                                                            | <u>5,244,719</u>                                | <u>4,092,762</u>                               | <u>1,151,957</u>                              | <u>-</u>                                       | <u>-</u>                | <u>1,151,957</u>    |
|                                                                                                      | <u>\$ 34,250,282</u>                            | <u>\$ 4,092,762</u>                            | <u>\$ 30,157,520</u>                          | <u>\$ 22,802,647</u>                           | <u>\$ -</u>             | <u>\$ 7,354,873</u> |

## 51. CAPITAL MANAGEMENT

### SinoPac Financial Holdings

#### a. Overview

The Group's capital management goals are as follows:

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

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

#### b. Capital management procedure

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

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

c. Capital adequacy ratio

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. Under certain conditions, the authorities may impose other penalties on the Company. The Group's capital adequacy ratio information for December 31, 2022 and 2021 are shown as follow:

1) Consolidated capital adequacy ratio

**December 31, 2022**

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

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

**December 31, 2021**

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

| <b>Item</b>                          | <b>Percentage of Ownership</b> | <b>Group's Net Eligible Capital</b> | <b>Group's Statutory Capital Requirement</b> |
|--------------------------------------|--------------------------------|-------------------------------------|----------------------------------------------|
| <b>Entities</b>                      |                                |                                     |                                              |
| SPH                                  | 100%                           | \$ 162,812,622                      | \$ 184,249,416                               |
| Bank SinoPac                         | 100%                           | 182,872,521                         | 121,505,662                                  |
| SinoPac Securities                   | 100%                           | 22,060,275                          | 8,970,233                                    |
| SinoPac Leasing                      | 100%                           | 4,381,899                           | 1,418,229                                    |
| SinoPac Venture Capital              | 100%                           | 2,754,244                           | 1,378,775                                    |
| SinoPac Securities Investment Trust  | 100%                           | 1,683,742                           | 888,994                                      |
| Deduction                            |                                | (197,744,567)                       | (182,038,680)                                |
| Subtotal                             |                                | 178,820,736 (A)                     | 136,372,629 (B)                              |
| Consolidated CARs of SPH (C)=(A)÷(B) |                                |                                     | 131.13% (C)                                  |

2) Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

| Item                                                                | December 31,<br>2022 | December 31,<br>2021 |
|---------------------------------------------------------------------|----------------------|----------------------|
| Common stock                                                        | \$ 113,837,646       | \$ 112,710,541       |
| Capital Instruments that comply with the Tier 1 capital requirement | -                    | -                    |
| Other preferred stock and subordinated bank debentures              | 60,000               | 60,000               |
| Capital collected in advance                                        | -                    | -                    |
| Capital surplus                                                     | 2,187,219            | 2,187,201            |
| Legal reserve                                                       | 22,112,855           | 20,389,695           |
| Special reserve                                                     | 483,818              | 483,818              |
| Retained earnings                                                   | 29,555,849           | 25,033,001           |
| Equity adjustment                                                   | (14,200,212)         | 1,958,033            |
| Deduction: Deferred assets                                          | (11,790)             | (9,667)              |
| Total                                                               | 154,025,385          | 162,812,622          |

**Bank SinoPac**

a. Overview

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

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

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

b. Capital management procedure

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

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

c. Statement of capital adequacy

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

| Analysis Items                                 |                            |                                                             | Year           | December 31, 2021 |  |
|------------------------------------------------|----------------------------|-------------------------------------------------------------|----------------|-------------------|--|
|                                                |                            |                                                             | Standalone     | Consolidation     |  |
| Eligible capital                               | Common stock equity        |                                                             | \$ 132,290,534 | \$ 134,619,600    |  |
|                                                | Other Tier 1 capital       |                                                             | 18,058,460     | 20,500,000        |  |
|                                                | Tier 2 capital             |                                                             | 32,523,527     | 38,218,773        |  |
|                                                | Eligible capital           |                                                             | 182,872,521    | 193,338,373       |  |
| Risk-weighted assets                           | Credit risk                | Standardized approach                                       | 1,070,623,669  | 1,135,596,901     |  |
|                                                |                            | Internal rating - based approach                            | -              | -                 |  |
|                                                |                            | Securitization                                              | -              | -                 |  |
|                                                | Operational risk           | Basic indicator approach                                    | 50,726,187     | 52,454,161        |  |
|                                                |                            | Standardized approach/<br>alternative standardized approach | -              | -                 |  |
|                                                |                            | Advanced measurement approach                               | -              | -                 |  |
|                                                | Market risk                | Standardized approach                                       | 35,846,921     | 36,848,684        |  |
|                                                |                            | Internal model approach                                     | -              | -                 |  |
|                                                | Total risk-weighted assets |                                                             | 1,157,196,777  | 1,224,899,746     |  |
| Capital adequacy ratio                         |                            |                                                             | 15.80%         | 15.78%            |  |
| Common stock equity risk - based capital ratio |                            |                                                             | 11.43%         | 10.99%            |  |
| Tier 1 risk - based capital ratio              |                            |                                                             | 12.99%         | 12.66%            |  |
| Leverage ratio                                 |                            |                                                             | 6.66%          | 6.83%             |  |

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

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

Note 3: The formula is as follows:

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

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

### **SinoPac Securities**

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

SinoPac Securities' capital adequacy management procedures are as follows:

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

As of December 31, 2022 and 2021, SinoPac Securities' capital adequacy ratio were as follows:

| Items                     | December 31          |                      |
|---------------------------|----------------------|----------------------|
|                           | 2022                 | 2021                 |
| Net eligible capital      |                      |                      |
| Tier 1 Capital            | \$ 29,447,705        | \$ 31,167,127        |
| Tier 2 Capital            | 3,072,188            | 698,187              |
| Tier 3 Capital            | -                    | -                    |
| Deductible assets         | <u>(10,424,107)</u>  | <u>(9,805,039)</u>   |
|                           | <u>\$ 22,095,786</u> | <u>\$ 22,060,275</u> |
| Equivalent operating risk |                      |                      |
| Market risk equivalent    | \$ 3,454,287         | \$ 4,072,730         |
| Credit risk equivalent    | 661,245              | 773,082              |
| Operating risk equivalent | <u>1,578,981</u>     | <u>1,134,343</u>     |
|                           | <u>\$ 5,694,513</u>  | <u>\$ 5,980,155</u>  |
| Capital adequacy ratio    | 388%                 | 369%                 |

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

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

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

## 52. CROSS-SELLING INFORMATION

For the years ended December 31, 2022 and 2021, Bank SinoPac charged SinoPac Securities for \$6,907 and \$12,113, respectively, as opening accounts.

The bonuses Bank SinoPac paid to SinoPac Securities were \$5,059 and \$5,155 for the years ended December 31, 2022 and 2021 as part of the cross-selling agreement.

The bonuses payment for the years ended December 31, 2022 and 2021 made by Bank SinoPac from SinoPac Leasing were \$31 and \$304 as part of the cross-selling agreement.

The bonuses Bank SinoPac paid to SinoPac Leasing were \$14 and \$38 for the years ended December 31, 2022 and 2021 as part of the cross-selling agreement.

The bonus Bank SinoPac paid to SinoPac Venture Capital was \$14 for the year ended December 31, 2021 as part of the cross-selling agreement.

The bonus payment for the years ended December 31, 2021 made by Venture Capital from SinoPac Securities was \$100 as a part of crossing-selling agreement.

The bonus payment for the years ended December 31, 2021 made by SinoPac Securities from SinoPac Venture Capital was \$100 as a part of crossing-selling agreement.

The bonus payment for the years ended December 31, 2021 made by SinoPac Venture Capital from SinoPac Leasing was \$5 as a part of crossing-selling agreement.

For other transactions within the Group, please refer to Note 45 and Table 12.

### 53. BUSINESS SEGMENT FINANCIAL INFORMATION

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

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

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

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

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

| <b>Business Segment</b><br><b>Item</b>                                        | <b>Banking</b> | <b>Security</b> | <b>Others</b> | <b>Consolidated</b> |
|-------------------------------------------------------------------------------|----------------|-----------------|---------------|---------------------|
| Net interest revenue                                                          | \$ 20,452,932  | \$ 1,246,584    | \$ 420,441    | \$ 22,119,957       |
| Net revenues other than interest                                              | 10,260,586     | 12,730,913      | 591,786       | 23,583,285          |
| Net revenues                                                                  | 30,713,518     | 13,977,497      | 1,012,227     | 45,703,242          |
| Bad debts expense, commitment and reversal of guarantee liability (provision) | (2,362,936)    | 9,391           | 126,662       | (2,226,883)         |
| Operating expenses                                                            | (15,167,929)   | (8,476,589)     | (1,182,611)   | (24,827,129)        |
| Profit (loss) from continuing operations before tax                           | 13,182,653     | 5,510,299       | (43,722)      | 18,649,230          |
| Income tax expense                                                            | (1,693,715)    | (727,133)       | (17,377)      | (2,438,225)         |
| Net income (loss)                                                             | 11,488,938     | 4,783,166       | (61,099)      | 16,211,005          |

### 54. PROFITABILITY

**SinoPac Holdings and Its Subsidiaries**

**(%)**

| <b>Items</b>           |                   | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|------------------------|-------------------|--------------------------|--------------------------|
| Return on total assets | Before income tax | 0.78                     | 0.82                     |
|                        | After income tax  | 0.64                     | 0.72                     |
| Return on net worth    | Before income tax | 12.25                    | 11.70                    |
|                        | After income tax  | 10.08                    | 10.17                    |
| Profit margin          |                   | 33.78                    | 35.47                    |

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 years ended December 31, 2022 and 2021.

### **SinoPac Holdings**

(%)

| Items                  |                   | December 31,<br>2022 | December 31,<br>2021 |
|------------------------|-------------------|----------------------|----------------------|
| Return on total assets | Before income tax | 8.86                 | 8.81                 |
|                        | After income tax  | 8.79                 | 8.90                 |
| Return on net worth    | Before income tax | 10.16                | 10.08                |
|                        | After income tax  | 10.08                | 10.17                |
| Profit margin          |                   | 96.81                | 98.31                |

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 years ended December 31, 2022 and 2021.

### **Bank SinoPac**

(%)

| Items                  |                   | December 31,<br>2022 | December 31,<br>2021 |
|------------------------|-------------------|----------------------|----------------------|
| Return on total assets | Before income tax | 0.78                 | 0.64                 |
|                        | After income tax  | 0.66                 | 0.56                 |
| Return on net worth    | Before income tax | 12.30                | 9.25                 |
|                        | After income tax  | 10.47                | 8.07                 |
| Profit margin          |                   | 41.12                | 38.31                |

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 years ended December 31, 2022 and 2021.



## SinoPac Securities

(%)

| Items                  |                   | December 31,<br>2022 | December 31,<br>2021 |
|------------------------|-------------------|----------------------|----------------------|
| Return on total assets | Before income tax | 1.48                 | 4.47                 |
|                        | After income tax  | 1.18                 | 3.95                 |
| Return on net worth    | Before income tax | 6.36                 | 17.60                |
|                        | After income tax  | 5.08                 | 15.57                |
| Profit margin          |                   | 17.09                | 17.09                |

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 years ended December 31, 2022 and 2021.

## 55. ADDITIONAL DISCLOSURES

a. Significant transactions and b. following is the additional information required for the Company and investees:

- 1) Financing provided: Table 1 (under certain regulations, Bank SinoPac and Bank SinoPac (China) are exempt from making related disclosure requirements)
- 2) Endorsement/guarantee provided: Table 2 (under certain regulations, Bank SinoPac and Bank SinoPac (China) are exempt from making related disclosure requirements)
- 3) Marketable securities held: Table 3 (Bank SinoPac, Bank SinoPac (China), SinoPac Securities and SinoPac Securities (Asia) are excluded from related disclosure requirements under the Criteria Governing the Preparation of Financial Reports by Public Banks and the Criteria Governing the Preparation of Financial Reports by Securities Firms)
- 4) Acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4
- 5) Marketable securities acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4
- 6) Acquisition of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
- 7) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
- 8) Allowance for service fees to related parties of at least NT\$5 million: None
- 9) Securitization product offered by a subsidiary and under government approval in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act, and related information: None

- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: Table 5
- 11) Sale of non-performing loans: None
- 12) The related information and proportionate share in investees: Note 6
- 13) Derivative financial transactions: Note 8
- 14) Other material transactions which will affect the decisions of financial report users: Tables 7 to 18
  - a) The book value of the maximum credit risk exposure of the financial assets: Table 7
  - b) Allowance for discounts and loans: Table 8
  - c) Allowance for accounts receivables: Table 9
  - d) Change in allowance for debt instrument at fair value through other comprehensive income: Table 10
  - e) Change in allowance for debt instrument at amortized cost: Table 11
  - f) Related party transactions: Table 12
  - g) Balance sheets of SPH: Table 13
  - h) Comprehensive income statements of SPH: Table 14
  - i) Statement of changes in equity of SPH: Table 15
  - j) Statements of cash flows of SPH: Table 16
  - k) Statement of balance sheet and comprehensive income of SPH's subsidiaries: Table 17
  - l) Public announcements prescribed in financial holding company ACT Article 46: Table 18
  - m) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 19
- d. Information on major shareholders: None

## 56. SEGMENT INFORMATION

The main business of the Company is the investment in and management of its subsidiaries. On the basis of the chief decision maker's resource allocation and department performance review, the Group has divided, business segments by type of services and products provided. The accounting standards and policies mentioned in Note 4 apply to of the business segments under IFRS 8 "Operating Segments". The Group's operating segments for the years ended December 31, 2022 and 2021 are without change. The Group reports the following:

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

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

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.





**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES**

**FINANCING PROVIDED**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

| No. | Financier       | Counterparty                                                                                                                                                                                                                                                                                                                                                                                                                          | Financial Statement Account | Related Parties | Maximum Balance for the Period | Ending Balance    | Amount Actually Drawn | Interest Rate (%) | Financing Type       | Transaction Amount | Financing Reasons | Allowance for Bad Debt | Collateral |       | Financing Limit for Each Borrowing Company | Financing Company's Financing Amount Limit |
|-----|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------|--------------------------------|-------------------|-----------------------|-------------------|----------------------|--------------------|-------------------|------------------------|------------|-------|--------------------------------------------|--------------------------------------------|
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                 |                                |                   |                       |                   |                      |                    |                   |                        | Item       | Value |                                            |                                            |
| 1   | SinoPac Leasing | LHWA Industrial Co., Ltd.<br>Hsiang-Ming Fishery Co., Ltd.<br>ET Pet Co., Ltd.<br>TAROKO Entertainment Co., Ltd.<br>Shin Round Business Co., Ltd.<br>ET New Media Holding Co., Ltd.<br>ING-KER International Co., Ltd.<br>Fengxin Development and Investment Co., Ltd.<br>Xinyi Construction Co., Ltd.<br>TCHING YE FISHERY CO., Ltd.<br>Yuantli Engineering Co., Ltd.<br>HOME-CHAIN FOODS, Ltd.<br>Liwei Wind Solar Energy Co., Ltd. | Other receivable            | No              | \$ 126,450                     | \$ 53,829         | \$ 53,829             | 2.00-15.90        | Short-term financing | \$ -               | - Operating use   | \$ 168                 | -          | \$ -  | 1,407,830 (Note2)                          | \$ 1,877,106 (Note2)                       |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 240,833                        | 233,333           | 63,333                | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 205                    | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 61,708                         | 5,667             | 5,667                 | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 17                     | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 31,240                         | 4,517             | 4,517                 | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 13                     | Deposit    | 8,000 | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 27,564                         | 1,250             | 1,250                 | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 5                      | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 120,374                        | 102,174           | 102,174               | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 305                    | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 12,000                         | 11,276            | 11,276                | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 38                     | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 50,000                         | 41,984            | 41,984                | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 1,022                  | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 80,000                         | 75,200            | 75,200                | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 1,799                  | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 35,000                         | 29,750            | 29,750                | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 728                    | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 120,000                        | 107,000           | 107,000               | 2.00-15.90        | Short-term financing | -                  | - Operating use   | 2,501                  | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 70,000                         | 70,000            | -                     | 2.00-15.90        | Short-term financing | -                  | - Operating use   | -                      | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | No              | 60,000                         | 60,000            | -                     | 2.00-15.90        | Short-term financing | -                  | - Operating use   | -                      | -          | -     | 1,407,830 (Note2)                          | 1,877,106 (Note2)                          |
|     |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other receivable            | Yes             | 3,652,584 (Note3)              | 2,765,120 (Note3) | 921,707 (Note3)       | 5.74629 (Note3)   | Short-term financing | -                  | - Operating use   | -                      | -          | -     | 3,432,249 (Note3)                          | 3,432,249 (Note3)                          |

Note 1: The table is based on regulations from TWSE that Ending Balance refers to the amount lent to individuals, and the amount actually drawn refers to the actual amount lent within the previously mentioned amount.

Note 2: The financial limit for each borrowing company and the financing company's financing amount limits are 30% and 40% of the audited net worth \$4,692,767 of SinoPac Leasing as of December 31, 2022, respectively. The financial limit to each subsidiary of SinoPac Leasing is 40% of its audited net worth.

Note 3: In August and September 2021, and June 2019, the board of directors of SinoPac Securities (Cayman) processed the credit line of US\$30,000 thousand, and US\$30,000 thousand, respectively. The maximum balance and the ending balance were based on the credit line of US\$120,000 thousand (NT\$3,652,584), and US\$90,000 thousands (NT\$2,765,120), respectively. The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) as of December 31, 2022 was equal to US\$11,714 thousand (NT\$3,432,249). As of December 31, 2022, the actual balance of US\$30,000 thousand (NT\$921,707) had been eliminated in consolidated report.

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

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

| No. | Endorsement/Guarantee Provider | Counterparty                        |                        | Limits on Individual Endorsement/Guarantee Amounts | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Endorsement/Guarantee Amount Collateralized by Properties | Ratio of Accumulated Amount of Endorsement/Guarantee to Net Asset Value of the Latest Financial Statement (%) | Maximum Endorsement/Guarantee Amounts Allowable | Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/Guarantee Given on Behalf of Companies in Mainland China |
|-----|--------------------------------|-------------------------------------|------------------------|----------------------------------------------------|--------------------------------|----------------|-----------------------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------|
|     |                                | Name                                | Nature of Relationship |                                                    |                                |                |                       |                                                           |                                                                                                               |                                                 |                                                                 |                                                                 |                                                                      |
| 1   | SinoPac Leasing                | SinoPac International Leasing Corp. | Subsidiary             | \$ 37,542,137                                      | \$ 4,933,495                   | \$ 3,586,471   | \$ 798,423            | \$ -                                                      | 76.43%                                                                                                        | \$ 37,542,137 (Note1)                           | Y                                                               | N                                                               | Y                                                                    |
|     |                                | SinoPac Capital International (HK)  | Subsidiary             | 37,542,137                                         | 12,616,626                     | 12,616,626     | 3,220,367             | -                                                         | 268.85%                                                                                                       | 37,542,137 (Note1)                              | Y                                                               | N                                                               | N                                                                    |
| 2   | SinoPac Venture Capital        | SinoPac Leasing                     | Affiliate              | 1,338,326                                          | 407,174                        | 407,174        | -                     | -                                                         | 15.21%                                                                                                        | 2,676,652 (Note2)                               | N                                                               | N                                                               | N                                                                    |

Note 1: The limit on individual endorsement or guarantee amounts is up to 200% of the net worth of SinoPac Leasing. The maximum amount of endorsement or guarantee is 800% of the net worth of SinoPac Leasing. But the amount of endorsement or guarantee is 800% of the worth of the subsidiaries of SinoPac Leasing, which held by more than 50%. The audited net worth of SinoPac Leasing as of December 31, 2022 was \$4,692,767.

Note 2: Endorsement or guarantee cannot exceed the net worth of SinoPac Venture Capital. The limit on individual endorsement or guarantee cannot exceed one-half of the net worth of SinoPac Venture Capital. The audited net worth as of December 31, 2022 was \$2,676,652.

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

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars or Shares)

| Holding Company | Type And Issuer of Marketable Securities                   | Relationship with Holding Company         | Financial Statement Account                                          | December 31, 2022            |                    |                                      |                                       | Note |
|-----------------|------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                 |                                                            |                                           |                                                                      | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
| SPH             | <u>Stock</u><br>Taiwan Depository And Clearing Corporation | -                                         | Financial assets at fair value through<br>other comprehensive income | 485                          | \$ 33,822          | 0.08                                 | \$ 33,822                             |      |
| SinoPac Futures | <u>Stock</u><br>Taiwan Futures Exchange (TAIFEX)           | Affiliate of SinoPac Securities' director | Financial assets at fair value through<br>other comprehensive income | 1,194                        | 77,538             | 0.25                                 | 77,538                                |      |
|                 | CME GROUP INC.                                             | -                                         | Financial assets at fair value through<br>other comprehensive income | 20                           | 103,284            | 0.01                                 | 103,284                               |      |
|                 | Formosa Plastics Corporation                               | -                                         | Financial assets at fair value through<br>other comprehensive income | 141                          | 12,239             | -                                    | 12,239                                |      |
|                 | Synnex technology International Corporation                | -                                         | Financial assets at fair value through<br>other comprehensive income | 248                          | 14,682             | 0.01                                 | 14,682                                |      |
|                 | Asustek Computer Incorporation                             | -                                         | Financial assets at fair value through<br>other comprehensive income | 61                           | 16,379             | 0.01                                 | 16,379                                |      |
|                 | GIGA-BYTE Technology Co., Ltd.                             | -                                         | Financial assets at fair value through<br>other comprehensive income | 220                          | 23,430             | 0.03                                 | 23,430                                |      |
|                 | Micro-Star International Co., Ltd.                         | -                                         | Financial assets at fair value through<br>other comprehensive income | 92                           | 10,994             | 0.01                                 | 10,994                                |      |
|                 | Quanta Computer Inc.                                       | -                                         | Financial assets at fair value through<br>other comprehensive income | 208                          | 15,038             | 0.01                                 | 15,038                                |      |
|                 | Chicony Electronics Co., Ltd.                              | -                                         | Financial assets at fair value through<br>other comprehensive income | 163                          | 14,067             | 0.02                                 | 14,067                                |      |
|                 | Huaku Development Co., Ltd.                                | -                                         | Financial assets at fair value through<br>other comprehensive income | 161                          | 14,329             | 0.06                                 | 14,329                                |      |
|                 | Yuantai Financial Holding Co., Ltd.                        | -                                         | Financial assets at fair value through<br>other comprehensive income | 663                          | 14,394             | 0.01                                 | 14,394                                |      |
|                 | TXC Corporation                                            | -                                         | Financial assets at fair value through<br>other comprehensive income | 152                          | 12,570             | 0.05                                 | 12,570                                |      |
|                 | Tripod technology Corporation                              | -                                         | Financial assets at fair value through<br>other comprehensive income | 154                          | 14,476             | 0.03                                 | 14,476                                |      |
|                 | BizLink Holding Inc.                                       | -                                         | Financial assets at fair value through<br>other comprehensive income | 25                           | 5,913              | -                                    | 5,913                                 |      |
|                 | Wpg holdings limited                                       | -                                         | Financial assets at fair value through<br>other comprehensive income | 315                          | 15,152             | 0.02                                 | 15,152                                |      |

(Continued)



| Holding Company         | Type And Issuer of Marketable Securities              | Relationship with Holding Company                      | Financial Statement Account                                       | December 31, 2022            |                    |                                      |                                       | Note |
|-------------------------|-------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                         |                                                       |                                                        |                                                                   | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
| SinoPac Venture Capital | Far Eastone Telecommunications Co., Ltd.              | -                                                      | Financial assets at fair value through other comprehensive income | 229                          | \$ 15,091          | 0.01                                 | \$ 15,091                             |      |
|                         | Simplo Technology Co., Ltd.                           | -                                                      | Financial assets at fair value through other comprehensive income | 48                           | 13,680             | 0.03                                 | 13,680                                |      |
|                         | CTCI Corporation                                      | -                                                      | Financial assets at fair value through other comprehensive income | 387                          | 16,196             | 0.05                                 | 16,196                                |      |
|                         | Fund<br>Cathay US Premium Bond Fund (TWD)             | -                                                      | Financial assets at fair value through profit or loss             | 3,000                        | 29,596             | -                                    | 29,596                                |      |
|                         | Yuanta Global Leaders Balanced Fund-TWD(A)            | -                                                      | Financial assets at fair value through profit or loss             | 977                          | 9,688              | -                                    | 9,688                                 |      |
|                         | Yuanta 2-10 Year Investment Grade Corporate Bond Fund | -                                                      | Financial assets at fair value through profit or loss             | 2,000                        | 19,729             | -                                    | 19,729                                |      |
|                         | Cathay 15+ Year Technology Bond Select ETF            | -                                                      | Financial assets at fair value through profit or loss             | 250                          | 8,090              | -                                    | 8,090                                 |      |
|                         | Cathay S&P North American Technology Sector ETF       | -                                                      | Financial assets at fair value through profit or loss             | 500                          | 13,485             | -                                    | 13,485                                |      |
|                         | Stock<br>Taigen Biopharmaceuticals Holdings Limited   | Related party                                          | Financial assets at fair value through profit or loss             | 21,647                       | 347,437            | 3.02                                 | 347,437                               |      |
|                         | Aerowin Technology Corporation                        | -                                                      | Financial assets at fair value through profit or loss             | 245                          | 6,370              | 0.36                                 | 6,370                                 |      |
|                         | TBI Motion Technology Co., Ltd.                       | -                                                      | Financial assets at fair value through profit or loss             | 1,222                        | 44,542             | 1.30                                 | 44,542                                |      |
|                         | Kuang Hong Arts Management Incorporation              | -                                                      | Financial assets at fair value through profit or loss             | 937                          | 41,958             | 3.12                                 | 41,958                                |      |
|                         | MOSA Industrial Corporation                           | -                                                      | Financial assets at fair value through profit or loss             | 1,549                        | 37,633             | 0.85                                 | 37,633                                |      |
|                         | 3S Silicon Tech, Inc.                                 | -                                                      | Financial assets at fair value through profit or loss             | 1,559                        | 18,084             | 6.63                                 | 18,084                                |      |
|                         | Throughtek (tutk)                                     | -                                                      | Financial assets at fair value through profit or loss             | 110                          | 1,091              | 0.42                                 | 1,091                                 |      |
|                         | Centera Photonics Inc.                                | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss             | 1,342                        | 22,568             | 3.46                                 | 22,568                                |      |
|                         | M2 Communication Inc.                                 | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss             | 197                          | 3,015              | 1.58                                 | 3,015                                 |      |
|                         | Protectlife International Biomedical Inc.             | Related party                                          | Financial assets at fair value through profit or loss             | 600                          | 9,006              | 5.04                                 | 9,006                                 |      |
|                         | Andros Pharmaceuticals Co., Ltd.                      | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss             | 1,740                        | 52,200             | 5.00                                 | 52,200                                |      |
|                         | Knowledge Freeway Co., Ltd.                           | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss             | 572                          | 12,275             | 11.44                                | 12,275                                |      |

(Continued)

| Holding Company | Type And Issuer of Marketable Securities                      | Relationship with Holding Company                      | Financial Statement Account                           | December 31, 2022            |                 |                             |                                 | Note |
|-----------------|---------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|------------------------------|-----------------|-----------------------------|---------------------------------|------|
|                 |                                                               |                                                        |                                                       | Shares/Units/<br>Face Amount | Carrying Amount | Percentage of Ownership (%) | Market Value or Net Asset Value |      |
|                 | J-metrics Technology Co., Ltd.                                | -                                                      | Financial assets at fair value through profit or loss | 1,200                        | \$ 13,932       | 4.29                        | \$ 13,932                       |      |
|                 | Taisys Technologies Co., Ltd.                                 | -                                                      | Financial assets at fair value through profit or loss | 380                          | 3,643           | 1.66                        | 3,643                           |      |
|                 | IDA HO Marketing Co., Ltd.                                    | -                                                      | Financial assets at fair value through profit or loss | 1,050                        | 18,407          | 12.20                       | 18,407                          |      |
|                 | 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 | 3,689                        | 849             | 5.00                        | 849                             |      |
|                 | 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                        | 25,391          | 4.84                        | 25,391                          |      |
|                 | Taiwan Capital Buffalo II Bioventures LP                      | -                                                      | Financial assets at fair value through profit or loss | -                            | 86,081          | -                           | 86,081                          |      |
|                 | iXensor Co., Ltd.                                             | -                                                      | Financial assets at fair value through profit or loss | 515                          | 5,078           | 0.94                        | 5,078                           |      |
|                 | Asia Metal Industries, Inc.                                   | -                                                      | Financial assets at fair value through profit or loss | 716                          | 48,044          | 3.13                        | 48,044                          |      |
|                 | Hantop Intelligence Technology Corporation                    | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss | 1,250                        | 10,050          | 10.21                       | 10,050                          |      |
|                 | Annji Pharmaceutical Co., Ltd.                                | -                                                      | Financial assets at fair value through profit or loss | 4,000                        | 93,360          | 6.07                        | 93,360                          |      |
|                 | Evergreen Steel Corporation                                   | -                                                      | Financial assets at fair value through profit or loss | 1,200                        | 61,920          | 0.29                        | 61,920                          |      |
|                 | Active Technology Engineering Inc.                            | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss | 1,637                        | 26,107          | 9.99                        | 26,107                          |      |
|                 | Lian Hong Art CO., Ltd.                                       | -                                                      | Financial assets at fair value through profit or loss | 122                          | 3,084           | 0.34                        | 3,084                           |      |
|                 | Infinity Communication Tech. Inc. (Preferred stock A)         | -                                                      | Financial assets at fair value through profit or loss | 2,000                        | 26,200          | 2.64                        | 26,200                          |      |
|                 | Morrison Opto-Electronics Ltd.                                | -                                                      | Financial assets at fair value through profit or loss | 650                          | 74,413          | 2.98                        | 74,413                          |      |
|                 | Biogend Therapeutics Co., Ltd.                                | -                                                      | Financial assets at fair value through profit or loss | 596                          | 12,993          | 0.58                        | 12,993                          |      |
|                 | Hui-Min Environment Tech Corp.                                | -                                                      | Financial assets at fair value through profit or loss | 1,000                        | 35,120          | 2.84                        | 35,120                          |      |
|                 | Obigen Pharma, Inc.                                           | -                                                      | Financial assets at fair value through profit or loss | 1,000                        | 27,130          | 1.32                        | 27,130                          |      |

(Continued)

| Holding Company | Type And Issuer of Marketable Securities       | Relationship with Holding Company                      | Financial Statement Account                                       | December 31, 2022            |                    |                                      |                                       | Note |
|-----------------|------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                 |                                                |                                                        |                                                                   | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
|                 | Taiwan Capital Buffalo III Bioventures, LP     | -                                                      | Financial assets at fair value through profit or loss             | -                            | \$ 29,942          | -                                    | \$ 29,942                             |      |
|                 | GE Technology Inc.                             | -                                                      | Financial assets at fair value through profit or loss             | 436                          | 15,426             | 2.18                                 | 15,426                                |      |
|                 | High Entropy Materials, Inc.                   | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through profit or loss             | 2,500                        | 25,000             | 5.25                                 | 25,000                                |      |
|                 | Chenfull International CO., Ltd.               | -                                                      | Financial assets at fair value through profit or loss             | 167                          | 12,258             | 0.28                                 | 12,258                                |      |
|                 | Evergreen Aviation Technologies Corporation    | -                                                      | Financial assets at fair value through profit or loss             | 1,648                        | 127,918            | 0.47                                 | 127,918                               |      |
|                 | Mega Union Technology Inc.                     | -                                                      | Financial assets at fair value through profit or loss             | 759                          | 53,130             | 1.26                                 | 53,130                                |      |
|                 | Medeon Biodesign Inc.                          | Related party                                          | Financial assets at fair value through profit or loss             | 437                          | 25,370             | 0.50                                 | 25,370                                |      |
|                 | Phoenix Pioneer Technology Co., Ltd.           | -                                                      | Financial assets at fair value through profit or loss             | 3,300                        | 62,700             | 1.11                                 | 62,700                                |      |
|                 | PharmaEssentia Corp.                           | -                                                      | Financial assets at fair value through profit or loss             | 348                          | 140,473            | 0.12                                 | 140,473                               |      |
|                 | Airoha Technology Corp.                        | -                                                      | Financial assets at fair value through profit or loss             | 50                           | 25,365             | 0.03                                 | 25,365                                |      |
|                 | Asia Best Healthcare Co., Ltd.                 | -                                                      | Financial assets at fair value through profit or loss             | 11                           | 69,914             | 1.60                                 | 69,914                                |      |
|                 | CGK International Co., Ltd.                    | -                                                      | Financial assets at fair value through profit or loss             | 1,800                        | 16,542             | 4.12                                 | 16,542                                |      |
|                 | 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                        | 23,544             | 4.58                                 | 23,544                                |      |
|                 | Apollo Medical Optics Inc.                     | -                                                      | Financial assets at fair value through profit or loss             | 1,667                        | 18,550             | 3.48                                 | 18,550                                |      |
|                 | Telexpress Corp.                               | Affiliate of SinoPac Venture Capital's general manager | Financial assets at fair value through other comprehensive income | 542                          | 5,486              | 3.33                                 | 5,486                                 |      |
|                 | 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                        | 20,944             | 8.50                                 | 20,944                                |      |
|                 | Lian An Services Co., Ltd.                     | Affiliate of Bank SinoPac's manager                    | Financial assets at fair value through other comprehensive income | 125                          | 1,576              | 5.00                                 | 1,576                                 |      |
|                 | Ecrowd Media Inc.                              | Affiliate of SPH board of director                     | Financial assets at fair value through other comprehensive income | 1,863                        | 43,553             | 9.19                                 | 43,553                                |      |
|                 | Mei Ta Industrial Co., Ltd.                    | -                                                      | Financial assets at fair value through other comprehensive income | 212                          | 116,155            | 0.49                                 | 116,155                               |      |
|                 | Sheng Ho Energy Co., Ltd.                      | Related party                                          | Financial assets at fair value through other comprehensive income | 9,990                        | 109,690            | 9.99                                 | 109,690                               |      |
|                 | Brightman Optoelectronics (Cayman) Co., Ltd.   | -                                                      | Financial assets at fair value through other comprehensive income | 855                          | 6,972              | 11.69                                | 6,972                                 |      |

(Continued)

| Holding Company                      | Type And Issuer of Marketable Securities                      | Relationship with Holding Company                                       | Financial Statement Account                                       | December 31, 2022            |                    |                                      |                                       | Note |
|--------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                                      |                                                               |                                                                         |                                                                   | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
| SinoPac Securities Investment Trust. | Neutron Innovation (BVI) Limited                              | -                                                                       | Financial assets at fair value through other comprehensive income | 1,569                        | \$ 43,134          | 6.02                                 | \$ 43,134                             |      |
|                                      | Mozido C-1                                                    | -                                                                       | Financial assets at fair value through other comprehensive income | 60                           | 513                | 0.01                                 | 513                                   |      |
|                                      | Mozido C-2                                                    | -                                                                       | Financial assets at fair value through other comprehensive income | 258                          | 2,224              | 0.05                                 | 2,224                                 |      |
| SinoPac Securities Venture Capital   | Fund SinoPac TAIXE ETF                                        | Fund under SinoPac Securities Investment Trust Corporation's management | Financial assets at fair value through profit or loss             | 8                            | 561                | -                                    | 561                                   |      |
|                                      | 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                          | 7,863              | -                                    | 7,863                                 |      |
|                                      | Stock Greenfiltec Ltd.                                        | -                                                                       | Financial assets at fair value through profit or loss             | 218                          | 20,065             | 1.03                                 | 20,065                                |      |
|                                      | SunWay Biotech Co., Ltd.                                      | -                                                                       | Financial assets at fair value through profit or loss             | 440                          | 19,919             | 1.31                                 | 19,919                                |      |
|                                      | Bioptic Inc.                                                  | -                                                                       | Financial assets at fair value through profit or loss             | 158                          | 7,023              | 0.65                                 | 7,023                                 |      |
|                                      | HD Renewable Energy Co., Ltd.                                 | -                                                                       | Financial assets at fair value through profit or loss             | 94                           | 8,305              | 0.11                                 | 8,305                                 |      |
|                                      | Great Giant Fibre Garment Co., Ltd.                           | -                                                                       | Financial assets at fair value through profit or loss             | 601                          | 53,518             | 1.00                                 | 53,518                                |      |
|                                      | Evergreen Aviation Technologies Corporation                   | -                                                                       | Financial assets at fair value through profit or loss             | 900                          | 69,858             | 0.26                                 | 69,858                                |      |
|                                      | Hui-Min Environment Tech Corp.                                | -                                                                       | Financial assets at fair value through profit or loss             | 1,500                        | 52,680             | 4.27                                 | 52,680                                |      |
|                                      | Green Shepherd Corporation Ltd.                               | -                                                                       | Financial assets at fair value through profit or loss             | 392                          | 11,858             | 2.77                                 | 11,858                                |      |
|                                      | Tantti Laboratory Inc.                                        | -                                                                       | Financial assets at fair value through profit or loss             | 300                          | 10,842             | 0.86                                 | 10,842                                |      |
|                                      | Chenfeng Optronics Corporation                                | -                                                                       | Financial assets at fair value through profit or loss             | 1,500                        | 46,500             | 1.60                                 | 46,500                                |      |
|                                      | Phoenix Pioneer Technology Co., Ltd.                          | -                                                                       | Financial assets at fair value through profit or loss             | 1,500                        | 28,500             | 0.50                                 | 28,500                                |      |
|                                      | Cheng Mei Instrument Technology Co., Ltd.                     | -                                                                       | Financial assets at fair value through profit or loss             | 800                          | 33,920             | 2.16                                 | 33,920                                |      |
|                                      | 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                                |      |
|                                      |                                                               |                                                                         |                                                                   |                              |                    |                                      |                                       |      |

(Continued)

| Holding Company        | Type And Issuer of Marketable Securities | Relationship with Holding Company | Financial Statement Account                           | December 31, 2022            |                 |                             |                                 | Note |
|------------------------|------------------------------------------|-----------------------------------|-------------------------------------------------------|------------------------------|-----------------|-----------------------------|---------------------------------|------|
|                        |                                          |                                   |                                                       | Shares/Units/<br>Face Amount | Carrying Amount | Percentage of Ownership (%) | Market Value or Net Asset Value |      |
| SinoPac Capital (Asia) | Bond<br>SOCGEN 3.5 07/09/26 EMTN         | -                                 | Financial assets at fair value through profit or loss | 10,000                       | \$ 42,229       | -                           | \$ 42,229                       |      |
|                        | NIPLIF V5.1 10/16/44 REGS                | -                                 | Financial assets at fair value through profit or loss | 700                          | 20,993          | -                           | 20,993                          |      |
|                        | SAIL 2004-10 M1                          | -                                 | Financial assets at fair value through profit or loss | 5,000                        | 19,632          | -                           | 19,632                          |      |
|                        | KSA 3.25 10/26/26 REGS                   | -                                 | Financial assets at fair value through profit or loss | 10                           | 293             | -                           | 293                             |      |
|                        | BOCAVIF 05/21/25 GMTN                    | -                                 | Financial assets at fair value through profit or loss | 500                          | 15,157          | -                           | 15,157                          |      |
|                        | POHANG 4 08/01/23 REGS                   | -                                 | Financial assets at fair value through profit or loss | 500                          | 15,233          | -                           | 15,233                          |      |
|                        | WB 3.5 07/05/24                          | -                                 | Financial assets at fair value through profit or loss | 2,000                        | 59,013          | -                           | 59,013                          |      |
|                        | CHSCOI V4 PERP                           | -                                 | Financial assets at fair value through profit or loss | 1,000                        | 29,580          | -                           | 29,580                          |      |
|                        | ABIBB 4.7 02/01/36 REGS                  | -                                 | Financial assets at fair value through profit or loss | 150                          | 4,375           | -                           | 4,375                           |      |
|                        | CSSSHI 2.5 02/13/25                      | -                                 | Financial assets at fair value through profit or loss | 2,000                        | 57,443          | -                           | 57,443                          |      |
|                        | CHLEAS 3.75 10/22/23 EMTN                | -                                 | Financial assets at fair value through profit or loss | 300                          | 8,986           | -                           | 8,986                           |      |
|                        | SINO TRENDY INVST 2.95% 30OCT2025        | -                                 | Financial assets at fair value through profit or loss | 300                          | 8,305           | -                           | 8,305                           |      |
|                        | MIZUHO FIN GRP CAYMAN 3 4.6% 27MAR2024   | -                                 | Financial assets at fair value through profit or loss | 400                          | 12,085          | -                           | 12,085                          |      |
|                        | SK BATTERY AMERICA INC 1.625% 26JAN2024  | -                                 | Financial assets at fair value through profit or loss | 200                          | 5,818           | -                           | 5,818                           |      |
|                        | LEVC FINANCE LTD 1.375% 25MAR2024        | -                                 | Financial assets at fair value through profit or loss | 200                          | 5,851           | -                           | 5,851                           |      |
|                        | TALENT YIELD INTNTNL 2% 06MAY 2026       | -                                 | Financial assets at fair value through profit or loss | 1,000                        | 27,904          | -                           | 27,904                          |      |
|                        | KOREA INV & SECS CO LTD 1.375% 19JUL2024 | -                                 | Financial assets at fair value through profit or loss | 1,000                        | 28,535          | -                           | 28,535                          |      |
|                        | ANHUI TRANSPORTATION HK 1.618% 26AUG2026 | -                                 | Financial assets at fair value through profit or loss | 1,400                        | 37,956          | -                           | 37,956                          |      |
|                        | BOC AVIATION LTD 4% 25JAN2024            | -                                 | Financial assets at fair value through profit or loss | 200                          | 6,038           | -                           | 6,038                           |      |
|                        | ZHENGZHOU METRO GROUP 1.915% 15NOV2024   | -                                 | Financial assets at fair value through profit or loss | 3,700                        | 104,699         | -                           | 104,699                         |      |
|                        | CREDIT SUISSE AG LONDON 7.73% 15JUN2028  | -                                 | Financial assets at fair value through profit or loss | 7,000                        | 12,694          | -                           | 12,694                          |      |
|                        | HON HAI PRECISION INDUST 0% 05AUG2026    | -                                 | Financial assets at fair value through profit or loss | 2,000                        | 52,001          | -                           | 52,001                          |      |

(Continued)

| Holding Company | Type And Issuer of Marketable Securities       | Relationship with Holding Company | Financial Statement Account                              | December 31, 2022            |                    |                                      |                                       | Note |
|-----------------|------------------------------------------------|-----------------------------------|----------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                 |                                                |                                   |                                                          | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
|                 | NATIONAL AUSTRALIA BANK 0.700003%<br>12JAN2027 | -                                 | Financial assets at fair value through<br>profit or loss | 500                          | \$ 15,024          | -                                    | \$ 15,024                             |      |
|                 | NATIONAL AUSTRALIA BANK 0.430003%<br>12JAN2025 | -                                 | Financial assets at fair value through<br>profit or loss | 500                          | 15,181             | -                                    | 15,181                                |      |
|                 | QIB SUKUK LTD 3.982% 26MAR2024                 | -                                 | Financial assets at fair value through<br>profit or loss | 500                          | 15,096             | -                                    | 15,096                                |      |
|                 | COFCO 4.625 11/12/23                           | -                                 | Financial assets at fair value through<br>profit or loss | 400                          | 12,231             | -                                    | 12,231                                |      |
|                 | AIRPORT AUTHORITY HK 2.1% PERP                 | -                                 | Financial assets at fair value through<br>profit or loss | 2,000                        | 55,840             | -                                    | 55,840                                |      |
|                 | MORGAN STANLEY 0.67433% 24JAN2025              | -                                 | Financial assets at fair value through<br>profit or loss | 1,000                        | 30,253             | -                                    | 30,253                                |      |
|                 | GS 3.625 01/22/23                              | -                                 | Financial assets at fair value through<br>profit or loss | 10                           | 307                | -                                    | 307                                   |      |
|                 | MAYMK F 08/16/24 EMTN                          | -                                 | Financial assets at fair value through<br>profit or loss | 3,000                        | 92,127             | -                                    | 92,127                                |      |
|                 | MALAYAN BANKING BHD 2.30186%<br>10AUG2023      | -                                 | Financial assets at fair value through<br>profit or loss | 2,000                        | 61,478             | -                                    | 61,478                                |      |
|                 | SAUDI ARABIAN OIL CO 1.625%<br>24NOV2025       | -                                 | Financial assets at fair value through<br>profit or loss | 600                          | 16,785             | -                                    | 16,785                                |      |
|                 | EMIRATES NBD BANK PJSC 3.76%<br>24NOV2027      | -                                 | Financial assets at fair value through<br>profit or loss | 710                          | 3,006              | -                                    | 3,006                                 |      |
|                 | EXPORT-IMPORT BANK KOREA 2.8%<br>03MAR2024     | -                                 | Financial assets at fair value through<br>profit or loss | 2,000                        | 8,749              | -                                    | 8,749                                 |      |
|                 | ZHEJIANG EXPRESSWAY CO 1.638%<br>14JUL2026     | -                                 | Financial assets at fair value through<br>profit or loss | 1,000                        | 27,332             | -                                    | 27,332                                |      |
|                 | EMIRATES NBD BANK PJSC 3.6%<br>09NOV2031       | -                                 | Financial assets at fair value through<br>profit or loss | 110                          | 1,923              | -                                    | 1,923                                 |      |
|                 | BECHINA 5 11/13/24 REGS                        | -                                 | Financial assets at fair value through<br>profit or loss | 800                          | 24,404             | -                                    | 24,404                                |      |
|                 | SOCGEN 4.25 04/14/25 REGS                      | -                                 | Financial assets at fair value through<br>profit or loss | 200                          | 5,900              | -                                    | 5,900                                 |      |
|                 | VOLKSWAGEN INTL FIN NV 3.4%<br>08DEC2023       | -                                 | Financial assets at fair value through<br>profit or loss | 4,000                        | 17,538             | -                                    | 17,538                                |      |
|                 | QNB FINANCE LTD 2.8% 24FEB2028                 | -                                 | Financial assets at fair value through<br>profit or loss | 30                           | 122                | -                                    | 122                                   |      |
|                 | ADBCH 3.4 11/06/24.                            | -                                 | Financial assets at fair value through<br>profit or loss | 3,000                        | 13,327             | -                                    | 13,327                                |      |
|                 | STANLN 3.95 01/11/23 REGS                      | -                                 | Financial assets at fair value through<br>profit or loss | 400                          | 12,283             | -                                    | 12,283                                |      |
|                 | QNB FINANCE LTD 3.5% 22APR2024                 | -                                 | Financial assets at fair value through<br>profit or loss | 4,450                        | 19,430             | -                                    | 19,430                                |      |
|                 | HKCG FINANCE LTD 3% 30OCT2023                  | -                                 | Financial assets at fair value through<br>profit or loss | 5,000                        | 21,944             | -                                    | 21,944                                |      |
|                 | EXPORT-IMPORT BANK KOREA 2.85%<br>25MAR2024    | -                                 | Financial assets at fair value through<br>profit or loss | 5,000                        | 21,899             | -                                    | 21,899                                |      |

(Continued)

| Holding Company | Type And Issuer of Marketable Securities | Relationship with Holding Company | Financial Statement Account                                       | December 31, 2022            |                    |                                      |                                       | Note |
|-----------------|------------------------------------------|-----------------------------------|-------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                 |                                          |                                   |                                                                   | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
|                 | RBS 6 12/19/23                           | -                                 | Financial assets at fair value through profit or loss             | 62                           | \$ 1,904           | -                                    | \$ 1,904                              |      |
|                 | MASQUH 4 08/06/25 EMTN                   | -                                 | Financial assets at fair value through profit or loss             | 1,000                        | 4,403              | -                                    | 4,403                                 |      |
|                 | CNOOC 3 05/09/23                         | -                                 | Financial assets at fair value through profit or loss             | 250                          | 7,626              | -                                    | 7,626                                 |      |
|                 | C 3.3 05/22/24 GMTN                      | -                                 | Financial assets at fair value through profit or loss             | 8,460                        | 37,124             | -                                    | 37,124                                |      |
|                 | MS 4.1 09/25/23 EMTN                     | -                                 | Financial assets at fair value through profit or loss             | 24,826                       | 109,613            | -                                    | 109,613                               |      |
|                 | STANLN 4.3 02/19/27 REGS                 | -                                 | Financial assets at fair value through profit or loss             | 350                          | 10,032             | -                                    | 10,032                                |      |
|                 | STANLN 5.2 01/26/24 REGS                 | -                                 | Financial assets at fair value through profit or loss             | 1,600                        | 48,688             | -                                    | 48,688                                |      |
|                 | ADCBUH F 06/20/24 EMTN                   | -                                 | Financial assets at fair value through other comprehensive income | 5,000                        | 153,641            | -                                    | 153,641                               |      |
|                 | QIBKQD F 02/07/25 EMTN                   | -                                 | Financial assets at fair value through other comprehensive income | 6,000                        | 183,414            | -                                    | 183,414                               |      |
|                 | TAISEM 1 09/28/27                        | -                                 | Financial assets at fair value through other comprehensive income | 3,000                        | 76,816             | -                                    | 76,816                                |      |
|                 | SINOPE 1.45 01/08/26                     | -                                 | Financial assets at fair value through other comprehensive income | 4,000                        | 111,641            | -                                    | 111,641                               |      |
|                 | HYNNMTR 1.3 01/08/26                     | -                                 | Financial assets at fair value through other comprehensive income | 1,000                        | 26,893             | -                                    | 26,893                                |      |
|                 | HYNNMTR 1.8 01/08/28                     | -                                 | Financial assets at fair value through other comprehensive income | 1,000                        | 25,198             | -                                    | 25,198                                |      |
|                 | QNBK 1 3/8 01/26/26                      | -                                 | Financial assets at fair value through other comprehensive income | 3,000                        | 82,425             | -                                    | 82,425                                |      |
|                 | CNOOC 4 1/2 10/03/23                     | -                                 | Financial assets at fair value through other comprehensive income | 4,000                        | 122,270            | -                                    | 122,270                               |      |
|                 | FORCAY 3 3/8 04/22/25                    | -                                 | Financial assets at fair value through other comprehensive income | 6,720                        | 196,368            | -                                    | 196,368                               |      |
|                 | BOCAVI 1 5/8 04/29/24                    | -                                 | Financial assets at fair value through other comprehensive income | 5,000                        | 145,799            | -                                    | 145,799                               |      |
|                 | SANUK 1.673 06/14/27                     | -                                 | Financial assets at fair value through other comprehensive income | 2,000                        | 52,183             | -                                    | 52,183                                |      |
|                 | SMBCAC 2.3 06/15/28                      | -                                 | Financial assets at fair value through other comprehensive income | 3,000                        | 76,136             | -                                    | 76,136                                |      |
|                 | HPQ 1.45 06/17/26                        | -                                 | Financial assets at fair value through other comprehensive income | 1,000                        | 26,956             | -                                    | 26,956                                |      |
|                 | ARAMCO 1.602 06/17/26                    | -                                 | Financial assets at fair value through other comprehensive income | 2,000                        | 54,890             | -                                    | 54,890                                |      |
|                 | HYNNMTR 2 06/15/28                       | -                                 | Financial assets at fair value through other comprehensive income | 500                          | 12,527             | -                                    | 12,527                                |      |
|                 | HYNNMTR 1 1/2 06/15/26                   | -                                 | Financial assets at fair value through other comprehensive income | 500                          | 13,351             | -                                    | 13,351                                |      |

(Continued)

| Holding Company | Type And Issuer of Marketable Securities   | Relationship with Holding Company | Financial Statement Account                                          | December 31, 2022            |                    |                                      |                                       | Note |
|-----------------|--------------------------------------------|-----------------------------------|----------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                 |                                            |                                   |                                                                      | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
|                 | NOMURA 1.653 07/14/26                      | -                                 | Financial assets at fair value through<br>other comprehensive income | 3,000                        | \$ 80,335          | -                                    | \$ 80,335                             |      |
|                 | MIZUHO 1.554 07/09/27                      | -                                 | Financial assets at fair value through<br>other comprehensive income | 1,000                        | 26,774             | -                                    | 26,774                                |      |
|                 | CJANT 1 3/8 08/25/24                       | -                                 | Financial assets at fair value through<br>other comprehensive income | 5,000                        | 143,528            | -                                    | 143,528                               |      |
|                 | CMINLE 1 1/4 09/16/24                      | -                                 | Financial assets at fair value through<br>other comprehensive income | 5,000                        | 142,401            | -                                    | 142,401                               |      |
|                 | ICBCIL 1 5/8 11/02/24                      | -                                 | Financial assets at fair value through<br>other comprehensive income | 4,000                        | 114,840            | -                                    | 114,840                               |      |
|                 | FUBBAN 4.08 01/09/25                       | -                                 | Financial assets at fair value through<br>other comprehensive income | 25,000                       | 110,238            | -                                    | 110,238                               |      |
|                 | NOMURA 3.25 09/15/25 EMTN                  | -                                 | Financial assets at fair value through<br>other comprehensive income | 10,000                       | 44,095             | -                                    | 44,095                                |      |
|                 | <u>Stock</u><br>Power Assets Holdings Ltd  | -                                 | Financial assets at fair value through<br>other comprehensive income | 134                          | 22,571             | 0.01                                 | 22,571                                |      |
|                 | PCCW Solutions Limited                     | -                                 | Financial assets at fair value through<br>other comprehensive income | 2,744                        | 38,057             | 0.04                                 | 38,057                                |      |
|                 | China Everbright Limited                   | -                                 | Financial assets at fair value through<br>other comprehensive income | 746                          | 17,077             | 0.04                                 | 17,077                                |      |
|                 | Jiangsu Expressway Company Limited         | -                                 | Financial assets at fair value through<br>other comprehensive income | 572                          | 16,069             | 0.05                                 | 16,069                                |      |
|                 | Uni-President China Holdings Ltd           | -                                 | Financial assets at fair value through<br>other comprehensive income | 690                          | 21,233             | 0.02                                 | 21,233                                |      |
|                 | Shanghai Industrial Holdings Limited       | -                                 | Financial assets at fair value through<br>other comprehensive income | 255                          | 9,696              | 0.02                                 | 9,696                                 |      |
|                 | Beijing Enterprises Water Group Limited    | -                                 | Financial assets at fair value through<br>other comprehensive income | 1,794                        | 14,137             | 0.02                                 | 14,137                                |      |
|                 | NWS Holdings Limited                       | -                                 | Financial assets at fair value through<br>other comprehensive income | 540                          | 14,362             | 0.01                                 | 14,362                                |      |
|                 | Xinyi Glass Holdings Limited               | -                                 | Financial assets at fair value through<br>other comprehensive income | 198                          | 11,343             | -                                    | 11,343                                |      |
|                 | China Construction Bank Corporation        | -                                 | Financial assets at fair value through<br>other comprehensive income | 1,508                        | 29,055             | -                                    | 29,055                                |      |
|                 | China Mobile Limited                       | -                                 | Financial assets at fair value through<br>other comprehensive income | 143                          | 29,056             | -                                    | 29,056                                |      |
|                 | CK Infrastructure Holdings Limited         | -                                 | Financial assets at fair value through<br>other comprehensive income | 122                          | 19,636             | -                                    | 19,636                                |      |
|                 | Hengan International Group Company Limited | -                                 | Financial assets at fair value through<br>other comprehensive income | 174                          | 28,335             | 0.01                                 | 28,335                                |      |
|                 | HKBN Ltd.                                  | -                                 | Financial assets at fair value through<br>other comprehensive income | 856                          | 16,965             | 0.07                                 | 16,965                                |      |
|                 | China Resources Cement Holdings Limited    | -                                 | Financial assets at fair value through<br>other comprehensive income | 1,376                        | 22,445             | 0.02                                 | 22,445                                |      |

(Continued)



| Holding Company | Type And Issuer of Marketable Securities        | Relationship with Holding Company | Financial Statement Account                                       | December 31, 2022            |                    |                                      |                                       | Note |
|-----------------|-------------------------------------------------|-----------------------------------|-------------------------------------------------------------------|------------------------------|--------------------|--------------------------------------|---------------------------------------|------|
|                 |                                                 |                                   |                                                                   | Shares/Units/<br>Face Amount | Carrying<br>Amount | Percentage<br>of<br>Ownership<br>(%) | Market Value<br>or Net Asset<br>Value |      |
|                 | Industrial and Commercial Bank of China Limited | -                                 | Financial assets at fair value through other comprehensive income | 2,174                        | \$ 34,434          | -                                    | \$ 34,434                             |      |
|                 | CRRC Corporation Limited                        | -                                 | Financial assets at fair value through other comprehensive income | 1,040                        | 12,908             | 0.02                                 | 12,908                                |      |
|                 | Bank of Communications Co., Ltd.                | -                                 | Financial assets at fair value through other comprehensive income | 2,075                        | 36,709             | 0.01                                 | 36,709                                |      |
|                 | Bank of China Limited                           | -                                 | Financial assets at fair value through other comprehensive income | 3,817                        | 42,712             | -                                    | 42,712                                |      |
|                 | Fund                                            |                                   |                                                                   |                              |                    |                                      |                                       |      |
|                 | SAMSUNG NYSE FANG+ ETF                          | -                                 | Financial assets at fair value through profit or loss             | 400                          | 20,536             | -                                    | 20,536                                |      |
|                 | CSOP Bitcoin Futures ETF                        | -                                 | Financial assets at fair value through profit or loss             | 500                          | 14,559             | -                                    | 14,559                                |      |
|                 | CSOP Ether Futures ETF                          | -                                 | Financial assets at fair value through profit or loss             | 500                          | 14,362             | -                                    | 14,362                                |      |

Note: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rates on the balance sheet date.

(Concluded)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

ACQUIRED AND DISPOSED OF INVESTMENT AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL.  
(MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF, AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL)  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

| Company Name           | Type and Name of Marketable Securities    | Account                                               | Counterparty | Nature of Relationship | Beginning Balance |             | Acquisition |              | Disposal |              | Gain (Loss) on Disposal |                         | Ending Balance |        |
|------------------------|-------------------------------------------|-------------------------------------------------------|--------------|------------------------|-------------------|-------------|-------------|--------------|----------|--------------|-------------------------|-------------------------|----------------|--------|
|                        |                                           |                                                       |              |                        | Units             | Amount      | Units       | Amount       | Units    | Amount       | Carrying Value          | Gain (Loss) on Disposal | Units          | Amount |
| SinoPac Capital (Asia) | EMIRATES NBD BANK PJSC 3.7%/23FEB2022     | Financial assets at fair value through profit or loss | -            | -                      | -                 | AUD -       | 23,180      | AUD 21,988   | 23,180   | AUD 22,510   | AUD 21,988              | AUD 522                 | -              | AUD -  |
|                        | C 3 08/06/30 GMTN                         | Financial assets at fair value through profit or loss | -            | -                      | -                 | CNY -       | 333,600     | CNY 311,771  | 333,600  | CNY 312,124  | CNY 311,771             | CNY 353                 | -              | CNY -  |
|                        | CHIOI 1.5 375 10/29/23                    | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,000      | US\$ 10,235  | 10,000   | US\$ 10,235  | US\$ 10,235             | US\$ -                  | -              | US\$ - |
|                        | SINOPE 4.375 04/10/24 REGS                | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,000      | US\$ 10,109  | 10,000   | US\$ 10,109  | US\$ 10,109             | US\$ -                  | -              | US\$ - |
|                        | AAPL 3.45 02/09/45                        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 11,333      | US\$ 10,180  | 11,333   | US\$ 10,170  | US\$ 10,180             | US\$ (10)               | -              | US\$ - |
|                        | KSA 4.5 10/26/46 REGS                     | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 38,825      | US\$ 38,968  | 38,825   | US\$ 38,960  | US\$ 38,968             | US\$ (8)                | -              | US\$ - |
|                        | HPE 6.35 10/15/45                         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 19,849      | US\$ 22,005  | 19,849   | US\$ 22,021  | US\$ 22,005             | US\$ 16                 | -              | US\$ - |
|                        | AAPL 4.25 02/09/47                        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 15,513      | US\$ 15,588  | 15,513   | US\$ 15,606  | US\$ 15,588             | US\$ 18                 | -              | US\$ - |
|                        | BAC 4.183 11/25/27                        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,276      | US\$ 10,030  | 10,276   | US\$ 10,032  | US\$ 10,030             | US\$ 2                  | -              | US\$ - |
|                        | CTL 5.625 04/01/25                        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 16,318      | US\$ 15,953  | 16,318   | US\$ 15,954  | US\$ 15,953             | US\$ 1                  | -              | US\$ - |
|                        | SOFTBK 5.125 09/19/27                     | Financial assets at fair value through profit or loss | -            | -                      | 300               | US\$ 303    | 17,775      | US\$ 16,485  | 18,075   | US\$ 16,782  | US\$ 16,788             | US\$ (6)                | -              | US\$ - |
|                        | PEMEX 6.5 03/13/27 REGS                   | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 21,767      | US\$ 20,334  | 21,767   | US\$ 20,370  | US\$ 20,334             | US\$ 36                 | -              | US\$ - |
|                        | MO 5.375 01/31/44                         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 155,821     | US\$ 143,846 | 155,821  | US\$ 143,963 | US\$ 143,846            | US\$ 117                | -              | US\$ - |
|                        | AGRBK F 01/28/22 FRCD                     | Financial assets at fair value through profit or loss | -            | -                      | 15,000            | US\$ 14,991 | -           | US\$ -       | 15,000   | US\$ 15,000  | US\$ 14,991             | US\$ 9                  | -              | US\$ - |
|                        | MO 5.8 02/14/39                           | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 62,386      | US\$ 59,943  | 62,386   | US\$ 59,983  | US\$ 59,943             | US\$ 40                 | -              | US\$ - |
|                        | MO 4.8 02/14/29                           | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 20,899      | US\$ 20,377  | 20,899   | US\$ 20,384  | US\$ 20,377             | US\$ 7                  | -              | US\$ - |
|                        | BRK 4.25 01/15/49                         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 12,538      | US\$ 11,757  | 12,538   | US\$ 11,755  | US\$ 11,757             | US\$ (2)                | -              | US\$ - |
|                        | MO 3.875 09/16/46                         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 23,941      | US\$ 18,956  | 23,941   | US\$ 18,968  | US\$ 18,956             | US\$ 12                 | -              | US\$ - |
|                        | BAC V4.3 03/15/50 MTN                     | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 36,231      | US\$ 32,992  | 36,231   | US\$ 32,992  | US\$ 32,992             | US\$ -                  | -              | US\$ - |
|                        | HONHAI 4.25 03/12/29                      | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,750      | US\$ 10,604  | 10,750   | US\$ 10,605  | US\$ 10,604             | US\$ 1                  | -              | US\$ - |
|                        | DAIGR 8.5 01/18/31                        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,486      | US\$ 13,241  | 10,486   | US\$ 13,245  | US\$ 13,241             | US\$ 4                  | -              | US\$ - |
|                        | AAPL 2.55 08/20/60                        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 28,238      | US\$ 22,062  | 28,238   | US\$ 22,074  | US\$ 22,062             | US\$ 12                 | -              | US\$ - |
|                        | HTISEC 2.125 07/02/23                     | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,000      | US\$ 9,760   | 10,000   | US\$ 9,760   | US\$ 9,760              | US\$ -                  | -              | US\$ - |
|                        | ALTRIA GROUP INC 4% 04FEB2061             | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 34,731      | US\$ 26,140  | 34,731   | US\$ 26,157  | US\$ 26,140             | US\$ 17                 | -              | US\$ - |
|                        | HANHUI INTERNATIONAL LTD 3.15% 21/JAN2026 | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 16,000      | US\$ 14,848  | 16,000   | US\$ 14,848  | US\$ 14,848             | US\$ -                  | -              | US\$ - |
|                        | TSMC ARIZONA CORP 1.75% 25OCT2026         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 11,817      | US\$ 10,915  | 11,817   | US\$ 10,913  | US\$ 10,915             | US\$ (2)                | -              | US\$ - |
|                        | TSMC ARIZONA CORP 3.125% 25OCT2041        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 21,141      | US\$ 18,623  | 21,141   | US\$ 18,599  | US\$ 18,623             | US\$ (24)               | -              | US\$ - |
|                        | BANK OF CHINA/MACAU 1.05009% 28/APR2025   | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$ -      | 10,000      | US\$ 10,000  | 10,000   | US\$ 10,002  | US\$ 10,000             | US\$ 2                  | -              | US\$ - |

(Continued)

| 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      | Units          | Amount |
|              | TSMC ARIZONA CORP 4.25% 22APR2032        | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$   | 23,238      | US\$ 22,920 | 23,238   | US\$ 22,912 | US\$ (8)       | US\$ - |
|              | TSMC ARIZONA CORP 4.125% 22APR2029       | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$   | 18,965      | US\$ 18,744 | 18,965   | US\$ 18,717 | US\$ (27)      | US\$ - |
|              | TSMC ARIZONA CORP 3.875% 22APR2027       | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$   | 13,787      | US\$ 13,568 | 13,787   | US\$ 13,557 | US\$ (11)      | US\$ - |
|              | TSMC ARIZONA CORP 4.5% 22APR2022         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$   | 18,238      | US\$ 17,839 | 18,238   | US\$ 17,787 | US\$ (52)      | US\$ - |
|              | CITIGROUP GLOBAL MARKETS 4.2% 21JUN2032  | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$   | 12,090      | US\$ 11,509 | 12,090   | US\$ 11,579 | US\$ 70        | US\$ - |
|              | TSMC GLOBAL LTD 4.625% 22JUL2032         | Financial assets at fair value through profit or loss | -            | -                      | -                 | US\$   | 13,010      | US\$ 12,946 | 13,010   | US\$ 12,941 | US\$ (5)       | US\$ - |
|              | CITIGROUP GLOBAL MARKETS 7.75% 04FEB2036 | Financial assets at fair value through profit or loss | -            | -                      | -                 | ZAR    | 405,340     | ZAR 329,915 | 405,340  | ZAR 330,356 | ZAR 441        | ZAR -  |

| Company Name           | Type and Name of Marketable Securities | Account                                                    | Counterparty | Nature of Relationship | Beginning Balance |        | Acquisition |            | Disposal |                    | Ending Balance |                         |
|------------------------|----------------------------------------|------------------------------------------------------------|--------------|------------------------|-------------------|--------|-------------|------------|----------|--------------------|----------------|-------------------------|
|                        |                                        |                                                            |              |                        | Units             | Amount | Units       | Amount     | Units    | Settlements Amount | Carrying Value | Gain (Loss) on Disposal |
| SinoPac Capital (Asia) | EMIRATES NBD BANK PISC 3.7% 23FEB2032  | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | AUD    | 3,000       | AUD 2,633  | 3,000    | AUD 2,648          | AUD 2,633      | AUD 15                  |
|                        | C 3 08/06/30 GMTN                      | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | CNY    | 19,660      | CNY 18,307 | 19,660   | CNY 18,372         | CNY 18,307     | CNY 65                  |
|                        | AAPL 3.45 02/09/45                     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 652         | US\$ 600   | 652      | US\$ 600           | US\$ 600       | US\$ -                  |
|                        | KSA 4.5 10/26/46 REGS                  | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 200         | US\$ 186   | 200      | US\$ 186           | US\$ 186       | US\$ -                  |
|                        | HPE 6.35 10/15/45                      | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 510         | US\$ 517   | 510      | US\$ 522           | US\$ 517       | US\$ 5                  |
|                        | AAPL 4.25 02/09/47                     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 45          | US\$ 45    | 45       | US\$ 45            | US\$ 45        | US\$ -                  |
|                        | BAC 4.183 11/25/27                     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 498         | US\$ 487   | 498      | US\$ 487           | US\$ 487       | US\$ -                  |
|                        | CTL 5.625 04/01/25                     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 1,030       | US\$ 1,028 | 1,030    | US\$ 1,029         | US\$ 1,028     | US\$ 1                  |
|                        | SOFTBK 5.125 09/19/27                  | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 400         | US\$ 372   | 400      | US\$ 373           | US\$ 372       | US\$ 1                  |
|                        | PEMEX 6.5 03/13/27 REGS                | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 400         | US\$ 390   | 400      | US\$ 391           | US\$ 390       | US\$ 1                  |
|                        | MO 5.375 01/31/44                      | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 10,292      | US\$ 9,591 | 10,292   | US\$ 9,573         | US\$ 9,591     | US\$ (18)               |
|                        | MO 5.8 02/14/39                        | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 7,429       | US\$ 7,071 | 7,429    | US\$ 7,059         | US\$ 7,071     | US\$ (12)               |
|                        | MO 4.8 02/14/29                        | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 1,328       | US\$ 1,268 | 1,328    | US\$ 1,267         | US\$ 1,268     | US\$ (1)                |
|                        | BRK 4.25 01/15/49                      | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 1,191       | US\$ 1,086 | 1,191    | US\$ 1,088         | US\$ 1,086     | US\$ 2                  |
|                        | MO 3.875 09/16/46                      | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 511         | US\$ 369   | 511      | US\$ 369           | US\$ 369       | US\$ -                  |
|                        | BAC V4.33 03/15/50 MTN                 | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 2,575       | US\$ 2,277 | 2,575    | US\$ 2,277         | US\$ 2,277     | US\$ -                  |
|                        | HONHAI 4.25 03/12/29                   | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 1,430       | US\$ 1,414 | 1,430    | US\$ 1,414         | US\$ 1,414     | US\$ -                  |
|                        | DAIGR 8.5 01/18/31                     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 870         | US\$ 1,108 | 870      | US\$ 1,107         | US\$ 1,108     | US\$ (1)                |
|                        | AAPL 2.55 08/20/60                     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 3,334       | US\$ 2,680 | 3,334    | US\$ 2,679         | US\$ 2,680     | US\$ (1)                |
|                        | ALTRIA GROUP INC 4% 04FEB2061          | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 1,826       | US\$ 1,303 | 1,826    | US\$ 1,310         | US\$ 1,303     | US\$ 7                  |
|                        | TSMC ARIZONA CORP 3.125% 23OCT2041     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 210         | US\$ 185   | 210      | US\$ 185           | US\$ 185       | US\$ -                  |
|                        | TSMC ARIZONA CORP 4.25% 22APR2032      | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 350         | US\$ 311   | 350      | US\$ 312           | US\$ 311       | US\$ 1                  |
|                        | TSMC ARIZONA CORP 4.125% 22APR2029     | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 1,100       | US\$ 1,058 | 1,100    | US\$ 1,060         | US\$ 1,058     | US\$ 2                  |

(Continued)

| Company Name | Type and Name of Marketable Securities   | Account                                                    | Counterparty | Nature of Relationship | Beginning Balance |        | Acquisition |             | Disposal |                    |                | Ending Balance          |       |        |
|--------------|------------------------------------------|------------------------------------------------------------|--------------|------------------------|-------------------|--------|-------------|-------------|----------|--------------------|----------------|-------------------------|-------|--------|
|              |                                          |                                                            |              |                        | Units             | Amount | Units       | Amount      | Units    | Settlements Amount | Carrying Value | Gain (Loss) on Disposal | Units | Amount |
|              | CITIGROUP GLOBAL MARKETS 4.2% 21JUN2032  | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 780         | US\$ 760    | 780      | US\$ 767           | US\$ 760       | US\$ 7                  | -     | US\$   |
|              | TSMC GLOBAL LTD 4.625% 22JUL2032         | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 500         | US\$ 502    | 500      | US\$ 501           | US\$ 502       | US\$ (1)                | -     | US\$   |
|              | CITIGROUP GLOBAL MARKETS 7.75% 04FEB2036 | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | ZAR    | 73,330      | ZAR 58,868  | 73,330   | ZAR 59,177         | ZAR 58,868     | ZAR 309                 | -     | ZAR    |
|              | US TREASURY N/B 1.125% 31OCT2026         | Financial liabilities at fair value through profit or loss | -            | -                      | 10,000            | US\$   | -           | US\$ -      | 10,000   | US\$ 10,023        | US\$ 9,893     | US\$ 130                | -     | US\$   |
|              | US TREASURY N/B 1.25% 31DEC2026          | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 15,000      | US\$ 14,355 | 15,000   | US\$ 14,884        | US\$ 14,355    | US\$ 529                | -     | US\$   |
|              | US TREASURY N/B 2.5% 31MAY2024           | Financial liabilities at fair value through profit or loss | -            | -                      | -                 | US\$   | 12,000      | US\$ 11,677 | 12,000   | US\$ 11,936        | US\$ 11,677    | US\$ 259                | -     | US\$   |

(Concluded)

TABLE 5

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEs**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

| Company Name                | Related Party             | Relationship                              | Ending Balance           | Turnover Rate | Overdue |              | Amounts Received in Subsequent Year | Allowance for Bad Debts |
|-----------------------------|---------------------------|-------------------------------------------|--------------------------|---------------|---------|--------------|-------------------------------------|-------------------------|
|                             |                           |                                           |                          |               | Amount  | Action Taken |                                     |                         |
| SPH                         | Bank SinoPac              | Subsidiary                                | \$ 2,424,736<br>(Note 1) | -             | \$ -    | -            | \$ -                                | \$ -                    |
| Bank SinoPac                | SPH                       | Parent company of Bank SinoPac            | 1,055,024<br>(Note 1)    | -             | -       | -            | -                                   | -                       |
| SinoPac Leasing             | SPH                       | Parent company of SPL                     | 306,570<br>(Note 1)      | -             | -       | -            | -                                   | -                       |
| SinoPac Securities (Cayman) | SinoPac Securities (Asia) | Subsidiary of SinoPac Securities (Cayman) | 921,707<br>(Note 2)      | -             | -       | -            | -                                   | -                       |

Note 1: The balance mainly included dividends receivable for earnings, linked-tax system receivable (booked as current income tax assets) and other related parties' receivables, which had been eliminated in the consolidated financial statements.

Note 2: The balance mainly included other receivable on financial lending, which had been eliminated in the consolidated financial statements.

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEs**

**INFORMATION ON INVESTED ENTERPRISES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

| Investee Company                             | Location | Main Businesses and Products                                                            | Percentage of Ownership (%) | Carrying Amount | Investment Gains | Consolidated Investment |                 |                                                | Note       |
|----------------------------------------------|----------|-----------------------------------------------------------------------------------------|-----------------------------|-----------------|------------------|-------------------------|-----------------|------------------------------------------------|------------|
|                                              |          |                                                                                         |                             |                 |                  | Shares                  | Imitated Shares | Total<br>Shares<br>Percentage of Ownership (%) |            |
| Financial Bank SinoPac                       | Taiwan   | Commercial bank, trust and foreign exchange services                                    | 100                         | \$ 135,206,116  | \$ 14,724,872    | 9,032,584               | -               | 9,032,584 100                                  | Subsidiary |
| SinoPac Securities Corporation               | Taiwan   | Brokerage, dealing and underwriting of securities                                       | 100                         | 29,609,482      | 1,582,292        | 1,621,224               | -               | 1,621,224 100                                  | Subsidiary |
| SinoPac Leasing Corporation                  | Taiwan   | Leasing, installment sales and financing service                                        | 100                         | 4,740,655       | 251,068          | 468,104                 | -               | 468,104 100                                    | Subsidiary |
| SinoPac Venture Capital Corporation          | Taiwan   | Venture capital investment                                                              | 100                         | 2,676,682       | (81,618)         | 250,000                 | -               | 250,000 100                                    | Subsidiary |
| SinoPac Securities Investment Trust Co., Ltd | Taiwan   | Securities investment trust, discretionary investment and investment consulting service | 100                         | 1,719,028       | 170,413          | 142,000                 | -               | 142,000 100                                    | Subsidiary |
| Taiwan Depository and Clearing Corporation   | Taiwan   | Computerized book-entry operation for securities                                        | 0.08                        | 33,822          | 2                | 5,373                   | -               | 5,373 0.92                                     | Note 1     |

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

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

TABLE 7

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEs**

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

**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

|                                                                  | Principle                |                         |                         |                | Allowance                |                         |                         | The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans | Total        |
|------------------------------------------------------------------|--------------------------|-------------------------|-------------------------|----------------|--------------------------|-------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|                                                                  | Stage 1<br>12 Months ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total          | Stage 1<br>12 Months ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL |                                                                                                                                                       |              |
| December 31, 2022                                                |                          |                         |                         |                |                          |                         |                         |                                                                                                                                                       |              |
| 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       |

(Continued)

|                                                                  | Principle                |                         |                         |                | Allowance                |                         |                         | The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans | Total        |
|------------------------------------------------------------------|--------------------------|-------------------------|-------------------------|----------------|--------------------------|-------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|                                                                  | Stage 1<br>12 Months ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total          | Stage 1<br>12 Months ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL |                                                                                                                                                       |              |
| <b>December 31, 2021</b>                                         |                          |                         |                         |                |                          |                         |                         |                                                                                                                                                       |              |
| Discounts and loans                                              |                          |                         |                         |                |                          |                         |                         |                                                                                                                                                       |              |
| Corporate banking                                                | \$ 600,423,259           | \$ 1,298,095            | \$ 5,365,365            | \$ 607,086,719 | \$ 1,514,107             | \$ 338,389              | \$ 830,166              | \$ 4,787,285                                                                                                                                          | \$ 7,469,947 |
| Consumer banking                                                 | 594,790,808              | 4,056,995               | 1,172,758               | 600,020,561    | 246,812                  | 224,353                 | 197,957                 | 7,418,770                                                                                                                                             | 8,087,892    |
| Receivables                                                      |                          |                         |                         |                |                          |                         |                         |                                                                                                                                                       |              |
| Credit card receivable                                           | 19,517,643               | 211,180                 | 743,238                 | 20,472,061     | 9,112                    | 8,463                   | 24,993                  | 158,942                                                                                                                                               | 201,510      |
| Net accounts receivable - factoring (Note 1)                     | 11,445,625               | -                       | -                       | 11,445,625     | 11,562                   | -                       | -                       | 169,288                                                                                                                                               | 180,850      |
| Other receivable (Note 2)                                        | 77,645,565               | 653,628                 | 489,379                 | 78,788,572     | 80,413                   | 11,307                  | 412,038                 | 149,929                                                                                                                                               | 653,687      |
| Debt instrument at fair value through other comprehensive income | 376,591,994              | -                       | -                       | 376,591,994    | 52,619                   | -                       | -                       | -                                                                                                                                                     | 52,619       |
| Investments in debt instruments at amortized cost                | 167,261,299              | -                       | -                       | 167,261,299    | 13,314                   | -                       | -                       | -                                                                                                                                                     | 13,314       |

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 8

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEs

## CHANGE IN ALLOWANCE FOR DISCOUNTS AND LOANS

## FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

| For the Year Ended December 31, 2022                                                                                                                  |  | 12 Months ECL       | Lifetime ECL<br>(Collectively<br>Assessed) | Lifetime ECL<br>(Non-purchased<br>or Originated<br>Credit-impaired<br>Financial Assets) | Impairment in<br>Accordance With<br>IFRS 9 | The Adjustments<br>Under<br>Regulations<br>Governing the<br>Procedures for<br>Banking<br>Institutions to<br>Evaluate Assets<br>and Deal with<br>Non-performing/<br>Non-accrual<br>Loans | Total                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------|--------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Balance, January 1                                                                                                                                    |  | \$ 1,760,919        | \$ 562,742                                 | \$ 1,028,123                                                                            | \$ 3,351,784                               | \$ 12,206,055                                                                                                                                                                           | \$ 15,557,839        |
| Changes due to financial instruments that have been identified at the beginning of the year:                                                          |  |                     |                                            |                                                                                         |                                            |                                                                                                                                                                                         |                      |
| To lifetime ECL                                                                                                                                       |  | (11,887)            | 746,263                                    | (30,705)                                                                                | 703,671                                    | -                                                                                                                                                                                       | 703,671              |
| From conversion to credit-impaired financial assets                                                                                                   |  | (1,226)             | (345,332)                                  | 365,430                                                                                 | 18,872                                     | -                                                                                                                                                                                       | 18,872               |
| To 12-month ECL                                                                                                                                       |  | 5,615               | (502,312)                                  | (80,009)                                                                                | (576,706)                                  | -                                                                                                                                                                                       | (576,706)            |
| Derecognizing financial assets during the current period                                                                                              |  | (1,969,007)         | (178,705)                                  | (400,242)                                                                               | (2,547,954)                                | -                                                                                                                                                                                       | (2,547,954)          |
| Purchased or originated new financial assets                                                                                                          |  | 2,623,681           | 10,770                                     | 129,879                                                                                 | 2,764,330                                  | -                                                                                                                                                                                       | 2,764,330            |
| The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans |  | -                   | -                                          | -                                                                                       | -                                          | 2,131,355                                                                                                                                                                               | 2,131,355            |
| Write-off                                                                                                                                             |  | -                   | -                                          | (851,193)                                                                               | (851,193)                                  | (371,579)                                                                                                                                                                               | (1,222,772)          |
| Change in model/risk parameters                                                                                                                       |  | (25,156)            | (5,642)                                    | (25,028)                                                                                | (55,826)                                   | -                                                                                                                                                                                       | (55,826)             |
| Effect of exchange rate changes and others                                                                                                            |  | 73,632              | (586)                                      | 587,236                                                                                 | 660,282                                    | 179,394                                                                                                                                                                                 | 839,676              |
| Balance, December 31                                                                                                                                  |  | <u>\$ 2,456,571</u> | <u>\$ 287,198</u>                          | <u>\$ 723,491</u>                                                                       | <u>\$ 3,467,260</u>                        | <u>\$ 14,145,225</u>                                                                                                                                                                    | <u>\$ 17,612,485</u> |

(Continued)

| For the Year Ended December 31, 2021                                                                                                                  |  | 12 Months ECL       | Lifetime ECL<br>(Collectively<br>Assessed) | Lifetime ECL<br>(Non-purchased<br>or Originated<br>Credit-impaired<br>Financial Assets) | Impairment in<br>Accordance With<br>IFRS 9 | The Adjustments<br>Under<br>Regulations<br>Governing the<br>Procedures for<br>Banking<br>Institutions to<br>Evaluate Assets<br>and Deal with<br>Non-performing/<br>Non-accrual<br>Loans | Total                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------|--------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Balance, January 1                                                                                                                                    |  | \$ 2,257,000        | \$ 1,033,202                               | \$ 999,303                                                                              | \$ 4,289,505                               | \$ 10,776,189                                                                                                                                                                           | \$ 15,065,694        |
| Changes due to financial instruments that have been identified at the beginning of the year:                                                          |  |                     |                                            |                                                                                         |                                            |                                                                                                                                                                                         |                      |
| To lifetime ECL                                                                                                                                       |  | (14,445)            | 1,128,163                                  | (29,708)                                                                                | 1,084,010                                  | -                                                                                                                                                                                       | 1,084,010            |
| From conversion to credit-impaired financial assets                                                                                                   |  | (10,194)            | (503,846)                                  | 1,375,652                                                                               | 861,612                                    | -                                                                                                                                                                                       | 861,612              |
| To 12-month ECL                                                                                                                                       |  | 4,344               | (775,981)                                  | (9,571)                                                                                 | (781,208)                                  | -                                                                                                                                                                                       | (781,208)            |
| Derecognizing financial assets during the current period                                                                                              |  | (3,471,032)         | (318,593)                                  | (874,909)                                                                               | (4,664,534)                                | -                                                                                                                                                                                       | (4,664,534)          |
| Purchased or originated new financial assets                                                                                                          |  | 3,070,480           | 26,478                                     | 526,510                                                                                 | 3,623,468                                  | -                                                                                                                                                                                       | 3,623,468            |
| The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans |  | -                   | -                                          | -                                                                                       | -                                          | 1,694,508                                                                                                                                                                               | 1,694,508            |
| Write-off                                                                                                                                             |  | -                   | -                                          | (1,785,323)                                                                             | (1,785,323)                                | (236,606)                                                                                                                                                                               | (2,021,929)          |
| Change in model/risk parameters                                                                                                                       |  | (44,591)            | (23,529)                                   | (37,518)                                                                                | (105,638)                                  | -                                                                                                                                                                                       | (105,638)            |
| Effect of exchange rate changes and others                                                                                                            |  | (30,643)            | (3,152)                                    | 863,687                                                                                 | 829,892                                    | -                                                                                                                                                                                       | 801,856              |
| Balance, December 31                                                                                                                                  |  | <u>\$ 1,760,919</u> | <u>\$ 562,742</u>                          | <u>\$ 1,028,123</u>                                                                     | <u>\$ 3,351,784</u>                        | <u>\$ 12,206,055</u>                                                                                                                                                                    | <u>\$ 15,557,839</u> |

(Concluded)

TABLE 9

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEs**

**CHANGES IN ALLOWANCE FOR RECEIVABLES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

| For the Year Ended December 31, 2022                                                                                                                  | 12 Months ECL     | Lifetime ECL<br>(Collectively<br>Assessed) | Lifetime ECL<br>(Non-purchased<br>or Originated<br>Credit-impaired<br>Financial Assets) | Impairment in<br>Accordance With<br>IFRS 9 | The Adjustments<br>Under<br>Regulations<br>Governing the<br>Procedures for<br>Banking<br>Institutions to<br>Evaluate Assets<br>and Deal with<br>Non-performing/<br>Non-accrual<br>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 year:                                                          |                   |                                            |                                                                                         |                                            |                                                                                                                                                                                         |                   |
| To lifetime ECL                                                                                                                                       | (5,422)           | 32,976                                     | (9,957)                                                                                 | 17,597                                     | -                                                                                                                                                                                       | 17,597            |
| From conversion to credit-impaired financial assets                                                                                                   | (622)             | (16,387)                                   | 88,620                                                                                  | 71,611                                     | -                                                                                                                                                                                       | 71,611            |
| To 12-month ECL                                                                                                                                       | 278               | (3,242)                                    | (2,053)                                                                                 | (5,017)                                    | -                                                                                                                                                                                       | (5,017)           |
| Derecognizing financial assets during the current period                                                                                              | (84,362)          | (16,018)                                   | (54,958)                                                                                | (155,338)                                  | -                                                                                                                                                                                       | (155,338)         |
| Purchased or originated new financial assets                                                                                                          | 82,918            | 807                                        | 62,862                                                                                  | 146,587                                    | -                                                                                                                                                                                       | 146,587           |
| The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans | -                 | -                                          | -                                                                                       | -                                          | (26,157)                                                                                                                                                                                | (26,157)          |
| Write-off                                                                                                                                             | (1)               | (228)                                      | (105,692)                                                                               | (105,921)                                  | (76,465)                                                                                                                                                                                | (182,386)         |
| Change in model/risk parameters                                                                                                                       | 2,538             | (2,927)                                    | (1,689)                                                                                 | (2,078)                                    | -                                                                                                                                                                                       | (2,078)           |
| Effect of exchange rate changes and others                                                                                                            | 8,732             | 1,258                                      | 15,797                                                                                  | 25,787                                     | 18,414                                                                                                                                                                                  | 44,201            |
| Balance, December 31                                                                                                                                  | <u>\$ 105,146</u> | <u>\$ 16,009</u>                           | <u>\$ 429,961</u>                                                                       | <u>\$ 551,116</u>                          | <u>\$ 393,951</u>                                                                                                                                                                       | <u>\$ 945,067</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 Year Ended December 31, 2021                                                                                                                 |  | 12 Months ECL     | Lifetime ECL<br>(Collectively<br>Assessed) | Lifetime ECL<br>(Non-purchased<br>or Originated<br>Credit-impaired<br>Financial Assets) | Impairment in<br>Accordance With<br>IFRS 9 | The Adjustments<br>Under<br>Regulations<br>Governing the<br>Procedures for<br>Banking<br>Institutions to<br>Evaluate Assets<br>and Deal with<br>Non-performing/<br>Non-acrual<br>Loans | Total               |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------|--------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Balance, January 1                                                                                                                                   |  | \$ 165,078        | \$ 33,565                                  | \$ 496,254                                                                              | \$ 694,897                                 | \$ 398,229                                                                                                                                                                             | \$ 1,093,126        |
| Changes due to financial instruments that have been identified at the beginning of the year:                                                         |  |                   |                                            |                                                                                         |                                            |                                                                                                                                                                                        |                     |
| To lifetime ECL                                                                                                                                      |  | (2,031)           | 26,182                                     | (26,621)                                                                                | (2,470)                                    | -                                                                                                                                                                                      | (2,470)             |
| From conversion to credit-impaired financial assets                                                                                                  |  | (227)             | (48,609)                                   | 157,269                                                                                 | 108,433                                    | -                                                                                                                                                                                      | 108,433             |
| To 12-month ECL                                                                                                                                      |  | 509               | (3,833)                                    | (74)                                                                                    | (3,398)                                    | -                                                                                                                                                                                      | (3,398)             |
| Derecognizing financial assets during the current period                                                                                             |  | (110,204)         | (10,777)                                   | (76,591)                                                                                | (197,572)                                  | -                                                                                                                                                                                      | (197,572)           |
| Purchased or originated new financial assets                                                                                                         |  | 99,058            | 17,165                                     | 21,461                                                                                  | 137,684                                    | -                                                                                                                                                                                      | 137,684             |
| The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-acrual loans |  | -                 | -                                          | -                                                                                       | -                                          | 158,819                                                                                                                                                                                | 158,819             |
| Write-off                                                                                                                                            |  | (2)               | (633)                                      | (137,072)                                                                               | (137,707)                                  | (74,485)                                                                                                                                                                               | (212,192)           |
| Change in model/risk parameters                                                                                                                      |  | (50,776)          | 5,523                                      | (3,091)                                                                                 | (48,344)                                   | -                                                                                                                                                                                      | (48,344)            |
| Effect of exchange rate changes and others                                                                                                           |  | (318)             | 1,187                                      | 5,496                                                                                   | 6,365                                      | (4,404)                                                                                                                                                                                | 1,961               |
| Balance, December 31                                                                                                                                 |  | <u>\$ 101,087</u> | <u>\$ 19,770</u>                           | <u>\$ 437,031</u>                                                                       | <u>\$ 557,888</u>                          | <u>\$ 478,159</u>                                                                                                                                                                      | <u>\$ 1,036,047</u> |

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

(Concluded)

**TABLE 10****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****(In Thousands of New Taiwan Dollars)**

| For the Year Ended December 31, 2022       | Credit Rating    |                                          |                                      | Total            |
|--------------------------------------------|------------------|------------------------------------------|--------------------------------------|------------------|
|                                            | 12-months<br>ECL | Lifetime ECL<br>- Not Credit<br>Impaired | Lifetime ECL<br>- Credit<br>Impaired |                  |
| Balance January 1                          | \$ 52,619        | \$ -                                     | \$ -                                 | \$ 52,619        |
| Purchased new debt instrument              | 15,605           | -                                        | -                                    | 15,605           |
| Derecognized                               | (13,737)         | -                                        | -                                    | (13,737)         |
| Change in model/risk parameters            | (3,816)          | -                                        | -                                    | (3,816)          |
| Effect of exchange rate changes and others | 559              | -                                        | -                                    | 559              |
| Balance December 31                        | <u>\$ 51,230</u> | <u>\$ -</u>                              | <u>\$ -</u>                          | <u>\$ 51,230</u> |

| For the Year Ended December 31, 2021       | Credit Rating    |                                          |                                      | Total            |
|--------------------------------------------|------------------|------------------------------------------|--------------------------------------|------------------|
|                                            | 12-months<br>ECL | Lifetime ECL<br>- Not Credit<br>Impaired | Lifetime ECL<br>- Credit<br>Impaired |                  |
| Balance January 1                          | \$ 64,341        | \$ -                                     | \$ -                                 | \$ 64,341        |
| Purchased new debt instrument              | 20,612           | -                                        | -                                    | 20,612           |
| Derecognized                               | (22,951)         | -                                        | -                                    | (22,951)         |
| Change in model/risk parameters            | (6,147)          | -                                        | -                                    | (6,147)          |
| Effect of exchange rate changes and others | (3,236)          | -                                        | -                                    | (3,236)          |
| Balance December 31                        | <u>\$ 52,619</u> | <u>\$ -</u>                              | <u>\$ -</u>                          | <u>\$ 52,619</u> |

**TABLE 11****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT AMORTIZED COST  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****(In Thousands of New Taiwan Dollars)**

| For the Year Ended December 31, 2022       | Credit Rating    |                                    |                                | Total            |
|--------------------------------------------|------------------|------------------------------------|--------------------------------|------------------|
|                                            | 12-months ECL    | Lifetime ECL - Not Credit Impaired | Lifetime ECL - Credit Impaired |                  |
| Balance January 1                          | \$ 13,314        | \$ -                               | \$ -                           | \$ 13,314        |
| Purchased new debt instrument              | 3,568            | -                                  | -                              | 3,568            |
| Derecognized                               | (197)            | -                                  | -                              | (197)            |
| Change in model/risk parameters            | (1,048)          | -                                  | -                              | (1,048)          |
| Effect of exchange rate changes and others | 1,137            | -                                  | -                              | 1,137            |
| Balance December 31                        | <u>\$ 16,774</u> | <u>\$ -</u>                        | <u>\$ -</u>                    | <u>\$ 16,774</u> |

| For the Year Ended December 31, 2021       | Credit Rating    |                                    |                                | Total            |
|--------------------------------------------|------------------|------------------------------------|--------------------------------|------------------|
|                                            | 12-months ECL    | Lifetime ECL - Not Credit Impaired | Lifetime ECL - Credit Impaired |                  |
| Balance January 1                          | \$ 11,891        | \$ -                               | \$ -                           | \$ 11,891        |
| Purchased new debt instrument              | 2,828            | -                                  | -                              | 2,828            |
| Derecognized                               | (186)            | -                                  | -                              | (186)            |
| Change in model/risk parameters            | (786)            | -                                  | -                              | (786)            |
| Effect of exchange rate changes and others | (433)            | -                                  | -                              | (433)            |
| Balance December 31                        | <u>\$ 13,314</u> | <u>\$ -</u>                        | <u>\$ -</u>                    | <u>\$ 13,314</u> |

**TABLE 12**

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTORS**

**RELATED PARTY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

| Number<br>(Note 1) |                            | Company Name                          |  | Counterparty               |     | Nature of<br>Relationship<br>(Note 2) |                                                                       | Transaction Details          |        |              |                  |                                                           |
|--------------------|----------------------------|---------------------------------------|--|----------------------------|-----|---------------------------------------|-----------------------------------------------------------------------|------------------------------|--------|--------------|------------------|-----------------------------------------------------------|
|                    |                            |                                       |  |                            |     |                                       |                                                                       | Financial Statement Accounts |        | Amount       | Payment<br>Terms | % to<br>Consolidated<br>Net<br>Revenue/Assets<br>(Note 3) |
| 0                  | SinoPac Financial Holdings | Bank SinoPac                          |  | SinoPac Financial Holdings | a   | a                                     | Receivables, net                                                      |                              |        | \$ 1,435,025 | Note 4           | 0.06                                                      |
|                    |                            | Bank SinoPac                          |  |                            |     |                                       | Current income tax assets                                             | 989,706                      | Note 4 | 0.04         |                  |                                                           |
|                    |                            | Bank SinoPac                          |  |                            |     |                                       | Payables                                                              | 5                            | Note 4 | -            |                  |                                                           |
|                    |                            | Bank SinoPac                          |  |                            |     |                                       | Current income tax liabilities                                        | 1,055,020                    | Note 4 | 0.04         |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Current income tax assets                                             | 57,038                       | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Current income tax liabilities                                        | 285,120                      | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Other liabilities                                                     | 251                          | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Investments accounted for using equity method                         | 35,336                       | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Right-of-use assets, net                                              | 595,581                      | Note 4 | 0.02         |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Current income tax liabilities                                        | 306,570                      | Note 4 | 0.01         |                  |                                                           |
| 1                  | Bank SinoPac               | SinoPac Financial Holdings            |  | SinoPac Financial Holdings | b   | b                                     | Lease liabilities                                                     |                              |        | 643,044      | Note 4           | 0.02                                                      |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Interest expenses                                                     | 30,988                       | Note 4 | 0.07         |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Depreciation and amortization expense                                 | 46,370                       | Note 4 | 0.10         |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       |                                                                       |                              |        |              |                  |                                                           |
|                    |                            | SinoPac Financial Holdings            |  |                            |     |                                       | Receivables, net                                                      | 5                            | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Financial Holdings            |  |                            |     |                                       | Current income tax assets                                             | 1,055,020                    | Note 4 | 0.04         |                  |                                                           |
|                    |                            | SinoPac Financial Holdings            |  |                            |     |                                       | Payables                                                              | 1,435,025                    | Note 4 | 0.06         |                  |                                                           |
|                    |                            | SinoPac Financial Holdings            |  |                            |     |                                       | Current income tax liabilities                                        | 989,706                      | Note 4 | 0.04         |                  |                                                           |
|                    |                            | Bank SinoPac (China) Ltd.             |  |                            |     |                                       | Cash and cash equivalents, net                                        | 1,351                        | Note 4 | -            |                  |                                                           |
|                    |                            | Bank SinoPac (China) Ltd.             |  |                            |     |                                       | Due from the Central Bank and call loans to other banks, net          | 3,071,068                    | Note 4 | 0.12         |                  |                                                           |
|                    |                            | Bank SinoPac (China) Ltd.             |  |                            | c-1 | c-1                                   | Receivables, net                                                      |                              |        | 101,805      | Note 4           | -                                                         |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Receivables, net                                                      | 1,077                        | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Payables                                                              | 1,858                        | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Deposits and remittances                                              | 3,667,596                    | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Service fee and commissions income, net (commissions and fee revenue) | 84,304                       | Note 4 | 0.14         |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Service fee and commissions income, net (commissions and fee expense) | 33,909                       | Note 4 | 0.18         |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Net other revenue other than interest income                          | 37,169                       | Note 4 | 0.07         |                  |                                                           |
|                    |                            | SinoPac Securities                    |  |                            |     |                                       | Other general and administrative expenses                             | 2,448                        | Note 4 | 0.08         |                  |                                                           |
|                    |                            | SinoPac Securities Investment Service |  |                            |     |                                       | Deposits and remittances                                              | 123,052                      | Note 4 | 0.01         |                  |                                                           |
|                    |                            | SinoPac Securities Venture Capital    |  |                            |     |                                       | Deposits and remittances                                              | 179,980                      | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            | c-1 | c-1                                   | Investments accounted for using equity method                         |                              |        | 26,008       | Note 4           | 0.01                                                      |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Right-of-use assets, net                                              | 553,425                      | Note 4 | -            |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Deposits and remittances                                              | 268,751                      | Note 4 | 0.02         |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Lease liabilities                                                     | 591,086                      | Note 4 | 0.01         |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Interest expenses                                                     | 28,492                       | Note 4 | 0.02         |                  |                                                           |
|                    |                            | SinoPac Leasing                       |  |                            |     |                                       | Depreciation and amortization expense                                 | 43,066                       | Note 4 | 0.06         |                  |                                                           |
|                    |                            |                                       |  |                            |     |                                       |                                                                       |                              |        |              |                  |                                                           |
|                    |                            |                                       |  |                            |     |                                       |                                                                       |                              |        |              |                  |                                                           |
|                    |                            |                                       |  |                            |     |                                       |                                                                       |                              |        |              |                  |                                                           |
|                    |                            |                                       |  |                            |     |                                       |                                                                       |                              |        |              |                  |                                                           |

(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)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

| ASSETS                                                               | 2022           | 2021           | LIABILITIES AND EQUITY         | 2022           | 2021           |
|----------------------------------------------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
| CASH AND CASH EQUIVALENTS                                            | \$ 52,710      | \$ 54,763      | COMMERCIAL PAPERS ISSUED, NET  | \$ 9,412,734   | \$ 8,905,256   |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH<br>OTHER COMPREHENSIVE INCOME | 33,822         | 45,063         | PAYABLES                       | 198,834        | 198,384        |
| RECEIVABLES, NET                                                     | 1,435,123      | 1,435,147      | CURRENT INCOME TAX LIABILITIES | 2,845,516      | 3,335,455      |
| CURRENT INCOME TAX ASSETS                                            | 1,060,291      | 1,715,143      | CORPORATE BONDS PAYABLE        | 9,992,124      | 9,989,429      |
| INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET                   | 173,951,963    | 182,038,681    | PREFERRED STOCK LIABILITIES    | 18,437         | 18,437         |
| PROPERTY AND EQUIPMENT, NET                                          | 23,227         | 20,864         | PROVISIONS                     | 60,169         | 49,654         |
| RIGHT-OF-USE ASSETS, NET                                             | 614,054        | 670,371        | LEASE LIABILITIES              | 661,836        | 706,119        |
| INTANGIBLE ASSETS, NET                                               | 4,229          | 1,120          | OTHER LIABILITIES              | 22,404         | 22,405         |
| DEFERRED INCOME TAX ASSETS                                           | 11,790         | 9,668          | Total liabilities              | 23,212,054     | 23,225,139     |
| OTHER ASSETS, NET                                                    | 43,582         | 38,171         | EQUITY                         |                |                |
|                                                                      |                |                | Capital stock                  | 113,837,646    | 112,710,541    |
|                                                                      |                |                | Common stock                   | 2,228,781      | 2,228,764      |
|                                                                      |                |                | Capital surplus                |                |                |
|                                                                      |                |                | Retained earnings              |                |                |
|                                                                      |                |                | Legal reserve                  | 22,112,855     | 20,389,695     |
|                                                                      |                |                | Special reserve                | 483,818        | 483,818        |
|                                                                      |                |                | Unappropriated earnings        | 29,555,849     | 25,033,001     |
|                                                                      |                |                | Total retained earnings        | 52,152,522     | 45,906,514     |
|                                                                      |                |                | Other equity                   | (14,200,212)   | 1,958,033      |
|                                                                      |                |                | Total equity                   | 154,018,737    | 162,803,852    |
| TOTAL                                                                | \$ 177,230,791 | \$ 186,028,991 | TOTAL                          | \$ 177,230,791 | \$ 186,028,991 |

**TABLE 14****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

|                                                                        | <b>2022</b>         | <b>2021</b>          |
|------------------------------------------------------------------------|---------------------|----------------------|
| REVENUES                                                               |                     |                      |
| Share of profit of subsidiaries and associates for using equity method | \$ 16,647,027       | \$ 16,620,299        |
| Others                                                                 | 54,978              | 36,033               |
| EXPENSES AND LOSSES                                                    |                     |                      |
| Operating expenses                                                     | (392,252)           | (431,124)            |
| Others                                                                 | <u>(214,674)</u>    | <u>(166,581)</u>     |
| PROFIT FROM CONTINUING OPERATIONS BEFORE TAX                           | 16,095,079          | 16,058,627           |
| INCOME TAX (EXPENSE) BENEFIT                                           | <u>(134,079)</u>    | <u>152,378</u>       |
| NET INCOME                                                             | 15,961,000          | 16,211,005           |
| OTHER COMPREHENSIVE INCOME                                             | <u>(15,729,289)</u> | <u>(1,387,147)</u>   |
| TOTAL COMPREHENSIVE INCOME                                             | <u>\$ 231,711</u>   | <u>\$ 14,823,858</u> |
| BASIC EARNINGS PER SHARE                                               | <u>\$1.40</u>       | <u>\$1.42</u>        |
| DILUTED EARNINGS PER SHARE                                             | <u>\$1.40</u>       | <u>\$1.42</u>        |

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

|                                                                                                                    | Retained Earnings |                 |               |                 |                         | Other Equity            |                                                           |                                                                                                |                                                                                                 |                 |                |
|--------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|---------------|-----------------|-------------------------|-------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------|----------------|
|                                                                                                                    | Common Stock      | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Total Retained Earnings | Exchange Differences on Translation of Foreign Operations | Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income | Changes in Fair Value of Financial Liability Attributable to Charge in Credit Risk of Liability |                 |                |
|                                                                                                                    |                   |                 |               |                 |                         |                         |                                                           |                                                                                                | Total                                                                                           |                 |                |
| BALANCE AT JANUARY 1, 2021                                                                                         | \$ 112,710,541    | \$ 2,228,764    | \$ 19,171,226 | \$ 483,818      | \$ 16,909,609           | \$ 36,564,653           | \$ (1,593,696)                                            | \$ 6,041,813                                                                                   | \$ (82,343)                                                                                     | \$ 4,365,774    | \$ 155,869,732 |
| Appropriation and distribution of retained earnings generated in 2020                                              | -                 | -               | 1,218,469     | -               | (1,218,469)             | -                       | -                                                         | -                                                                                              | -                                                                                               | -               | -              |
| Legal reserve                                                                                                      | -                 | -               | -             | -               | (7,889,738)             | (7,889,738)             | -                                                         | -                                                                                              | -                                                                                               | -               | (7,889,738)    |
| Cash dividends - common stock                                                                                      | -                 | -               | -             | -               | 16,211,005              | 16,211,005              | -                                                         | -                                                                                              | -                                                                                               | -               | 16,211,005     |
| Net income for the year ended December 31, 2021                                                                    | -                 | -               | -             | -               | -                       | -                       | -                                                         | -                                                                                              | -                                                                                               | -               | -              |
| Other comprehensive income for the year ended December 31, 2021, net of income tax                                 | -                 | -               | -             | -               | 58,025                  | 58,025                  | (297,455)                                                 | (1,144,178)                                                                                    | (3,539)                                                                                         | (1,445,172)     | (1,387,147)    |
| Total comprehensive income for the year ended December 31, 2021                                                    | -                 | -               | -             | -               | 16,269,030              | 16,269,030              | (297,455)                                                 | (1,144,178)                                                                                    | (3,539)                                                                                         | (1,445,172)     | 14,823,858     |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income          | -                 | -               | -             | -               | 962,569                 | 962,569                 | -                                                         | (962,569)                                                                                      | -                                                                                               | (962,569)       | -              |
| BALANCE AT DECEMBER 31, 2021                                                                                       | 112,710,541       | 2,228,764       | 20,389,695    | 483,818         | 25,033,001              | 45,906,514              | (1,891,151)                                               | 3,935,066                                                                                      | (85,882)                                                                                        | 1,958,033       | 162,803,852    |
| Appropriation and distribution of retained earnings generated in 2021                                              | -                 | -               | 1,723,160     | -               | (1,723,160)             | -                       | -                                                         | -                                                                                              | -                                                                                               | -               | -              |
| Legal reserve                                                                                                      | -                 | -               | -             | -               | (9,016,843)             | (9,016,843)             | -                                                         | -                                                                                              | -                                                                                               | -               | -              |
| Cash dividends - common stock                                                                                      | -                 | -               | -             | -               | (1,127,105)             | (1,127,105)             | -                                                         | -                                                                                              | -                                                                                               | -               | (9,016,843)    |
| Stock dividends - common stock                                                                                     | 1,127,105         | -               | -             | -               | -                       | -                       | -                                                         | -                                                                                              | -                                                                                               | -               | -              |
| Other changes in capital surplus                                                                                   | -                 | 17              | -             | -               | -                       | -                       | -                                                         | -                                                                                              | -                                                                                               | -               | 17             |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | -                 | -               | -             | -               | -                       | -                       | -                                                         | -                                                                                              | -                                                                                               | -               | -              |
| Net income for the year ended December 31, 2022                                                                    | -                 | -               | -             | -               | 15,961,000              | 15,961,000              | -                                                         | -                                                                                              | -                                                                                               | -               | 15,961,000     |
| Other comprehensive income for the year ended December 31, 2022, net of income tax                                 | -                 | -               | -             | -               | 408,760                 | 408,760                 | 700,282                                                   | (16,877,568)                                                                                   | 39,237                                                                                          | (16,138,049)    | (15,729,289)   |
| Total comprehensive income for the year ended December 31, 2022                                                    | -                 | -               | -             | -               | 16,369,760              | 16,369,760              | 700,282                                                   | (16,877,568)                                                                                   | 39,237                                                                                          | (16,138,049)    | 231,711        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income          | -                 | -               | -             | -               | 20,196                  | 20,196                  | -                                                         | (20,196)                                                                                       | -                                                                                               | (20,196)        | -              |
| BALANCE AT DECEMBER 31, 2022                                                                                       | \$ 113,837,646    | \$ 2,228,781    | \$ 22,112,855 | \$ 483,818      | \$ 29,555,849           | \$ 52,152,522           | \$ (1,190,869)                                            | \$ (12,962,698)                                                                                | \$ (46,645)                                                                                     | \$ (14,200,212) | \$ 154,018,737 |

**TABLE 16****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****(In Thousands of New Taiwan Dollars)**

|                                                               | 2022               | 2021               |
|---------------------------------------------------------------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                    |                    |
| Profit from continuing operations before tax                  | \$ 16,095,079      | \$ 16,058,627      |
| Adjustments for:                                              |                    |                    |
| Depreciation expense                                          | 64,019             | 60,362             |
| Amortization expense                                          | 1,015              | 474                |
| Interest expense                                              | 160,848            | 132,455            |
| Interest income                                               | (548)              | (738)              |
| Dividend income                                               | (1,519)            | (1,453)            |
| Net change in other provisions                                | 3                  | 3                  |
| Share of profit of subsidiaries for using equity method       | (16,647,027)       | (16,620,299)       |
| Losses on disposal and retirement of property and equipment   | 7                  | 11                 |
| Changes in operating assets and liabilities                   |                    |                    |
| Decrease in receivables                                       | 29                 | 11                 |
| Increase in other assets                                      | (4,982)            | (4,683)            |
| Increase in payables                                          | 337                | 58,052             |
| Increase in provisions for employee benefits                  | 9,101              | 17,535             |
| Interest received                                             | 113                | 332                |
| Dividend received                                             | 9,018,362          | 8,204,704          |
| Interest paid                                                 | (158,040)          | (125,027)          |
| Income tax refunded                                           | 28,993             | 18,754             |
| Net cash generated from operating activities                  | <u>8,565,790</u>   | <u>7,799,120</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                    |                    |
| Acquisition of property and equipment                         | (10,808)           | (12,475)           |
| Acquisition of intangible assets                              | <u>(1,726)</u>     | <u>-</u>           |
| Net cash used in investing activities                         | <u>(12,534)</u>    | <u>(12,475)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                    |                    |
| Increase (decrease) in commercial papers issued               | 507,478            | (4,940,368)        |
| Corporate bonds issued                                        | -                  | 5,000,000          |
| Distribution of cash dividends                                | (9,016,843)        | (7,889,738)        |
| Payments of lease liabilities                                 | <u>(45,944)</u>    | <u>(41,378)</u>    |
| Net cash used in financing activities                         | <u>(8,555,309)</u> | <u>(7,871,484)</u> |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>              | <b>(2,053)</b>     | <b>(84,839)</b>    |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> | <u>54,763</u>      | <u>139,602</u>     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       | <u>\$ 52,710</u>   | <u>\$ 54,763</u>   |

**Bank SinoPac**

## December 31, 2022 and 2021

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Total assets

**Bank SinoPac**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                                                 | 2022                | 2021                |
|-----------------------------------------------------------------|---------------------|---------------------|
| Interest income                                                 | \$ 42,379,409       | \$ 27,179,115       |
| Interest expenses                                               | <u>(18,153,646)</u> | <u>(7,848,027)</u>  |
| Net interest revenue                                            | 24,225,763          | 19,331,088          |
| Net revenues other than interest                                | <u>11,555,493</u>   | <u>10,469,788</u>   |
| Net revenue                                                     | 35,781,256          | 29,800,876          |
| Bad debts expense, commitment and guarantee liability provision | (2,380,745)         | (2,249,331)         |
| Operating expenses                                              | <u>(16,117,288)</u> | <u>(14,470,499)</u> |
| Profit from continuing operations before tax                    | 17,283,223          | 13,081,046          |
| Income tax expense                                              | <u>(2,569,946)</u>  | <u>(1,665,728)</u>  |
| Net income                                                      | 14,713,277          | 11,415,318          |
| Other comprehensive income                                      | <u>(14,832,014)</u> | <u>(2,052,925)</u>  |
| Total comprehensive income                                      | <u>\$ (118,737)</u> | <u>\$ 9,362,393</u> |
| Basic earnings per share                                        | <u>\$1.63</u>       | <u>\$1.26</u>       |

(Concluded)

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

**Balance Sheets**  
**December 31, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

| <b>Assets</b>                                                                 | <b>December 31</b>    |                       |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                               | <b>2022</b>           | <b>2021</b>           |
| Current assets                                                                | \$ 62,755,498         | \$ 81,697,365         |
| Current financial assets at fair value through profit or loss                 | 33,355,714            | 37,438,458            |
| Current financial assets at fair value through other comprehensive income     | 10,387,013            | 8,580,162             |
| Non-current financial assets at fair value through profit or loss             | 139,578               | 136,658               |
| Non-current financial assets at fair value through other comprehensive income | 2,952,686             | 5,760,048             |
| Investments accounted for using equity method                                 | 8,146,252             | 7,416,933             |
| Property and equipment, net                                                   | 1,994,734             | 1,976,757             |
| Right-of-use assets, net                                                      | 444,251               | 440,663               |
| Investment property, net                                                      | 277,071               | 279,792               |
| Intangible assets                                                             | 374,092               | 402,601               |
| Deferred income tax assets                                                    | 427,901               | 632,205               |
| Other non-current assets                                                      | <u>1,333,266</u>      | <u>1,161,992</u>      |
| Total assets                                                                  | <u>\$ 122,588,056</u> | <u>\$ 145,923,634</u> |
| <b>Liabilities</b>                                                            |                       |                       |
| Current liabilities                                                           | \$ 86,790,846         | \$ 110,032,923        |
| Current lease liabilities                                                     | 150,196               | 150,943               |
| Bonds payable                                                                 | 5,000,000             | 2,000,000             |
| Deferred income tax liabilities                                               | 276,987               | 76,431                |
| Non-current lease liabilities                                                 | 297,326               | 291,745               |
| Other non-current liabilities                                                 | <u>464,577</u>        | <u>652,938</u>        |
| Total liabilities                                                             | <u>92,979,932</u>     | <u>113,204,980</u>    |
| <b>Equity</b>                                                                 |                       |                       |
| Capital stock                                                                 | 16,212,238            | 16,212,238            |
| Capital surplus                                                               | 476,766               | 476,766               |
| Retained earnings                                                             | 13,130,665            | 15,149,142            |
| Other equity                                                                  | <u>(211,545)</u>      | <u>880,508</u>        |
| Total equity                                                                  | <u>29,608,124</u>     | <u>32,718,654</u>     |
| Total liabilities and equity                                                  | <u>\$ 122,588,056</u> | <u>\$ 145,923,634</u> |

(Continued)



**SinoPac Securities**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                                         | 2022               | 2021                |
|---------------------------------------------------------|--------------------|---------------------|
| Revenue                                                 | \$ 9,258,624       | \$ 12,930,373       |
| Commission fees                                         | (486,159)          | (697,850)           |
| Employee benefits expense                               | (4,147,231)        | (5,323,689)         |
| Share of profit of subsidiaries for using equity method | 465,145            | 527,285             |
| Other operating expenditure                             | (1,238,361)        | (243,806)           |
| Other operating expense                                 | (2,084,421)        | (1,927,116)         |
| Other gains and losses                                  | <u>212,917</u>     | <u>179,559</u>      |
| Profit from continuing operations before tax            | 1,980,514          | 5,444,756           |
| Income tax expense                                      | <u>(398,019)</u>   | <u>(629,917)</u>    |
| Net income                                              | 1,582,495          | 4,814,839           |
| Other comprehensive income                              | <u>(1,181,826)</u> | <u>865,915</u>      |
| Total comprehensive income                              | <u>\$ 400,669</u>  | <u>\$ 5,680,754</u> |
| Basic earnings per share                                | <u>\$0.98</u>      | <u>\$2.97</u>       |

(Concluded)

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

**Balance Sheets**  
**December 31, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

| <b>Assets</b>                                                     | <b>December 31</b>  |                     |
|-------------------------------------------------------------------|---------------------|---------------------|
|                                                                   | <b>2022</b>         | <b>2021</b>         |
| Current assets                                                    | \$ 245,633          | \$ 325,824          |
| Financial assets at fair value through profit or loss             | 1,905,511           | 1,913,434           |
| Financial assets at fair value through other comprehensive income | 350,247             | 363,851             |
| Investments accounted for using equity method                     | 97,064              | 97,462              |
| Property and equipment, net                                       | 1,154               | 2,741               |
| Right-of-use assets, net                                          | 2,668               | 4,269               |
| Deferred income tax assets                                        | 104,164             | 83,822              |
| Other non-current assets                                          | <u>410</u>          | <u>405</u>          |
| Total assets                                                      | <u>\$ 2,706,851</u> | <u>\$ 2,791,808</u> |
| <b>Liabilities</b>                                                |                     |                     |
| Payables                                                          | \$ 14,072           | \$ 17,134           |
| Current income tax liabilities                                    | -                   | 4,361               |
| Deferred income tax liabilities                                   | 11,559              | 10,082              |
| Provisions                                                        | 1,866               | 1,637               |
| Lease liabilities                                                 | <u>2,702</u>        | <u>4,350</u>        |
| Total liabilities                                                 | <u>30,199</u>       | <u>37,564</u>       |
| <b>Equity</b>                                                     |                     |                     |
| Capital stock                                                     | 2,500,000           | 2,500,000           |
| Capital surplus                                                   | 1,902               | 1,885               |
| Retained earnings                                                 | 348,396             | 450,325             |
| Other equity                                                      | <u>(173,646)</u>    | <u>(197,966)</u>    |
| Total equity                                                      | <u>2,676,652</u>    | <u>2,754,244</u>    |
| Total liabilities and equity                                      | <u>\$ 2,706,851</u> | <u>\$ 2,791,808</u> |

(Continued)

**SinoPac Venture Capital Corporation**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                            | 2022               | 2021                |
|--------------------------------------------|--------------------|---------------------|
| Operating revenues                         | \$ (83,237)        | \$ 1,667            |
| Operating expenses                         | <u>(29,706)</u>    | <u>(35,169)</u>     |
| Operating loss                             | (112,943)          | (33,502)            |
| Nonoperating income and expenses           | <u>10,245</u>      | <u>(1,694)</u>      |
| Loss from continuing operations before tax | (102,698)          | (35,196)            |
| Income tax benefit                         | <u>21,115</u>      | <u>2,598</u>        |
| Net loss                                   | (81,583)           | (32,598)            |
| Other comprehensive income                 | <u>3,973</u>       | <u>(88,257)</u>     |
| Total comprehensive income                 | <u>\$ (77,610)</u> | <u>\$ (120,855)</u> |
| Basic earnings per share                   | <u>\$(0.33)</u>    | <u>\$(0.13)</u>     |
|                                            |                    | (Concluded)         |

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

**Balance Sheets**  
**December 31, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

| <b>Assets</b>                                         | <b>December 31</b>  |                     |
|-------------------------------------------------------|---------------------|---------------------|
|                                                       | <b>2022</b>         | <b>2021</b>         |
| Current assets                                        | \$ 790,768          | \$ 932,940          |
| Financial assets at fair value through profit or loss | 8,424               | 9,481               |
| Investments accounted for using equity method         | 914,748             | 691,470             |
| Property and equipment, net                           | 2,659               | 5,218               |
| Right-of-use assets, net                              | 13,414              | 19,581              |
| Intangible assets                                     | 34                  | 501                 |
| Deferred income tax assets                            | 6,737               | 11,814              |
| Other non-current assets                              | <u>131,797</u>      | <u>125,185</u>      |
| Total assets                                          | <u>\$ 1,868,581</u> | <u>\$ 1,796,190</u> |
| <b>Liabilities</b>                                    |                     |                     |
| Current liabilities                                   | \$ 34,050           | \$ 35,048           |
| Lease liabilities                                     | 13,607              | 19,868              |
| Deferred income tax liabilities                       | 97,785              | 53,929              |
| Other non-current liabilities                         | <u>4,299</u>        | <u>3,603</u>        |
| Total liabilities                                     | <u>149,741</u>      | <u>112,448</u>      |
| <b>Equity</b>                                         |                     |                     |
| Capital stock                                         | 1,420,000           | 1,420,000           |
| Capital surplus                                       | 844                 | 844                 |
| Retained earnings                                     | 321,490             | 293,549             |
| Other equity                                          | <u>(23,494)</u>     | <u>(30,651)</u>     |
| Total equity                                          | <u>1,718,840</u>    | <u>1,683,742</u>    |
| Total liabilities and equity                          | <u>\$ 1,868,581</u> | <u>\$ 1,796,190</u> |

(Continued)

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

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

|                                                       | <b>2022</b>       | <b>2021</b>       |
|-------------------------------------------------------|-------------------|-------------------|
| Operating revenues                                    | \$ 221,044        | \$ 224,234        |
| Operating expenses                                    | <u>(226,557)</u>  | <u>(234,250)</u>  |
| Operating loss                                        | (5,513)           | (10,016)          |
| Share of profit of associates for using equity method | 214,332           | 208,632           |
| Nonoperating income and expenses, net                 | <u>4,510</u>      | <u>3,345</u>      |
| Profit from continuing operations before tax          | 213,329           | 201,961           |
| Income tax expense                                    | <u>(42,817)</u>   | <u>(40,401)</u>   |
| Net income                                            | 170,512           | 161,560           |
| Other comprehensive income                            | <u>10,860</u>     | <u>(1,905)</u>    |
| Total comprehensive income                            | <u>\$ 181,372</u> | <u>\$ 159,655</u> |
| Basic earnings per share                              | <u>\$1.20</u>     | <u>\$1.14</u>     |

(Concluded)

**TABLE 17-5****SinoPac Leasing Co., Ltd.**

**Balance Sheets**  
**December 31, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars)**

| <b>Assets</b>                                 | <b>December 31</b>   |                      |
|-----------------------------------------------|----------------------|----------------------|
|                                               | <b>2022</b>          | <b>2021</b>          |
| Current assets                                | \$ 2,689,114         | \$ 2,365,921         |
| Investments accounted for using equity method | 5,430,254            | 4,797,409            |
| Property and equipment, net                   | 283,523              | 415,716              |
| Right-of-use assets, net                      | 37,446               | 49,565               |
| Investment property, net                      | 5,730,537            | 5,778,169            |
| Intangible assets                             | 2,317                | 3,106                |
| Deferred income tax assets                    | 103,306              | 101,698              |
| Other non-current assets                      | <u>722,298</u>       | <u>740,654</u>       |
| Total assets                                  | <u>\$ 14,998,795</u> | <u>\$ 14,252,238</u> |
| <b>Liabilities</b>                            |                      |                      |
| Current liabilities                           | \$ 7,938,015         | \$ 7,591,537         |
| Lease liabilities - current                   | 27,221               | 26,277               |
| Current income tax liabilities                | 8,619                | 498,240              |
| Long-term borrowings                          | 1,498,986            | 999,599              |
| Lease liabilities - non-current               | 393,156              | 404,288              |
| Deferred income tax liabilities               | 139,339              | 15,305               |
| Other non-current liabilities                 | <u>300,692</u>       | <u>335,093</u>       |
| Total liabilities                             | <u>10,306,028</u>    | <u>9,870,339</u>     |
| <b>Equity</b>                                 |                      |                      |
| Capital stock                                 | 4,681,044            | 4,681,044            |
| Capital surplus                               | 1,498                | 1,498                |
| Retained earnings                             | 273,434              | 243,328              |
| Other equity                                  | <u>(263,209)</u>     | <u>(543,971)</u>     |
| Total equity                                  | <u>4,692,767</u>     | <u>4,381,899</u>     |
| Total liabilities and equity                  | <u>\$ 14,998,795</u> | <u>\$ 14,252,238</u> |

(Continued)

**SinoPac Leasing Co., Ltd.**

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

|                                             | <b>2022</b>       | <b>2021</b>      |
|---------------------------------------------|-------------------|------------------|
| Operating revenues                          | \$ 486,616        | \$ 469,254       |
| Operating costs                             | (352,296)         | (355,283)        |
| Reversal (provision) of bad debts expenses  | (26,771)          | 34,094           |
| Operating expenses                          | <u>(221,309)</u>  | <u>(235,699)</u> |
| Operating loss                              | (113,760)         | (87,634)         |
| Nonoperating income and expenses            | <u>400,117</u>    | <u>386,517</u>   |
| Profit for continuing operations before tax | 286,357           | 298,883          |
| Income tax expense                          | <u>(47,534)</u>   | <u>(65,131)</u>  |
| Net income                                  | 238,823           | 233,752          |
| Other comprehensive income                  | <u>282,088</u>    | <u>(135,148)</u> |
| Total comprehensive income                  | <u>\$ 520,911</u> | <u>\$ 98,604</u> |
| Basic earnings per share                    | <u>\$0.51</u>     | <u>\$0.50</u>    |

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

## PUBLIC ANNOUNCEMENTS PRESCRIBED IN ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

DECEMBER 31, 2022 and 2021

Credit extensions, guarantees or other transactions made by the Company and its subsidiaries with the same person, the same related person or the same affiliate as of December 31, 2022 and 2021 are summarized as follows:

| Name                                                  | December 31, 2022                                                       |                                            |
|-------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------|
|                                                       | Aggregate Amount of Credit Extensions, Guarantees or Other Transactions | % to Financial Holding Company's Net Worth |
| 1. With the same person:                              |                                                                         |                                            |
| Central Bank of the Republic of China (Taiwan)        | \$ 227,514,870                                                          | 147.72                                     |
| FANNIE MAE                                            | 26,659,501                                                              | 17.31                                      |
| FREDDIE MAC                                           | 26,048,950                                                              | 16.91                                      |
| Agricultural Bank of Taiwan                           | 16,310,214                                                              | 10.59                                      |
| International Bills Finance Corporation               | 15,750,864                                                              | 10.23                                      |
| Taiwan Power Company                                  | 13,517,588                                                              | 8.78                                       |
| National Treasury Administration, Ministry of Finance | 12,000,000                                                              | 7.79                                       |
| China Bills Finance Corporation                       | 11,289,138                                                              | 7.33                                       |
| Cathay Financial Holdings Co., Ltd.                   | 10,207,402                                                              | 6.63                                       |
| CPC Corporation, Taiwan                               | 9,109,743                                                               | 5.91                                       |
| China Development Bank                                | 8,412,413                                                               | 5.46                                       |
| BPCE                                                  | 7,852,059                                                               | 5.10                                       |
| HUA NAN FINANCIAL HOLDINGS CO., LTD..                 | 7,478,473                                                               | 4.86                                       |
| COMMONWEALTH BANK OF AUSTRALIA                        | 7,160,491                                                               | 4.65                                       |
| First Abu Dhabi Bank                                  | 6,884,042                                                               | 4.47                                       |
| Westpac Banking Corporation                           | 6,397,850                                                               | 4.15                                       |
| MACQUARIE GROUP LTD                                   | 6,317,183                                                               | 4.10                                       |
| Export-Import Bank of Korea                           | 6,283,746                                                               | 4.08                                       |
| National Australia Bank Limited.                      | 5,715,823                                                               | 3.71                                       |
| USA                                                   | 5,536,661                                                               | 3.59                                       |
| Macquarie Bank Ltd                                    | 5,228,402                                                               | 3.39                                       |
| China Development Financial Holding Corporation       | 5,204,446                                                               | 3.38                                       |
| Emirates NBD Bank PJSC                                | 5,116,695                                                               | 3.32                                       |
| Taiwan Cooperative Financial Holding Co., Ltd.        | 5,045,649                                                               | 3.28                                       |
| THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.          | 5,006,111                                                               | 3.25                                       |
| Fubon Financial Holdings Co., Ltd.                    | 4,996,881                                                               | 3.24                                       |
| DAH CHUNG BILLS FINANCE CORP.                         | 4,993,211                                                               | 3.24                                       |
| BARCLAYS BANK PLC                                     | 4,682,551                                                               | 3.04                                       |

(Continued)



| Name                                            | December 31, 2022                                                                         |                                                        |
|-------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                                                 | Aggregate<br>Amount of<br>Credit<br>Extensions,<br>Guarantees<br>or Other<br>Transactions | % to<br>Financial<br>Holding<br>Company's<br>Net Worth |
| HONG KONG                                       | \$ 4,517,236                                                                              | 2.93                                                   |
| Union Bank of Taiwan Co., Ltd.                  | 4,491,750                                                                                 | 2.92                                                   |
| PAO SHIN GARDEN TOOLS CO., LTD.                 | 4,487,000                                                                                 | 2.91                                                   |
| Korea Development Bank                          | 4,331,255                                                                                 | 2.81                                                   |
| Wistron Corporation                             | 4,206,381                                                                                 | 2.73                                                   |
| ABU DHABI COMMERCIAL BANK P.J.S.C.              | 4,146,346                                                                                 | 2.69                                                   |
| Taiwan Semiconductor Manufacturing Co., Ltd.    | 4,126,463                                                                                 | 2.68                                                   |
| Australia and New Zealand Banking Group Limited | 3,886,807                                                                                 | 2.52                                                   |
| MALAYAN BANKING BHD                             | 3,881,126                                                                                 | 2.52                                                   |
| The Hong Kong Mortgage Corporation Limited      | 3,839,984                                                                                 | 2.49                                                   |
| YUAN LIH CONSTRUCTIONS CO., LTD.                | 3,803,000                                                                                 | 2.47                                                   |
| Standard Chartered Bank                         | 3,542,489                                                                                 | 2.30                                                   |
| GINNIE MAE                                      | 3,528,174                                                                                 | 2.29                                                   |
| HOTAI FINANCE CO., LTD.                         | 3,516,935                                                                                 | 2.28                                                   |
| WELLS FARGO & COMPANY                           | 3,315,868                                                                                 | 2.15                                                   |
| Chailease Finance Co., Ltd.                     | 3,293,635                                                                                 | 2.14                                                   |
| Goldman Sachs Group Inc.                        | 3,232,232                                                                                 | 2.10                                                   |
| CHINA METAL PRODUCTS CO., LTD.                  | 3,229,288                                                                                 | 2.10                                                   |
| 2. With the same related person:                |                                                                                           |                                                        |
| XX Tsai                                         | 7,009,962                                                                                 | 4.55                                                   |
| XX Tsai                                         | 6,557,825                                                                                 | 4.26                                                   |
| XX Chung                                        | 5,322,000                                                                                 | 3.46                                                   |
| XX Chen                                         | 4,348,620                                                                                 | 2.82                                                   |
| XX Wang                                         | 3,632,824                                                                                 | 2.36                                                   |
| 3. With the same affiliate:                     |                                                                                           |                                                        |
| IBF Financial Holdings Group                    | 17,326,891                                                                                | 11.25                                                  |
| Cathay Financial Holdings Group                 | 14,630,879                                                                                | 9.50                                                   |
| Fubon Group                                     | 14,325,075                                                                                | 9.30                                                   |
| Far Eastern Group                               | 14,295,859                                                                                | 9.28                                                   |
| Chailease Group                                 | 13,655,437                                                                                | 8.87                                                   |
| O-Bank Group                                    | 12,537,731                                                                                | 8.14                                                   |
| Hon Hai Group                                   | 12,464,136                                                                                | 8.09                                                   |
| Macquarie Group                                 | 11,559,525                                                                                | 7.51                                                   |
| Kinpo Group                                     | 11,397,228                                                                                | 7.40                                                   |
| King's Town Group                               | 9,644,183                                                                                 | 6.26                                                   |
| Phoenix Property Group                          | 9,009,509                                                                                 | 5.85                                                   |
| China Development Bank Group                    | 8,863,728                                                                                 | 5.75                                                   |
| BPCE Group                                      | 8,281,330                                                                                 | 5.38                                                   |
| Hua Nan Financial Holdings Group                | 8,251,265                                                                                 | 5.36                                                   |

(Continued)

| Name                                         | December 31, 2022                                                                         |                                                        |
|----------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                                              | Aggregate<br>Amount of<br>Credit<br>Extensions,<br>Guarantees<br>or Other<br>Transactions | % to<br>Financial<br>Holding<br>Company's<br>Net Worth |
| Formosa Plastics Group                       | \$ 8,236,454                                                                              | 5.35                                                   |
| Taishin Financial Holding Group              | 7,971,600                                                                                 | 5.18                                                   |
| Charoen Pokphand Group                       | 7,606,537                                                                                 | 4.94                                                   |
| AU Optronics Group                           | 7,465,334                                                                                 | 4.85                                                   |
| Ruentex Financial Group                      | 7,336,824                                                                                 | 4.76                                                   |
| Taiwan Cooperative Financial Holding Group   | 6,916,812                                                                                 | 4.49                                                   |
| Wistron Group                                | 6,692,594                                                                                 | 4.35                                                   |
| CMP Group                                    | 6,375,248                                                                                 | 4.14                                                   |
| Mega Holdings Group                          | 6,301,735                                                                                 | 4.09                                                   |
| Hiyes International Group                    | 6,279,864                                                                                 | 4.08                                                   |
| China Development Financial Holding Group    | 6,139,625                                                                                 | 3.99                                                   |
| Yulon Motor Group                            | 6,048,652                                                                                 | 3.93                                                   |
| NAB Group                                    | 5,746,546                                                                                 | 3.73                                                   |
| Quanta Group                                 | 5,460,048                                                                                 | 3.55                                                   |
| Baolu Construction Group                     | 5,457,000                                                                                 | 3.54                                                   |
| TSMC Group                                   | 5,367,370                                                                                 | 3.48                                                   |
| CTBC Financial Holding Group                 | 5,261,946                                                                                 | 3.42                                                   |
| North-Star Group                             | 4,915,320                                                                                 | 3.19                                                   |
| Union Group                                  | 4,797,836                                                                                 | 3.12                                                   |
| BPEA FUND VII&VIII Group                     | 4,739,384                                                                                 | 3.08                                                   |
| Standard Chartered Group                     | 4,282,312                                                                                 | 2.78                                                   |
| CITIC Fund III & IV Group                    | 4,236,480                                                                                 | 2.75                                                   |
| ANZ Group                                    | 4,218,818                                                                                 | 2.74                                                   |
| Hotai Motor Group                            | 4,194,145                                                                                 | 2.72                                                   |
| CTCI Group                                   | 4,087,598                                                                                 | 2.65                                                   |
| Highwealth Group                             | 4,007,329                                                                                 | 2.60                                                   |
| Taiwan Cement Group                          | 4,000,404                                                                                 | 2.60                                                   |
| TA YA ELECTRIC WIRE & CABLE Group            | 3,988,323                                                                                 | 2.59                                                   |
| HD Renewable Energy Group                    | 3,956,644                                                                                 | 2.57                                                   |
| Wells Fargo & Company Group                  | 3,868,033                                                                                 | 2.51                                                   |
| Kingston Group                               | 3,826,364                                                                                 | 2.48                                                   |
| J&V Energy Group                             | 3,548,271                                                                                 | 2.30                                                   |
| Shin Kong Group                              | 3,501,380                                                                                 | 2.27                                                   |
| Wisdom Marine Group                          | 3,486,084                                                                                 | 2.26                                                   |
| Agricultural Development Bank of China Group | 3,405,747                                                                                 | 2.21                                                   |
| WPG Holdings Group                           | 3,385,329                                                                                 | 2.20                                                   |
| Grand River D. Group                         | 3,334,826                                                                                 | 2.17                                                   |
| Banco Santander SA Group                     | 3,232,760                                                                                 | 2.10                                                   |
| GOLDMAN SACHS Group                          | 3,232,543                                                                                 | 2.10                                                   |
| Formosa Solar Group                          | 3,219,747                                                                                 | 2.09                                                   |
| Continental Holdings Corporation             | 3,204,173                                                                                 | 2.08                                                   |
| SoftBank Group                               | 3,116,798                                                                                 | 2.02                                                   |
| Yong Jing Group                              | 3,075,870                                                                                 | 2.00                                                   |
| Ting Hsin Group                              | 3,062,658                                                                                 | 1.99                                                   |
|                                              |                                                                                           | (Continued)                                            |

| Name                           | December 31, 2022                                                       |                                            |
|--------------------------------|-------------------------------------------------------------------------|--------------------------------------------|
|                                | Aggregate Amount of Credit Extensions, Guarantees or Other Transactions | % to Financial Holding Company's Net Worth |
| LCY Chemical Group             | \$ 3,058,917                                                            | 1.99                                       |
| Chenya Energy Group            | 3,047,863                                                               | 1.98                                       |
| Yuanta Financial Holding Group | 3,033,465                                                               | 1.97                                       |

| Name | December 31, 2021                                                       |                                            |
|------|-------------------------------------------------------------------------|--------------------------------------------|
|      | Aggregate Amount of Credit Extensions, Guarantees or Other Transactions | % to Financial Holding Company's Net Worth |

1. With the same person:

|                                                       |                |        |
|-------------------------------------------------------|----------------|--------|
| Central Bank of the Republic of China (Taiwan)        | \$ 246,323,891 | 151.30 |
| International Bills Finance Corporation               | 14,281,176     | 8.77   |
| Union Bank of Taiwan Co., Ltd.                        | 13,707,813     | 8.42   |
| China Development Bank                                | 12,830,260     | 7.88   |
| FANNIE MAE                                            | 12,253,500     | 7.53   |
| FREDDIE MAC                                           | 12,184,480     | 7.48   |
| National Treasury Administration, Ministry of Finance | 12,000,000     | 7.37   |
| Cathay Financial Holdings Co., Ltd.                   | 9,647,781      | 5.93   |
| HUA NAN FINANCIAL HOLDINGS CO., LTD.                  | 7,494,836      | 4.60   |
| Taiwan Cooperative Financial Holding Co., Ltd.        | 7,493,799      | 4.60   |
| China Development Financial Holding Corporation       | 7,132,386      | 4.38   |
| First Abu Dhabi Bank                                  | 6,839,366      | 4.20   |
| BPCE                                                  | 6,756,704      | 4.15   |
| COMMONWEALTH BANK OF AUSTRALIA                        | 6,164,249      | 3.79   |
| Export-Import Bank of Korea                           | 5,989,451      | 3.68   |
| NATIONAL AUSTRALIA BANK LTD                           | 5,949,899      | 3.65   |
| MACQUARIE BANK LTD                                    | 5,949,411      | 3.65   |
| Taiwan Power Company                                  | 5,888,767      | 3.62   |
| WESTPAC BANKING CORPORATION                           | 5,664,190      | 3.48   |
| CTBC FINANCIAL HOLDING CO., LTD.                      | 5,439,933      | 3.34   |
| Malayan Banking Berhad                                | 5,402,510      | 3.32   |
| Agricultural Bank of Taiwan                           | 5,338,361      | 3.28   |
| Emirates NBD PJSC                                     | 5,332,036      | 3.28   |
| ADVANCED SEMICONDUCTOR ENGINEERING, INC.              | 5,053,343      | 3.10   |
| Catcher Technology Co., LTD.                          | 5,003,939      | 3.07   |
| China Bills Finance Corporation                       | 4,740,576      | 2.91   |
| HONG KONG MORTGAGE CORP                               | 4,728,558      | 2.90   |
| Korea Development Bank                                | 4,603,691      | 2.83   |
| REPUBLIC OF JAPAN                                     | 4,239,472      | 2.60   |

(Continued)

| Name                                            | December 31, 2021                                                       |                                            |
|-------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------|
|                                                 | Aggregate Amount of Credit Extensions, Guarantees or Other Transactions | % to Financial Holding Company's Net Worth |
| Taiwan Semiconductor Manufacturing Co., Ltd.    | \$ 4,145,113                                                            | 2.55                                       |
| Chailease Finance Co., Ltd.                     | 4,029,073                                                               | 2.47                                       |
| Shin Kong Bank Co., Ltd.                        | 4,024,803                                                               | 2.47                                       |
| AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 3,946,046                                                               | 2.42                                       |
| LEO CAPITAL LIMITED                             | 3,876,537                                                               | 2.38                                       |
| Mega Financial Holding Company Ltd.             | 3,800,271                                                               | 2.33                                       |
| CHINA METAL PRODUCTS CO., LTD.                  | 3,483,586                                                               | 2.14                                       |
| Hong Kong Monetary Authority                    | 3,320,330                                                               | 2.04                                       |
| Compal Electronics, Inc.                        | 3,305,001                                                               | 2.03                                       |
| WELLS FARGO & COMPANY                           | 3,244,775                                                               | 1.99                                       |
| KINGSTON TECHNOLOGY CORPORATION USA             | 3,184,298                                                               | 1.96                                       |
|                                                 | 3,129,459                                                               | 1.92                                       |
| Kingtown & Construction Co., Ltd.               | 3,080,000                                                               | 1.89                                       |
| First Financial Holding Co., Ltd.               | 3,073,056                                                               | 1.89                                       |
| Synnex Technology International Corporation     | 3,051,390                                                               | 1.87                                       |
| 2. With the same related person:                |                                                                         |                                            |
| XX Chen                                         | 5,810,307                                                               | 3.57                                       |
| XX Tsai                                         | 5,450,144                                                               | 3.35                                       |
| XX Chung                                        | 5,022,968                                                               | 3.09                                       |
| XX Chen                                         | 3,883,905                                                               | 2.39                                       |
| 3. With the same affiliate:                     |                                                                         |                                            |
| IBF Financial Holdings Group                    | 17,752,173                                                              | 10.90                                      |
| Cathay Financial Holdings Group                 | 13,992,325                                                              | 8.59                                       |
| Union Bank Group                                | 13,873,386                                                              | 8.52                                       |
| China Development Bank Group                    | 13,871,743                                                              | 8.52                                       |
| Chailease Group                                 | 12,668,441                                                              | 7.78                                       |
| Hon Hai Group                                   | 11,321,227                                                              | 6.95                                       |
| ASE Group                                       | 10,450,077                                                              | 6.42                                       |
| Kinpo Group                                     | 10,405,897                                                              | 6.39                                       |
| Taiwan Cooperative Financial Holding Group      | 10,153,438                                                              | 6.24                                       |
| China Development Financial Holding Group       | 9,454,165                                                               | 5.81                                       |
| King's Town Group                               | 8,317,279                                                               | 5.11                                       |
| Far Eastern Group                               | 7,935,683                                                               | 4.87                                       |
| Hua Nan Financial Holdings Group                | 7,794,990                                                               | 4.79                                       |
| CTBC Financial Holding Group                    | 7,717,964                                                               | 4.74                                       |
| Macquarie Group                                 | 7,075,351                                                               | 4.35                                       |
| Fubon Financial Holding Group                   | 6,875,754                                                               | 4.22                                       |
| BPCE Group                                      | 6,819,567                                                               | 4.19                                       |
| Taishin Financial Holding Group                 | 6,755,518                                                               | 4.15                                       |
| Phoenix Property Group                          | 6,583,603                                                               | 4.04                                       |

(Continued)

| Name                              | December 31, 2021                                                                         |                                                        |
|-----------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                                   | Aggregate<br>Amount of<br>Credit<br>Extensions,<br>Guarantees<br>or Other<br>Transactions | % to<br>Financial<br>Holding<br>Company's<br>Net Worth |
| Charoen Pokphand Group            | \$ 6,080,392                                                                              | 3.73                                                   |
| Shin Kong Financial Holding Group | 5,921,666                                                                                 | 3.64                                                   |
| CMP Group                         | 5,796,567                                                                                 | 3.56                                                   |
| O-Bank Group                      | 5,700,068                                                                                 | 3.50                                                   |
| Mega Holdings Group               | 5,418,374                                                                                 | 3.33                                                   |
| Hiyes International Group         | 5,294,840                                                                                 | 3.25                                                   |
| Formosa Plastics Group            | 5,238,220                                                                                 | 3.22                                                   |
| TSMC Group                        | 5,036,344                                                                                 | 3.09                                                   |
| KDB Group                         | 4,947,041                                                                                 | 3.04                                                   |
| CTCI Group                        | 4,778,828                                                                                 | 2.94                                                   |
| Ruentex Financial Group           | 4,668,425                                                                                 | 2.87                                                   |
| MiTAC-SYNNEX Group                | 4,658,651                                                                                 | 2.86                                                   |
| Highwealth Group                  | 4,656,832                                                                                 | 2.86                                                   |
| Yuanta Financial Holding Group    | 4,372,999                                                                                 | 2.69                                                   |
| Evergreen Group                   | 4,359,351                                                                                 | 2.68                                                   |
| SanDi Group                       | 4,286,299                                                                                 | 2.63                                                   |
| ANZ Group                         | 4,040,490                                                                                 | 2.48                                                   |
| New Green Power Group             | 3,938,656                                                                                 | 2.42                                                   |
| Wisdom Marine Group               | 3,900,160                                                                                 | 2.40                                                   |
| Wells Fargo & Company Group       | 3,855,709                                                                                 | 2.37                                                   |
| RGE Group                         | 3,783,850                                                                                 | 2.32                                                   |
| Baolu Construction Group          | 3,748,000                                                                                 | 2.30                                                   |
| Kingston Group                    | 3,627,331                                                                                 | 2.23                                                   |
| Grand Foods Group                 | 3,622,787                                                                                 | 2.23                                                   |
| First Financial Holding Group     | 3,517,220                                                                                 | 2.16                                                   |
| AU Optronics Group                | 3,462,212                                                                                 | 2.13                                                   |
| TA YA ELECTRIC WIRE & CABLE Group | 3,451,825                                                                                 | 2.12                                                   |
| KHL Capital Group                 | 3,356,322                                                                                 | 2.06                                                   |
| POU CHEN Group                    | 3,218,235                                                                                 | 1.98                                                   |
| China Steel Group                 | 3,169,824                                                                                 | 1.95                                                   |
| Grand River D. Limited            | 3,110,907                                                                                 | 1.91                                                   |
| Taiwan Cement Group               | 3,103,578                                                                                 | 1.91                                                   |

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company                               | Main Businesses and Products                                                                             | Total Amount of Paid-in Capital | Method of Investment                                                                             | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investment (Note 1) | Percentage of Ownership (%) | Equity in the Earnings (Losses) (Note 1) | Carrying Value (Note 1) | Accumulated Inward Remittance of Earnings |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|----------------------------------------------|-----------------------------|------------------------------------------|-------------------------|-------------------------------------------|
|                                                |                                                                                                          |                                 |                                                                                                  |                                                                     | Outflow          | Inflow |                                                                       |                                              |                             |                                          |                         |                                           |
| Golden Trust SinoPac Fund Management Co., Ltd. | Fund raising and sale, asset management business approved by CSRC                                        | \$ 881,908                      | Investment in Mainland China directly                                                            | \$ 432,135                                                          | \$ -             | \$ -   | \$ 432,135                                                            | \$ 437,413                                   | 49.00                       | \$ 214,332                               | \$ 914,748              | \$ -                                      |
| Telexpress (Shanghai) Co., Ltd.                | Management consultant                                                                                    | 45,325                          | Investment in Mainland China companies through an existing company established in a third region | 14,715                                                              | -                | -      | 14,715                                                                | 277                                          | 34.21                       | -                                        | 14,715                  | -                                         |
| Yangzhou Brightman International Co., Ltd.     | Panel thinning                                                                                           | 626,979                         | Investment in Mainland China companies through an existing company established in a third region | 71,608                                                              | -                | -      | 71,608                                                                | -                                            | 11.69                       | -                                        | 71,608                  | -                                         |
| Zhong Shan Dong Yi Technology Co., Ltd.        | Cover glass                                                                                              | 245,788                         | Investment in Mainland China companies through an existing company established in a third region | 12,289                                                              | -                | -      | 12,289                                                                | (16,544)                                     | 4.12                        | -                                        | 12,289                  | -                                         |
| Dong Ming Technology Co., Ltd.                 | Cover glass                                                                                              | 19,700                          | Investment in Mainland China companies through an existing company established in a third region | 991                                                                 | -                | -      | 991                                                                   | 1,163                                        | 4.12                        | -                                        | 991                     | -                                         |
| StreetVoice International Ltd.                 | Design of software and service for computer system integration                                           | 100,834                         | Investment in Mainland China companies through an existing company established in a third region | 1,696                                                               | -                | -      | 1,696                                                                 | 21,510                                       | 2.51                        | -                                        | 1,696                   | -                                         |
| Dong Guan Transound Electronics Co., Ltd.      | Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, earphone module, earphone, headphone | 229,068                         | Investment in Mainland China companies through an existing company established in a third region | 44,520                                                              | -                | -      | 44,520                                                                | 8,997                                        | 4.58                        | -                                        | 44,520                  | -                                         |
| SinoPac International Leasing Corp.            | Leasing and financing of machinery equipment                                                             | 1,721,266                       | Investment in Mainland China directly                                                            | 1,721,266                                                           | -                | -      | 1,721,266                                                             | 111,226                                      | 100.00                      | 111,226                                  | 2,014,612               | -                                         |
| Bank SinoPac (China) Ltd.                      | Commercial bank                                                                                          | 9,950,464                       | Investment in Mainland China directly                                                            | 9,950,464                                                           | -                | -      | 9,950,464                                                             | 287,940                                      | 100.00                      | 285,976                                  | 10,014,775              | -                                         |
| SinoPac Financial Consulting (Shanghai) Ltd.   | Business management consulting, investment consulting, business intelligence consulting                  | 61,447                          | Investment in Mainland China directly                                                            | 61,447                                                              | -                | -      | 61,447                                                                | (4,448)                                      | 100.00                      | (4,448)                                  | 34,901                  | -                                         |

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA |                |
|------------------------------------------------------------------|--------------------------------------------------------------|----------------|
|                                                                  | Limit on Investment                                          |                |
| \$ 12,311,131<br>(US\$ 350,617)<br>(CNY 349,000)                 | \$ 12,311,131<br>(US\$ 350,617)<br>(CNY 349,000)             | \$ 100,012,564 |

(Continued)

Note 1: Above figures have not been audited by independent certified public accountants, except for Golden Trust SinoPac Fund Management Co., Ltd., SinoPac International Leasing Corp., Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd. which were audited by independent certified public accountants and prepared in conformity with IFRSs.

Note 2: Subsidiary invested in Telexpress (Shanghai) Co., Ltd. via Telexpress Corp.

Note 3: Subsidiary invested in Yangzhou Brightman International Co., Ltd. via Brightman Optoelectronics (Cayman) Co., Ltd.

Note 4: Subsidiary invested in CGK Zhongshan Co., Ltd. and CGK Shenzhen Technology Co., Ltd. via CGK International Co., Ltd.

Note 5: Subsidiary invested in StreetVoice International Ltd. via Neutron Innovation (BVI) Limited.

Note 6: Subsidiary invested in Dong Guan Transound Electronics Co., Ltd. via Transound Electronics Co., Ltd.

Note 7: SinoPac Venture Capital had disposed all stocks of Winking Entertainment Ltd. After disposal, SinoPac Venture Capital has not hold any stock of Shanghai Winking Entertainment Ltd. and Shanghai Wishing Entertainment Ltd indirectly.

Note 8: In October 2011, SMS Consumer Fund LP, the re-investment business of SinoPac Securities, transferred its entire shareholding in SMS Holdings One I Ltd., and after the transfer, the shareholding ratio indirectly held in Beijing Shengzhuang Household Chemicals Ltd. was 0%. The initial payment of US\$831 thousand (NT\$23,792 thousand) was no remaining funds to be returned, and was approved by the Investment Review Committee of the Ministry of Economic Affairs in April 2022 to cancel the original investment case.

Note 9: Foreign currencies are translated to N.T. dollars at the current rate on the date of balance sheet, only the gains or losses from investments are translated at the current year average rate.

(Concluded)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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**STATEMENT 1****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

| Item                                       | Description                                                       | Amount               |
|--------------------------------------------|-------------------------------------------------------------------|----------------------|
| Cash on hand                               |                                                                   | \$ 8,050,200         |
| Notes and checks for clearing              |                                                                   | 3,718,425            |
| Deposits in banks and due from other banks |                                                                   | 45,184,778           |
| Short-term bills                           | Annual interest rate: 0.45%-1.6%;<br>maturity date: February 2023 | 9,281,115            |
| Less: Allowance for credit losses          |                                                                   | (2,854)              |
|                                            |                                                                   | <u>\$ 66,231,664</u> |

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

| Item                                 | Description |               | Foreign<br>Currency (In<br>Thousands) | Amount (In<br>Thousands) |
|--------------------------------------|-------------|---------------|---------------------------------------|--------------------------|
|                                      | Currency    | Exchange Rate |                                       |                          |
| <u>Cash on hand</u>                  |             |               |                                       |                          |
| NTD                                  |             |               |                                       | \$ 5,707,136             |
|                                      | Others      |               | \$ -                                  | <u>1,225,795</u>         |
|                                      |             |               |                                       | <u>6,932,931</u>         |
| <u>Due from other banks</u>          |             |               |                                       |                          |
| NTD                                  |             |               |                                       | 1,456,219                |
| Foreign currency                     | USD         | 30.72355      | 638,886                               | 19,628,860               |
|                                      | CNY         | 4.40954       | 2,436,980                             | 10,745,962               |
|                                      | HKD         | 3.94008       | 541,965                               | 2,135,387                |
|                                      | Others      |               | -                                     | <u>6,831,673</u>         |
|                                      |             |               |                                       | <u>40,798,101</u>        |
| <u>Notes and checks for clearing</u> |             |               |                                       |                          |
| NTD                                  |             |               |                                       | 3,707,160                |
| Foreign currency                     | Others      |               | -                                     | <u>11,265</u>            |
|                                      |             |               |                                       | <u>3,718,425</u>         |
|                                      |             |               |                                       | <u>\$ 51,449,457</u>     |

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS DECEMBER 31, 2022

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

| Items                                                                           | Description                          | Shares/Units | Par Value | Interest Rates<br>(%) | Cost          | Fair Value      |                   | The Change in<br>Fair Value<br>Attributable to<br>Changes in<br>Credit Risk | Note |
|---------------------------------------------------------------------------------|--------------------------------------|--------------|-----------|-----------------------|---------------|-----------------|-------------------|-----------------------------------------------------------------------------|------|
|                                                                                 |                                      |              |           |                       |               | Price (Dollars) | Total             |                                                                             |      |
| Financial assets mandatorily classified as at fair value through profit or loss |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Net operating securities - dealing                                              |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| SinoPac Securities and its subsidiaries                                         |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Listed convertible bonds of over-the-counter market                             |                                      | 103,090      | \$        | -                     | \$ 11,363,337 |                 | \$ 10,625,254     |                                                                             |      |
| Bank debentures                                                                 |                                      |              |           | -                     | 4,005,670     |                 | 3,865,793         |                                                                             |      |
| Government bonds                                                                |                                      |              |           | -                     | 3,517,023     |                 | 3,188,674         |                                                                             |      |
| Public traded company shares                                                    |                                      | 104,540      |           | -                     | 3,289,116     |                 | 3,119,592         |                                                                             |      |
| Domestic index equity funds                                                     |                                      | 173,246      |           | -                     | 2,851,344     |                 | 2,844,566         |                                                                             |      |
| Corporate bonds                                                                 |                                      |              |           | -                     | 2,149,818     |                 | 2,179,027         |                                                                             |      |
| Bond funds (U.S. Treasuries 20 etc.)                                            |                                      | 31,822       |           | -                     | 1,066,176     |                 | 1,058,073         |                                                                             |      |
| Listed stocks at over-the-counter market                                        |                                      | 2,798        |           | -                     | 555,102       |                 | 534,439           |                                                                             |      |
| Emerging company stocks                                                         |                                      | 9,492        |           | -                     | 446,674       |                 | 370,726           |                                                                             |      |
| Beneficial certificates                                                         |                                      | 600          |           | -                     | 184,341       |                 | 184,449           |                                                                             |      |
| Foreign index equity funds                                                      |                                      | 178          |           | -                     | 6,624         |                 | 6,122             |                                                                             |      |
|                                                                                 |                                      |              |           |                       |               |                 | <u>27,976,715</u> |                                                                             |      |
| Net operating securities - underwriting                                         |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| SinoPac Securities and its subsidiaries                                         |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Listed convertible bonds of over-the-counter market                             |                                      | 4,510        |           | -                     | 457,939       |                 | 444,452           |                                                                             |      |
| Public traded company shares                                                    |                                      | 1,454        |           | -                     | 45,930        |                 | 38,759            |                                                                             |      |
| Listed stocks at over-the-counter market                                        |                                      | 264          |           | -                     | 11,637        |                 | 12,837            |                                                                             |      |
|                                                                                 |                                      |              |           |                       |               |                 | <u>496,048</u>    |                                                                             |      |
| Net operating securities - hedging                                              |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| SinoPac Securities and its subsidiaries                                         |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Call (put) warrants hedging                                                     |                                      | 67,387       |           | -                     | 1,307,395     |                 | 1,275,834         |                                                                             |      |
| Structured instruments hedging                                                  |                                      | 17,579       |           | -                     | 114,715       |                 | 90,488            |                                                                             |      |
|                                                                                 |                                      |              |           |                       |               |                 | <u>1,366,322</u>  |                                                                             |      |
| Corporate bonds                                                                 |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Bank SinoPac and its subsidiaries                                               | 2023.01.06 to<br>2028.07.20 maturity | -            | 7,043,751 | 0-5.017               | 7,045,658     |                 | 7,060,615         |                                                                             |      |
| Commercial paper                                                                |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Bank SinoPac and its subsidiaries                                               | 2023.01.03 to<br>2023.03.03 maturity | -            | 5,800,000 | 1.3-1.819             | 5,784,606     |                 | 5,784,949         |                                                                             |      |
| Government bonds                                                                |                                      |              |           |                       |               |                 |                   |                                                                             |      |
| Bank SinoPac and its subsidiaries                                               | 2023.06.18 to<br>2027.09.23 maturity | -            | 5,149,800 | 0.125-1.25            | 5,108,895     |                 | 5,127,237         |                                                                             |      |

(Continued)

| Items                                                               | Description                          | Shares/Units | Par Value | Interest Rates<br>(%) | Cost      | Fair Value      |                      | The Change in<br>Fair Value<br>Attributable to<br>Changes in<br>Credit Risk | Note |
|---------------------------------------------------------------------|--------------------------------------|--------------|-----------|-----------------------|-----------|-----------------|----------------------|-----------------------------------------------------------------------------|------|
|                                                                     |                                      |              |           |                       |           | Price (Dollars) | Total                |                                                                             |      |
| Stocks                                                              |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | 405          | \$ -      | -                     | \$ 90,077 |                 | \$ 95,713            |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | 122,099      | -         | -                     | 558,530   |                 | 558,476              |                                                                             |      |
| SinoPac Venture Capital and its subsidiaries                        |                                      | 79,211       | -         | -                     | 1,828,821 |                 | 1,905,511            |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>2,559,700</u>     |                                                                             |      |
| Certificates of deposits                                            |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   | 2023.05.11 to<br>2023.06.14 maturity | -            | 1,102,385 | 0-2.75                | 1,082,584 |                 | 1,094,691            |                                                                             |      |
| Bank debentures                                                     |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   | 2027.06.16 maturity                  | -            | 220,477   | 2.69                  | 219,771   |                 | 219,864              |                                                                             |      |
| Currency swap contracts                                             |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | -            | -         | -                     | -         |                 | 20,201,687           |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | <u>1,310</u>         |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>20,202,997</u>    |                                                                             |      |
| Interest swap contracts                                             |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | -            | -         | -                     | -         |                 | 7,763,521            |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | <u>3,922,328</u>     |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>11,685,849</u>    |                                                                             |      |
| Excess future margin-marketable securities                          |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | 848,754              |                                                                             |      |
| Forward contracts                                                   |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | -            | -         | -                     | -         |                 | 819,409              |                                                                             |      |
| Forward contracts                                                   |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | -            | -         | -                     | -         |                 | 2,905                |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | <u>716,470</u>       |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>719,375</u>       |                                                                             |      |
| Option contracts                                                    |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | -            | -         | -                     | -         |                 | 457,171              |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | <u>13,494</u>        |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>470,665</u>       |                                                                             |      |
| Asset exchange option contracts                                     |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | 453,594              |                                                                             |      |
| Others                                                              |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   |                                      | -            | -         | -                     | -         |                 | 332,443              |                                                                             |      |
| SinoPac Securities and its subsidiaries                             |                                      | -            | -         | -                     | -         |                 | 89,215               |                                                                             |      |
| SinoPac Securities Investment Trust                                 |                                      | -            | -         | -                     | -         |                 | 8,424                |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>430,082</u>       |                                                                             | Note |
|                                                                     |                                      |              |           |                       |           |                 | <u>87,316,866</u>    |                                                                             |      |
| Financial assets designated as at fair value through profit or loss |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Corporate bonds                                                     |                                      |              |           |                       |           |                 |                      |                                                                             |      |
| Bank SinoPac and its subsidiaries                                   | 2029.09.30 to<br>2032.01.18 maturity |              | 5,194,461 | 1.875-4.1             | 5,221,919 |                 | 4,326,990            | (162,562)                                                                   |      |
|                                                                     |                                      |              |           |                       |           |                 |                      |                                                                             |      |
|                                                                     |                                      |              |           |                       |           |                 | <u>\$ 91,643,856</u> |                                                                             |      |

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

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

DECEMBER 31, 2022

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

| Items                                                               | Description                    | Par Value/<br>Thousand Shares | Interest Rate (%) | Cost               | Loss Allowance | Fair Value         | Note |
|---------------------------------------------------------------------|--------------------------------|-------------------------------|-------------------|--------------------|----------------|--------------------|------|
| Equity instruments at fair value through other comprehensive income |                                |                               |                   |                    |                |                    |      |
| Stocks                                                              |                                | 364,986                       |                   | \$ 20,866,519      |                | \$ 21,782,968      |      |
| Real estate investment trust beneficiary securities                 |                                | 176,792                       |                   | <u>4,559,541</u>   |                | <u>3,793,996</u>   |      |
|                                                                     |                                |                               |                   | <u>25,426,060</u>  |                | <u>25,576,964</u>  |      |
| Debt instruments at fair value through other comprehensive income   |                                |                               |                   |                    |                |                    |      |
| Bank debentures                                                     | 2023/01/06-2052/03/18 maturity | \$ 94,399,921                 | 0-8.32            | 94,657,345         | \$ 29,183      | 92,060,256         |      |
| Certificates of deposits                                            | 2023/01/03-2024/06/24 maturity | 87,822,978                    | 0-2.42            | 87,819,839         | 580            | 87,751,306         |      |
| Commercial paper                                                    | 2023/01/03-2023/03/23 maturity | 43,224,700                    | 1.3-1.59          | 43,111,518         | -              | 43,112,630         |      |
| Corporate bonds                                                     | 2023/01/10-2032/04/13 maturity | 46,459,298                    | 0.6-7.5           | 47,001,314         | 21,314         | 42,417,134         |      |
| Government bonds                                                    | 2023/03/01-2051/12/23 maturity | 29,971,433                    | 0.1-3.25          | 29,963,253         | 153            | 26,659,866         |      |
| Asset-based securities                                              | 2051/01/01-2052/09/01 maturity | 18,287,846                    | 1.5-4             | 18,051,118         | -              | 15,311,285         |      |
| Government agency bonds                                             | 2023/06/12-2028/08/10 maturity | 3,245,956                     | 0.7-5.65768       | 3,245,956          | -              | 3,190,978          |      |
| Acceptances                                                         | 2023/01/05-2023/06/07 maturity | 58,899                        | 1.45-1.962        | <u>58,375</u>      | -              | <u>58,428</u>      |      |
|                                                                     |                                |                               |                   | <u>323,908,718</u> | <u>51,230</u>  | <u>310,561,883</u> |      |
|                                                                     |                                |                               |                   | \$ 349,334,778     | \$ 51,230      | \$ 336,138,847     |      |

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

DECEMBER 31, 2022

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

| Items                    | Description                    | Par Value     | Interest Rate (%) | Loss Allowance | Unamortized<br>Premium (Discount) | Book Value     | Note |
|--------------------------|--------------------------------|---------------|-------------------|----------------|-----------------------------------|----------------|------|
| Government bonds         | 2023/01/04-2050/11/27 maturity | \$ 60,778,994 | 0-4.899969        | \$ -           | \$ 1,528,014                      | \$ 62,307,008  |      |
| Certificates of deposits | 2023/01/03-2024/12/19 maturity | 60,113,618    | 0.218-4.15        | -              | (74,860)                          | 60,038,758     | Note |
| Bank debentures          | 2023/02/10-2032/02/22 maturity | 50,362,900    | 1.2-9.125         | (13,127)       | (77,815)                          | 50,271,958     |      |
| Asset-based securities   | 2035/03/01-2052/09/01 maturity | 38,436,174    | 1.5-4             | -              | (250,667)                         | 38,185,507     |      |
| Corporate bonds          | 2023/05/16-2031/05/03 maturity | 12,519,143    | 0.58-4.0563       | (3,647)        | 32,789                            | 12,548,285     |      |
| Government agency bonds  | 2024/08/19-2031/12/01 maturity | 2,108,635     | 2-7.885           | -              | -                                 | 2,108,635      |      |
|                          |                                |               |                   | \$ (16,774)    | \$ 1,157,461                      | \$ 225,460,151 |      |

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

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF SECURITIES PURCHASED UNDER RESELL AGREEMENTS  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Items</b>                        | <b>Par Value</b>     | <b>Book Value</b>    | <b>Note</b> |
|-------------------------------------|----------------------|----------------------|-------------|
| Commercial paper                    | \$ 32,094,900        | \$ 31,990,324        |             |
| Government bonds                    | 27,231,492           | 23,570,549           |             |
| Negotiable certificates of deposits | 6,426,000            | 6,428,179            |             |
| Corporate bonds                     | 5,307,800            | 4,196,355            |             |
| Bank debentures                     | <u>2,124,554</u>     | <u>1,688,512</u>     |             |
|                                     | <u>\$ 73,184,746</u> | <u>\$ 67,873,919</u> |             |

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Item                                    | Balance, January 1, 2022             |               | Additions in Investment<br>(Note)    |            | Decrease in Investment<br>(Note)     |                | Ending Balance of Ownership          |                                   | Market Value or Net Assets<br>Value |               |            | Note |
|-----------------------------------------|--------------------------------------|---------------|--------------------------------------|------------|--------------------------------------|----------------|--------------------------------------|-----------------------------------|-------------------------------------|---------------|------------|------|
|                                         | Units (In<br>Thousands of<br>Shares) | Amount        | Units (In<br>Thousands of<br>Shares) | Amount     | Units (In<br>Thousands of<br>Shares) | Amount         | Units (In<br>Thousands of<br>Shares) | Percentage of<br>Ownership<br>(%) | Price<br>(Dollars)                  | Amount        | Collateral |      |
|                                         |                                      |               |                                      |            |                                      |                |                                      |                                   |                                     |               |            |      |
| Golden Trust SinoPac<br>Fund Management | -                                    | \$ 691,470    | -                                    | \$ 223,278 | -                                    | \$ -           | -                                    | 49.00                             | -                                   | \$ 914,748    | -          |      |
| Telexpress                              | 4,969                                | <u>97,462</u> | -                                    | <u>985</u> | -                                    | <u>(1,383)</u> | 4,969                                | 34.21                             | 19.53                               | <u>97,064</u> | -          |      |
|                                         |                                      | \$ 788,932    |                                      | \$ 224,263 |                                      | \$ (1,383)     |                                      |                                   |                                     | \$ 1,011,812  |            |      |

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

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

|                                   | Land and<br>Superficies<br>(Note 1) | Buildings           | Machinery and<br>Computer<br>Equipment | Transportation<br>Equipment | Other Equipment | Decommissioning<br>Restoration Costs | Total               |
|-----------------------------------|-------------------------------------|---------------------|----------------------------------------|-----------------------------|-----------------|--------------------------------------|---------------------|
| Cost                              |                                     |                     |                                        |                             |                 |                                      |                     |
| Balance, January 1                | \$ 1,065,587                        | \$ 4,643,201        | \$ 227,997                             | \$ 23,205                   | \$ 6,696        | \$ 136,839                           | \$ 6,103,525        |
| Addition                          | 16,413                              | 815,137             | 1,487                                  | 10,430                      | 2,706           | 8,439                                | 854,612             |
| Deduction                         | (14)                                | (134,137)           | (407)                                  | (3,424)                     | (1,555)         | (719)                                | (140,256)           |
| Effect of exchange rate changes   | -                                   | 145,575             | 254                                    | 549                         | 23              | 2,702                                | 149,103             |
| Balance, December 31              | <u>1,081,986</u>                    | <u>5,469,776</u>    | <u>229,331</u>                         | <u>30,760</u>               | <u>7,870</u>    | <u>147,261</u>                       | <u>6,966,984</u>    |
| Accumulated depreciation (Note 2) |                                     |                     |                                        |                             |                 |                                      |                     |
| Balance, January 1                | 106,361                             | 2,091,556           | 85,830                                 | 13,108                      | 3,135           | 104,716                              | 2,404,706           |
| Addition                          | 36,102                              | 841,893             | 33,650                                 | 7,799                       | 1,784           | 11,393                               | 932,621             |
| Deduction                         | (14)                                | (84,286)            | (325)                                  | (2,996)                     | (1,499)         | (683)                                | (89,803)            |
| Reclassifications                 | -                                   | 13                  | -                                      | -                           | (13)            | -                                    | -                   |
| Effect of exchange rate changes   | -                                   | 70,378              | 106                                    | 373                         | 18              | 1,753                                | 72,628              |
| Balance, December 31              | <u>142,449</u>                      | <u>2,919,554</u>    | <u>119,261</u>                         | <u>18,284</u>               | <u>3,425</u>    | <u>117,179</u>                       | <u>3,320,152</u>    |
| Balance, December 31              | <u>\$ 939,537</u>                   | <u>\$ 2,550,222</u> | <u>\$ 110,070</u>                      | <u>\$ 12,476</u>            | <u>\$ 4,445</u> | <u>\$ 30,082</u>                     | <u>\$ 3,646,832</u> |

Note 1: Refer to Note 46 for information on assets pledged as security.

Note 2: Accumulated depreciation increased by \$932,621 thousand, which included depreciation expense of \$932,606 thousand and an increase of \$15 thousand for the renewal of contracts.



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF COMMERCIAL PAPER PAYABLES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                    | Guarantee Agency     | Maturity            | Interest Rate<br>(%) | Pair Value           | Unamortized<br>Discount | Carrying Value       | Note |
|-----------------------------------------|----------------------|---------------------|----------------------|----------------------|-------------------------|----------------------|------|
| SinoPac Financial Holdings              |                      |                     |                      |                      |                         |                      |      |
| Commercial paper payables               | Free-guarantee items | 2023/1/10-2023/2/15 | 1.3980-1.5580        | \$ 9,420,000         | \$ 7,266                | \$ 9,412,734         |      |
| SinoPac Securities and its subsidiaries |                      |                     |                      |                      |                         |                      |      |
| Commercial paper payables               | Free-guarantee items | 2023/2/1-2023/2/9   | 1.3400-1.5600        | 900,000              | 1,283                   | 898,717              |      |
| SinoPac Leasing and its subsidiaries    |                      |                     |                      |                      |                         |                      |      |
| Commercial paper payables               | Free-guarantee items | 2023/1/4-2023/3/15  | 0.9080-1.6880        | 8,800,000            | 8,485                   | 8,791,515            |      |
|                                         |                      |                     |                      | <u>\$ 19,120,000</u> | <u>\$ 17,034</u>        | <u>\$ 19,102,966</u> |      |

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

| Items                                                  | Trust | Period                       | Interest Payment Date     | Rates (%)                | Amount          |               |                        | Unamortized at December 31 | Carrying Amount | Repayment Method                                                                                                                     | Secured Status             |
|--------------------------------------------------------|-------|------------------------------|---------------------------|--------------------------|-----------------|---------------|------------------------|----------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
|                                                        |       |                              |                           |                          | Issuance Amount | Repaid Amount | Balance at December 31 |                            |                 |                                                                                                                                      |                            |
| Bank debentures                                        |       |                              |                           |                          |                 |               |                        |                            |                 |                                                                                                                                      |                            |
| Third subordinated bank debentures issued in 2014 (B)  | None  | 2014.09.30-2024.09.30        | Interest is paid annually | Fixed interest rate2.05% | \$ 700,000      | \$ -          | \$ 700,000             | \$ (96)                    | \$ 699,904      | On maturity date                                                                                                                     | Unsecured and subordinated |
| Third subordinated bank debentures issued in 2016      | None  | 2016.12.23-2023.12.23        | Interest is paid annually | Fixed interest rate1.50% | 1,420,000       | -             | 1,420,000              | (126)                      | 1,419,874       | On maturity date                                                                                                                     | Unsecured and subordinated |
| First subordinated bank debentures issued in 2017 (A)  | None  | 2017.02.24-2024.02.24        | Interest is paid annually | Fixed interest rate1.60% | 150,000         | -             | 150,000                | (27)                       | 149,973         | On maturity date                                                                                                                     | Unsecured and subordinated |
| First subordinated bank debentures issued in 2017 (B)  | None  | 2017.02.24-2027.02.24        | Interest is paid annually | Fixed interest rate1.90% | 2,100,000       | -             | 2,100,000              | (496)                      | 2,099,504       | On maturity date                                                                                                                     | Unsecured and subordinated |
| Third subordinated bank debentures issued in 2017 (A)  | None  | 2017.06.28-2024.06.28        | Interest is paid annually | Fixed interest rate1.70% | 200,000         | -             | 200,000                | (30)                       | 199,970         | On maturity date                                                                                                                     | Unsecured and subordinated |
| Third subordinated bank debentures issued in 2017 (B)  | None  | 2017.06.28-2027.06.28        | Interest is paid annually | Fixed interest rate1.95% | 540,000         | -             | 540,000                | (169)                      | 539,831         | On maturity date                                                                                                                     | Unsecured and subordinated |
| Fourth subordinated bank debentures issued in 2017     | None  | 2017.06.28, no maturity date | Interest is paid annually | Fixed interest rate4.00% | 3,000,000       | -             | 3,000,000              | -                          | 3,000,000       | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five and a half years.     | Unsecured and subordinated |
| First subordinated bank debentures issued in 2018 (A)  | None  | 2018.04.30-2025.04.30        | Interest is paid annually | Fixed interest rate1.40% | 650,000         | -             | 650,000                | (143)                      | 649,857         | On maturity date                                                                                                                     | Unsecured and subordinated |
| First subordinated bank debentures issued in 2018 (B)  | None  | 2018.04.30-2028.04.30        | Interest is paid annually | Fixed interest rate1.65% | 500,000         | -             | 500,000                | (177)                      | 499,823         | On maturity date                                                                                                                     | Unsecured and subordinated |
| First subordinated bank debentures issued in 2019      | None  | 2019.01.25, no maturity date | Interest is paid annually | Fixed interest rate2.40% | 2,000,000       | -             | 2,000,000              | (351)                      | 1,999,649       | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five and a half years.     | Unsecured and subordinated |
| Second subordinated bank debentures issued in 2019 (A) | None  | 2019.01.25-2026.01.25        | Interest is paid annually | Fixed interest rate1.40% | 1,200,000       | -             | 1,200,000              | (300)                      | 1,199,700       | On maturity date                                                                                                                     | Unsecured and subordinated |
| Second subordinated bank debentures issued in 2019 (B) | None  | 2019.01.25-2029.01.25        | Interest is paid annually | Fixed interest rate1.55% | 1,800,000       | -             | 1,800,000              | (623)                      | 1,799,377       | On maturity date                                                                                                                     | Unsecured and subordinated |
| Third senior bank debentures issued in 2019            | None  | 2019.06.26-2024.06.26        | Interest is paid annually | Fixed interest rate0.76% | 3,000,000       | -             | 3,000,000              | (123)                      | 2,999,877       | On maturity date                                                                                                                     | Unsecured and senior       |
| Fourth subordinated bank debentures issued in 2019     | None  | 2019.08.23, no maturity date | Interest is paid annually | Fixed interest rate2.00% | 1,500,000       | -             | 1,500,000              | (318)                      | 1,499,682       | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and a month.    | Unsecured and subordinated |
| Fifth subordinated bank debentures issued in 2019 (A)  | None  | 2019.08.23-2026.08.23        | Interest is paid annually | Fixed interest rate1.03% | 1,750,000       | -             | 1,750,000              | (506)                      | 1,749,494       | On maturity date                                                                                                                     | Unsecured and subordinated |
| Fifth subordinated bank debentures issued in 2019 (B)  | None  | 2019.08.23-2029.08.23        | Interest is paid annually | Fixed interest rate1.13% | 1,750,000       | -             | 1,750,000              | (646)                      | 1,749,354       | On maturity date                                                                                                                     | Unsecured and subordinated |
| First subordinated bank debentures issued in 2020      | None  | 2020.03.31, no maturity date | Interest is paid annually | Fixed interest rate1.35% | 3,000,000       | -             | 3,000,000              | (450)                      | 2,999,550       | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and four month. | Unsecured and subordinated |
| Second subordinated bank debentures issued in 2020     | None  | 2020.03.31-2030.03.31        | Interest is paid annually | Fixed interest rate0.75% | 2,000,000       | -             | 2,000,000              | (480)                      | 1,999,520       | On maturity date                                                                                                                     | Unsecured and subordinated |
| Third subordinated bank debentures issued in 2020      | None  | 2020.06.30, no maturity date | Interest is paid annually | Fixed interest rate1.85% | 2,900,000       | -             | 2,900,000              | (341)                      | 2,899,659       | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and a month.    | Unsecured and subordinated |
| Fourth subordinated bank debentures issued in 2020     | None  | 2020.06.30-2030.06.30        | Interest is paid annually | Fixed interest rate1.00% | 2,600,000       | -             | 2,600,000              | (498)                      | 2,599,502       | On maturity date                                                                                                                     | Unsecured and subordinated |

(Continued)

| Items                                              | Trust                                | Period                      | Interest Payment Date     | Rates (%)                | Amount               |               |                            | Carrying Amount      | Repayment Method                                                                                                                      | Secured Status             |
|----------------------------------------------------|--------------------------------------|-----------------------------|---------------------------|--------------------------|----------------------|---------------|----------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
|                                                    |                                      |                             |                           |                          | Issuance Amount      | Repaid Amount | Unamortized at December 31 |                      |                                                                                                                                       |                            |
| Fifth subordinated bank debentures issued in 2020  | None                                 | 2020.10.29-no maturity date | Interest is paid annually | Fixed interest rate1.70% | \$ 2,100,000         | \$ -          | \$ 2,100,000               | \$ 2,099,737         | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and a month.     | Unsecured and subordinated |
| Sixth subordinated bank debentures issued in 2020  | None                                 | 2020.10.29-2030.10.29       | Interest is paid annually | Fixed interest rate0.87% | 2,400,000            | -             | 2,400,000                  | 2,399,562            | On maturity date                                                                                                                      | Unsecured and subordinated |
| Seventh senior bank debentures issued in 2020      | None                                 | 2020.11.06-2025.11.06       | Interest is paid annually | Fixed interest rate0.46% | 1,000,000            | -             | 1,000,000                  | 999,797              | On maturity date                                                                                                                      | Unsecured and senior       |
| First senior bank debentures issued in 2021        | None                                 | 2021.05.18-2026.05.18       | Interest is paid annually | Fixed interest rate0.45% | 1,000,000            | -             | 1,000,000                  | 999,793              | On maturity date                                                                                                                      | Unsecured and senior       |
| Second subordinated bank debentures issued in 2021 | None                                 | 2021.05.28-no maturity date | Interest is paid annually | Fixed interest rate1.70% | 2,720,000            | -             | 2,720,000                  | 2,719,575            | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and two months.  | Unsecured and subordinated |
| Third subordinated bank debentures issued in 2021  | None                                 | 2021.05.28-2031.05.28       | Interest is paid annually | Fixed interest rate0.82% | 2,300,000            | -             | 2,300,000                  | 2,299,615            | On maturity date                                                                                                                      | Unsecured and subordinated |
| Fourth subordinated bank debentures issued in 2021 | None                                 | 2021.10.28-no maturity date | Interest is paid annually | Fixed interest rate1.70% | 3,280,000            | -             | 3,280,000                  | 3,279,620            | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and four months. | Unsecured and subordinated |
| Fifth subordinated bank debentures issued in 2021  | None                                 | 2021.10.28-2031.10.28       | Interest is paid annually | Fixed interest rate0.80% | 1,700,000            | -             | 1,700,000                  | 1,699,464            | On maturity date                                                                                                                      | Unsecured and subordinated |
| First subordinated bank debentures issued in 2022  | None                                 | 2022.03.28-no maturity date | Interest is paid annually | Fixed interest rate2.00% | 5,000,000            | -             | 5,000,000                  | 4,999,222            | No maturity date and non-cumulative. Bank SinoPac has the right to call or buy back from the market after five years and four months. | Unsecured and subordinated |
| Second senior bank debentures issued in 2022       | None                                 | 2022.04.08-2027.04.08       | Interest is paid annually | Fixed interest rate0.78% | 2,000,000            | -             | 2,000,000                  | 1,999,652            | On maturity date                                                                                                                      | Unsecured and senior       |
| Corporate bonds                                    |                                      |                             |                           |                          |                      |               |                            |                      |                                                                                                                                       |                            |
| First unsecured bonds issued in 2020               | Taishin International Bank Co., Ltd. | 2020.01.08-2025.01.08       | Interest is paid annually | Fixed interest rate0.80% | 2,000,000            | -             | 2,000,000                  | 2,000,000            | On maturity date                                                                                                                      | Unsecured                  |
| First unsecured bonds issued in 2022 (A)           | Taishin International Bank Co., Ltd. | 2022.05.27-2029.05.27       | Interest is paid annually | Fixed interest rate2.00% | 400,000              | -             | 400,000                    | 400,000              | On maturity date                                                                                                                      | Unsecured                  |
| First unsecured bonds issued in 2022 (B)           | Taishin International Bank Co., Ltd. | 2022.05.27-2032.05.27       | Interest is paid annually | Fixed interest rate2.20% | 600,000              | -             | 600,000                    | 600,000              | On maturity date                                                                                                                      | Unsecured                  |
| Second unsecured bonds issued in 2022 (A)          | Taishin International Bank Co., Ltd. | 2022.08.26-2029.08.26       | Interest is paid annually | Fixed interest rate2.40% | 1,450,000            | -             | 1,450,000                  | 1,450,000            | On maturity date                                                                                                                      | Unsecured                  |
| Second unsecured bonds issued in 2022 (B)          | Taishin International Bank Co., Ltd. | 2022.08.26-2032.08.26       | Interest is paid annually | Fixed interest rate2.50% | 550,000              | -             | 550,000                    | 550,000              | On maturity date                                                                                                                      | Unsecured                  |
| First unsecured bonds issued in 2020               | Taishin International Bank Co., Ltd. | 2020.01.15-2025.01.15       | Interest is paid annually | Fixed interest rate0.79% | 5,000,000            | -             | 5,000,000                  | 4,997,104            | On maturity date                                                                                                                      | Unsecured                  |
| First unsecured bonds issued in 2021               | Taishin International Bank Co., Ltd. | 2021.10.21-2026.10.21       | Interest is paid annually | Fixed interest rate0.56% | 5,000,000            | -             | 5,000,000                  | 4,995,020            | On maturity date                                                                                                                      | Unsecured                  |
|                                                    |                                      |                             |                           |                          | <u>\$ 71,260,000</u> | <u>\$ -</u>   | <u>\$ 71,260,000</u>       | <u>\$ 71,242,261</u> |                                                                                                                                       |                            |
|                                                    |                                      |                             |                           |                          |                      |               | <u>\$ (17,739)</u>         |                      |                                                                                                                                       |                            |

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

(Concluded)

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF LEASE LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                      | <b>Lease Period<br/>(Year)</b> | <b>Discount Rate (%)</b> | <b>Balance,<br/>December 31</b> |
|----------------------------------|--------------------------------|--------------------------|---------------------------------|
| Land and superficies             | 2-30.1                         | 1.0212-2.1233            | \$ 323,149                      |
| Buildings                        | 0.5-20                         | 0.1553-6.1000            | 2,696,131                       |
| Machinery and computer equipment | 5-7.3                          | 0.5754-2.3588            | 96,448                          |
| Transportation equipment         | 0.3-6.1                        | 0.1098-5.5000            | 12,663                          |
| Other equipment                  | 1.3-5                          | 0.1023-5.3290            | <u>4,448</u>                    |
|                                  |                                |                          | <u>\$ 3,132,839</u>             |

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND  
SUBSIDIARIES****STATEMENT OF BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY  
PROVISION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Items</b>                                              | <b>Amount</b>       |
|-----------------------------------------------------------|---------------------|
| Provision of bad debt expenses on discounts and loans     | \$ 2,527,514        |
| Reversal of bad debt expenses on receivables              | (87,392)            |
| Reversal of bad debt expenses on other financial assets   | (25,210)            |
| Reversal of provision for losses on guarantee liabilities | (56,689)            |
| Provision for losses on financing commitment              | 114,169             |
| Reversal of provision for losses on Other provision       | (9,852)             |
| Others                                                    | <u>(18,148)</u>     |
|                                                           | <u>\$ 2,444,392</u> |

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF EMPLOYEE BENEFITS EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

| Item                                          | Amount               |
|-----------------------------------------------|----------------------|
| Salaries and wages                            | \$ 13,176,407        |
| Labor insurance and national health insurance | 958,052              |
| Pension costs                                 | 510,423              |
| Directors' remuneration                       | 85,397               |
| Cash-settled share-based payment transaction  | 50,230               |
| Others employee benefits expense (Note 1)     | <u>1,039,000</u>     |
|                                               | <u>\$ 15,819,509</u> |

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

Note 2: a. The average number of employees in 2022 and 2021 were 9,755 and 9,548, respectively. The average number of directors who are not employees in 2022 and 2021 were 5.

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

The average amount of employee benefit expense was \$1,704 for the last year. [(Total employee benefit expenses for the last year - Total directors' remuneration) ÷ (Number of employees for the last year - Number of directors who are not employees)]

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

The average amount of salaries and wages was \$1,451 for the last year. [Total salaries and wages for the last year ÷ (Number of employees for the last year - Number of directors who are not employees)]

- d. The average change in salaries and wages was -7%. [(Average salaries and wages of the year - average salaries and wages of the previous year) ÷ average salaries and wages of the previous year)]

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

(Continued)

f. The Company's compensation policy:

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

(Concluded)

*Notice to readers:*

*The 2022 annual report is translated from the original Chinese version which is 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 version shall prevail.*



