Bank SinoPac
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Annual Report 2022

Bank SinoPac

Executive Offices

Address : No. 36, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
Telephone : 886-2-2517-3336
https://bank.sinopac.com
Swift Address : SINOTWTP

Contents

Office Locations

Dep. / Branch Name	Address	Telephone No.
Headquarters	No. 36, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2517-3336
Banking Division	No. 36, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2517-3336
Trust Division	3F., No. 36, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2517-3336
International Division	12F., No. 36, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City(R.O.C.)	(02)2517-3336
Offshore Banking Unit	11F., No. 1-9, Sec. 2, Jianguo N. Rd., Zhongshan Dist., Taipei City(R.O.C.)	(02)2508-2288
Sungchiang Branch	No. 192, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2511-4198
Taipei Branch	No. 9-1, Sec. 2, Jianguo N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2508-2288
Chunglun Branch	3F., No. 306, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)8161-8000
Chungshan Branch	No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2537-1200
Lungchiang Branch	No. 407,409,411, Longjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2509-9395
Tehui Branch	No. 16-5, Dehui St., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2586-9918
Tungmen Branch	No. 154-1, & 156 & 158, Sec. 2, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2321-6800
Nanmen Branch	No. 110, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)2391-7565
Chengchung Branch	No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)2311-3940
Chinan Road Branch	No. 39, Sec. 2, Jinan Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)2327-9200
Chiencheng Branch	No. 43, Chang'an W. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)2558-2202
Yenping Branch	No. 286, Minsheng W. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)2558-3148
Chungching North Road Branch	No. 139, Sec. 3, Chongqing N. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	(02)2597-7138
Tunpei Branch	No. 209, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)2716-2189
Hsisung Branch	No. 12, Dongxing Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)2761-5998
Sungshan Branch	No. 680, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)2765-5335
Hsimen Branch	No. 75,77, Chengdu Rd., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)2381-8255
Wanhua Branch	No. 280-288, Kangding Rd., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)2302-2935
Shuangyuan Branch	No. 58,58-1 Dongyuan St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	(02)2303-8222
Shihmao Branch	No. 46, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2700-3975
Yungchun Branch	No. 352, Yongji Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)2762-2300
Sanhsing Branch	No. 294,296,298, Zhuangjing Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)2723-3935
Sungte Branch	No. 132, Songde Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02)2722-7800
Chunghsiao Branch	No. 1,3, Ln. 236, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)8773-9181
Tunnan Branch	No. 187, Sec. 2, Anhe Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2378-9808
Xingda Branch	No. 250, Guoguang Rd., South Dist., Taichung City 402, Taiwan (R.O.C.)	(04)2285-6276
Chunghsiao E. Road Branch	No. 48, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2776-6082
Chang An Branch	No. 39,41,43,43-1,43-2, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02)2515-1457
Hsinyi Branch	No. 252,256, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2705-8322
Jenai Branch	No. 316-1, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2325-0940
Hoping Branch	No. 260,262, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	(02)2377-6400
Tienmu Branch	No. 249, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)2872-1976
Zhubei Ziqiang Branch	No. 25,27, Ziqiang S. Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)550-1133
Shihlin Branch	No. 85, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)2886-3982
Shihtung Branch	No.421,423,425,425-1, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)2872-6975
Shetzu Branch	No. 111, Sec. 6, Yanping N. Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)2812-0938
Lanya Branch	No. 183,185, Dexing E. Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)2833-7222
Peitou Branch	No. 166-4,166-5,166-6, Guangming Rd., Beitou Dist., Taipei City 112, Taiwan (R.O.C.)	(02)2891-0200
Hsihu Branch	No. 412, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)8797-2938
Neihu Branch	No. 712,723,725, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)2627-9820
Tunghu Branch	No. 23, Donghu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)2634-0020
Nankang Branch	No. 19-15, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02)2788-5265

Dep. / Branch Name	Address	Telephone No.
Hsinglung Branch	No. 49,51,53,55,57,59, Sec. 2, Xinglong Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02)2930-0833
Chingmei Branch	No. 12, Cheqian Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02)2933-7200
Panhsin Branch	No. 186, Minquan Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)2968-7020
East Panchiao Branch	No. 147,149, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)8952-2200
Panchiao Branch	No. 23, Fuzhong Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)2967-1112
Panchiao Chunghsiao Branch	No. 198, Chongqing Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)2955-3678
Huachiang Branch	No. 82, Xinhai Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)2257-6998
Chiangtzutsui Branch	No. 6-12, Sec. 2, Shuangshi Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)8252-5198
Banqiao Minzu Branch	No. 183, Minzu Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02)2958-9200
Hsichih Branch	No. 508,510, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)	(02)8642-4088
Shenkeng Branch	No. 156, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	(02)2664-2626
Peihsin Branch	No. 260,262, Sec. 2, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)2910-6833
Hsintien Branch	No. 290,292, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02)2917-2202
Yungho Branch	No. 47,49, Sec. 2, Yonghe Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	(02)2927-4000
Chungho Branch	No. 51,53,55 Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	(02)8668-5455
Kuangfu Branch	No. 246-2,246-3,246-4, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)8221-8940
Chisui Branch	No. 533, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02)2223-9455
Hsuehfu Branch	No. 124, Sec. 1, Xuefu Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)2266-2000
Tucheng Branch	No. 223-5,223-6 Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)2260-8122
Haishan Branch	No. 200-12, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)2270-3800
Shulin Branch	No. 288,290, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)2683-8668
Huilung Branch	No. 59,61, Sanjun St., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)	(02)2688-4200
Yingke Branch	No. 212, Jianguo Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.)	(02)2678-6000
Linkou Chunghsiao Branch	No. 403, Zhongxiao Rd., Linkou Dist., New Taipei City 244, Taiwan (R.O.C.)	(02)2608-8286
Taishan Branch	No. 416,418,420, Sec. 2, Mingzhi Rd., Taishan Dist., New Taipei City 243, Taiwan (R.O.C.)	(02)2903-3940
Luchou Branch	No. 30,34, Sanmin Rd., Luzhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02)2281-9086
South Luchou Branch	No. 203,205, Chang'an St., Luzhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02)2281-9189
Sanchung Branch	No. 80, Sec. 2, Zhongxiao Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2983-3008
Kinmen Branch	No. 230,232,236, Minquan Rd., Jincheng Township, Kinmen County 893, Taiwan (R.O.C.)	(082)32-3300
Chengyi Branch	No. 343,345,347, Zhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2981-1335
South Sanchung Branch	No. 400, Zhongzheng N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2982-5981
North Sanchung Branch	No. 83,85, Sec. 4, Ziqiang Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2985-8200
Chunghsin Branch	No. 527,529, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2995-8200
Chunghsing Branch	No. 44, Xinxing Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2972-9860
Hsintai Branch	No. 229, Xintai Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)2996-8208
Hsinchuang Branch	No. 341, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)2201-6123
Chungkang Branch	No. 399,401,403,405,407, Zhonggang Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)2992-3123
Hsisheng Branch	No. 61, Hougang 1st Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)2202-7700
Suyuan Branch	No. 540-1, Huacheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)2996-8840
Minan Branch	No. 47,49,51, Min'an E. Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02)2205-8170
Wuku Branch	No. 84, Gongshang Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	(02)8295-7335
Chuwei Branch	No. 31-15, Minzu Rd., Tamsui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02)2808-7208
Keelung Branch	No. 2, Yi 1st Rd., Zhongzheng Dist., Keelung City 202, Taiwan (R.O.C.)	(02)2423-6300
Lotung Branch	No. 203,205, Zhongzheng Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(039)553-457
Yilan Branch	No. 33, Sec. 3, Zhongshan Rd., Yilan City, Yilan County 260, Taiwan (R.O.C.)	(039)328-828
Hsinchu Branch	No. 293,295, Sec. 2, Guangfu Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)572-8975
Kuanghua Branch	No. 528, Sec. 1, Jingguo Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)535-6824

Dep. / Branch Name	Address	Telephone No.
Chuke Branch	No. 472, Sec. 1, Guangfu Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	(03)564-5020
Dali Branch	No. 503, Dongrong Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	(04)2407-8975
Chupei Kuangming Branch	No. 87-6, Guangming 6th Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)553-0000
Taoyuan Branch	No. 51, Fuxing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)333-9000
Chungli Branch	No. 160, Cihui 3rd St., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)427-8988
North Taoyuan Branch	No. 656, Chunri Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)317-6976
Nankan Branch	No. 310, Zhongzheng Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03)321-8400
South Taoyuan Branch	No. 839,841,843, Zhongshan Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03)392-2700
Yangmei Branch	No. 373,375,377, Yongmei Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	(03)431-5935
Neili Branch	No. 321, Huanzhong E. Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03)462-3918
Tayuan Branch	No. 102, Zhongshan N. Rd., Dayuan Dist., Taoyuan City 337, Taiwan (R.O.C.)	(03)384-3395
Chunan Branch	No. 157, Guangfu Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	(037)47-3982
Taichung Branch	No. 101, Sec. 1, Ziyou Rd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04)2220-5800
North Taichung Branch	1F., No. 368, Sec. 2, Huamei St., North Dist., Taichung City 404, Taiwan (R.O.C.)	(04)2293-2970
South Taichung Branch	No. 62,66,68,70,72, Sec. 2, Gongyi Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)2323-1200
Chungke Branch	No. 1182, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	(04)2465-3008
Fengyuan Branch	No. 245, Zhongzheng Rd., Fengyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04)2520-7940
Hsitun Branch	No. 41, Wenxin S. Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04)2473-3288
Changhua Branch	No. 317, Minzu Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)726-1998
Yuanlin Branch	No. 51, Sec. 2, Zhongshan Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04)837-8840
Chiayi Branch	No. 338, Xingye W. Rd., West Dist., Chiayi City 600, Taiwan (R.O.C.)	(05)235-0175
Tainan Branch	No. 58, Sec. 2, Jiankang Rd., South Dist., Tainan City , Taiwan (R.O.C.)	(06)223-6805
East Tainan Branch	No. 163, Sec. 2, Changrong Rd., East Dist., Tainan City 701, Taiwan (R.O.C.)	(06)200-5566
Yungkang Branch	No. 725, Zhonghua Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	(06)202-7280
North Tainan Branch	No. 480, Sec. 4, Ximen Rd., North Dist., Tainan City 704, Taiwan (R.O.C.)	(06)282-2118
NCKU Branch	No. 1, Daxue Rd., East Dist., Tainan City 701, Taiwan (R.O.C.)	(06)209-6333
Sanmin Branch	No. 78,82, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07)392-8988
North Kaohsiung Branch	No. 441, Yucheng Rd., Zuoying Dist., Kaohsiung City 813, Taiwan (R.O.C.)	(07)557-9008
Kaohsiung Branch	No. 143, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)225-5080
South Kaohsiung Branch	No. 100, Zhonghua 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)537-9918
Lingya Branch	No. 90,90-1, Jianguo 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan (R.O.C.)	(07)725-7187
Kangshan Branch	No. 1, Dade 1st Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07)622-8224
Fengshan Branch	No. 364,366, Guangyuan Rd., Fengshan Dist., Kaohsiung City 830, Taiwan (R.O.C.)	(07)740-9345
Pingtung Branch	No. 14, Fuxing N. Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)732-3322
Hualien Branch	No. 218-1, Linsen Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)833-7588
Los Angeles Branch	177 E. Colorado Boulevard,10th floor, Suite 1068, Pasadena, California 91105, USA.	1-213-437-4800
Hong Kong Branch	26F, Central Tower, 28 Queen's Rd., Central, Hong Kong	852-2801-2801
Kowloon Branch	18F, and 12A 03-06,One Peking, 1 Peking Rd., Tsim Sha Tsui, Kowloon, Hong Kong	852-3655-8688
Macau Branch	Avenida do Doutor Mario Soares, Finance and IT Center of Macao 9 andar A, Macau	853-2871-5175
Vietnam Representative Office	Daeha Business Tower, 12F No. 360 Kim Ma Street, Ba Dinh District, Hanoi Vietnam	84-24-3244-4264
Ho Chi Minh Branch	9th Floor and a part of 12th floor,Friendship Tower Building,31 Le Duan Street,Ben Nghe Ward, District 1,Ho Chi Minh.	84-28-3822-0566

Financial Highlights

(In millions, except per share data)	2022 NT$	2022 US$ (Note)	2021 NT$
For the year			
Pretax income	***17,373***	***565.46***	*13,109*
Net income	***14,713***	***478.88***	*11,415*
At year-end			
Deposits and remittances	***2,005,226***	***65,266.74***	*1,840,387*
Discounts and loans, net	***1,322,023***	***43,029.63***	*1,184,692*
Total assets	***2,403,440***	***78,227.94***	*2,169,496*
Equity	***137,861***	***4,487.14***	*143,129*
Per share			
Earnings per share	***1.63***	***0.05***	*1.26*
Equity per share	***15.26***	***0.50***	*16.47*
Dividends declared per share			
- Cash dividend	-	-	*0.59263158*
- Stock dividend	-	-	*0.39552080*

Note 1: US dollar amounts are converted for convenience only at NT$30.72355 per dollar, the prevailing rate on Dec. 31, 2022.
Note 2: Using the number of the outstanding issued shares at year end as the basis to calculate the shareholder's equity per share.

Letter to Shareholders

2022 Outlook and Market Retrospective

We have experienced the outbreak of the Russo-Ukrainian War, China's Zero-COVID policy, soaring inflation, the Central Bank's aggressive interest rate hike, the U.S. chip ban, the 20th National Congress of the Communist Party of China, the U.K. chaos over debts, and the bankruptcy of FTX that shook the currency circle during 2022. It might be the toughest and most uncertain year since World War II.

Regarding inflation issues, the war and the COVID-19 pandemic caused a shortage of supply, the ultra-loose monetary policies led to excess demand, and the serious imbalance between supply and demand resulted in soaring prices. As such, the most severe inflation crisis over the past 40 years occurred. Although Taiwan's inflation is relatively low compared to other countries, the CPI still reached 3.59%, hitting a 14-year high. As for interest rate hikes, the Fed raised interest rates by 4.25% during 2022, the ECB by 2.5%, and Taiwan by 6.25%. In terms of business cycle, the IMF estimated that the annual global economic growth rate in early 2022 would be 4.9%; however, it only came to 3.4%. The U.S. GDP growth rate plummeted from 5.9% in 2021 to 2.1% in 2022, the euro zone from 5.4% to 3.5%, China from 8.1% to 3.0%, and Taiwan from 6.53% to 2.45%. On the front of financial markets, the S&P 500 and the TAIEX fell into a bear market after hitting record highs of 4,818 points and 18,619 points, respectively, at the beginning of the year, and plunged by 19% and 22%, respectively. The global bond market was also gloomy under the Fed's continuous rate hikes. The market value of global publicly listed companies declined by up to US$25 trillion and the bond market dropped by US$9.6 trillion in 2022. The stocks and bonds both got clobbered, which has been rare since 150 years ago.

Chairman / Wei-Thyr TSAO

Business Strategies and Performance

In 2022, Bank SinoPac posted a consolidated net profit of NT$14.713 billion, earnings per share after tax of NT$1.63, and ROE of 10.47%. In terms of business scale, Bank SinoPac's consolidated assets totaled NT$2.4034 trillion at the end of 2022, an increase of NT$233.9 billion over the previous year; deposits totaled NT$2.0045 trillion, and loans totaled NT$1.3399 trillion, with annual growth rates of 9.07% and 11.60%, respectively, over the end of the previous year. The loan-to-deposit ratio was 66.84%.

The business performances of Bank SinoPac in 2022 are as follows:

In terms of corporate banking, as of the end of 2022, the outstanding corporate lending balance was NT$715.8 billion, approximately 36% of which was foreign currency lending. The volume of factoring was NT$102.4 billion, and the volume of foreign exchange was US$357.4 billion. Loans to small and medium enterprises (SMEs) amounted to NT$303.1 billion, ranking fourth among domestic private banks. SMEs' credit guarantee funds totaled NT$25.6 billion, ranking fifth among domestic private banks. In the future, we will continue to expand our business territory overseas and strive to extend our service network to fully cover customers' domestic and overseas production and capital movement centers. Looking ahead to 2023, in response to the slow recovery of the global economy and the trend of supply chain reshaping, we will be committed to promoting digital transformation to expand our business scale and provide professional and complete trade finance, supply chain financing, and cross-border financing services.

In the retail financial business, as of the end of 2022, the outstanding balance of mortgage loans was NT$590.4 billion, and the outstanding balances of car loans and other secured loans were NT$7.0 billion and NT$1.9 billion respectively. Meanwhile, the outstanding balance of credit loans was NT$32.8 billion, and the number of credit cards in circulation was 2,271 thousand, with an annual credit card spending amount of NT$129.5 billion. With the intention of maintaining asset quality, the principal objective of the mortgage loan business in 2022 was to focus on the solicitation and promotion to quality self-use customer segments internally and externally. Bank SinoPac also cooperated with the FinTech development by building an online application system 2.0 for new mortgage clients and completing the optimization of the functions of online application by customers, financial resource identification, and automatic filing, thereby effectively improving the business process efficiency and satisfying customers' all-round needs for funds. In the unsecured loan business, Bank SinoPac provided integrated services, optimized client experience, accelerated the digital transformation progress, streamlined the application process, enhanced unsecured loan products, and improved customers' access to funds. The scale of Bank SinoPac's credit card business continued to grow due to the stable promotional momentum and the offering of various discounts. Looking ahead to 2023, Bank SinoPac will continue to strengthen its electronic banking service and customer segmentation, using differentiated smart financial services across product lines to meet the needs of target customers and elevate customer stickiness and its overall competitive edge.


President / Eric CHUANG

With respect to wealth management service in 2022, the outstanding balance of non-discretionary money trust investing on domestic and foreign securities under management at the end of the year totaled NT$141.3 billion, and the total volume of sales amounted to NT$48.6 billion. The outstanding balance of general trust business (including real estate trust, employees benefit trust, and securities trust) at the end of the year was NT$72.6 billion. As the custodian for domestic securities/futures trust funds and with respect to various custody services, the end-of-year outstanding asset balance totaled NT$741.3 billion, and the total premium received from the bancassurance business was NT$21.2 billion, including NT$0.97 billion through SinoPac Securities. Looking ahead to 2023, as inflation will peak, the room for policy interest rates to continue to rise is limited, and it may be a soft landing in the business cycle. However, the relatively tightened financial conditions are estimated to continue for a period of time, and it may put pressure on the capital expenditure and consumption momentum of enterprises and the public, making it unlikely for a V-shaped recovery, as seen in 2020, to take place in 2023. The wealth management business of Bank SinoPac, mainly based on AUM Base, provides customers with advice for long-term, stable, and diversified investment products and provides high-end financial management customers with exclusive products, professional, integrated financial services, and a variety of customer rights, thereby creating a one-stop financial services. By adopting the digital transformation strategy, Bank SinoPac will develop an optimized customer journey and strive to become the most reliable bank for customers.

Maintenance of a Robust Capital Structure and Stable Credit Ratings

At the end of 2022, the consolidated capital adequacy ratio was 13.80%. The asset quality of Bank SinoPac also remained outstanding as it recorded a non-performing loan ratio of merely 0.11% at the end of 2022, a decline of 0.02% from the previous year, and an NPL coverage ratio of 1,168.21%. All in all, Bank SinoPac possessed a stable credit rating outlook. The results of the latest credit ratings are summarized as follows:

Type of Credit Rating	Credit Rating Institution	Long-term Credit Rating	Short-term Credit Rating	Outlook for Credit Rating	Date of Credit Rating
International	S&P Global Ratings	BBB+	A-2	Stable	2022/8/30
	Fitch Ratings	BBB+	F2	Stable	2023/2/16
Domestic	Fitch Ratings	AA-(twn)	F1+(twn)		
	Taiwan Ratings	twAA-	twA-1+	Stable	2022/8/30

Leveraging Core Competencies and Diversifying Approaches to Net Zero

Bank SinoPac leverages three main core capabilities to put environmental, social and governance (ESG) principles into practice. First, Bank SinoPac supports eco/society-friendly industries by giving credits. Secondly, Bank SinoPac issues social impact bonds, sustainable bonds, and green bonds to improve social efficiency. Finally, Bank SinoPac focuses on investing green financial products such as ESG corporate bonds and green bonds. All these efforts are made to achieve corporate sustainable development.

Following the sustainable development goals of SinoPac Holdings, Bank SinoPac has included ESG factors in the investment evaluation process, with excluded and carbon-intensive industries clearly defined, to evaluate and follow up investments with ESG factors. Bank SinoPac has also introduced the high-carbon emission industry guidelines to implement responsible investing. In addition, in response to climate change mitigation and adaptation, social (human rights), and corporate governance issues, Bank SinoPac distributes questionnaires to investees on a regular basis to examine their awareness, advocacy, disclosures, specific actions, and improvements in respect of climate change, social (human rights), and corporate governance issues, in an attempt to exert our influence as an institutional investor on the investees and motivate them to take climate change, social (human rights), and corporate governance issues seriously.

While promoting business sustainability, Bank SinoPac is dedicated to making Taiwan's culture and beauty more visible. Bank SinoPac has sponsored the NCCU Griffins for four years in a row to support students' passion for sports and enable them to realize their dreams on the court. Bank SinoPac also supported the Chinese Taipei Football Association to hold league matches to promote football in Taiwan. In 2022, Bank SinoPac became the title sponsor of Taoyuan Leopards, a professional basketball team, to facilitate domestic professional basketball and make the most of our value as a financial institution and social influence. Furthermore, Bank SinoPac has sponsored the Taipei Children's Arts Festival organized by the Department of Cultural Affairs of the Taipei City Government for 15 consecutive years. Bank SinoPac continued to give children places full of happiness and imagination. Not only did this transmit the message of the need to work hard to make art a part of one's life from an early age, but it also strongly supported local art performances in hopes of making Taiwan a better place through art.

Receiving Awards and Honors for Financial Expertise

Bank SinoPac's dedication to the economic, social, and environmental aspects has been highly recognized by all sectors in society. Bank SinoPac, selected as the World's Best Banks 2022 by Forbes, a leading U.S. media company in finance, for the second time, joins hands with customers to promote green energy and build sustainable homeland. Bank SinoPac has become the only financial institution in Taiwan that has been awarded the Award of Excellence in Financial Services at the Top Solar System Awards by the Bureau of Energy, Ministry of Economic Affairs for seven consecutive years. We are also awarded the Award for Excellent Bank of the Renewable Energy Industry Special Award for lending to key innovative industries by the Financial Supervisory Commission and the Best Green Finance Achievement Award by Excellence. As Bank SinoPac continues to improve customer experience with innovative technologies, "easy by Bank SinoPac", an overseas mobile banking App won the Excellent Digital Transformation Award from The Digital Banker and the Best Product Award from the National Brand Yushan Awards. Furthermore, DAWHO, a digital account system, won the Taiwan Best Innovative Technology Application Award from FinanceAsia, a financial magazine in Asia, recognizing Bank SinoPac's innovative automated and digital services. Moreover, Bank SinoPac's meta-Intelligence service won the Best Digital Finance Award at the 11th Taiwan Banking and Finance Best Practice Awards as the App realized fast and accurate decisions made by AI.

In addition to its continuous innovation of products, Bank SinoPac's financial expertise and the improvement of service quality have been recognized. In recognition of its efforts to help domestic companies achieve continuous growth and enter overseas markets, Bank SinoPac received the "Credit Insurance Award - Credit Manager" from the Small & Medium Enterprise Credit Guarantee Fund of Taiwan; the Award of Excellence for Credit Guarantee Projects During COVID-19 and the the Award of Excellence for Credit Guarantee Growth in New Southbound Countries from the Overseas Credit Guarantee Fund (Taiwan); was also recognized as an outstanding bank for the FSC's "New Southbound Policy National Credit". In terms of branch service quality, iBranch won the Award of Excellence of the Best Digital Finance Award at the 11th Taiwan Banking and Finance Best Practice Awards and the Best Digital Branch Project from The Asset. During the pandemic period, Bank SinoPac provided complete online and offline contact-free digital financial services and took the lead to verify identity by video conference in the industry and was, thus, awarded the COVID Management Initiative of the Year of the Retail Banking Awards and the Wholesale Banking Awards by Asian Banking & Finance. In response to trust 2.0, Bank SinoPac's endeavors to promote the trust business won the Third Place in Employees Benefit Trust Award in the first phase of the Trust 2.0 Planning Evaluation from the FSC, our diverse trust products and services for corporate clients won the Award of Excellence of the Best Corporate Trust Finance Award at the 11th Taiwan Banking and Finance Best Practice Awards and the Gold Award for the Best Innovative Trust and Excellence Award for Fund Custody Trust Award at the Trust Awards hosted by Commercial Times. 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".

Bank SinoPac's endeavors to promote corporate social responsibility was widely-recognized, including having won the "Best Corporate Social Responsibility Award in Taiwan" from Asiamoney for two consecutive years. It was also commended by the FSC as one of the financial institutions with active engagement in the Enthusiastic Participation in Schools and Communities for Financial Knowledge Promotion Activities. Bank SinoPac also won the Financial Inclusion Promotion Award at the 11th Taiwan Banking and Finance Best Practice Awards for its financial solutions for foreign migrant workers and the Best Financial Inclusion Award from Asian Banking & Finance.

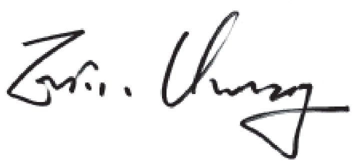
Becoming the World's Leading Brand among Chinese-speaking Financial Institutions

Looking ahead to 2023, inflation may cool down as expected; central banks of countries around the world may stop interest rate hikes; and the global economy may rebound from the bottom. For Taiwan, international market demand is affected by the slowdown in the growth of major economies and end users' demand. In the first half of 2023, the momentum for export may be sluggish, while as the companies complete destocking and the global economy recovers in the second half of the year, exports are estimated to recover. Due to economic recovery and the opening of borders in the post-pandemic era, the Taiwanese citizens' increasing willingness to travel will boost consumption; thus, the domestic demand is estimated to grow by 2.12% throughout 2023. Regarding the pandemic situation, as China canceled the Zero-COVID policy and the world has begun to regard the pandemic as a flu, the bottleneck in the supply chains will be further eased. The response to climate change is urgent, and governments around the world and companies need to focus on ESG together and formulate laws and regulations to achieve carbon neutrality and transition to the green economy.

Bank SinoPac has long adhered to the original intention, that is, to cultivate local customer-oriented services and continue to invest in human, organizational, and intellectual capital for innovation, to move toward the vision of "Together, a better life" by flipping finance, thereby making Bank SinoPac the leading financial brand among Chinese-speaking financial institutions.

Chairman
Wei-Thyr TSAO

President
Eric CHUANG



Corporate Profile

I. Introduction

Bank SinoPac is a wholly owned subsidiary of SinoPac Holdings Co., Ltd. (SinoPac Holdings) and was created in the merger of equals between Bank SinoPac under SinoPac Holdings and International Bank of Taipei on November 13, 2006. Bank SinoPac provides the best financial services to its customers with a comprehensive business network and highly innovative product lines. The Bank is striving to realize the vision of "Together, a better life" by flipping finance, thereby making Bank SinoPac the leading financial brand among Chinese-speaking financial institutions.

Taipei Mutual Loans and Savings Co. was inaugurated on May 4, 1948. It was restructured into Taipei Business Bank in 1978, then upgraded to a commercial bank named International Bank of Taipei on May 14, 1998. Over decades of development, International Bank of Taipei focused on serving SMEs and secured a solid customer base. International Bank of Taipei was merged with SinoPac Holdings through a share swap, officially becoming a wholly owned subsidiary of SinoPac Holdings on December 26, 2005.

Since its inception on January 28, 1992, Bank SinoPac has been committed to financial product innovation and service integration. On May 9, 2002, Bank SinoPac, through a share swap, merged with SinoPac Securities, and SinoPac Securities Co., Ltd., forming SinoPac Holdings. On June 20, 2002, Bank SinoPac was made a wholly owned subsidiary of SinoPac Holdings.

SinoPac Holdings changed its Chinese name to "Yongfeng Holdings" on July 20, 2006. To integrate banking resources and optimize economies of scale, Bank SinoPac and International Bank of Taipei were merged on November 13, 2006, with the former being the surviving entity. Bank SinoPac subsequently made adjustments to its strategy and strengthened its organization, with the goal of promoting a flat organization and a cost reduction plan, to enhance operational efficiency and improve cost-expense structures.

As part of the group's organizational restructuring and adjustment to investment portfolios, on March 13, 2009, Bank SinoPac completed the dissolution and liquidation of SinoPac Financial Consulting Co. On June 1, 2009, Bank SinoPac acquired SinoPac Card Services, another wholly owned subsidiary of SinoPac Holdings, by paying consideration in cash. The merger and acquisition proved effective in raising the capital adequacy ratio, integrating the group's resources, and enhancing overall performance. Without undermining shareholders' interests, Bank SinoPac sold its stake in SinoPac Leasing to SinoPac Holdings on December 3, 2009, in an effort to help the SinoPac Group maximize the function of its assets in enhancing overall management efficiency.

Headquartered in Nanjing, Bank SinoPac (China) officially launched business in 2014. It currently has branches in Shanghai, Guangzhou, Chengdu, and Nanjing, respectively (four in total), providing wide range of financial services to both enterprises and individuals.

To enhance the capital adequacy ratio, Bank SinoPac issued NT$5 billion in subordinated bank debenture in 2022, plus NT$2 billion in senior unsecured bank debenture (Green Bond) in response to the government's

Sustainable Financial policy and duly implement the action plan of Sinopac Holdings' sustainable development strategy, making the total at NT$7 billion. As of the end of 2022, Bank SinoPac and its subsidiaries had 6,554 employees; their paid-in capital reached NT$90.3 billion and assets amounted to NT$2.4034 trillion. Bank SinoPac has 22 divisions and one office. In addition to 125 domestic branches (including the Department of Business) and an Offshore Banking Unit, Bank SinoPac has multiple overseas branches, including branches in Hong Kong, Kowloon, Macau, Los Angeles, and Ho Chi Minh City, as well as a Vietnam Representative Office. Bank SinoPac has also invested in subsidiaries, including SinoPac Insurance Brokers Limited and Bank SinoPac (China), offering customers a full range of financial services through professional division of labor and diversified channels.

General Corporate Data December 31, 2022

Date of incorporation:	January 28, 1992
Date of listing on Taiwan Stock Exchange:	June 29, 1998
Re-listing date of SinoPac Holdings:	May 9, 2002
Total shareholders' equity:	NT$137,861 million
Paid-in capital:	NT$90,326 million
Number of shares issued:	9,032.6 million
Number of employees:	6,554
Auditor:	Deloitte & Touche
S&P Ratings (Aug. 30, 2022)	
Long-term issuer credit rating:	BBB+
Short-term issuer credit rating:	A-2
Rating outlook:	Stable
Fitch Ratings (Feb. 16, 2023)	
Long-term issuer default rating:	BBB+
Short-term issuer default rating:	F2
Rating outlook:	Stable
Taiwan Ratings (Aug. 30, 2022)	
Long-term issuer credit rating:	twAA-
Short-term issuer credit rating:	twA-1+
Rating outlook:	Stable

II. Awards & Honors

February 28, 2023

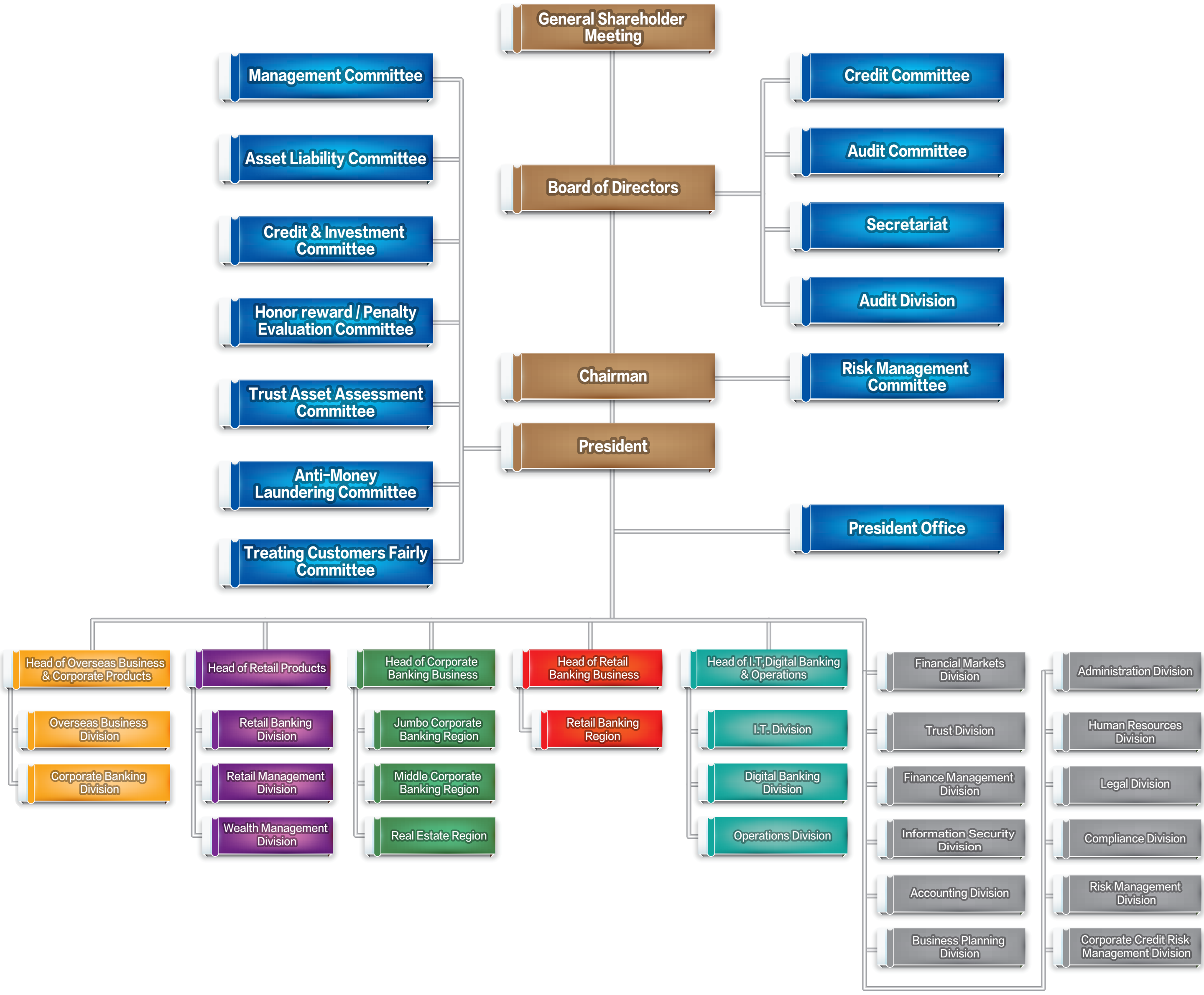
Sustainable Development	• 《Asiamoney》 Taiwan's Best Bank for CSR for 2 consecutive year
	• 《Taiwan Academy of Banking and Finance》 Inclusive Finance Promotion Award in Taiwan Banking and Finance Best Practice Awards
	• 《Asian Banking & Finance》 Financial Inclusion Initiative of the Year
	• 《Newsweek》 World's Most Socially Responsible Banks 2022
	• 《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
	• 《Taiwan Institute for Sustainable Energy》 2022 Asia - Pacific Sustainability Action Awards - Gold Award in SDG10 Reduced Inequalities - Financial Services for Migrant Worker in Taiwan
	• 《Anue Network》 Selected as Promising for Corporate Sustainability Prospects in ESG Benchmarking Enterprise Billboard
	• 《Sports Administration, Ministry of Education》 Sponsorship Bronze Award in 2022 Sports Activist Awards
	• 《Health Promotion Administration, Ministry of Health and Welfare》 Motherhood Healthy Friendliness Award for the National Healthy Workplace
	• 《Financial Supervisory Commission》 Key Startup Industry Loans - Special Award for the Renewable Energy Industry
	• 《Financial Supervisory Commission》 Enthusiastic Participation in Schools and Communities for Financial Knowledge Promotion Activities 2021
	• 《Department of Health, Taipei City Government》 Excellent Breastfeeding Room Certification
Brand Value	• 《Forbes》 World's Best Banks 2022 for 2 consecutive years
	• 《Wealth Magazine》 Most Recommended Bank in Taiwan and Best Print Marketing in Wealth Management Awards
	• 《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
	• 《Center for the study of Banking and Finance NTU》 Best International Development Capability Improvement Award in the Bank Competitive Evaluation 2021
	• 《Refinitiv》 Top Asian NDF Entity
	• 《Excellence》 Best Customer Recommendation Award
	• 《Small & Medium Enterprise Credit Guarantee Fund》 Taiwan Outstanding Performance Award in Credit Insurance Award - Credit Manager
Wealth Management	• 《Wealth Magazine》 Best Wealth Management Team
	• 《Asiamoney》 Highly Regarded for Wealth Transfer / Succession Planning in Taiwan 2022 in the Private Banking Awards
Digital Finance and Innovation Development	• 《Taiwan Academy of Banking and Finance》 Best Consumer Finance Award and Best Digital Finance Award in Taiwan Banking and Finance Best Practice Awards
	• 《BusinessNext》 Bronze Medal for The Best Management Innovation Awards in the Future Commerce Awards (FCA) 2022

Digital Finance and Innovation Development	●《Commercial Times》Gold Award in the Bank Group for the Digital Business Optimization Award in the 2nd Digital Finance Awards
	●《The Asset》Best Digital Branch Project, Best Mobile Banking Application, and Best Retail Payment Project in the Asset Triple A Digital Awards 2022
	●《The Digital Banker》- Outstanding Digital Transformation by a Transaction／Wholesale Bank in COVID-19 in the Global Transaction Banking Innovation Awards 2022
	●《The Asian Banker》Best Digital Account Opening／Onboarding Initiative in Taiwan 2022
	●《Asian Banking & Finance》COVID Management Initiative of the Year, Service Innovation of the Year in the ABF Retail Banking Awards 2022
	●《Asian Banking & Finance》Taiwan Domestic COVID Management Initiative of the Year in the ABF Wholesale Banking Awards 2022
	●《FinanceAsia》Most Innovative Use of Technology in Taiwan in the Country Awards 2022
	●《Global Banking & Finance Review》Excellence in Innovation Award – DACARD App in Taiwan 2022
	●《Finance Derivative》Best Innovative Financial Services in Taiwan 2022 - DACARD App
	●《International Business Magazine》The Most Innovative Digital Experience Award : DACARD App
	●《Excellence》Best Innovative Service Award
	●《Criminal Investigation Bureau, NPA, MOI》Certificate of Appreciation for Actively Assisting the Police to Detect and Prevent Fraud Crimes with Innovative Models
Financial Products and Services	●《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 Mechamism, easy App”
	●《Business Today》the 16th Wealth Management Banks and Securities Firms Evaluation - Best Smart Financial Management Award for Banks - First Place and Best Friendly for Elder Award for Banks - third place
	●《Excellence》Best Green Finance Achievement Award
	●《Financial Supervisory Commission》Phase 1 of Trust 2.0 Planning Evaluation "Employees Benefit Trust Award - Third Place”
	●《Overseas Credit Guarantee Fund (Taiwan)》Excellence Award in the COVID-19 Project Bailout, Excellence Award in the National Credit for The New Southbound Policy
	●《Bureau of Energy, Ministry of Economic Affairs (R.O.C.)》Top Solar Awards - the 9th “Best Financial Service Provider Award” for seven consecutive years
	●《Taiwan Academy of Banking and Finance》Excellence Award for Best Corporate Trust Finance Award in the 11th Taiwan Banking and Finance Best Practice Awards
	●《Commercial Times》the 2th Trust Award - Gold Award for the Best Innovative Trust Award and Excellence Award for Fund Custody Trust Award
Financial Transactions	●《Refinitiv》Top 5 Trading Volume and Top Asian NDF Trader
	●《Taiwan Futures Exchange》Trading Volume Growth in Bank Industry in the 8th Futures Diamond Award
	●《Financial Supervisory Commission》National Credit for The New Southbound Policy - Excellent Bank
	●《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
	● 《Taipei Exchange》2022 IRS Trading Platform Competition-Champion

III. Organization

(I) Organization Chart

● February 28, 2023



(II) Board of Directors

February 28, 2023

Title	Nationality or Place of Registration	Name	Gender / age	Elected Date	Term (Year)	First Elected	Shares Owned when Elected		Shares Owned Currently		Shares Owned by Spouse & Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Positions Held Concurrently	Related to Directors and Supervisors		
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Chairman	R.O.C.	Wei-thyr TSAO	Male / 61-70	2022/07/01	3	2018/05/01	Note1	Note1	–	–	–	–	–	–	Director, SinoPac Securities Corp. Senior Consultant of Taipei Fubon Commercial Bank Co., Ltd. Managing Director, Acting President in Taiwan, and Head of Global Finance and Risk Solutions for Greater China, Barclays Capital Asia Ltd. Managing Director, Morgan Stanley Asia Ltd. Executive Vice President and Head of Group Fixed Income, China Development Financial Holding Co. MBA, National Taiwan University Bachelor of Power Mechanical Engineering, National Tsing Hua University	Director, SinoPac Holdings Independent Director, China Everbright Greentech Limited Independent Director, Perfect Cor.	None	None	None
Director	R.O.C.	Shi-kuan CHEN	Female / 51-60	2022/07/01	3	2020/05/13	Note1	Note1	–	–	–	–	–	–	President, Chung-Hua Institution for Economic Research Deputy Dean of College of Management, National Taiwan University Director, Chairperson and Professor, Department of International Business, National Taiwan University Independent Director, DBS Bank (Taiwan) Ltd. Director, Mega Financial Holding Co., Ltd. Supervisor, Mega International Commercial Bank Co., Ltd. Ph.D. in Economics, Yale University, USA	Chairman , SinoPac Holdings Chairman, SinoPac Securities Investment Trust Co., Ltd. Chairman, SinoPac Foundation Director, Central Bank of the Republic of China (Taiwan) Executive Director, Independent Director Association Taiwan Director, ROC-USA Business Council Director, Dr. John C.H. Fei Memorial Foundation Director, Academy of Promoting Economic Legislation Director, Chun Ti Ching Hsin Foundation Director, Yu Guohua Culture and Education Foundation Director of NTU Economic Research Foundation Director, Taiwan Economic Association Executive Director, Taiwan Share Association Executive Supervisor, The Bankers Association of Taipei Executive Director, Financial Engineering Association of Taiwan Supervisor, Taiwan Finance Association Executive Supervisor, Banking Education Association of Taiwan Executive Supervisor, BCSD Taiwan Supervisor, The Bankers Association of the Republic of China	None	None	None
Director	R.O.C.	Stanley CHU	Male / 51-60	2022/07/01	3	2018/05/01	Note1	Note1	–	–	–	–	–	–	Executive Vice President, Spokesperson and Director, Taiwan Stock Exchange Corporation Director of National Performing Arts Center Chairman, Cathay Securities Corporation Specialist Professor, Graduate Institute of International Business, National Taiwan University Senior Executive Vice President and Director, Taiwan Futures Exchange Chairman and President, KGI Futures EMBA, National Taiwan University	Director and President, SinoPac Holdings Chairman, SinoPac Securities Corp. Director, SinoPac Foundation	None	None	None

Title	Nationality or Place of Registration	Name	Gender / age	Elected Date	Term (Year)	First Elected	Shares Owned when Elected		Shares Owned Currently		Shares Owned by Spouse & Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Positions Held Concurrently	Related to Directors and Supervisors		
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Director	R.O.C.	Chia-hsien CHEN	Male / 61-70	2022/07/01	3	2016/11/25	Note1	Note1	–	–	–	–	–	–	Chairman of SinoPac Call Center Co., Ltd. Director, SinoPac Holdings President, SinoPac Holdings Director, International Bank of Taipei MBA, University of Virginia	Chief, Bardon Chinese Creative Agency Limited	None	None	None
Director	R.O.C.	Kerry HSU	Female / 61-70	2022/07/01	3	2022/07/01	Note1	Note1	–	–	–	–	–	–	Acts for Chief Financial Officer, SinoPac Holdings Acts for Chief Investment Officer, SinoPac Holdings President, SinoPac Securities Investment Trust Co., Ltd. Managing Director, SinoPac Asset Management (Asia) Ltd. EMBA, China Europe International Business School MBA, University of Texas at Arlington	Chief Financial Officer & Spokesperson and Head of Finance Management Division, SinoPac Holdings Chairman, SinoPac Venture Capital Co., Ltd. Director, SinoPac Securities Investment Trust Co., Ltd. Director, SinoPac Asset Management (Asia) Ltd. Director, Golden Trust SinoPac Fund Management Co., Ltd. Director, SinoPac Foundation	None	None	None
Director	R.O.C.	Eric CHUANG	Male / 51-60	2022/07/01	3	2018/04/01	Note1	Note1	–	–	–	–	–	–	Chief Investment officer & Chief Financial officer & Chief Operations officer & Spokesperson, SinoPac Holdings President, SinoPac Securities Corp. Senior Vice President, China Development Industrial Bank EMBA of China Europe International Business School	President, Bank SinoPac Director, Bank SinoPac (China) Ltd. Director, Taipei Forex Inc. Director, SinoPac Foundation Chairman, The Association of Finance and Banking	None	None	None
Independent Director	R.O.C.	Yu-fen LIN	Female / 51-60	2022/07/01	3	2017/08/25	Note1	Note1	–	–	–	–	–	–	Corporate Lawyer, Lee and Li Attorneys-At-Law Independent Director, ShareHope Medicine Inc. National Taiwan University with the double degree of LL.B. and B.A.	Managing Partner, Lex & Honor Law Offices Independent Director, Chunghwa Telecom Co., Ltd. Independent Director, SINBON Electronics Co., Ltd. etc.	None	None	None
Independent Director	R.O.C.	Chih-cheng SU	Male / 51-60	2022/07/01	3	2019/07/01	Note1	Note1	–	–	–	–	–	–	CPA, YHC & CO., CPAs Executive Director, SOCIETE GENERALE, TAIPEI BRANCH Independent Director, Ralink Technology, Corp. Independent Director, Chunghwa Precision Test Tech. Co., Ltd. MBA, Rutgers University, The State University of New Jersey B.S., Department of Mechanical Engineering, National Taiwan University	Partner, Elite YC & Co, CPAs	None	None	None
Independent Director	R.O.C.	Chung-ming SU	Male / 61-70	2022/07/01	3	2022/07/01	Note1	Note1	–	–	–	–	–	–	Senior Vice President, Uni-President Director, Grand Bills Finance Corporation Director,CDIB & PARTNERS Investment Holdings Corporation Director, President Energy Development (Cayman Islands) Ltd. Director, SPT International, Ltd. President, ScinoPharm Taiwan, Ltd. Senior Vice President, Citibank Taiwan Taipei Branch MBA, University of Iowa, USA	Chairman, President Life Sciences Co., Ltd. Chairman, Uni- President Development Corp. Chairman, AndroScience Corp. Director, President Chain Store Corporation Director, ScinoPharm Taiwan, Ltd. Director, Century Tokyo Corporation Director, President (BVI) International Investment Holdings Ltd. Director, President Life Sciences Cayman Co., Ltd. Director, Tanvex Biologics, Inc. etc.	None	None	None

Note1: All directors are legal representatives of SinoPac Holdings.
Note2: Bank SinoPac'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) Executive Officers

February 28, 2023

- Eric CHUANG
  President
- Jenny HUANG
  Senior Executive Vice President & Chief Secretary & Company Secretary
- Chien-fa CHUANG
  Senior Executive Vice President
- Chia-hsing CHEN
  Senior Executive Vice President
- Benjamin TIEN
  Senior Executive Vice President & Head of Retail Products
- Brian LIN
  Senior Executive Vice President & Regional General Manager
- I-chun KUAN
  Senior Executive Vice President & Head of Corporate Credit Risk Management Division
- Benjamin LIN
  Senior Executive Vice President & Head of President Office & Acting Spokesperson
- Stephen OUYANG
  Senior Executive Vice President
- Robert TSAI
  Senior Executive Vice President & Head of I.T.,Digital Banking & Operations & Head of I.T. Division
- Joe LIN
  Senior Executive Vice President & Head of Risk Management Division
- Alton WANG
  Senior Executive Vice President & Head of Overseas Business & Corporate Products & Head of Overseas Business Division
- Chia-hung LIAO
  Senior Executive Vice President & Head of Human Resources Division
- King HO
  Senior Executive Vice President & Head of Administration Division
- Jeffrey C.C. HUANG
  Senior Executive Vice President & Head of Financial Markets Division
- Sean LEE
  Senior Executive Vice President & Chief Information Security Officer & Head of Information Security Division
- Jih-tien CHEN
  Executive Vice President & Chief Auditor
- Josephine CHEN
  Executive Vice President & Head of Legal Division

- Shun-hsing LIAO
  Executive Vice President & Chief Compliance Officer & Head of Compliance Division
- Martin CHANG
  Executive Vice President & Head of Business Planning Division
- Derek HSU
  Executive Vice President & Head of Retail Banking Business
- Russell C. L. LIN
  Executive Vice President & Hong Kong Branch Manager
- Lloyd TSAI
  Executive Vice President & Head of Wealth Management Division
- Walkings LEE
  Executive Vice President & Head of Retail Banking Division
- Tien-hao CHANG
  Executive Vice President

IV. Human Resources

Employee Statistics

February 28, 2023

Items	2023/2/28	2022	2021
Number of staff	6,443	6,241	6,049
Average age	42.5	42.3	41.8
Average seniority	13.3	13.2	12.9
Education			
Ph.D. degree	0.14%	0.14%	0.15%
Master's degree	20.66%	21.20%	20.86%
University and college	73.78%	74.32%	75.02%
Junior college & others	5.42%	4.34%	3.97%
Total	100%	100%	100%

Economic and Financial Review

I. Global 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, Macau, 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 of 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 enaction 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 75 basis points each, 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 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 that 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%.

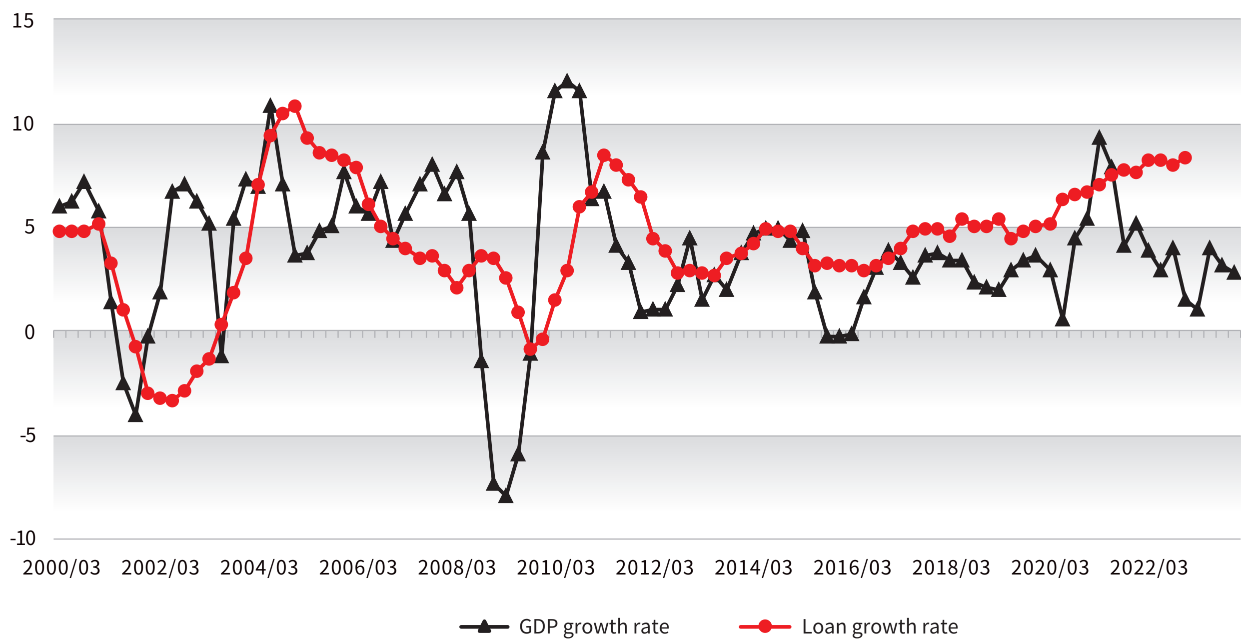
In terms of private consumption, Vietnam will emerge from the haze of the pandemic in 2022, and domestic consumption will recover strongly. The annual growth rate of retail sales in 2022 will reach 19.8%. In terms of prices, the economic recovery and the rise in global bulk raw materials will push up 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, China-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 China-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 as the lockout 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.

I. Scope of Business

1. Business Activities

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

Deposits (Consolidated) In NT$ millions

Items	Dec. 31, 2022		Dec. 31, 2021	
	Amount	%	Amount	%
Demand Deposits				
Checking Deposits	13,111	0.65%	13,622	0.74%
Demand Deposits	469,032	23.40%	489,387	26.63%
Savings Deposits	525,698	26.23%	507,555	27.62%
Subtotal	1,007,841	50.28%	1,010,564	54.99%
Time Deposits				
Time Deposits	690,030	34.42%	574,550	31.26%
Negotiable Certificates of Deposit	16,639	0.83%	428	0.02%
Savings Deposits	289,947	14.47%	252,215	13.73%
Subtotal	996,616	49.72%	827,193	45.01%
Total	2,004,457	100.00%	1,837,757	100.00%

Loans (Consolidated) In NT$ millions

Items	Dec. 31, 2022		Dec. 31, 2021	
	Amount	%	Amount	%
Import and Export Negotiations	881	0.07%	848	0.07%
Discounts and Overdrafts	37	—	59	—
Accounts Receivable Financing	1,545	0.12%	2,637	0.22%
Short-Term Loans	251,294	18.75%	226,382	18.86%
Mid-Term Loans	490,962	36.64%	406,287	33.84%
Long-Term Loans	593,971	44.33%	563,218	46.91%
Non-Performing Loans Transferred from Loans	1,257	0.09%	1,201	0.10%
Total	1,339,947	100.00%	1,200,632	100.00%

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

Summary of Consolidated Income and Expenses In NT$ millions

Items	2022	2021
Interest revenue	44,528	28,911
Interest expenses	19,261	8,497
Net interest revenue	25,267	20,414
Net revenues other than interest		
Service fee income, net	6,990	7,127
Gains on financial assets and liabilities at fair value through profit or loss, net	1,592	289
Realized gains on financial assets at fair value through other comprehensive income	918	1,731
(Loss) gain arising from derecognition of financial assets measured at amortized cost	(83)	23
Foreign exchange gains	1,967	926
(Impairment loss on assets) reversal of impairment loss on assets	(16)	52
Net other revenue other than intereest income	138	149
Net revenue	36,773	30,711
Bad debts expense, commitment and guarantee liability provision	2,426	2,363
Operating expenses	16,974	15,239
Profit from continuing operations before tax	17,373	13,109
Income tax expense	2,660	1,694
Net income	14,713	11,415
Other comprehensive income	(14,832)	(2,053)
Total comprehensive income	(119)	9,362

3. Main Business Overview

A. 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-longterm 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 mandated 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. 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 was also awarded the "Top Solar Best Financial Service Provider Award" by the Bureau of Energy under the Ministry of Economic Affairs (R.O.C.). 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.

B. 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 million; the outstanding balances of car loans and other retail banking loans were NT$7,025 million and NT$1,894 million, respectively; while the outstanding balance of credit loans was NT$32,785 million; 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 million.

C. 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 bancassurance business, including NT$973 million through SinoPac Securities, in the same year.

D. 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.

E. Digital Banking

(1) Operating and managing digital banking platforms, including platform construction, function planning, design, customer experience, 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) Formulation of business strategy for digital customer groups, including operating cross-selling, increasing customer activity, marketing, developing personal/automated management system.

(4) Setting up a digital footprint platform and tag data database for digital customers, developing personal/automated management system and collecting their data for analysis, service planning, and policy enforcement.

(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 banking and Internet-only banks, Bank SinoPac continued to deepen digital account services for DAWHO in 2022. At the end of 2022, the number of DAWHO account opened exceeded 1.34 million. In addition to integrating nine core products, namely deposits, credit cards, wealth management, mortgage loans, credit loans, pocket money(revolving credit loan), 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 accounts, 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, owning 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

A. 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, Macau, 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.

B. 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.
- AExpanding 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.

C. 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.

D. 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.

E. 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. to It provide 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. Research and Development

(I) Major financial products, size of new departments, and profit (loss) status

Information is detailed in Operating Report I. Scope of Business.

(II) Expenditures on Research and Development

Expenditures on Research and Development over Recent Two Years Unit: NT$ thousand

Year	2021	2022
Amount	382,103	371,268

(III) 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) Lauching 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) Robotic Process Application (RPA) was integrated into trust business to realize digital transformation and FinTech working in concert.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) Strengthened the stability of system operations and services, planned infrastructure for data centers, provided more stable server room operation and network services through the settingup 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.

(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 funtionality: 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) 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.

(30) 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.

(31) 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.

(32) Overall improvement plan for transfer functionality, including the number of interbank fee discounts, the maximum amount that can be transfered, and execution of scheduled transfer opening days to provide friendlier transfer services.

(IV) 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" through new technologies, new structures and new business models, 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 customercentric 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 App 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.

IV. Short-term and Long-term Business Development Plans

A. 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 cross-border 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 customeroriented 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, decision-making, 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.

B. 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.

C. 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) Strength 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.
(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.

D. 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 customer's 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.

E. 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, so as 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 business strategies for overseas customers, observe overseas digital FinTech operations, promote cross-domain and cross-industry cooperation, plan the establishment of media promotion mechanisms, package digital products, and effectively expand overseas customer groups.

(6) Continuing to focus on the development of Open and Partner APIs. Deepening inter-industrsy 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 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 virtual-real integration, and realizing online/offline customer experience to extend financial services to all types of customers and create heterogeneous customer characteristics.

I. Five-Year Condensed Financial Statements

(I) Condensed Consolidated Balance Sheet

In NT$ millions

Items		2018	2019	2020	2021	2022
Cash and cash equivalents, due from the central bank and call loans to banks, net		110,058	159,160	166,742	263,107	335,411
Financial assets at fair value through profit or loss		49,834	52,044	56,154	45,048	53,287
Financial assets at fair value through other comprehensive income		205,643	238,896	339,734	380,769	319,107
Investments in debt instruments measured at amortized cost		93,541	137,941	162,369	167,248	225,460
Securities purchased under resell agreements		22,710	30,517	50,648	46,122	60,264
Receivables, net		48,087	45,796	49,061	58,254	56,510
Current income tax assets		1,399	1,421	1,205	1,104	1,138
Discounts and loans, net		919,303	999,554	1,140,986	1,184,692	1,322,023
Other financial assets, net		17,455	10,725	7,877	3,942	4,355
Property and equipment, net		9,211	9,504	9,778	9,848	9,887
Right-of-use assets, net		-	2,230	2,375	2,680	2,660
Investment property, net		1,242	1,084	1,047	1,052	1,026
Intangible assets, net		1,324	1,439	1,503	1,624	1,755
Deferred income tax assets		1,482	1,379	1,411	1,415	1,385
Other assets, net		4,032	4,126	3,746	2,591	9,172
Total assets		1,485,321	1,695,816	1,994,636	2,169,496	2,403,440
Deposits from the central bank and banks		37,965	53,818	75,515	70,265	72,477
Due to the central bank and banks		-	-	80	205	-
Financial liabilities at fair value through profit or loss		19,767	16,713	22,892	9,244	30,875
Securities sold under repurchase agreements		25,505	9,083	3,701	12,584	28,311
Payables		17,694	16,577	19,073	21,361	26,096
Current income tax liabilities		491	924	442	890	1,222
Deposits and remittances		1,195,974	1,388,841	1,659,951	1,840,387	2,005,226
Bank debentures		32,723	33,020	45,078	50,548	56,250
Other financial liabilities		19,212	34,249	16,167	12,043	36,273
Provisions		2,975	2,924	3,213	3,044	2,511
Lease liabilities		-	2,219	2,374	2,697	2,720
Deferred income tax liabilities		873	837	772	807	1,132
Other liabilities		3,060	2,943	5,712	2,292	2,486
Total liabilities	Ex-dividends	1,356,239	1,562,148	1,854,970	2,026,367	2,265,579
	Post-dividends	1,362,870	1,569,330	1,860,870	2,031,516	Note2
Capital stock	Ex-dividends	86,061	86,061	86,061	86,889	90,326
	Post-dividends	86,061	86,061	86,889	90,326	Note2
Capital surplus		12,148	12,148	12,148	12,148	12,148
Retained earnings	Ex-dividends	30,904	34,467	36,879	42,412	49,074
	Post-dividends	24,273	27,285	30,151	33,826	Note2
Other equity		(31)	992	4,578	1,680	(13,687)
Total equity	Ex-dividends	129,082	133,668	139,666	143,129	137,861
	Post-dividends	122,451	126,486	133,766	137,980	Note2

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

Note2：The appropriation of the 2022 earnings is subject to the approval of the board of directors which execute the rights and functions of the stockholders' meeting in 2023.

(II) Condensed Consolidated Statement of Comprehensive Income

In NT$ millions, except Earnings Per Share

Items	2018	2019	2020	2021	2022
Interest income	27,223	31,615	29,414	28,911	**44,528**
Less：Interest expenses	12,397	16,634	12,259	8,497	**19,261**
Net interest revenue	14,826	14,981	17,155	20,414	**25,267**
Net revenues other than interest	10,354	12,345	10,792	10,297	**11,506**
Net revenue	25,180	27,326	27,947	30,711	**36,773**
Bad debts expense, commitment and guarantee liability provision	760	1,048	2,333	2,363	**2,426**
Operating expenses	13,125	14,249	14,594	15,239	**16,974**
Profit (loss) from continuing operations before tax	11,295	12,029	11,020	13,109	**17,373**
Income tax (expense) benefit	(1,621)	(1,738)	(1,266)	(1,694)	**(2,660)**
Profit (loss) from continuing operations, net of tax	9,674	10,291	9,754	11,415	**14,713**
Net Income (loss)	9,674	10,291	9,754	11,415	**14,713**
Other comprehensive income	(758)	926	3,426	(2,053)	**(14,832)**
Other comprehensive income, net of tax	(758)	926	3,426	(2,053)	**(14,832)**
Total comprehensive income	8,916	11,217	13,180	9,362	**(119)**
Profit (loss), attributable to owners of parent	9,674	10,291	9,754	11,415	**14,713**
Comprehensive income, attributable to owners of parent	8,916	11,217	13,180	9,362	**(119)**
Earnings Per Share (in NT$ dollar)(Note2)	1.07	1.14	1.08	1.26	**1.63**

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

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

(III) Condensed Standalone Balance Sheets

In NT$ millions

Items		2018 (Note3)	2019	2020	2021	2022
Cash and cash equivalents, due from the central bank and call loans to banks		97,247	151,747	156,629	249,202	**328,322**
Financial assets at fair value through profit or loss		49,068	51,358	54,336	44,405	**51,972**
Financial assets at fair value through other comprehensive income		202,687	230,054	330,629	368,964	**301,672**
Investments in debt instruments measured at amortized cost		93,540	137,941	162,369	167,248	**225,460**
Securities purchased under resell agreements		22,710	30,517	50,648	46,122	**60,264**
Receivables, net		48,000	43,834	44,962	53,124	**50,122**
Current income tax assets		1,395	1,417	1,200	1,104	**1,138**
Discounts and loans, net		904,615	977,951	1,110,760	1,149,418	**1,280,566**
Investment accounted for using the equity method		10,931	9,943	9,683	9,766	**10,086**
Other financial assets, net		16,994	10,725	7,877	3,942	**4,355**
Property and equipment, net		8,756	9,092	9,387	9,481	**9,526**
Right-of-use assets, net		-	2,173	2,192	2,536	**2,563**
Investment property, net		1,250	1,084	1,047	1,052	**1,026**
Intangible assets, net		1,231	1,345	1,391	1,511	**1,641**
Deferred income tax assets		1,449	1,323	1,344	1,322	**1,298**
Other assets, net		3,993	4,097	3,711	2,560	**9,140**
Total assets		1,463,866	1,664,601	1,948,165	2,111,757	**2,339,151**
Deposits from the central bank and banks		34,517	48,749	71,437	67,865	**70,287**
Due to the central bank and banks		-	-	80	205	**-**
Financial liabilities at fair value through profit or loss		19,737	16,010	20,493	8,640	**30,191**
Securities sold under repurchase agreements		25,504	8,227	3,701	9,738	**28,311**
Payables		17,318	14,537	15,159	16,737	**20,397**
Current income tax liabilities		485	882	442	853	**1,212**
Deposits and remittances		1,180,637	1,369,484	1,630,234	1,795,797	**1,956,478**
Bank debentures		32,722	33,020	45,078	50,549	**56,250**
Other financial liabilities		17,013	31,225	10,042	9,625	**29,467**
Provisions		2,941	2,901	3,197	3,027	**2,500**
Lease liabilities		-	2,160	2,203	2,560	**2,626**
Deferred income tax liabilities		863	813	754	776	**1,128**
Other liabilities		3,047	2,925	5,679	2,256	**2,443**
Total liabilities	Ex-dividends	1,334,784	1,530,933	1,808,499	1,968,628	**2,201,290**
	Post-dividends	1,341,415	1,538,115	1,814,399	1,973,777	**(Note2)**
Capital stock	Ex-dividends	86,061	86,061	86,061	86,889	**90,326**
	Post-dividends	86,061	86,061	86,889	90,326	**(Note2)**
Capital surplus		12,148	12,148	12,148	12,148	**12,148**
Retained earnings	Ex-dividends	30,904	34,467	36,879	42,412	**49,074**
	Post-dividends	24,273	27,285	30,151	33,826	**(Note2)**
Other equity		(31)	992	4,578	1,680	**(13,687)**
Total equity	Ex-dividends	129,082	133,668	139,666	143,129	**137,861**
	Post-dividends	122,451	126,486	133,766	137,980	**(Note2)**

Note1：The financial statements for each year were audited by CPA. There is no audited or reviewed Bank SinoPac financial statements in 2023 before the date of printing.
Note2：The appropriation of the 2022 earnings is subject to the approval of the board of directors which execute the rights and functions of the stockholders' meeting in 2023.
Note3：With the consolidation of Bank SinoPac and SinoPac Life Insurance Agent Co., Ltd. on Aug. 1,2019, Bank SinoPac has restated the 2018 financial statements retrospectively. Above balance sheets in 2018 was shown with restated numbers.

(IV) Condensed Standalone Statements of Comprehensive Income

In NT$ millions, except Earnings Per Share

Items	2018 (Note3)	2019	2020	2021	2022
Interest income	26,165	30,224	27,908	27,179	**42,380**
Less: Interest expenses	11,926	15,966	11,558	7,848	**18,154**
Net interest revenue	14,239	14,258	16,350	19,331	**24,226**
Net revenues other than interest	10,160	12,293	10,785	10,470	**11,555**
Net revenue	24,399	26,551	27,135	29,801	**35,781**
Bad debts expense, commitment and guarantee liability provision	695	1,004	2,212	2,249	**2,381**
Operating expenses	12,501	13,562	13,909	14,471	**16,117**
Profit (loss) from continuing operations before tax	11,203	11,985	11,014	13,081	**17,283**
Income tax (expense) benefit	(1,529)	(1,694)	(1,260)	(1,666)	**(2,570)**
Income from continuing operations, net of tax	9,674	10,291	9,754	11,415	**14,713**
Net income (loss)	9,674	10,291	9,754	11,415	**14,713**
Other comprehensive income	(758)	926	3,426	(2,053)	**(14,832)**
Other comprehensive income, net of tax	(758)	926	3,426	(2,053)	**(14,832)**
Total comprehensive income	8,916	11,217	13,180	9,362	**(119)**
Earnings Per Share (in NT$ dollar)(Note2)	1.07	1.14	1.08	1.26	**1.63**

Note1：The financial statements for each year were audited by CPA. There is no audited or reviewed Bank SinoPac financial statements in 2023 before the date of printing.
Note2：Earnings per share are retroactively adjusted with earnings recapitalization.
Note3：With the consolidation of Bank SinoPac and SinoPac Life Insurance Agent Co., Ltd. on Aug. 1,2019, Bank SinoPac has restated the 2018 financial statements retrospectively. Above balance sheets in 2018 was shown with restated numbers.

Domestic Major Economic Indicators

Items		2022	2021	2020	2019	2018
National income (US$ millions)						
GDP		762,674	775,838	673,252	611,336	609,251
GDP per capital (in US$)		32,811	33,059	28,549	25,908	25,838
Economic growth rate (GDP)		2.45%	6.53%	3.39%	3.06%	2.79%
Foreign trade (US$ millions)						
Export		479,506	446,371	345,126	329,157	334,007
Import		427,394	381,958	286,148	285,651	284,792
Trade surplus		52,112	64,414	58,978	43,505	49,216
Price indexes (YoY%)						
Consumer price Index		2.95%	1.97%	-0.23%	0.55%	1.36%
Wholesale price Index		12.43%	9.42%	-7.80%	-2.40%	3.64%
Money supply (YoY%)						
Annual growth in M2		7.48%	8.72%	5.84%	3.46%	3.52%
Annual growth in M1b		7.81%	16.29%	10.34%	7.15%	5.32%
Annual growth in M1a		9.29%	18.48%	10.72%	6.61%	6.78%
Key interest rates (end of period)						
Rates of central bank						
Discounted rate		1.75%	1.13%	1.13%	1.38%	1.38%
Rate on accommodations with collateral		2.13%	1.50%	1.50%	1.75%	1.75%
Interbank call loan market						
Weighted average of overnight		0.270%	0.081%	0.10%	0.18%	0.18%
Stock market (NT$)						
Weighted Stock Index (TAIEX)	Average	15,623.50	16,938.12	12,063.74	10,785.16	10,620.174
	Year-end	14,137.69	18,218.84	14,687.70	12,053.37	9,727.41
Daily average trading value (NT$ billions)		242.2	391.5	200.7	140.8	152.9
Foreign exchange (US$ millions)						
Foreign exchange reserve		547,901	543,768	494,389	468,070	458,610
Exchange rate (NT$/US$)	Average	29.852	28.013	29.567	30.930	30.189
	Year-end	30.708	27.690	28.508	30.203	30.733
Balance of payment		3,582	11,501	48,925	7,322	11,996
Others						
Industrial production index (YoY%)		0.92%	13.42%	7.08%	-0.35%	3.65%
Unemployment rate (%)		3.67%	3.95%	3.85%	3.73%	3.71%
Population		23,233	23,375	23,561	23,603	23,589

Appendix I

Bank SinoPac 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 Bank and its subsidiaries 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 did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

BANK SINOPAC

March 8, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholder
Bank SinoPac

Opinion

We have audited the accompanying consolidated financial statements of Bank SinoPac 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 ended December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 the guidelines issued by the authorities.

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 44 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.

Other Matter

We have also audited the parent company only financial statements of Bank SinoPac as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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 Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authorities, 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 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 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 8, 2023

<u>*Notice to Readers*</u>

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.

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS, NET (Notes 4 and 6)	$ 53,489,608	2	$ 45,487,854	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7, 40 and 41)	281,921,054	12	217,618,752	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	53,287,194	2	45,048,153	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 41)	319,107,427	13	380,769,066	18
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 41)	225,460,151	9	167,247,985	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 40)	60,264,108	3	46,121,524	2
RECEIVABLES, NET (Notes 4, 12 and 40)	56,509,910	2	58,254,361	3
CURRENT INCOME TAX ASSETS (Notes 4, 29 and 40)	1,138,146	-	1,104,414	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 40 and 41)	1,322,022,777	55	1,184,692,221	55
OTHER FINANCIAL ASSETS, NET (Notes 4, 14 and 40)	4,354,809	-	3,942,295	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 15, 17 and 40)	9,887,086	1	9,848,477	-
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 40)	2,660,013	-	2,680,065	-
INVESTMENT PROPERTY, NET (Notes 4 and 17)	1,025,508	-	1,051,692	-
INTANGIBLE ASSETS, NET (Notes 4, 18 and 40)	1,755,227	-	1,623,772	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 29)	1,384,533	-	1,414,843	-
OTHER ASSETS, NET (Notes 19 and 40)	9,172,118	1	2,590,709	-
TOTAL	$ 2,403,439,669	100	$ 2,169,496,183	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 20 and 40)	$ 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 40)	30,875,647	1	9,244,086	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10, 11 and 21)	28,310,978	1	12,584,215	1
PAYABLES (Notes 4, 22, 27, 36 and 40)	26,095,831	1	21,360,706	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 29 and 40)	1,221,733	-	889,901	-
DEPOSITS AND REMITTANCES (Notes 23 and 40)	2,005,226,058	84	1,840,387,303	85
BANK DEBENTURES (Notes 24 and 40)	56,250,137	2	50,548,494	2
OTHER FINANCIAL LIABILITIES (Note 25)	36,272,653	2	12,042,527	1
PROVISIONS (Notes 4, 26 and 27)	2,510,958	-	3,044,316	-
LEASE LIABILITIES (Notes 4, 16 and 40)	2,719,898	-	2,697,037	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 29)	1,132,181	-	807,276	-
OTHER LIABILITIES (Notes 28 and 40)	2,485,778	-	2,291,543	-
Total liabilities	2,265,579,069	94	2,026,367,519	93
EQUITY				
Capital stock				
Common stock	90,325,841	4	86,889,193	4
Capital surplus	12,147,640	1	12,147,640	1
Retained earnings				
Legal reserve	33,468,449	1	29,790,449	1
Special reserve	357,169	-	361,146	-
Unappropriated earnings	15,248,452	1	12,259,998	1
Total retained earnings	49,074,070	2	42,411,593	2
Other equity	(13,686,951)	(1)	1,680,238	-
Total equity	137,860,600	6	143,128,664	7
TOTAL	$ 2,403,439,669	100	$ 2,169,496,183	100

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

BANK SINOPAC 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**	**%**	**%**
INTEREST INCOME	$ 44,527,646	121	$ 28,911,002	94	54
INTEREST EXPENSES	(19,260,541)	(52)	(8,496,689)	(28)	127
NET INTEREST REVENUE (Notes 4, 31 and 40)	25,267,105	69	20,414,313	66	24
NET REVENUES OTHER THAN INTEREST (Note 4)					
Service fee income, net (Notes 32 and 40)	6,990,376	19	7,127,283	23	(2)
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 33 and 40)	1,592,354	4	288,804	1	451
Realized gains on financial assets at fair value through other comprehensive income (Notes 34 and 40)	917,845	3	1,730,998	6	(47)
(Losses) gains arising from derecognition of financial assets measured at amortized cost	(83,790)	-	23,207	-	(461)
Foreign exchange gains	1,966,815	5	926,293	3	112
(Impairment loss on assets) reversal of impairment loss on assets (Note 14)	(16,007)	-	52,125	-	(131)
Net other revenue other than interest income (Notes 35 and 40)	138,272	-	148,320	1	(7)
Net revenues other than interest	11,505,865	31	10,297,030	34	12
NET REVENUE	36,772,970	100	30,711,343	100	20
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 14 and 26)	(2,425,955)	(7)	(2,362,936)	(8)	3

(Continued)

BANK SINOPAC 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	%	%
OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 27, 36 and 40)	$ (10,250,772)	(28)	$ (9,404,848)	(30)	9
Depreciation and amortization expense (Notes 4, 16, 37 and 40)	(1,614,064)	(4)	(1,515,187)	(5)	7
Other general and administrative expenses (Notes 38 and 40)	(5,109,358)	(14)	(4,319,339)	(14)	18
Total operating expenses	(16,974,194)	(46)	(15,239,374)	(49)	11
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	17,372,821	47	13,109,033	43	33
INCOME TAX EXPENSE (Notes 4 and 29)	(2,659,544)	(7)	(1,693,715)	(6)	57
NET INCOME	14,713,277	40	11,415,318	37	29
OTHER COMPREHENSIVE INCOME (Note 4)					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plans	478,041	1	128,519	-	272
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Note 30)	(3,285,187)	(9)	1,784,617	6	(284)
Change in fair value of financial liability attributable to change in credit risk of liability (Note 30)	39,237	-	(3,539)	-	1,209
Income tax related to items that will not be reclassified to profit or loss (Notes 29 and 30)	(95,608)	-	(25,704)	-	272
Items that will not be reclassified to profit or loss	(2,863,517)	(8)	1,883,893	6	(252)

(Continued)

BANK SINOPAC 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 30)	$ 141,386	1	$ (77,140)	-	283
Losses from investments in debt instruments measured at fair value through other comprehensive income (Note 30)	(12,138,374)	(33)	(3,846,518)	(13)	216
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 29 and 30)	28,491	-	(13,160)	-	316
Items that will be reclassified to profit or loss	(11,968,497)	(32)	(3,936,818)	(13)	204
Other comprehensive income	(14,832,014)	(40)	(2,052,925)	(7)	622
TOTAL COMPREHENSIVE INCOME	$ (118,737)	-	$ 9,362,393	30	(101)
EARNINGS PER SHARE (Note 39)					
Basic	$ 1.63		$ 1.26		

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

BANK SINOPAC 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 (Note 30)	Capital Surplus (Note 30)	Retained Earnings (Notes 9 and 30)				Other Equity (Notes 4 and 30)				
	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total	Total Equity
BALANCE AT JANUARY 1, 2021	$ 86,061,159	$ 12,147,640	$ 26,912,280	$ 373,453	$ 9,593,897	$ 36,879,630	$ (582,164)	$ 5,242,350	$ (82,343)	$ 4,577,843	$ 139,666,272
Appropriation and distribution of retained earnings generated in 2020											
Legal reserve	-	-	2,878,169	-	(2,878,169)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(12,307)	12,307	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(5,900,001)	(5,900,001)	-	-	-	-	(5,900,001)
Stock dividends - common stock	828,034	-	-	-	(828,034)	(828,034)	-	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	11,415,318	11,415,318	-	-	-	-	11,415,318
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	102,815	102,815	(61,711)	(2,090,490)	(3,539)	(2,155,740)	(2,052,925)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	11,518,133	11,518,133	(61,711)	(2,090,490)	(3,539)	(2,155,740)	9,362,393
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	741,865	741,865	-	(741,865)	-	(741,865)	-
BALANCE AT DECEMBER 31, 2021	86,889,193	12,147,640	29,790,449	361,146	12,259,998	42,411,593	(643,875)	2,409,995	(85,882)	1,680,238	143,128,664
Appropriation and distribution of retained earnings generated in 2021											
Legal reserve	-	-	3,678,000	-	(3,678,000)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,977)	3,977	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(5,149,327)	(5,149,327)	-	-	-	-	(5,149,327)
Stock dividends - common stock	3,436,648	-	-	-	(3,436,648)	(3,436,648)	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	14,713,277	14,713,277	-	-	-	-	14,713,277
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	382,433	382,433	113,108	(15,366,792)	39,237	(15,214,447)	(14,832,014)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	15,095,710	15,095,710	113,108	(15,366,792)	39,237	(15,214,447)	(118,737)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	152,742	152,742	-	(152,742)	-	(152,742)	-
BALANCE AT DECEMBER 31, 2022	$ 90,325,841	$ 12,147,640	$ 33,468,449	$ 357,169	$ 15,248,452	$ 49,074,070	$ (530,767)	$ (13,109,539)	$ (46,645)	$ (13,686,951)	$ 137,860,600

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 17,372,821	$ 13,109,033
Adjustments to reconcile profit:		
Depreciation expenses	1,358,862	1,291,984
Amortization expenses	255,202	223,203
Provision for bad debt expense	2,863,956	2,883,696
Interest expenses	19,260,541	8,496,689
Net loss (gain) arising from derecognition of financial assets measured at amortized cost	83,790	(23,207)
Interest income	(44,527,646)	(28,911,002)
Dividend income	(1,236,782)	(703,039)
Net change in provisions for guarantee liabilities	(56,689)	82,392
Net change in other provisions	107,027	(44,374)
Losses on disposal and retirement of property and equipment	5,267	5,692
Property and equipment transferred to expense	1,403	595
Losses on disposal of intangible assets	498	2,710
Impairment loss on financial assets (reversal of impairment loss on financial assets)	43,505	(52,125)
Reversal of impairment loss on non-financial assets	(27,498)	-
Net loss (gain) on changing in leasing contracts	897	(1,518)
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	(8,239,041)	11,105,702
Decrease (increase) in financial assets at fair value through other comprehensive income	46,244,716	(43,084,608)
Increase in investments in debt instruments at amortized cost	(58,157,747)	(4,850,899)
Increase in securities purchased under resell agreements	(1,148,202)	(4,152)
Decrease (increase) in receivables	4,643,405	(9,402,741)
Increase in discounts and loans	(140,600,902)	(46,281,730)
(Increase) decrease in other financial assets	(465,568)	3,963,772
(Increase) decrease in other assets	(6,118,316)	1,274,835
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	21,670,798	(13,651,271)
Increase in securities sold under repurchase agreements	15,726,763	8,882,892
Increase in payables	1,346,061	2,866,436
Increase in deposits and remittances	164,838,755	180,436,236
Increase (decrease) in other financial liabilities	24,230,126	(4,124,555)
Decrease in provisions for employee benefits	(604,676)	(251,187)
Increase (decrease) in other liabilities	194,235	(3,420,322)
Net cash generated from operations	37,705,120	70,824,534
Interest received	42,227,268	28,786,934

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Dividends received	$ 1,206,235	$ 702,842
Interest paid	(16,498,614)	(8,893,760)
Income tax paid	(2,031,338)	(1,142,706)
Net cash generated from operating activities	62,608,671	90,277,844
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(865,559)	(890,299)
Proceeds from disposal of property and equipment	135	300
Acquisition of intangible assets	(172,903)	(135,733)
Acquisition of right-of-use assets	(705)	(695)
Acquisition of investment properties	(1,736)	(245)
Net cash used in investing activities	(1,040,768)	(1,026,672)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(205,030)	124,650
Bank debentures issued	7,000,000	11,000,000
Repayment of bank debentures payable	(1,300,000)	(5,530,000)
Repayment of lease liabilities	(667,318)	(668,614)
Cash dividends paid	(5,149,327)	(5,900,001)
Net cash used in financing activities	(321,675)	(973,965)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	465,485	(176,343)
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,711,713	88,100,864
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	246,348,875	158,248,011
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 308,060,588	$ 246,348,875

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:

	2022	2021
Cash and cash equivalents in consolidated balance sheets	$ 53,489,608	$ 45,487,854
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	59,087,812	46,093,430
Cash and cash equivalents at the end of year	$ 308,060,588	$ 246,348,875

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

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

1. ORGANIZATION

August 8, 1991	Bank SinoPac ("the Bank") obtained government approval to incorporate.
January 28, 1992	The Bank started operations.
May 9, 2002	The Bank swap shares with SinoPac Securities Corporation and SinoPac Securities Co., Ltd. (SPS) to establish SinoPac Financial Holdings Company Limited (SPH), a financial holding company, resulting in the Bank becoming an unlisted wholly owned subsidiary of SPH, the ultimate parent company of SPH.
December 26, 2005	SPH finished the merger with International Bank of Taipei Co., Ltd. (IBT), through a 100% share swap.
May 8, 2006	The board of directors of IBT resolved to transfer credit card business and related assets and liabilities to SinoPac Card Services Co., Ltd. (SinoPac Card). The transaction has been approved by the authorities on June 22, 2006 and the assets have been transferred at the book value of $5,171,080 on August 4, 2006.
November 13, 2006	The preliminary effective date of the share swap and merger. The Bank acquired the assets and liabilities of IBT through a share swap at ratio of 1.175 shares of the Bank to swap for 1 share of IBT.
June 1, 2009	The Bank's cash merger with SinoPac Card took effect, with this merger amounting to $3,873,675. Under this merger, the Bank was the surviving entity.
November 1, 2015	The Bank assumed all of the assets and liabilities of the Ho Chi Minh City Branch of Far East National Bank and renamed this branch Bank SinoPac, Ho Chi Minh City Branch. The transaction price was US$28,540 thousand.
May 1, 2019	SinoPac Call Center Co., Ltd. (SinoPac Call Center) which is a wholly-owned subsidiary of SPH was cash merged by the Bank. Under this merger, SinoPac Call Center was the dissolved company and the Bank was the surviving entity, assuming all business, assets, liabilities and all rights and obligations.
August 1, 2019	Due to permission, the Bank may also operate within the insurance industry. Then the board of directors of the Bank applied for the qualification to operate as an insurance agency and for the rights to merge SinoPac Life Insurance Agent Co., Ltd. and SinoPac Property Insurance Agent Co., Ltd., which are both 100% shareholding subsidiaries of the Bank. The Bank is the surviving company, and the two subsidiaries were liquidated.

The Bank's ultimate parent and controller is SinoPac Holdings, which holds 100% common stock of the Bank.

The functional currency of the Bank is the New Taiwan dollar. The consolidated financial statements of the Bank and its subsidiaries ("the Group") are presented in New Taiwan dollars.

For the information on consolidated entities, please refer to Note 4.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on March 8, 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

New IFRSs	Effective Date Announced by IASB
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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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 Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the 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.

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

Since the operating cycle in the Banking industry cannot be reasonably identified, the accounts included in the Group's consolidated financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 44 for the maturity analysis of assets and liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e., its subsidiaries). Control is achieved when the Bank 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 the subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation; for related information please refer to Table 2.

The consolidated entities were as follows:

Investor	Investee	Main Business	% of Ownership December 31 2022	% of Ownership December 31 2021	Remark
Bank SinoPac	Bank SinoPac (China) Ltd.	Commercial bank	100	100	
	SinoPac Insurance Brokers Ltd.	Insurance brokerage business	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 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 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 43.

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, 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), the Bank 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 Bank 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, 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.

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 43.

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 Banking 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.

Repurchase and Reverse Repurchase Transactions

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

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.

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.

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.

    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. Derecognition of intangible assets

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

Goodwill

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

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

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

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

   The Bank 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 Bank'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.

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 Bank 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.

d. Linked-tax system

SPH 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 SPH with its qualified subsidiaries are adjusted on SPH; 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

	December 31	
	2022	**2021**
Cash on hand	$ 6,932,931	$ 6,383,284
Due from other banks	42,841,106	34,935,306
Notes and checks for clearing	3,718,425	4,178,657
	53,492,462	45,497,247
Less: Allowance for credit losses	(2,854)	(9,393)
Net amount	$ 53,489,608	$ 45,487,854

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

	December 31	
	2022	2021
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	5,678,754	7,262,753
	281,925,399	217,637,249
Less: Allowance for credit losses	(4,345)	(18,497)
Net amount	$ 281,921,054	$ 217,618,752

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserves are determined monthly at prescribed rates based on average balances of customers' NTD-denominated deposits. Deposit reserve - demand account 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 the People's Bank of China, Bank SinoPac (China) showed deposit reserves in proportion on the basis of deposit account balances at the end of the months.

Please refer to Note 41 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		
Corporate bonds	$ 7,060,615	$ 1,532,353
Commercial paper	5,784,949	2,698,706
Government bonds	5,127,237	19,499,020
Certificates of deposits	1,094,691	2,782,335
Bank debentures	219,864	814,147
Currency swap contracts	20,201,687	4,161,424
Interest rate swap contracts	7,763,521	2,394,029
Forward contracts	819,409	421,640
Option contracts	457,171	341,514
Others	431,060	441,173
	48,960,204	35,086,341
Financial assets designated at fair value through profit or loss		
Corporate bonds	4,326,990	8,874,520
Government bonds	-	1,087,292
	4,326,990	9,961,812
	$ 53,287,194	$ 45,048,153

(Continued)

	December 31	
	2022	2021
Held-for-trading financial liabilities		
Currency swap contracts	$ 21,397,753	$ 4,760,300
Interest rate swap contracts	4,374,620	1,611,721
Option contracts	2,036,373	485,890
Forward contracts	944,878	507,685
Others	331,581	334,743
	29,085,205	7,700,339
Financial liabilities designated at fair value through profit or loss	1,790,442	1,543,747
Bank debentures	1,790,442	1,543,747
	$ 30,875,647	$ 9,244,086

(Concluded)

a. The Group's financial assets at fair value through profit or loss originally maintained the business model by cash flows derived from contracts and the sales of financial assets, and are designated to hedge against the interest rate risk; the financial liabilities at fair value through profit or loss are specified for eliminating inconsistencies in accounting recognition.

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

	December 31	
	2022	2021
Difference between carrying amount and the amount due on maturity		
Fair value	$ 1,790,442	$ 1,543,747
Amount due on maturity	(1,800,452)	(1,552,780)
	$ (10,010)	$ (9,033)

	Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the year	
For the year ended December 31, 2022	$ 39,237
For the year ended December 31, 2021	$ (3,539)
Accumulated amount of change	
As of December 31, 2022	$ (46,645)
As of December 31, 2021	$ (85,882)

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, the Bank issued unsecured senior bank debentures amounting to US$45,000 thousand with a 30-year maturity and zero coupon issued and an implicit internal of return of 4.5%. In accordance with the terms of the bank debentures, the Bank 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.

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

	December 31	
	2022	**2021**
Currency swap contracts	$ 1,659,449,909	$ 1,138,602,052
Interest rate swap contracts	823,163,579	639,448,805
Option contracts	142,343,120	30,012,720
Forward contracts	102,926,184	74,694,290
Futures contracts	47,487,035	2,974,507
Assets swap contracts	6,718,389	1,313,081
Cross-currency swap contracts	2,402,866	6,270,641
Equity-linked swap contracts	1,923,356	2,269,657

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	**2021**
Equity instruments at fair value through other comprehensive income	$ 21,393,961	$ 15,299,410
Debt instruments at fair value through other comprehensive income	297,713,466	365,469,656
	$ 319,107,427	$ 380,769,066

a. Equity instruments at fair value through other comprehensive income

	December 31	
	2022	**2021**
Listed common stock	$ 17,599,965	$ 12,137,078
Real estate investment trust beneficiary securities	3,793,996	3,162,332
	$ 21,393,961	$ 15,299,410

The Group holds centralized securities 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 fair value of $4,291,286 and $5,449,834 and transferred the net gain of $152,742 and $741,865 from other equity to retained earnings for the years ended December 31, 2022 and 2021, respectively.

b. Debt instrument at fair value through other comprehensive income

	December 31	
	2022	**2021**
Certificates of deposits	$ 87,751,306	$ 123,177,595
Bank debentures	85,722,362	83,514,922
Commercial paper	43,112,630	76,584,814
Corporate bonds	35,906,611	38,341,354
Government bonds	26,659,866	27,144,246
Asset-based securities	15,311,285	12,321,296
Others	3,249,406	4,385,429
	$ 297,713,466	$ 365,469,656

1) Loss allowance of debt instruments at fair value through other comprehensive income were $45,949 and $47,558 on December 31, 2022 and 2021, respectively. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 44.

2) Please refer to Note 41 for information relating to debt instrument at fair value through other comprehensive income pledged as security.

3) As of December 31, 2022 and 2021, the par value of debt instruments at FVTOCI under repurchase agreements were $8,284,157 and $5,633,600, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2022	**2021**
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	2,108,635	1,728,307
	225,476,925	167,261,299
Less: Loss allowance	(16,774)	(13,314)
	$ 225,460,151	$ 167,247,985

a. Credit risk management and information of impairment valuation of investments in debt instruments at amortized cost are shown in Note 44.

b. Please refer to Note 41 for information relating to investments in debt instruments at amortized cost pledged as security.

c. As of December 31, 2022, the par value of investments in debt instruments at amortized cost under repurchase agreements was $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	19,478,850	5,801,254
Negotiable certificates of deposits	6,428,179	1,010,467
Corporate bonds	2,015,748	2,529,746
Bank debentures	351,007	1,045,848
	$ 60,264,108	$ 46,121,524
Agreed-upon resell amount	$ 60,479,388	$ 46,139,385
Par value	$ 64,453,307	$ 47,337,338
Expiry	March 2023	May 2022

As of December 31, 2022 and 2021, the par value of securities purchased under resell agreements under repurchase agreements were $20,998,888 and $7,034,258, respectively.

12. RECEIVABLES, NET

	December 31	
	2022	2021
Credit card receivable	$ 20,878,070	$ 20,472,061
Accounts receivable - factoring	16,881,776	14,253,265
Interest and revenue receivables	7,417,020	4,216,929
Acceptances	5,951,568	5,322,788
Accounts receivable - forfaiting	3,345,588	10,030,050
Accounts and notes receivables	1,242,098	3,065,080
Trust administration fee revenue receivable	796,056	694,755
Others	694,345	965,108
	57,206,521	59,020,036
Less: Allowance for credit losses	(696,546)	(765,641)
Less: Premium or discount on receivables	(65)	(34)
Net amount	$ 56,509,910	$ 58,254,361

The Group assessed the collectability of receivables to determine the allowance. Movements in the allowance of receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, January 1	$ 765,641	$ 735,517
Provision	39,052	200,059
Write-off	(129,846)	(161,822)
Effect of exchange rate changes	21,699	(8,113)
Balance, December 31	$ 696,546	$ 765,641

Please refer to Note 44 for the analysis of receivable impairment loss. The Group received payments for loans previously written-off $154,371 and $156,963 for the years ended December 31, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

13. DISCOUNTS AND LOANS, NET

	December 31	
	2022	**2021**
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	159,036,611	120,308,773
Secured short-term loans	92,257,054	106,073,662
Medium-term loans	282,572,008	239,960,546
Secured medium-term loans	208,390,581	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	1,257,085	1,201,033
	1,339,947,385	1,200,632,264
Less: Allowance for credit losses	(17,594,373)	(15,547,927)
Less: Premium or discount on discounts and loans	(330,235)	(392,116)
Net amount	$ 1,322,022,777	$ 1,184,692,221

a. Please refer to Note 44 for the analysis of impairment loss on discounts and loans and Note 41 for information relating to 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 on April 30, 2022 and December 31, 2021.

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

	For the Year Ended December 31	
	2022	**2021**
Balance, January 1	$ 15,547,927	$ 15,001,444
Provision	2,970,321	2,661,422
Write-off	(1,222,772)	(2,021,929)
Effect of exchange rate changes	298,897	(93,010)
Balance, December 31	$ 17,594,373	$ 15,547,927

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. OTHER FINANCIAL ASSETS, NET

	December 31	
	2022	2021
Purchase of the PEM Group's instruments	$ 4,539,144	$ 4,091,191
Bank deposits not belonging to cash and cash equivalent	2,204,770	1,957,091
Others	44,699	48,700
	6,788,613	6,096,982
Less: Allowance for credit loss	(1,577)	(4,577)
Less: Accumulated impairment	(2,432,227)	(2,150,110)
Net amount	$ 4,354,809	$ 3,942,295

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 Bank 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, the Bank bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, the Bank'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 the Bank 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. The Bank 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.

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

	For the Year Ended December 31	
	2022	2021
Balance, January 1	$ 4,577	$ 1,681
Provision	4,782	12,558
Write-off	(8,034)	(9,617)
Effect of exchange rate changes	252	(45)
Balance, December 31	$ 1,577	$ 4,577

The Group received payments for loans previously written-off $13,759 and $10,868 for the years ended December 31, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

15. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the years ended December 31, 2022 and 2021 are summarized as follows:

	For the Year Ended December 31, 2022							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment and Construction in Progress	Total
Cost								
Balance, January 1	$ 5,589,458	$ 5,912,033	$ 2,314,546	$ 1,065	$ 1,548,939	$ 1,430,141	$ 379,259	$ 17,175,441
Addition	-	56,920	240,465	-	117,259	49,018	401,897	865,559
Deduction	-	(8,341)	(52,585)	-	(57,239)	(46,784)	-	(164,949)
Reclassifications	15,365	102,513	105,030	-	28,279	35,525	(469,832)	(183,120)
Effect of exchange rate changes	-	5,103	19,129	116	3,443	8,141	270	36,202
Balance, December 31	5,604,823	6,068,228	2,626,585	1,181	1,640,681	1,476,041	311,594	17,729,133
Accumulated depreciation								
Balance, January 1	61	3,491,982	1,435,837	1,065	1,156,234	1,241,785	-	7,326,964
Depreciation	23	156,372	321,891	-	98,930	58,929	-	636,145
Deduction	-	(8,277)	(49,497)	-	(55,475)	(46,298)	-	(159,547)
Reclassifications	-	12,831	-	-	-	446	-	13,277
Effect of exchange rate changes	-	733	15,089	116	2,289	6,981	-	25,208
Balance, December 31	84	3,653,641	1,723,320	1,181	1,201,978	1,261,843	-	7,842,047
Net amount								
Balance, December 31	$ 5,604,739	$ 2,414,587	$ 903,265	$ -	$ 438,703	$ 214,198	$ 311,594	$ 9,887,086

	For the Year Ended December 31, 2021							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment and Construction in Progress	Total
Cost								
Balance, January 1	$ 5,598,481	$ 5,856,779	$ 2,181,681	$ 1,103	$ 1,489,163	$ 1,535,303	$ 216,101	$ 16,878,611
Addition	-	51,180	225,879	-	114,883	33,087	465,270	890,299
Deduction	-	-	(117,274)	-	(81,182)	(144,911)	-	(343,367)
Reclassifications	(9,023)	6,950	30,290	-	27,015	9,673	(301,982)	(237,077)
Effect of exchange rate changes	-	(2,876)	(6,030)	(38)	(940)	(3,011)	(130)	(13,025)
Balance, December 31	5,589,458	5,912,033	2,314,546	1,065	1,548,939	1,430,141	379,259	17,175,441
Accumulated depreciation								
Balance, January 1	37	3,348,169	1,264,956	1,103	1,151,426	1,334,449	-	7,100,140
Depreciation	24	147,574	291,726	-	85,302	55,522	-	580,148
Deduction	-	-	(113,064)	-	(79,693)	(144,618)	-	(337,375)
Reclassifications	-	(3,452)	(2,732)	-	-	(745)	-	(6,929)
Effect of exchange rate changes	-	(309)	(5,049)	(38)	(801)	(2,823)	-	(9,020)
Balance, December 31	61	3,491,982	1,435,837	1,065	1,156,234	1,241,785	-	7,326,964
Net amount								
Balance, December 31	$ 5,589,397	$ 2,420,051	$ 878,709	$ -	$ 392,705	$ 188,356	$ 379,259	$ 9,848,477

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

Items	Years
Land improvements	8-30 years
Buildings	2-60 years
Machinery and computer equipment	0.58-15 years
Transportation equipment	5 years
Other equipment	2-15 years
Leasehold improvements	1.58-15 years

The amounts of other equipment rented out as of December 31, 2022 and 2021 were $1,209 and $1,524, respectively.

16. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2022	2021
Carrying amount		
Land	$ 237	$ 64
Buildings	2,511,707	2,493,587
Machinery and computer equipment	110,069	142,075
Transportation equipment	13,498	19,493
Other equipment	2,216	2,822
Decommissioning restoration costs	22,286	22,024
	$ 2,660,013	$ 2,680,065

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 661,861	$ 1,105,830
Depreciation charge for right-of-use assets		
Land	$ 64	$ 1,057
Buildings	656,857	647,138
Machinery and computer equipment	33,641	33,545
Transportation equipment	11,608	11,128
Other equipment	1,007	731
Decommissioning restoration costs	7,853	6,261
	$ 711,030	$ 699,860

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount	$ 2,719,898	$ 2,697,037

Range of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1.0212%-2.1233%	0.1404%-1.0212%
Buildings	0.1553%-4.9530%	0.1553%-4.8096%
Machinery and computer equipment	0.5754%-2.3588%	0.5754%-1.0768%
Transportation equipment	0.3804%-5.5000%	0.3804%-5.5000%
Other equipment	0.4416%-3.4512%	0.3410%-3.4512%

c. Material lease-in activities and terms

The Group leases certain buildings for use as business locations, offices and employee's dormitories with lease terms of 0.5 year to 20 years. The lease contract for major buildings located in Taiwan for use as offices and branches specifies that lease payments will be adjusted 1% every three years. The lease contract for major buildings located in overseas branches stipulated fixed or regularly adjusted proportionally lease payments. 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

1) Lease arrangements under operating leases for the leasing out of investment properties and equipment are set out in Notes 15, 17 and 44.

2) Other

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 19,574	$ 15,687
Expenses relating to low-value asset leases	$ 40,411	$ 40,582
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 4,252	$ 7,845
Total cash outflow for leases	$ (796,597)	$ (806,081)

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.

17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	For the Year Ended December 31, 2022		
	Land	Buildings	Total
Cost			
Balance, January 1	$ 785,118	$ 603,570	$ 1,388,688
Addition	-	1,736	1,736
Deduction	-	-	-
Reclassifications	(15,365)	(13,699)	(29,064)
Balance, December 31	769,753	591,607	1,361,360
Accumulated depreciation			
Balance, January 1	-	336,996	336,996
Depreciation	-	11,687	11,687
Deduction	-	-	-
Reclassifications	-	(12,831)	(12,831)
Balance, December 31	-	335,852	335,852
Net amount			
Balance, December 31	$ 769,753	$ 255,755	$ 1,025,508

	For the Year Ended December 31, 2021		
	Land	**Buildings**	**Total**
Cost			
Balance, January 1	$ 776,095	$ 592,627	$ 1,368,722
Addition	-	245	245
Deduction	-	-	-
Reclassifications	9,023	10,698	19,721
Balance, December 31	785,118	603,570	1,388,688
Accumulated depreciation			
Balance, January 1	-	321,568	321,568
Depreciation	-	11,976	11,976
Deduction	-	-	-
Reclassifications	-	3,452	3,452
Balance, December 31	-	336,996	336,996
Net amount			
Balance, December 31	$ 785,118	$ 266,574	$ 1,051,692

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

Category	Useful Lives
Buildings	36-60 years

The above investment property of the Group is for the purpose of earning rental income or capital appreciation or both. The fair values of investment properties used mainly or partially for leasing as of December 31, 2022 and 2021 were $15,186,818 and $15,184,279, respectively. The fair values, which were based on an internal valuation report instead of an assessment by an independent professional appraiser, were determined assuming unobservable inputs (Level 3).

18. INTANGIBLE ASSETS, NET

	December 31	
	2022	**2021**
Goodwill	$ 876,717	$ 876,717
Computer software	871,778	740,162
Others	6,732	6,893
	$ 1,755,227	$ 1,623,772

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

	Goodwill	Computer Software	Others	Total
2022				
Balance, January 1	$ 876,717	$ 740,162	$ 6,893	$ 1,623,772
Addition	-	172,903	-	172,903
Deduction	-	(498)	-	(498)
Amortization	-	(254,946)	(256)	(255,202)
Reclassifications	-	211,665	-	211,665
Effects of exchange rate changes	-	2,492	95	2,587
Balance, December 31	$ 876,717	$ 871,778	$ 6,732	$ 1,755,227
2021				
Balance, January 1	$ 876,717	$ 618,617	$ 7,204	$ 1,502,538
Addition	-	135,733	-	135,733
Deduction	-	(2,713)	-	(2,713)
Amortization	-	(222,948)	(255)	(223,203)
Reclassifications	-	212,519	-	212,519
Effects of exchange rate changes	-	(1,046)	(56)	(1,102)
Balance, December 31	$ 876,717	$ 740,162	$ 6,893	$ 1,623,772

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

Item	Years
Computer software	3-10.58 years

Goodwill includes $876,717, which resulted from the Bank's cash merger with SinoPac Card Services, and this merger was treated as a reorganization of SPH.

In assessing whether goodwill is impaired, the Bank considers the credit card department as a cash generating unit and estimates the recoverable amount by its value in use. The Bank uses the department's actual profitability and business or business recycle in making key assumption to predict future cash flows and thus calculates its value in use. Under a going-concern assumption, the Bank predicted the net cash flows that would be generated from the investee's operating activities in the next 5 years and estimated salvage value and used the Bank's weighted average cost of capital to calculate the value in use.

The goodwill of the Bank's credit card department was $876,717 as of December 31, 2022 and 2021. The impairment tests on goodwill were conducted on October 31, 2022 and 2021. The actual net income for the years ended December 31, 2022 and 2021 amounted to $82,059 and $94,018, respectively. The 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 Group found no objective evidence that goodwill had been tested for impaired as of December 31, 2022 and 2021.

19. OTHER ASSETS, NET

	December 31	
	2022	2021
Guarantee deposits	$ 8,643,103	$ 2,114,121
Prepayment	248,881	200,064
Temporary payment and suspense accounts	217,182	229,628
Others	70,887	54,903
	9,180,053	2,598,716
Less: Allowance for inventory write-down - gold	-	(72)
Less: Accumulated impairment	(7,935)	(7,935)
Net amount	$ 9,172,118	$ 2,590,709

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2022	2021
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	931,021	239,170
	$ 72,477,217	$ 70,265,085

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Government bonds	$ 18,061,133	$ 5,270,814
Bank debentures	8,050,303	5,941,973
Corporate bonds	2,199,542	1,371,428
	$ 28,310,978	$ 12,584,215
Agreed-upon repurchase price	$ 28,573,095	$ 12,605,234
Par value	30,586,029	12,667,858
Maturity date	November 2023	December 2022

22. PAYABLES

	December 31	
	2022	2021
Acceptances payable	$ 5,751,986	$ 5,142,813
Interest payable	4,350,454	1,590,170
Accounts payable - factoring	3,875,519	2,807,640
Accrued expenses	3,856,722	3,400,465
Notes and checks in clearing	3,718,425	4,178,657
Dividends payable to SPH	1,435,025	1,435,025
Accounts payable	1,151,464	984,134
Others	1,956,236	1,821,802
	$ 26,095,831	$ 21,360,706

23. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Checking	$ 13,110,877	$ 13,621,589
Demand	469,031,753	489,387,080
Savings - demand	525,698,441	507,555,116
Time deposits	690,029,768	574,550,785
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
	$ 2,005,226,058	$ 1,840,387,303

24. BANK DEBENTURES

To raise capital for its financial operation and increase its capital adequacy ratio, the Bank obtained approval from FSC to issue bank debentures, as follows:

	December 31			
	2022	2021	Maturity Date	Rates
First subordinated bank debentures issued in 2012 (B)	$ -	$ 1,299,947	2012.09.18-2022.09.18 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
Third subordinated bank debentures issued in 2014 (B)	699,904	699,850	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,874	1,419,747	2016.12.23-2023.12.23 Principal is repayable on maturity date.	Fixed interest rate of 1.50%, interest is paid annually.
First subordinated bank debentures issued in 2017 (A)	149,973	149,950	2017.02.24-2024.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.60%, interest is paid annually.
First subordinated bank debentures issued in 2017 (B)	2,099,504	2,099,390	2017.02.24-2027.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.90%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (A)	199,970	199,950	2017.06.28-2024.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.70%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (B)	539,831	539,796	2017.06.28-2027.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.

(Continued)

	December 31			
	2022	2021	Maturity Date	Rates
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 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 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 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 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 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.
Fifth subordinated bank debentures issued in 2019 (A)	1,749,494	1,749,359	2019.08.23-2026.08.23 Principal is repayable on maturity date.	Fixed interest rate of 1.03%, interest is paid annually.
Fifth subordinated bank debentures issued in 2019 (B)	1,749,354	1,749,260	2019.08.23-2029.08.23 Principal is repayable on maturity date.	Fixed interest rate of 1.13%, interest is paid annually.
First subordinated bank debentures issued in 2020	2,999,550	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 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 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 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 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 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 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 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	1,999,652	-	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
	$ 56,250,137	$ 50,548,494		

(Concluded)

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2022	2021
Principal of structured products	$ 36,117,641	$ 12,013,819
Cumulative earnings on appropriated loan fund	155,012	28,708
	$ 36,272,653	$ 12,042,527

26. PROVISIONS

	December 31	
	2022	2021
Provision for employee benefits	$ 1,751,356	$ 2,356,032
Provision for financing commitment	287,776	163,168
Provision for guarantee liabilities	339,536	395,361
Provision for decommissioning liabilities	116,103	105,919
Other	16,187	23,836
	$ 2,510,958	$ 3,044,316

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

	For the Year Ended December 31, 2022		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 163,168	$ 395,361	$ 23,836
(Reversal of) provision	114,327	(56,689)	(9,852)
Effect of exchange rate changes	10,281	864	2,203
Balance, December 31	$ 287,776	$ 339,536	$ 16,187

	For the Year Ended December 31, 2021		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 216,315	$ 313,880	$ 15,420
(Reversal of) provision	(50,700)	82,392	8,893
Effect of exchange rate changes	(2,447)	(911)	(477)
Balance, December 31	$ 163,168	$ 395,361	$ 23,836

27. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2022	2021
Recognized in consolidated balance sheets (payables and provisions)		
Defined contribution plans	$ 47,611	$ 42,597
Defined benefit plans	1,249,859	1,896,474
Preferential interest on employees' deposits	343,699	340,375
Other	157,798	119,183
	$ 1,798,967	$ 2,398,629

a. Defined contribution plans

The Bank adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Bank 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 for the years ended December 31, 2022 and 2021 of $270,017 and $257,411, 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 Bank 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.

Pension contributions are deposited in the Trust department of Bank of Taiwan and Bank SinoPac in the Organization of Supervisory Committee of Business Entities' Labor Retirement Reserve's name. Before the end of each year, the Bank 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 Bank 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 deposited in the Trust department of Bank of Taiwan 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:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 4,410,096	$ 4,951,842
Fair value of plan assets	(3,160,237)	(3,055,368)
Deficit	1,249,859	1,896,474
Asset ceiling	-	-
Net defined benefit liability	$ 1,249,859	$ 1,896,474

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	$ 5,241,258	$ (2,996,055)	$ 2,245,203
Service cost			
Current service cost	54,494	-	54,494
Past service cost	-	-	-
Net interest expense (income)	15,435	(9,022)	6,413
Recognized in (profit) or loss	69,929	(9,022)	60,907
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(35,833)	(35,833)
Actuarial (gain) loss - changes in financial assumptions	(151,672)	-	(151,672)
Actuarial (gain) loss - changes in demographic assumptions	5,340	-	5,340
Actuarial (gain) loss - experience adjustments	3,744	-	3,744
Recognized in other comprehensive income	(142,588)	(35,833)	(178,421)
Contributions from the employer	-	(231,215)	(231,215)
Benefits paid	(216,757)	216,757	-
Balance at December 31, 2021	$ 4,951,842	$ (3,055,368)	$ 1,896,474
Balance at January 1, 2022	$ 4,951,842	$ (3,055,368)	$ 1,896,474
Service cost			
Current service cost	40,036	-	40,036
Past service cost	-	-	-
Net interest expense (income)	29,181	(18,435)	10,746
Recognized in (profit) or loss	69,217	(18,435)	50,782
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(204,623)	(204,623)
Actuarial (gain) loss - changes in financial assumptions	(300,275)	-	(300,275)
Actuarial (gain) loss - changes in demographic assumptions	35	-	35
Actuarial (gain) loss - experience adjustments	37,015	-	37,015
Recognized in other comprehensive income	(263,225)	(204,623)	(467,848)
Contributions from the employer	-	(229,549)	(229,549)
Benefits paid	(347,738)	347,738	-
Balance at December 31, 2022	$ 4,410,096	$ (3,160,237)	$ 1,249,859

The plan assets' actual returns were $223,058 and $44,855 for the years ended December 31, 2022 and 2021.

Through the defined benefit plans under the Labor Standards Act, the Bank 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:

	December 31	
	2022	**2021**
Discount rate	1.30%	0.60%
Expected rate of salary increase	1.75%	1.75%
Turnover rate	0.34%	0.36%

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:

	December 31	
	2022	**2021**
Discount rate (2022: 1.30%; 2021: 0.60%)		
0.25% increase	$ (100,757)	$ (122,857)
0.25% decrease	$ 104,091	$ 127,192
Expected rate of salary increase 1.75%		
0.25% increase	$ 103,365	$ 125,416
0.25% decrease	$ (100,562)	$ (121,786)
Turnover rate (2022: 0.34%; 2021: 0.36%)		
110% of expected turnover rate	$ (50)	$ (98)
90% of expected turnover rate	$ 50	$ 98

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.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	$ 202,921	$ 210,968
The average duration of the defined benefit obligation	9 years	10 years

c. Preferential interest on employees' deposits

The Bank 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:

	December 31	
	2022	2021
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 the Bank's obligation in respect of its preferential interest on employee's deposits were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 343,699	$ 340,375
Fair value of plan assets	-	-
Deficit	343,699	340,375
Asset ceiling	-	-
Net defined benefit liability	$ 343,699	$ 340,375

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	$ 293,173	$ -	$ 293,173
Service cost			
Past service cost	16,173	-	16,173
Interest expense	6,330	-	6,330
Recognized in (profit) or loss	22,503	-	22,503
Remeasurement			
Actuarial (gain) loss - experience adjustments	31,646	-	31,646
Actuarial (gain) loss - changes in assumptions	18,256	-	18,256
Recognized in other comprehensive income	49,902	-	49,902
Benefits paid	(25,203)	-	(25,203)
Balance at December 31, 2021	$ 340,375	$ -	$ 340,375
Balance at January 1, 2022	$ 340,375	$ -	$ 340,375
Service cost			
Past service cost	32,242	-	32,242
Interest expense	7,130	-	7,130
Recognized in (profit) or loss	39,372	-	39,372
Remeasurement			
Actuarial (gain) loss - experience adjustments	8,921	-	8,921
Actuarial (gain) loss - changes in assumptions	(19,114)	-	(19,114)
Recognized in other comprehensive income	(10,193)	-	(10,193)
Benefits paid	(25,855)	-	(25,855)
Balance at December 31, 2022	$ 343,699	$ -	$ 343,699

d. Other

Others included long-term incentive compensation plans, deferred service leave and termination benefits. For the years ended December 31, 2022 and 2021, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as $114,414 and $83,182, respectively, the acquired total embedded value of which were $98,623 and $63,609, respectively.

28. OTHER LIABILITIES

	December 31	
	2022	2021
Guarantee deposits received	$ 1,504,159	$ 1,255,606
Temporary receipt and suspense accounts	621,590	656,896
Advance receipts	186,710	213,132
Deferred revenue	106,494	114,579
Others	66,825	51,330
	$ 2,485,778	$ 2,291,543

29. 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 held 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. Thus, SPH adopted the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries since 2003.

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
Current period	$ 2,367,333	$ 1,646,159
Adjustments for prior period	2,583	4,706
Other	-	50,302
Deferred tax		
Temporary adjustment	289,628	(7,452)
Income tax expenses recognized in profit or loss	$ 2,659,544	$ 1,693,715

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 17,372,821	$ 13,109,033
Income tax expense calculated at the statutory rate (20%)	$ 3,474,564	$ 2,621,807
Tax effect of adjusting items:		
Additional income tax under the Alternative Minimum Tax Act	-	353,765
Effect number of difference tax rates in several other operating subsidiaries	19,134	9,048
Adjustments for prior years' tax	2,583	4,706
Tax-exempt income	(167,145)	(68,331)
Permanent difference	(726,687)	(1,301,149)
Others	57,095	74,272
Income tax expense recognized in profit or loss	$ 2,659,544	$ 1,693,715

The ROC Income Tax Act was 20%. The rate of unappropriated earnings was 5%. The income tax rate that is applicable to the subsidiaries in China is 25%; other jurisdictions are calculated based on the respective income tax rate.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Adjustments of current period		
Defined benefit plans remeasurement	$ (95,608)	$ (25,704)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	56,769	(28,589)
Exchange difference on translating foreign operations	(28,278)	15,429
Income tax recognized in other comprehensive income	$ (67,117)	$ (38,864)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,055,020
Subsidiary tax receivable	-	94
Others	83,126	49,300
	$ 1,138,146	$ 1,104,414
Current tax liabilities		
Payables for adopting the linked-tax system	$ 989,706	$ 586,906
Subsidiary tax payable	9,436	36,614
Others	222,591	266,381
	$ 1,221,733	$ 889,901

d. Deferred tax assets and liabilities

	December 31	
	2022	2021
Deferred tax assets		
Allowance for doubtful accounts	$ 840,846	$ 699,872
Provision for defined benefit	293,803	414,791
Exchange differences on translating foreign operations	134,752	163,029
Unrealized gains or losses on foreign exchange and derivative instruments	-	53,992
Others	115,132	83,159
	$ 1,384,533	$ 1,414,843

(Continued)

	December 31	
	2022	2021
Deferred tax liabilities		
Land value increment tax	$ 587,038	$ 587,038
Investments accounted for using the equity method	199,806	142,601
Others	345,337	77,637
	$ 1,132,181	$ 807,276

(Concluded)

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

	For the Year Ended December 31	
	2022	2021
Allowance for doubtful accounts	$ (140,036)	$ (27,636)
Provision for defined benefit	25,380	24,564
Investments accounted for using the equity method	57,205	22,243
Unrealized gains or losses on foreign exchange and derivative instruments	376,128	12,127
Others	(29,049)	(38,750)
	$ 289,628	$ (7,452)

The Bank did not have unused loss carryforwards as of December 31, 2022.

e. The Bank's tax returns through 2017 had been assessed by the tax authorities.

f. SinoPac Call Center was merged into Bank SinoPac in 2019 and its profit-seeking enterprise income tax was assessed through 2017.

30. EQUITY

a. Common stock

The Bank's authorized capital is $100,000,000. And the Bank issued 10,000,000 thousand common stock with par value of NT$10.

On May 21, 2021, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 82,803 thousand common shares with earnings reallocated as capital at a par value of NT$10 each, increasing the share capital issued and fully paid to $86,889,193. The above transaction was approved by authorities and set September 13, 2021 as the record date.

On May 20, 2022, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 343,665 thousand common shares with earnings reallocated as capital at a par value of NT$10 each, increasing the share capital issued and fully paid to $90,325,841. The above transaction was set September 13, 2022 as the record date.

In order to strengthen the Bank's capital, increase the common equity ratio and support the capital needs for operations and business expansion, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 666,667 thousand common shares at a price of $15 per share for a total amount of $10 billion, which was 100% subscribed by the parent company, SPH. The capital increase was approved by the authorities and the record date was set as March 21, 2023.

b. Capital surplus

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 Bank has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year).

The details of capital surplus were as follows:

	December 31	
	2022	2021
Share premium	$ 4,001,872	$ 4,001,872
Donated surplus	83	83
Consolidation premium	8,076,524	8,076,524
Others	69,161	69,161
	$ 12,147,640	$ 12,147,640

On July 25, 2014, the board of directors of the parent company of the Bank, SPH, approved a capital increase and retained 10% of shares for subscription by the Bank's employees. The Bank's capital surplus - other, which was determined on the basis of the grant-date fair value of the employee share options, was $67,511 in 2014.

c. Other equity items

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Balance January 1, 2022	$ (643,875)	$ 2,903,884	$ (493,889)	$ (85,882)	$ 1,680,238
Exchange differences					
Exchange differences on translation of foreign operations	141,386	-	-	-	141,386
Related income tax	(28,278)	-	-	-	(28,278)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(3,285,187)	(12,454,354)	-	(15,739,541)
Adjustment for loss allowance of debt instruments	-	-	(1,610)	-	(1,610)
Current disposal	-	-	317,590	-	317,590
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(152,742)	-	-	(152,742)
Related income tax	-	-	56,769	-	56,769
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	39,237	39,237
Balance December 31, 2022	$ (530,767)	$ (534,045)	$ (12,575,494)	$ (46,645)	$ (13,686,951)

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Balance January 1, 2021	$ (582,164)	$ 1,861,132	$ 3,381,218	$ (82,343)	$ 4,577,843
Exchange differences					
Exchange differences on translation of foreign operations	(77,140)	-	-	-	(77,140)
Related income tax	15,429	-	-	-	15,429
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	1,784,617	(2,803,711)	-	(1,019,094)
Adjustment for loss allowance of debt instruments	-	-	(13,894)	-	(13,894)
Current disposal	-	-	(1,028,913)	-	(1,028,913)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(741,865)	-	-	(741,865)
Related income tax	-	-	(28,589)	-	(28,589)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(3,539)	(3,539)
Balance December 31, 2021	$ (643,875)	$ 2,903,884	$ (493,889)	$ (85,882)	$ 1,680,238

d. Earnings distribution and dividend policy

The Bank's Articles of Incorporation provide that annual net income should be appropriated after it has:

1) Deducted any deficit of prior years;

2) Paid all outstanding taxes;

3) Set aside 30% of remaining earnings as legal reserve;

4) Set aside any special reserve or retained earnings allocated at its option;

5) Allocated shareholders' dividends.

The Banking Act provides that, before the balance of the reserve reaches the aggregate par value of the outstanding capital stock, above allocation should not exceed 15% of the aggregate par value of the outstanding capital stock of the Bank.

The Bank appropriates a special reserve in accordance with Rule No. 1090150022. If there's a net deduction of other equity accumulated in the previous period, the Bank should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period, if there's still a shortage, the Bank 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.

The Bank meets the required financial position; thus, the limitation on the setting aside of earnings to legal reserve under the Company Act is not applicable.

To comply with the Bank's globalization strategy, strengthen its market position, integrate its diversified business operation and be a major local bank, the Bank has adopted the "Balanced Dividend Policy".

Under this policy, dividends available for distribution are determined by referring to its capital adequacy ratio (CAR). Cash dividends may be declared if the Bank's CAR is above 10% and stock dividends may be declared if the CAR is equal to or less than 10%. However, the Bank may make discretionary cash distribution even if the CAR is below 10%, if approved at the shareholders' meeting, for the purpose of maintaining the cash dividends at a certain level in any given year.

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

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

Under Article 50-2 of the Banking Act revised on December 30, 2008, when legal reserve has meet the total capital reserve or required financial position, the setting aside of earnings to legal reserve under the Company Act is not limited to the restriction that 30% of remaining earnings shall be set aside as legal reserve or the limitation on the appropriation of the remainder and retained earnings from previous year to 15% of total capital reserve when legal reserve has not meet the total capital reserve. The requirements for financial position of banks to be established in accordance with this Act revised on April 30, 2012 shall be as prescribed by the FSC, Executive Yuan, ROC.

Under Order No. 10510001510 (repealed on May 15, 2019, replaced by No. 10802714560 issued by the FSC), issued by the FSC on May 25, 2016, before dispatching the net income of 2016 through 2018, the Public Bank shall reserve 0.5% to 1% of net income as special reserve. Under Order No. 10802714560 issued by the FSC, it is no longer necessary to use special reserve as a way in response to the development of financial technology and the protection of the rights of employees in domestic banks from the fiscal year of 2019. The Bank can reserve the expenditure for employee transfer or placement and for employee training in financial technology development or banking business development.

Under the Financial Holding Company Act, the board of directors is empowered to execute the authority of the shareholders' meeting, which is under no jurisdiction in the related regulations in the Company Act.

The appropriations of earnings for 2020 have been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 21, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 2,878,169	
Reversal of special reserve	(12,307)	
Cash dividends	5,900,001	$ 0.68555898
Stock dividends	828,034	0.09621465

The appropriations of earnings for 2021 have been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 20, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 3,678,000	
Reversal of special reserve	(3,977)	
Cash dividends	5,149,327	$ 0.59263158
Stock dividends	3,436,648	0.39552080

The appropriations of earnings for 2022 have been proposed by the Bank's board of directors on March 8, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	$ 4,574,536
Special reserve	10,673,916

The board of directors approved the 2022 appropriations of earnings on March 8, 2023, that will be resolved by shareholder's resolution (on behalf of the shareholder's meeting) in 2023.

In accordance with FSC Guideline No. 09900146911, cash dividends and bonus to shareholders for 2009 amounting to $1,435,025 shall not be remitted to the parent company until the land transferred to SPL from the Bank is disposed and the gain is realized.

31. NET INTEREST REVENUE

	For the Year Ended December 31	
	2022	**2021**
Interest income		
Loans	$ 30,238,418	$ 21,383,076
Security investments	8,831,120	5,847,971
Due from the Central Bank and call loans to banks	3,627,285	618,101
Securities purchased under resell agreements	557,516	130,021
Credit card revolving interest rate income	494,766	507,897
Others	778,541	423,936
	44,527,646	28,911,002
Interest expenses		
Deposits	(15,311,719)	(6,882,407)
Call loans from banks	(1,558,971)	(376,960)
Bank debentures	(853,945)	(774,274)
Interest expense of structured products	(727,274)	(311,548)
Securities sold under repurchase agreements	(636,009)	(44,139)
Others	(172,623)	(107,361)
	(19,260,541)	(8,496,689)
Net amount	$ 25,267,105	$ 20,414,313

32. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2022	2021
Service fee income		
Insurance services	$ 2,438,978	$ 2,555,925
Trust and related services	2,120,410	2,615,175
Loan services	2,025,863	1,628,168
Credit card services	716,360	606,054
Others	1,306,772	1,156,855
	8,608,383	8,562,177
Service fee expenses		
Credit card services	(686,704)	(592,999)
Interbank services	(331,217)	(252,227)
Trust services	(164,340)	(164,246)
Foreign exchange transaction	(49,496)	(35,359)
Insurance services	(27,693)	(44,737)
Others	(358,557)	(345,326)
	(1,618,007)	(1,434,894)
Net amount	$ 6,990,376	$ 7,127,283

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

	For the Year Ended December 31	
	2022	2021
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Government bonds	$ (572,879)	$ (153,711)
Corporate bonds	(774,312)	107,082
Interest rate swap contracts	1,438,430	1,217,159
Future contracts	553,288	(286,522)
Currency swap contracts	349,768	193,991
Forward contracts	(396,365)	(150,119)
Option contracts	(761,007)	87,357
Others	159,517	139,801
	(3,560)	1,155,038
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Government bonds	180,034	(208,766)
Financial bond	(153,991)	(53,682)
Corporate bonds	(828,383)	(70,551)
Interest rate swap contracts	2,535,344	(778,260)
Currency swap contracts	342,051	(123,930)
Option contracts	(890,568)	(21,152)
Others	(24,348)	50,346
	1,160,139	(1,205,995)
Interest income	434,428	338,807
Dividend income	1,347	954
	$ 1,592,354	$ 288,804

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

	For the Year Ended December 31	
	2022	2021
Dividends revenue		
Holding at the end of the reporting period	$ 1,226,113	$ 597,514
Disposed in the reporting period	9,322	104,571
Gain or loss from disposal of debt instruments	(317,590)	1,028,913
	$ 917,845	$ 1,730,998

35. NET OTHER REVENUE OTHER THAN INTEREST INCOME

	For the Year Ended December 31	
	2022	2021
Rental income	$ 87,392	$ 91,069
Operating assets rental income	26,707	27,847
Others	24,173	29,404
	$ 138,272	$ 148,320

36. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2022	2021
Salaries and wages	$ 8,434,718	$ 7,716,488
Labor insurance and national health insurance	622,771	589,475
Pension costs	320,799	318,318
Cash-settled share based payment transaction	31,232	44,407
Others	841,252	736,160
	$ 10,250,772	$ 9,404,848

The Bank's Articles of Incorporation provide that the Bank shall allocate from annual profit more than 0.5% as employees' compensation and not more than 1% as remuneration of directors. But if there are accumulated losses, the Bank should make up for the losses first.

The employees' compensation and the remuneration of directors recognized were estimated on the basis of the provisions of the Bank's Articles of Incorporation and past experience. The Bank accrued $90,000 and $70,000 as employees' compensation and $34,127 and $27,000 as remuneration of directors for the years ended December 31, 2022 and 2021.

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

The board of directors approved $90,000 as employees' compensation and $34,127 as remuneration of directors on January 16, 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 $70,000 as employees' compensation and $27,000 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 Bank's board of directors had reported the remuneration of employees and directors in 2021 on behalf of the shareholder on May 20, 2022.

The information on employees' compensation and the remuneration of 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, SPH, parent company, has set up a long-term incentive compensation plan, which defers the delivery of performance bonus to the Group's high level managers, and links the stock price of SPH with the long term performance index. The Bank 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.

37. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2022	2021
Depreciation expense		
Land improvements	$ 23	$ 24
Buildings	168,059	159,550
Machinery and computer equipment	321,891	291,726
Other equipment	98,930	85,302
Leasehold improvements	58,929	55,522
Right-of-use assets	711,030	699,860
	1,358,862	1,291,984
Amortization expense	255,202	223,203
	$ 1,614,064	$ 1,515,187

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2022	2021
Taxation and fees	$ 1,600,482	$ 1,255,697
Professional advisory	626,660	481,106
Automated equipment	578,393	513,222
Marketing	527,377	408,374
Insurance	428,011	384,502
Location fee	404,847	399,734
Communications expense	333,328	308,464
Others	610,260	568,240
	$ 5,109,358	$ 4,319,339

39. EARNINGS PER SHARE

Basic earnings per share is calculated by the gain or loss attributed to the Bank's shareholder divided by the weighted-average number of common stock outstanding.

	Dollars Per Share	
	For the Year Ended December 31	
	2022	2021
Basic EPS	$ 1.63	$ 1.26

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

Net income

	For the Year Ended December 31	
	2022	2021
Net income for calculating basic EPS	$ 14,713,277	$ 11,415,318

Shares

	Shares in Thousands	
	For the Year Ended December 31	
	2022	2021
The weighted-average number of common stock outstanding in the computation of basic EPS	9,032,584	9,032,584

When calculating the EPS for the comparative period, the 2022 EPS was retrospectively adjusted for the effects of the bonus stock issuance on September 13, 2022. Thus, the basic EPS for the year ended December 31, 2021 decreased from NT$1.31 to NT$1.26.

40. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other notes to the consolidated financial statements, transactions, between the Group and other related parties are summarized as follows:

a. Related parties and their relationships with the Group

Related Party	Relationship with the Group
SinoPac Financial Holdings Company Limited (SPH)	Parent company of the Bank
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SPH
SinoPac Venture Capital Corporation (SinoPac Venture Capital)	Subsidiary of SPH
SinoPac Securities Investment Trust Co., Ltd. (SinoPac Securities Investment Trust)	Subsidiary of SPH
SinoPac Leasing Corporation (SPL)	Subsidiary of SPH

(Continued)

Related Party	Relationship with the Group
SinoPac Securities Investment Service Corporation (SinoPac Securities Investment Service)	Subsidiary of SinoPac Securities
SinoPac Securities Venture Capital Corporation (SinoPac Securities Venture Capital)	Subsidiary of SinoPac Securities
SinoPac Securities (Asia) Ltd. (SinoPac Securities (Asia))	Affiliate of SinoPac Securities
SinoPac Capital (Asia) Ltd. (SinoPac Capital (Asia))	Affiliate of SinoPac Securities
SinoPac International Leasing Corporation (SPIL)	Subsidiary of SPL
SinoPac Capital International (HK) Limited	Subsidiary of SPL
The Bankers Association of the Republic of China (BAROC)	Affiliate of SPH's chairman
SinoPac Foundation	Affiliate of SPH's chairman
Global Unichip Corp. (GUC)	Affiliate of SPH'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 SPH's general manager (before June 2022)
High Entropy Materials, Inc. (High Entropy Materials)	Affiliate of the SinoPac Venture Capital's general manager
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	SPH's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of SPH's corporate director
Quanta Computer Inc. (Quanta Computer)	Affiliate of SPH's director (before July 2022)
Pegatron Corporation (Pegatron)	Affiliate of SPH's director
Uni-President Development Corp. (Uni-President Development)	Affiliate of the Bank's director
President Chain Store Corporation (PCSC)	Affiliate of the Bank's director
ScinoPharm Taiwan, Ltd. (ScinoPharm)	Affiliate of the Bank's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of the Bank's director
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Yuanta Securities Co., Ltd. (Yuanta Securities)	Affiliate of second-degree-in-laws of the Bank's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate of the Bank's manager
Evercast Precision Industry Corporation (Evercast Precision)	Affiliate of first-degree kin of the Bank's manager
Kim Great Co., Ltd. (Kim Great)	Affiliate of second-degree kin of the Bank's manager
Hao-Xin-Di Co., Ltd. (Hao-Xin-Di)	Affiliate of second-degree kin of the Bank's manager
Zetai Investment Limited (Zetai Investment)	Affiliate of second-degree kin of the Bank's manager
Kingstate Electronics Corporation (Kingstate Electronics)	Affiliate of second-degree kin of the Bank's manager
Yong, Yu-Kang Construction Co., Ltd. (Yong, Yu-Kang Construction)	Affiliate of third-degree kin of the Bank's manager

(Continued)

Related Party	Relationship with the Group
Froch Enterprise Co., Ltd. (Froch Enterprise)	Affiliate of second-degree-in-laws of the Bank's manager
Hao Yu Co., Ltd. (Hao Yu)	Affiliate of second-degree-in-laws of the Bank's manager
Avision Inc. (Avision)	The Bank holds more than 5% of the capital of charitable trust entrusted assets
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
E Ink Holdings Inc. (E Ink Holdings)	Related party
Hsin-Yi Foundation	Related party
Transyork Technology (Yangzhou) Ltd. (Transyork Technology (Yangzhou))	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
Dream Universe Limited	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
Hoss Investment Inc (Hoss Investment)	Related party
YuanHan Materials Inc. (YuanHan Materials)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Everterminal Co., Ltd. (Everterminal)	Related party
Foundation of Fire Fighting Development	Related party
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Related party
Transcend Optronics (Yangzhou) Co., Ltd. (Transcend Optronics (Yangzhou))	Related party
YFY Packaging Inc. (YFY Packaging)	Related party
Shen's Art Printing Co., Ltd. (Shen's Art Printing)	Related party
Foongtone Technology Co., Ltd. (Foongtone Technology)	Related party
Yuen Foong Shop Co., Ltd. (Yuen Foong Shop)	Related party
YFY Biotech Co., Ltd. (YFY Biotech)	Related party
Others	The Group's directors, supervisors, managers and their relatives, department chiefs, investments accounted for using the equity method and their subsidiaries, and investees of SPH's other subsidiaries, etc.

(Concluded)

b. Significant transactions with related parties

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

	For the Year Ended December 31, 2022		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	$ 1,226,221	0.16-8.5	$ 13,824
Others	-	0.59	68

	For the Year Ended December 31, 2021		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	$ 553,791	0.025-2.2	$ 1,579

2) Derivative financial instruments

	December 31, 2022				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	$ 675,000	2020.8.3-2024.8.12	$ (4,566)	Financial liabilities at fair value through profit or loss	$ 7,122
Hua Nan Bank	11,123,563	2020.11.13-2032.3.16	398,067	Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27-2027.8.11	14,033	Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27-2023.7.27	(3,610)	Financial liabilities at fair value through profit or loss	3,610
Forward 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

	December 31, 2021				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	$ 500,000	2020.3.9-2022.3.9	$ (544)	Financial assets at fair value through profit or loss	$ 160
SinoPac Securities	675,000	2020.8.3-2024.8.12	(1,256)	Financial liabilities at fair value through profit or loss	2,555
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					
SinoPac Securities	956,800	2021.9.9-2022.5.12	9,116	Financial assets at fair value through profit or loss	9,116
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

3) Securities purchased under resell agreements

2022

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
Others	$ -	$ -	$ 14

2021

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
Others	$ -	$ -	$ 2,437

4) Receivables and payables

	December 31	
	2022	2021
Receivables		
Others	$ 269,490	$ 290,078
Payables		
Others	$ 21,436	$ 16,869
Cash dividends payable to SPH	$ 1,435,025	$ 1,435,025

5) Current income tax assets and liabilities

	December 31 2022	December 31 2021
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,055,020
Payables from adopting the linked-tax system	$ 989,706	$ 586,906

6) Loans

For the Year Ended December 31, 2022			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
$ 10,483,666	$ 12,182,074	0-10.77	$ 146,415

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

For the Year Ended December 31, 2021			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
$ 9,702,175	$ 11,726,148	0-12.9	$ 123,524

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 the Bank at the loan's signing date.

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

7) 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 the Bank at the loan's signing date.

8) Financial assets at fair value through other comprehensive income

	December 31	
	2022	**2021**
Equity instrument		
TAIFEX	$ 333,886	$ 410,315
PCSC	207,808	-
Quanta Computer	-	311,563
Others	23,032	19,659

9) Other financial assets

The Bank had interest revenue from call loans to security corporations for the year ended December 31, 2021 was $33.

10) Property and equipment

For the years ended December 31, 2022 and 2021, the Bank 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 prepayment.

The Bank leased other equipment from its related parties, due to the date, December 31, 2022 and 2021, the carrying amount were $56 and $67, respectively.

11) Intangible assets

For the years ended December 31, 2022 and 2021, the Bank purchased computer software from its related parties in the amount of $36,372 and $27,355, respectively, recognized as intangible assets.

12) Other assets

	December 31	
	2022	**2021**
Prepayments		
Others	$ 4,303	$ 4,708
Guarantee deposits		
Others	78,137	59,682

The Bank signed an agreement with other related parties for the purchase. The Bank paid $27,412 and $45,652 for the years ended December 31, 2022 and 2021, which were recorded as prepayments (other assets) or other operating expenses.

The amount of undiscounted guarantee deposits from lease contract were $12,703 and $12,903 as of December 31, 2022 and 2021, respectively.

The amount of interest revenue through above guarantee for the years ended December 31, 2022 and 2021 were $64 and $48, respectively.

13) 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

	For the Year Ended December 31, 2021	
	Purchase of Notes and Bonds	**Sell of Notes and Bonds**
SPH	$ 3,500,000	$ -
SinoPac Securities	-	10,200,000
Hua Nan Bank	-	5,003,395

14) Deposits from the Central Bank and banks

2022

	December 31		For the Year Ended December 31
	Ending Balance	**Interest Rates (%)**	**Interest Expense**
Hua Nan Bank	$ 1,228,942	0.11%-5.35%	$ 15,588

2021

	December 31		For the Year Ended December 31
	Ending Balance	**Interest Rates (%)**	**Interest Expense**
Hua Nan Bank	$ 913,755	0.09-1.30	$ 792

15) Deposits

2022

December 31		For the Year Ended December 31
Ending Balance	**Interest Rates (%)**	**Interest Expense**
$ 31,301,582	0-13	$ 265,276

	Ending Balance	Interest Rates (%)
SinoPac Securities	$ 6,220,948	0-4.55
TGL	4,998,167	0.2-0.85
GUC	1,984,002	0.001-1.01
E Ink Holdings	1,034,254	0-1.44
ScinoPharm	1,034,040	0.405-1.44
Hsin-Yi Foundation	791,639	0.01-1.9
SinoPac Securities (Asia)	513,531	0-2.75
Transyork Technology (Yangzhou)	448,182	0.05-3.1
BAROC	432,384	0-1.455
TAIFEX	400,000	0.285-1.135
Hsin Yi Recreation	281,785	0.2-2
China Color Printing	271,554	0.405-1.44
SPL	268,751	0-0.85
Taigen Biotechnology	248,812	0-3.25
Dream Universe Limited	222,946	0.05-2
YFY Biotech Management	194,824	0-1.135
Hoss Investment	184,407	0.2-1.7
YuanHan Materials	182,288	0.001-1.44
SinoPac Securities Venture Capital	179,980	0.405
SinoPac Securities Investment Service	173,052	0-1.44
SPIL	162,673	0.35-2.025
Yong Hsin Yi Enterprise	153,080	0.405-4.83
Taiwan Riken Industrial	146,724	0.001-1.195
YFY Investment	145,840	0.05-2.1
Effion Enertech	132,420	0.405-1.005
Hoss Capital	131,525	0.2-0.85
Shin Yuan Investment	126,312	0.001-4.83
Shin Foong Specialty And Applied Materials	106,957	0.405-0.85
Everterminal	100,301	0.285-0.865
Others	10,030,204	0-13
	$ 31,301,582	

2021

December 31		For the Year Ended December 31
Ending Balance	Interest Rates (%)	Interest Expense
$ 68,509,961	0-13	$ 262,104

	Ending Balance	Interest Rates (%)
Pegatron	$ 20,053,441	0.03-0.63
SinoPac Securities	17,374,974	0-0.8
Quanta Computer	7,350,088	0-0.76
SinoPac Securities (Asia)	2,781,193	0-0.9
E Ink Holdings	1,850,436	0.001-0.815
Shin Foong Specialty And Applied Materials	1,564,537	0.03-0.38
Hsin-Yi Foundation	855,914	0.01-2.3
GUC	770,390	0.001-0.76
Foundation of Fire Fighting Development	720,390	0-0.84
Transyork Technology (Yangzhou)	657,118	0.05-1.15
Taigen Biotechnology	551,865	0-0.815
YuanHan 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
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
Others	9,287,106	0-13
	$ 68,509,961	

16) Bank debentures

The Bank’s bank debentures issued for the years ended December 31, 2022 and 2021 were underwritten by SinoPac Securities who were paid $1,000 and $1,700 commission fee, respectively (recognized as discount of bank debentures).

The Bank paid interest of bank debentures to related parties for the years ended December 31, 2022 and 2021 were $47,653 and $15,660, respectively.

17) Other liabilities

	December 31	
	2022	2021
Guarantee deposits received	$ 10,803	$ 11,727
Advance receipts	11	12

18) Revenues and expenses

	For the Year Ended December 31	
	2022	2021
Lease contracts - guarantee deposits interest revenue	$ 328	$ 319
Lease contracts - interest expenses	30,402	32,705
Commissions and fee revenues	123,174	67,296
Commissions and fee expenses	72,513	71,098
Realized gains on financial assets at fair value through other comprehensive income	25,847	35,070
Net other revenue other than interest income	12,478	12,524
Lease contracts - depreciation expenses	106,193	106,893
Other general and administrative expenses	239,688	206,140

19) Operating lease

The Group as a lessee

	For the Year Ended December 31	
	2022	2021
Lease contracts - right of use, net		
SPL	$ 569,552	$ 626,145
Chunghwa Telecom	63,384	108,126
Others	10,088	13,451
Lease contracts - lease liability		
SPL	608,016	653,091
Chunghwa Telecom	64,523	109,522
Others	10,147	13,479

a) Guarantee deposits, please refer to Note 40,b.12).

b) The guarantee deposits interest revenue, lease interest expense, lease depreciation expense and other lease expense (recognized as other operating expense), please refer to Note 40,b.18).

The Group as a lessor

Lessee	Rental Income For the Year Ended December 31 2022	2021	Lease Term	Receiving Frequency
SinoPac Securities	$ 31,586	$ 31,910	November 2025	Rentals received monthly
SinoPac Securities Investment Trust	9,692	9,851	December 2029	Rentals received monthly
SPL	6,481	6,443	July 2026	Rentals received monthly
Yuen Foong Shop	4,356	4,358	January 2023	Rentals received monthly
YFY Biotech	3,396	3,396	October 2025	Rentals received monthly
Others	6,762	6,329	December 2026	Rentals received monthly

Transactions between the Bank and the related parties are at arm's length commercial terms except for the preferential interest rates offered to employees for savings and loans up to prescribed limits.

Under the Banking Act, except for government and consumer loans, credit extended by the Bank to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

For transactions between related parties with Bank SinoPac (China) and SinoPac Insurance Brokers, the terms are similar to those transacted with unrelated parties.

20) Others

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

c. Compensation of directors, supervisors and management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 314,968	$ 275,184
Post-employment benefits	2,473	15,144
	$ 317,441	$ 290,328

The management personnel are composed of general manager, vice general manager and other employee whose job grade is higher than the former.

41. PLEDGED OR MORTGAGED ASSETS

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

Restricted Assets	Object	December 31 2022	December 31 2021	Purposes
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
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

Note 1: 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: 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: 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: Pledged in accordance with the Federal Reserve Bank under the discount window program.

42. SIGNIFICANT CONTINGENT 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 were as follows:

	December 31 2022	December 31 2021
Trust assets	$ 726,153,141	$ 631,453,936
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 abovementioned unrecognized commitments, the Bank and SinoPac Securities had applied for tax concessions to Ministry of Finance regarding their technical support service expenditure relating to the financial transaction system, and had jointly signed to the system manufacturer the letter of indemnity of which 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 the Bank 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, the Bank 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, the Bank recognized operating expense in the amount of $76,250.

b. The Group entered into contracts to buy computers and office equipment were for $852,889 and $897,407 of which $541,295 and $518,148 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 the Bank 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 the Bank'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, the Bank and SPL demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. The Bank 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 the Bank, SPL and all other parties related to Procomp jointly. The amount of the claim was $4,207,212 in total.

   Both the courts of the first instance and the second instance ruled in favor of the Bank and SPL. The court believes that the Bank 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 the Bank and SinoPac Leasing did not conspire with Procomp to concealing the restricted status of Procomp.

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

   The Taiwan High Court ruled in favor of the Bank 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 the Bank's case to Taiwan High Court, currently under trial by Taiwan High Court.

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

   The Taiwan Taipei District Court ruled in favor of the Bank on February 27, 2020. Skwentex was dissatisfied and appealed in March 2020, currently under trial by Taiwan High Court.

43. 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
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	$ 95,712	$ 90,731	$ -	$ 4,981
Bonds	12,407,716	5,680,416	6,727,300	-
Others	6,877,150	-	6,877,150	-
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 FVTOCI				
Stocks and others	21,393,961	18,090,063	2,116,325	1,187,573
Debt instruments at FVTOCI				
Bonds	151,479,817	69,166,340	81,238,690	1,074,787
Certificates of deposits and others	146,233,649	554,582	145,679,067	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,790,442	-	1,790,442	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	29,579,626	2,910	26,960,314	2,616,402
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	29,085,205	8,665	27,569,457	1,507,083

Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	$ 147,365	$ 147,365	$ -	$ -
Bonds	21,845,520	20,502,418	1,343,102	-
Others	5,481,849	-	5,481,849	-
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 FVTOCI				
Stocks and others	15,299,410	12,617,198	1,281,565	1,400,647
Debt instruments at FVTOCI				
Bonds	153,301,380	76,116,304	76,216,426	968,650
Certificates of deposits and others	212,168,276	244,036	211,498,147	426,093
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,543,747	-	1,543,747	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	7,611,607	2,354	7,160,077	449,176
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	7,700,339	67,489	6,875,310	757,540

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 and 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 price; (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 takes 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 Level 1 and Level 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 Level 1 to Level 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 Level 1 to Level 2 because the Group determined these investments were not in an active market.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

Items	Beginning Balance	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	Disposed/Sold	Transfer Out of Level 3		
For the Year Ended December 31, 2022									
Non-derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	$ -	$ 4,981	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,981
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	1,400,647	-	(213,066)	-	-	(8)	-	-	1,187,573
Debt instruments at FVTOCI	1,394,743	-	(26)	-	-	(450,775)	-	130,845	1,074,787
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	449,176	2,167,226	-	-	-	-	-	-	2,616,402

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	Disposed/Sold	Transfer Out of Level 3		
For the Year Ended December 31, 2021									
Non-derivative financial instruments									
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	$ 1,200,430	$ -	$ 190,829	$ 9,388	$ -	$ -	$ -	$ -	$ 1,400,647
Debt instruments at FVTOCI	1,838,716	-	13,870	426,067	-	(835,078)	-	(48,832)	1,394,743
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	277,946	171,230	-	-	-	-	-	-	449,176

For the years ended December 31, 2022 and 2021, the gains on valuation included in net income with assets still held were gain $2,633,950 and $198,969, respectively.

For the years ended December 31, 2022 and 2021, the gains or losses on valuation included in other comprehensive income with assets still held were loss $213,092 and gain $204,699, respectively.

b) Reconciliation of Level 3 items of financial liabilities

Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
For the Year Ended December 31, 2022								
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 757,540	$ 749,543	$ -	$ -	$ -	$ -	$ -	$ 1,507,083

Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
For the Year Ended December 31, 2021								
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 881,535	$ (123,995)	$ -	$ -	$ -	$ -	$ -	$ 757,540

For the years ended December 31, 2022 and 2021, the gains or losses on valuation results included in net income from liabilities still held were loss $1,205,107 and gain $98,121, 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)
Derivative financial instruments					
Financial instruments at fair value through profit or loss					
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)	-
	$ 2,616,402	$ 1,507,083			
Non-derivative financial instruments					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	$ 4,981	$ -	Market approach	Discount factor of liquidity	20%
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	$ 1,187,573	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 1,074,787	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-

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					
Currency swap contracts -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	138,237	138,168	Sellers' quote	(Note 1)	-
	$ 449,176	$ 757,540			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	$ 1,400,647	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 968,650	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	426,093	-	Sellers' quote	(Note 2)	-
	$ 1,394,743	$ -			

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 international bonds listed in the OTC market lack liquidity, no observable liquidity reduction factor could be obtained. Therefore, no disclosure has been made.

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

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

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

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

The Bank 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 in Current Profit or Loss	
	Unfavorable Change	**Favorable Change**
Asset		
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 in Current Profit or Loss	
	Unfavorable Change	**Favorable Change**
Asset		
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 agreements, receivables, discounts and loans, some other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, payables, deposits and remittances 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
Bank debentures	56,250,137	55,325,833

Items	December 31, 2021 Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	$ 167,247,985	$ 168,491,938
Bank debentures	50,548,494	51,262,612

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	$ -
Bank debentures	55,325,833	-	29,570,833	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	$ -
Bank debentures	51,262,612	-	30,557,612	20,705,000

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

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, 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: Debt instruments investments at amortized cost with quoted price in an active market are using market price as fair value; 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-year maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.

e) Bank debentures: Bank debentures with quoted price in an active market are using market price as fair value; bank debentures with no quoted price in an active market are estimated by valuation methods or quotes from counterparties.

44. FINANCIAL RISK MANAGEMENT

a. Overview

The Group documents the risk management policies, including overall operating strategies and risks control philosophy. The Group's 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 the Group's policies are executed properly.

b. Risk management framework

The board of directors is the top risk supervisor of the Group. The board not only reviewed risk management policies and rules but also authorized management to be in charge of daily risk management work. The Bank has set up a risk management committee under the chairman of the Board to be responsible for the services above; the Bank 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 the Group's 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.

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

c. Credit risk

1) Sources and definitions of credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit-related businesses mainly refer to fund financing/advance payment, loans, credit card-related credit, acceptance, guarantee or commitment, trade financing, foreign exchange transactions, as well as the counterparty and issuer's credit risks related to investing in securities and conducting derivative trading. The issuer's credit risk should be considered as part of the market risk when the investment target is part of securities in an active market.

2) Policies and strategies

The Group 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.

The Group's 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.

The Group has 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

The Bank 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, the Bank 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

The Group 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, the Group established a credit risk assessment model for corporate banking and retail banking through statistical methods, professional judgment and clients' information. Each model is regularly monitored for its effectiveness to examine whether the predicted results match the actual conditions, and the Group will evaluate the suitability of the models accordingly.

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

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

b) Investment business

The Group manages and identifies credit risks of debt investment through credit ratings by outsiders, credit qualities of the debt, regional conditions and counterparties' risks.

The Group carries out derivative instrument transactions with counterparties in financial industry which are almost above the investment level. The Group 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

The Group has 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, the Group 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

The Group manages 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

The Group 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

The Group 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 the Bank is abnormal.

On the basis of various credit asset evaluation benchmark days of the Group, 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

The Group 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 (twn)
	A2	A	A	twAA+	AA+ (twn)
	A3	A-	A-	twAA	AA (twn)
	Baa1	BBB+	BBB+	twAA-	AA- (twn)
	Baa2	BBB	BBB	twA+	A+ (twn)
	Baa3	BBB-	BBB-	twA	A (twn)
Second grade	Ba1	BB+	BB+	twA-	A- (twn)
	Ba2	BB	BB	twBBB+	BBB+ (twn)
	Ba3	BB-	BB-	twBBB	BBB (twn)
				twBBB-	BBB- (twn)
Third grade	B1	B+	B+	twBB+	BB+ (twn)
	B2	B	B	twBB	BB (twn)
	B3	B-	B-	twBB-	BB- (twn)
				twB+	B+ (twn)
				twB	
	Caa1	CCC+	CCC+	twB-	B (twn)
	Caa2	CCC	CCC	twCCC+	B- (twn)
	Caa3	CCC-	CCC-	twCCC	CCC+ (twn)
Fourth grade	Ca	CC	CC	twCCC-	CCC (twn)
	C	C	C	twCC	CCC- (twn)
		SD	DDD	twC	CC (twn)
		D	DD	twSD	C (twn)
		R	D	twD	DDD (twn)
				twR	DD (twn)
					D (twn)
	P-1	A-1	F-1		
	P-2	A-2	F-2	twA-1	F1 (twn)
	P-3	A-3	F-3	twA-2	F2 (twn)

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

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

5) Definition of financial asset default and credit impairment

The Group's definition of financial asset default is the same as financial asset credit impairment. If one or more of the following conditions are satisfied, the Group 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 the Group.

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 the Group. 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 the Bank, 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 the bank’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 the Bank.

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

The Bank 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, the Bank will take appropriate legal action.

7) Amendment to financial asset contract cash flows

The Group 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 the Group' 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, the Group 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).

The Group 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 Group's ability to recover related contract payments.

8) Measurement of expected credit losses

For the purpose of measuring expected credit losses, the Group 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.

The Group provides 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, the Group takes 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.

The Bank 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 the Bank 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

The Bank 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. The Bank 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. The Bank 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. The Bank 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, the Bank's assessment of forward-looking information is appropriate, and is included in the Bank's assessment of expected credit losses.

10) The maximum credit exposure of the financial instruments held by the Bank 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

The Bank 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 the Group

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 the Group's 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. The Group maintains a diversified portfolio to limit its exposure to any geographic region, country or individual creditor and monitor its exposures continually. The Group's 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

d) Credit risk exposure rating

December 31, 2022	Principal				Allowance				
	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	$ 703,826,556	$ 329,318	$ 3,443,498	$ 707,599,372	$ 2,307,430	$ 97,592	$ 528,157	$ 6,145,229	$ 9,078,408
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
Accounts receivable - factoring (Note 1)	13,006,257	-	-	13,006,257	15,807	-	-	201,182	216,989
Other receivable (Note 2)	19,107,546	32,521	306,608	19,446,675	21,420	1,725	230,207	59,686	313,038
Debt instruments at fair value through other comprehensive income	297,713,466	-	-	297,713,466	45,949	-	-	-	45,949
Investment in debt instruments at amortized cost	225,476,925	-	-	225,476,925	16,774	-	-	-	16,774

December 31, 2021	Principal				Allowance				
	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	$ 593,948,243	$ 1,298,095	$ 5,365,365	$ 600,611,703	$ 1,504,195	$ 338,389	$ 830,166	$ 4,787,285	$ 7,460,035
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
Accounts receivable - factoring (Note 1)	11,445,625	-	-	11,445,625	11,562	-	-	169,288	180,850
Other receivable (Note 2)	24,016,441	21,937	256,332	24,294,710	26,820	1,955	204,577	149,929	383,281
Debt instruments at fair value through other comprehensive income	365,469,656	-	-	365,469,656	47,558	-	-	-	47,558
Investment 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: The amounts of other receivable include other financial assets non-performing receivables transferred other than loans.

12) The allowance for loss of the Group

<u>Change in allowance for discounts and loans</u>

For the Year Ended December 31, 2022	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-Impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 1,751,007	$ 562,742	$ 1,028,123	$ 3,341,872	$ 12,206,055	$ 15,547,927
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(11,607)	744,945	(30,705)	702,633	-	702,633
From conversion to credit-impaired financial assets	(1,226)	(345,240)	362,341	15,875	-	15,875
To 12-month ECL	5,615	(502,312)	(80,009)	(576,706)	-	(576,706)
Derecognizing financial assets during the current period	(1,961,851)	(178,705)	(400,242)	(2,540,798)	-	(2,540,798)
Purchased or originated new financial assets	2,617,124	10,770	127,921	2,755,815	-	2,755,815
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)
Changes in model/risk parameters	(26,662)	(5,642)	(25,028)	(57,332)	-	(57,332)
Effect of exchange rate changes and others	72,526	(624)	587,080	658,982	179,394	838,376
Balance, December 31	$ 2,444,926	$ 285,934	$ 718,288	$ 3,449,148	$ 14,145,225	$ 17,594,373

For the Year Ended December 31, 2021	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-Impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 2,192,750	$ 1,033,202	$ 999,303	$ 4,225,255	$ 10,776,189	$ 15,001,444
Changes due to financial instruments that have been recognized at the beginning of the period:						
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	(3,433,558)	(318,593)	(874,909)	(4,627,060)	-	(4,627,060)
Purchased or originated new financial assets	3,062,845	26,478	526,510	3,615,833	-	3,615,833
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)
Changes in model/risk parameters	(21,129)	(23,529)	(37,518)	(82,176)	-	(82,176)
Effect of exchange rate changes and others	(29,606)	(3,152)	863,687	830,929	(28,036)	802,893
Balance, December 31	$ 1,751,007	$ 562,742	$ 1,028,123	$ 3,341,872	$ 12,206,055	$ 15,547,927

Changes in allowance for receivable

For the Year Ended December 31, 2022	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 47,494	$ 10,418	$ 229,570	$ 287,482	$ 478,159	$ 765,641
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(1,179)	17,306	(4,236)	11,891	-	11,891
From conversion to credit-impaired financial assets	(10)	(11,918)	60,012	48,084	-	48,084
To 12-month ECL	82	(3,106)	(154)	(3,178)	-	(3,178)
Derecognizing financial assets during the current period	(32,711)	(5,359)	(29,359)	(67,429)	-	(67,429)
Purchased or originated new financial assets	26,665	20	45,551	72,236	-	72,236
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)	(53,152)	(53,381)	(76,465)	(129,846)
Changes in model/risk parameters	(213)	(253)	(1,000)	(1,466)	-	(1,466)
Effect of exchange rate changes and others	1,245	735	6,376	8,356	18,414	26,770
Balance, December 31	$ 41,372	$ 7,615	$ 253,608	$ 302,595	$ 393,951	$ 696,546

For the Year Ended December 31, 2021	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 54,009	$ 13,591	$ 269,688	$ 337,288	$ 398,229	$ 735,517
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(241)	22,163	(5,083)	16,839	-	16,839
From conversion to credit-impaired financial assets	(25)	(20,068)	63,710	43,617	-	43,617
To 12-month ECL	62	(3,400)	(60)	(3,398)	-	(3,398)
Derecognizing financial assets during the current period	(57,708)	(2,191)	(18,635)	(78,534)	-	(78,534)
Purchased or originated new financial assets	50,664	14	2,321	52,999	-	52,999
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	158,819	158,819
Write-off	(2)	(633)	(86,702)	(87,337)	(74,485)	(161,822)
Changes in model/risk parameters	2,504	(502)	(2,496)	(494)	-	(494)
Effect of exchange rate changes and others	(1,769)	1,444	6,827	6,502	(4,404)	2,098
Balance, December 31	$ 47,494	$ 10,418	$ 229,570	$ 287,482	$ 478,159	$ 765,641

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans.

Change in allowance for debt instrument at fair value through other comprehensive income

For the Year Ended December 31, 2022	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 47,558	$ -	$ -	$ 47,558
Purchased new debt instrument	15,077	-	-	15,077
Derecognized	(13,434)	-	-	(13,434)
Model/risk parameters changes	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	564	-	-	564
Balance December 31	$ 45,949	$ -	$ -	$ 45,949

For the Year Ended December 31, 2021	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 61,452	$ -	$ -	$ 61,452
Purchased new debt instrument	17,806	-	-	17,806
Derecognized	(22,317)	-	-	(22,317)
Model/risk parameters changes	(6,147)	-	-	(6,147)
Effect of exchange rate changes and others	(3,236)	-	-	(3,236)
Balance December 31	$ 47,558	$ -	$ -	$ 47,558

Change in allowance for debt instrument at amortized cost

For the Year Ended December 31, 2022	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 13,314	$ -	$ -	$ 13,314
Purchased new debt instrument	3,568	-	-	3,568
Derecognized	(197)	-	-	(197)
Model/risk parameters changes	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	1,137	-	-	1,137
Balance December 31	$ 16,774	$ -	$ -	$ 16,774

For the Year Ended December 31, 2021	Credit Rating 12-months ECL	Lifetime ECL-Not Credit Impaired	Lifetime ECL-Credit Impaired	Total
Balance January 1	$ 11,891	$ -	$ -	$ 11,891
Purchased new debt instrument	2,828	-	-	2,828
Derecognized	(186)	-	-	(186)
Model/risk parameters changes	(786)	-	-	(786)
Effect of exchange rate changes and others	(433)	-	-	(433)
Balance December 31	$ 13,314	$ -	$ -	$ 13,314

13) The financial impact of credit risk mitigation policies

a) Collateral and other credit enhancements

The Group implements 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. The Group has 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 the Group 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, the Group 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 the Bank, and there was no significant change in the overall collateral quality on the balance sheet date.

b) Amount of collateral for impaired financial assets

The Group closely observes the value of the collateral of the financial instruments and considers 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 the Bank and still have recourse activities are $48,781,006 and $47,391,803 on December 31, 2022 and 2021.

14) Management policies of collaterals assumed

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

There are no assumed collaterals of the Group as of December 31, 2022 and 2021, respectively.

15) 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			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 538,157	$ 277,018,665	0.19%	$ 3,624,654	673.53%
	Unsecured		390,080	388,551,125	0.10%	4,884,097	1,252.08%
Consumer loan	Mortgage (Note 4)		197,174	350,109,424	0.06%	5,309,215	2,692.65%
	Cash card		-	1,986	-	262	-
	Micro credit (Note 5)		91,927	32,040,000	0.29%	581,299	632.35%
	Others (Note 6)	Secured	237,400	248,337,134	0.10%	2,603,880	1,096.83%
		Unsecured	2,595	1,859,469	0.14%	21,309	821.16%
Total			1,457,333	1,297,917,803	0.11%	17,024,716	1,168.21%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for 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			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (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 Receivables	Accounts Receivables	Delinquency Ratio	Allowance for 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 ÷ Total loans.

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

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

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

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

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

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

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

Note 8: Part of non-performing receivables transferred from other than loans 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 Group (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 (financial 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 the Bank’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

The Bank 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

The Bank 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 the Bank 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

The Bank established a liquidity deficit limit and an early warning system to detect liquidity risk and take appropriate action at the right time.

The Bank 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 the Bank 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.

The Bank

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	-	1,050,426
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 the Bank 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.

The Bank 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.

The Bank

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 the Bank 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, the Bank 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.

The Bank

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 the Bank 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.

The Bank

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 the Group is lessee or lessor with non-cancelling condition.

Maturity analysis of lease commitments is summarized as follows:

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

December 31, 2021	Less than 1 Year	1-5 Years	Over 5 Years	Total
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 the Bank (New Taiwan dollars)

	December 31, 2022						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,962,049,134	$ 215,968,005	$ 211,811,856	$ 340,804,761	$ 130,210,767	$ 124,488,093	$ 938,765,652
Main capital outflow on maturity	2,334,228,600	119,987,873	200,152,007	452,181,604	271,894,034	459,487,766	830,525,316
Gap	(372,179,466)	95,980,132	11,659,849	(111,376,843)	(141,683,267)	(334,999,673)	108,240,336

	December 31, 2021						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,933,219,606	$ 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 the Bank’s position denominated in NTD.

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

(In Thousands of U.S. Dollars)

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

(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 the Bank'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. The Bank's net revenue and investment portfolio value may fluctuate when risk factors above change.

The main market risks that the Bank 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 the Bank 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, the Bank 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, the Bank 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 the Bank.

The Bank separates its transactions into hedge and non-hedge on the basis of trading purposes. For hedge transactions, the Bank should measure hedge relations, risk management goals and hedge strategies. The Bank 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 the Bank; it determines every risk management procedure and limit on the basis of its operating strategy and the business environment.

The Bank 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, the Bank 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. The Bank 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

The Bank'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 the Bank. 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

The Bank 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

The Bank 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

The Bank assesses financial instruments once a day on the basis of information obtained from independent sources if market prices are acquirable. If the Bank 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 44 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. The Bank makes stress tests using a light scenario (change in interest rate ± 100 bp, change in securities ± 15% and change in exchange rate ± 3%) and serious scenario (change in interest rate ± 200 bp, change in securities ± 30% and change in exchange rate ± 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

The Bank 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 44 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. The Bank’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, the Bank 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 44 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, the Bank sets investment position limits and stop-loss limits. The limits are approved by the board of directors. Within the limit of authority, The Bank 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 44 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 the Bank'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, the Bank 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 of net interest revenue and economic value, the Bank 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. The Bank 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. The Bank established control policies related to equity instruments to make the risk within controllable range.

a) Strategies

The Bank 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

The Bank 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 the Bank 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.

The Bank 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, the Bank 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 the Bank to basic interest rate risk. If the Bank 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 the Group 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)

The Bank 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. The Bank’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 the Bank, VaR refers to a fall in value of its holding position in a day, with a 99% confidence level. The Bank 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.

The Bank 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.

The Bank’s trading book VaR overview.

	For the Year Ended December 31, 2022		
	Average	**Maximum**	**Minimum**
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.

	For the Year Ended December 31, 2021		
	Average	**Maximum**	**Minimum**
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)

	For the Year Ended December 31, 2022		
	Average	**Maximum**	**Minimum**
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)

	For the Year Ended December 31, 2021		
	Average	**Maximum**	**Minimum**
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 Currency (In Thousands)	**Exchange Rate**	**Converted to NTD**
Financial assets			
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
Financial liabilities			
Monetary items			
USD	23,919,788	30.72355	734,900,803
CNY	15,316,877	4.40954	67,540,382

	December 31, 2021		
	Foreign Currency (In Thousands)	**Exchange Rate**	**Converted to NTD**
Financial assets			
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
Financial liabilities			
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 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 the Bank 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 the Bank 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 the Group 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 the Group retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. The Group 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, the Group still bears the interest rate risk and credit risk thus, the Group does 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					
Transactions under repurchase agreements	$ 8,012,819	$ 7,604,860	$ 8,012,819	$ 7,604,860	$ 407,959
Investments in debt instruments at amortized cost					
Transactions under repurchase agreements	1,261,905	1,173,179	1,234,563	1,173,179	61,384
Securities purchased under resell agreements					
Transactions under repurchase agreements	17,884,383	19,532,939	17,884,383	19,532,939	(1,648,556)

Category of Financial Asset	December 31, 2021				
	Transferred Financial Assets - Book Value	**Related Financial Liabilities - Book Value**	**Transferred Financial Assets - Fair Value**	**Related Financial Liabilities - Fair Value**	**Net Position - Fair Value**
Financial assets at fair value through other comprehensive income					
Transactions under repurchase agreements	$ 2,735,542	$ 2,650,255	$ 2,735,542	$ 2,650,255	$ 85,287
Securities purchased under resell agreements					
Transactions under repurchase agreements	6,671,855	7,087,481	6,671,855	7,087,481	(415,626)

16) Offsetting of financial assets and financial liabilities

The Group 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.

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

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

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

December 31, 2021

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	$ 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
	$ 53,206,568	$ -	$ 53,206,568	$ 49,274,703	$ 752,824	$ 3,179,041

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	$ 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
	$ 20,195,607	$ -	$ 20,195,607	$ 15,739,476	$ 608,415	$ 3,847,716

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

45. CAPITAL MANAGEMENT

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 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.

The Group 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

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

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

c. Statement of capital adequacy

<table>
<tr><th colspan="3" rowspan="2">Year
Analysis Items</th><th colspan="2">December 31, 2022</th><th colspan="2">December 31, 2021</th></tr>
<tr><th>Standalone</th><th>Consolidation</th><th>Standalone</th><th>Consolidation</th></tr>
<tr><td rowspan="4">Eligible capital</td><td colspan="2">Common stock equity</td><td>$ 131,763,470</td><td>$ 131,649,588</td><td>$ 132,290,534</td><td>$ 134,619,600</td></tr>
<tr><td colspan="2">Other Tier 1 capital</td><td>25,500,000</td><td>25,500,000</td><td>18,058,460</td><td>20,500,000</td></tr>
<tr><td colspan="2">Tier 2 capital</td><td>36,593,521</td><td>37,257,388</td><td>32,523,527</td><td>38,218,773</td></tr>
<tr><td colspan="2">Eligible capital</td><td>193,856,991</td><td>194,406,976</td><td>182,872,521</td><td>193,338,373</td></tr>
<tr><td rowspan="9">Risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized approach</td><td>1,233,811,625</td><td>1,286,920,928</td><td>1,070,623,669</td><td>1,135,596,901</td></tr>
<tr><td>Internal rating - based approach</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Securitization</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Operational risk</td><td>Basic indicator approach</td><td>78,079,609</td><td>80,281,805</td><td>50,726,187</td><td>52,454,161</td></tr>
<tr><td>Standardized approach/ alternative standardized approach</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Advanced measurement approach</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Market risk</td><td>Standardized approach</td><td>40,190,797</td><td>41,473,770</td><td>35,846,921</td><td>36,848,684</td></tr>
<tr><td>Internal model approach</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Total risk-weighted assets</td><td>1,352,082,031</td><td>1,408,676,503</td><td>1,157,196,777</td><td>1,224,899,746</td></tr>
<tr><td colspan="3">Capital adequacy ratio</td><td>14.34%</td><td>13.80%</td><td>15.80%</td><td>15.78%</td></tr>
<tr><td colspan="3">Common stock equity risk - based capital ratio</td><td>9.75%</td><td>9.35%</td><td>11.43%</td><td>10.99%</td></tr>
<tr><td colspan="3">Tier 1 risk - based capital ratio</td><td>11.63%</td><td>11.16%</td><td>12.99%</td><td>12.66%</td></tr>
<tr><td colspan="3">Leverage ratio</td><td>6.32%</td><td>6.14%</td><td>6.66%</td><td>6.83%</td></tr>
</table>

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

Note 2: The Bank shall disclose the capital adequacy ratio for the current and previous years in annual financial reports. For semiannual financial report, the Bank 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 the Bank's capital adequacy ratio calculation until disposed outside the Group.

46. CROSS-SELLING INFORMATION

The Bank charged SinoPac Securities for $6,907 and $12,113, respectively, for the years ended December 31, 2022 and 2021 for bonus as opening accounts as part of the cross-selling agreement.

The Bank paid to SinoPac Securities $5,059 and $5,155, respectively, for the years ended December 31, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Leasing for $31 and $304, respectively, for the years ended December 31, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Leasing $14 and $38, respectively, for the years ended December 31, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Venture Capital $14 for the year ended December 31, 2021 for bonus as part of the cross-selling agreement.

For other transactions between SPH and its subsidiaries, please refer to Note 40 and Table 2.

47. PROFITABILITY

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.76%	0.63%
	After income tax	0.64%	0.55%
Return on net worth	Before income tax	12.37%	9.27%
	After income tax	10.47%	8.07%
Profit margin		40.01%	37.17%

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

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth.

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2022 and 2021.

48. TRUST BUSINESS UNDER THE TRUST LAW

a. Balance sheets, income statement and trust properties of trust accounts

These statements were managed by the Bank's Trust Department. However, these items were not included in the Bank's financial statements.

Balance Sheets of Trust Accounts
December 31, 2022 and 2021

	December 31			
	2022	**%**	**2021**	**%**
Trust assets				
Bank deposits	$ 9,283,663	1	$ 7,043,443	1
Bonds	20,643,263	3	12,995,616	2
Stocks	27,245,074	4	28,902,543	4
Funds	120,215,420	17	108,012,869	17
Securities lent	445,872	-	631,974	-
Receivables	210,197	-	120,980	-
Prepayments	27,674	-	8,255	-
Real estate				
Land	24,894,415	3	17,365,819	3
Buildings	131,549	-	148,593	-
Construction in progress	10,768,398	1	3,988,057	1
Securities under custody	512,289,584	71	452,237,693	72
Total trust assets	$ 726,155,109	100	$ 631,455,842	100
Trust liabilities				
Payables	$ 1,967	-	$ 1,906	-
Payable on securities under custody	512,289,584	71	452,237,693	72
Trust capital	211,248,349	29	173,502,392	27
Reserves and cumulative earnings				
Net income	(1,164,016)	-	3,676,892	1
Cumulative earnings	5,713,852	-	2,551,788	-
Deferred amount	(1,934,627)	-	(514,829)	-
Total trust liabilities	$ 726,155,109	100	$ 631,455,842	100

Note: As of December 31, 2022 and 2021, the Bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to $5,465,287 and $3,581,926, respectively. As of December 31, 2022 and 2021, the Bank's Offshore Banking Unit invested in domestic securities under specific purpose trust accounts amounting to $1,018,525 and $891,638, respectively.

Income Statements of Trust Account
Years Ended December 31, 2022 and 2021

	Years Ended December 31			
	2022	%	2021	%
Trust income				
Interest income	$ 28,190	1	$ 12,057	-
Borrowed Securities income	23,747	1	17,016	1
Cash dividends	2,092,906	89	688,614	18
Gains from beneficial certificates	45,491	2	38,830	1
Realized investment income	116,675	5	207,647	6
Unrealized investment income	21,954	1	2,810,873	74
Donation revenue - charitable trust	13,225	1	8,435	-
Total trust income	2,342,188	100	3,783,472	100
Trust expense				
Trust administrative expenses	11,037	-	8,694	-
Tax expenses	53	-	34	-
Donation expense - charitable trust	6,570	-	9,389	1
Realized investment loss	6,850	-	1,469	-
Unrealized investment loss	3,480,961	149	86,322	2
Other expense	733	-	672	-
Total trust expense	3,506,204	149	106,580	3
(Loss) income before income tax	(1,164,016)	(49)	3,676,892	97
Income tax expense	-	-	-	-
(Loss) income after income tax	$ (1,164,016)	(49)	$ 3,676,892	97

Trust Properties of Trust Accounts
December 31, 2022 and 2021

	December 31	
Investment Portfolio	2022	2021
Bank deposits	$ 9,283,663	$ 7,043,443
Bonds	20,643,263	12,995,616
Stocks	27,245,074	28,902,543
Funds	120,215,420	108,012,869
Securities lent	445,872	631,974
Real estate		
Land	24,894,415	17,365,819
Buildings	131,549	148,593
Construction in progress	10,768,398	3,988,057
Securities under custody	512,289,584	452,237,693
Total	$ 725,917,238	$ 631,326,607

b. The operations of the Bank’s Trust Department consist of planning, managing and operating of trust business and affiliated business. These operations are governed by the Banking Law and the Trust Law.

49. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Acquired and disposed of investment at costs or prices of at least NT$300 million or 10% of the issued capital	None
2	Acquisition of individual real estates at costs of at least NT$300 million or 10% of the issued capital	None
3	Disposal of individual real estates at prices of at least NT$300 million or 10% of the issued capital	None
4	Allowance for service fee to related parties amounting to at least NT$5 million	None
5	Receivables from related parties amounting to at least NT$300 million or 10% of the issued capital	Table 1
6	Trading information - sale of non-performing loans	None
7	Financial asset securitization	None
8	Related parties transaction	Table 2
9	Other significant transactions which may affect the decisions of financial report users	None

b. Information related to subsidiary:

No.	Item	Explanation
1	Financing provided	None (Note)
2	Endorsements/guarantees provided	None (Note)
3	Marketable securities held	None (Note)
4	Acquisition and disposal of marketable securities at costs or prices of at least NT$300 million or 10% of the issued capital	None (Note)
5	Derivative transactions	Note 8

Note: Subsidiaries which belong to financial, insurance, securities industries and its main business registration include financing provided, endorsements/guarantees provided, acquisition and disposal of marketable securities do not need to disclose above information.

c. The related information and proportionate share in investees: Table 3.

d. Information on incorporate branches and investment in Mainland China: Table 4.

e. Information of major shareholders: Due to The Bank is not-listed on the Exchange and OTC Banking, not required for disclosure.

50. OPERATING SEGMENT INFORMATION

Based on chief decision maker's resource allocation and department performance review, the Bank has divided the business segments based on the services and products provided, excluding subsidiary accounted under the equity method.

The accounting standards and policies apply to all the business segments in accordance with IFRS 8 "Operating Segments". The Bank's operating segments for the years ended December 31, 2022 and 2021 are without change. The Bank reports the following:

Domestic branches: Provide services and products through 123 branches and Banking Division of the Head Office.

Financial transaction: Provide investment and bonds transaction services through financial operation units.

Overseas branches: Provide services and products for overseas customers through overseas branches.

Other business segments: Include retail finance (formerly was consumer finance and automobile loan), SinoPac Insurance Brokers - the Bank's subsidiary and Bank SinoPac (China) Ltd. - the Bank's subsidiary were not identified to disclose as individual segments.

The Group's reporting segments revenue and operating result are shown in the following table.

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Year Ended December 31, 2022						
		Domestic Branches	Financial Transaction	Overseas Branches	Others	Operating Segments	Non-operating Segments	Total
Income (loss)	Net interest revenue	$ 17,461,018	$ (156,354)	$ 3,497,814	$ 2,394,783	$ 23,197,261	$ 2,069,844	$ 25,267,105
	Interest income	22,809,740	18,638	7,307,597	3,981,673	34,117,648	10,409,998	44,527,646
	Revenue amount segments	8,413,524	239,811	(1,646,700)	(405,456)	6,601,179	(6,601,179)	-
	Interest expenses	(13,762,246)	(414,803)	(2,163,083)	(1,181,434)	(17,521,566)	(1,738,975)	(19,260,541)
	Service fee and commissions income, net	6,052,478	(53,253)	637,101	667,594	7,303,920	(313,544)	6,990,376
	Others	458,470	1,656,209	438,930	105,013	2,658,622	1,856,867	4,515,489
	Net revenue	23,971,966	1,446,602	4,573,845	3,167,390	33,159,803	3,613,167	36,772,970
	Bad debts expense, commitment and guarantee liability provision	(1,242,175)	-	(768,035)	(133,611)	(2,143,821)	(282,134)	(2,425,955)
	Operating expenses	(12,503,399)	(439,630)	(1,553,116)	(2,393,365)	(16,889,510)	(84,684)	(16,974,194)
	Profit from continuing operations before tax	10,226,392	1,006,972	2,252,694	640,414	14,126,472	3,246,349	17,372,821
	Income tax expense	(1,543,356)	(151,971)	(339,569)	(129,560)	(2,164,456)	(495,088)	(2,659,544)
	Net income	8,683,036	855,001	1,913,125	510,854	11,962,016	2,751,261	14,713,277

Area segment

	For the Year Ended December 31, 2022			
	Taiwan	America	Asia	Total
Net revenue	$ 30,707,873	$ 701,355	$ 5,363,742	$ 36,772,970

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Year Ended December 31, 2021						
		Domestic Branches	Financial Transaction	Overseas Branches	Others	Operating Segments	Non-operating Segments	Total
Income (loss)	Net interest revenue	$ 14,444,578	$ (25,230)	$ 3,151,104	$ 2,396,080	$ 19,966,532	$ 447,781	$ 20,414,313
	Interest income	16,403,567	5,886	3,911,378	3,418,401	23,739,232	5,171,770	28,911,002
	Revenue amount segments	4,109,440	60,692	(295,506)	(271,975)	3,602,651	(3,602,651)	-
	Interest expenses	(6,068,429)	(91,808)	(464,768)	(750,346)	(7,375,351)	(1,121,338)	(8,496,689)
	Service fee and commissions income, net	6,441,277	(94,274)	494,859	586,431	7,428,293	(301,010)	7,127,283
	Others	326,523	820,737	446,441	(159,859)	1,433,842	1,735,905	3,169,747
	Net revenue	21,212,378	701,233	4,092,404	2,822,652	28,828,667	1,882,676	30,711,343
	Bad debts expense, commitment and guarantee liability provision	(1,039,229)	-	(919,331)	(172,557)	(2,131,117)	(231,819)	(2,362,936)
	Operating expenses	(11,247,841)	(335,728)	(1,344,488)	(2,171,081)	(15,099,138)	(140,236)	(15,239,374)
	Profit from continuing operations before tax	8,925,308	365,505	1,828,585	479,014	11,598,412	1,510,621	13,109,033
	Income tax expense	(1,136,963)	(46,560)	(233,196)	(71,275)	(1,487,994)	(205,721)	(1,693,715)
	Net income	7,788,345	318,945	1,595,389	407,739	10,110,418	1,304,900	11,415,318

Area segment

	For the Year Ended December 31, 2021			
	Taiwan	America	Asia	Total
Net revenue	$ 26,023,226	$ 550,666	$ 4,137,451	$ 30,711,343

TABLE 1

BANK SINOPAC

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 Period	Allowance for Bad Debts
					Amount	Action Taken		
Bank SinoPac	SinoPac Financial Holdings Company Limited	The parent company of the Bank	$ 1,055,024 (Note)	-	$ -	-	$ -	$ -

Note: Most of receivables resulted from the use of the linked-tax system (recognized in current income tax assets) and related parties.

TABLE 2

BANK SINOPAC AND SUBSIDIARIES

RELATED PARTIES TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statements Account	Transaction Amount	Transaction Item	Percentage of Consolidated Revenue/Assets (%) (Note 3)
0	Bank SinoPac	Bank SinoPac (China) Ltd.	a	Cash and cash equivalents, net	$ 1,351	Note 4	-
		Bank SinoPac (China) Ltd.	a	Due from the Central Bank and call loans to bank, net	3,071,068	Note 4	0.13
		Bank SinoPac (China) Ltd.	a	Receivables, net	101,805	Note 4	-
		Bank SinoPac (China) Ltd.	a	Deposits from the Central Bank and banks	15,275	Note 4	-
		Bank SinoPac (China) Ltd.	a	Interest income	74,057	Note 4	0.20
		SinoPac Insurance Brokers Ltd.	a	Deposits and remittances	77,083	Note 4	-
1	Bank SinoPac (China) Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	15,275	Note 4	-
		Bank SinoPac	b	Deposits from the Central Bank and banks	3,072,419	Note 4	0.13
		Bank SinoPac	b	Payables	101,805	Note 4	-
		Bank SinoPac	b	Interest expenses	74,057	Note 4	0.20
2	SinoPac Insurance Brokers Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	14,042	Note 4	-
		Bank SinoPac	b	Other financial assets, net	63,041	Note 4	-

Note 1: Transactions between parent company and subsidiaries should be distinguished as follows:

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

Note 2: Types of transactions with related parties were classified as follows:

a. Parent company to subsidiaries.
b. Subsidiaries to parent company.
c. Subsidiaries to subsidiaries.

Types of transactions with related parties classified as category a, in the trading relationship and material intercompany transactions between parent company and subsidiaries above, are iXBRL reporting items which are based on the Taiwan Stock Exchange letter (Ref. No. 1030005380).

Note 3: In the computation of percentage of consolidated 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 the amount of income or expense, the accounts percentage will be the amount dividing by the consolidated revenues in the same period.

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

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTED ENTERPRISES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or Thousands Shares)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Gains (Losses)	Consolidated Investment				Note
						Shares	Imitated Shares	Total		
								Shares	Percentage of Ownership (%)	
Financial related enterprise										
Bank SinoPac (China) Ltd.	China	Commercial Bank	100.00	$ 10,014,775	$ 285,976	-	-	-	100.00	Subsidiary and Note 1
SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage business	100.00	71,504	(1,916)	100	-	100	100.00	Subsidiary and Note 1
Global Securities Finance Corporation	Taiwan	Investment management	2.64	5,292	-	535	-	535	2.88	
Taipei Foreign Exchange Inc.	Taiwan	Foreign exchange market maker	3.43	23,032	4,760	680	-	680	3.43	Note 2
Taiwan Futures Exchange	Taiwan	Futures exchange and settlement	1.07	333,886	14,211	9,977	-	9,977	2.08	Note 2
Fuh Hwa Securities Investment Trust Co., Ltd.	Taiwan	Securities investment trust and consultant	4.63	128,687	41,691	2,779	-	2,779	4.63	Note 2
Financial Information Service Co., Ltd.	Taiwan	Planning and developing the information system of across banking institution and managing the information web system	2.48	476,472	35,548	12,927	-	12,927	2.48	Note 2
Taiwan Asset Management Corporation	Taiwan	Evaluating, auctioning, and managing for financial institutions' loan	0.28	13,980	1,950	3,000	-	3,000	0.28	Note 2
Taiwan Financial Asset Service Co.	Taiwan	Auction	5.88	93,000	1,100	10,000	-	10,000	5.88	Note 2
Sunny Asset Management Corp.	Taiwan	Purchasing for financial institutions' loan assets	1.42	402	130	85	-	85	1.42	Note 2
Taiwan Depository and Clearing Co.	Taiwan	Computerizing book-entry operation for securities	0.08	33,822	1,519	5,373	-	5,373	0.92	Note 2
Taiwan Mobile Payment Corporation	Taiwan	Promoting E-commerce and developing E-billing	1.00	1,386	-	600	-	600	1.00	
Nonfinancial related enterprise										
Taiwan Television Enterprise, Ltd.	Taiwan	Wireless television company	4.84	76,116	-	13,805	-	13,805	4.92	
Victor Taichung Machinery Works Co., Ltd.	Taiwan	Manufacturer and seller of tool machine, plastic machine and other precise equipment	0.08	1,498	47	0.16	-	0.16	0.08	Note 2

Note 1: Foreign-currency amounts were translated at the exchange rate on the balance sheet date, except for foreign-currency-denominated income and expenses, which were translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2022.

Note 2: Investment gains are dividend income.

Note 3: Above shares are in thousands of shares.

TABLE 4

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

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	Earnings (Losses) of Investee (Notes 2 and 3)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Notes 2 and 3)	Carrying Value (Notes 2 and 3)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Bank SinoPac (China) Ltd.	Commercial Bank	$ 9,950,464	Investment in Mainland China directly	$ 9,950,464	$ -	$ -	$ 9,950,464	$ 287,940	100	$ 285,976	$ 10,014,775	$ -

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$9,950,464	$9,950,464	$82,716,360

Note 1: The accumulated investment amounts in Mainland China as of December 31, 2022 are US$323,871 thousand and had been authorized by the Investment Commission, MOEA are US$323,871 thousand.

Note 2: Earnings of investee, equity in the earnings and carrying value for the year ended December 31, 2022 have been audited by independent certified public accountants.

Note 3: Foreign currencies are translated to New Taiwan dollars with current rate of the date of balance sheet, only the gains or losses investments are translated with current period average rate.

Appendix II

Bank SinoPac

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholder
Bank SinoPac

Opinion

We have audited the accompanying financial statements of Bank SinoPac (the Bank), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Securities Firms and the guidelines issued by the authority.

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 Financial Statements section of our report. We are independent of the Bank 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the 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 Bank's 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 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 45 to the accompanying 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Securities Firms and the guidelines issued by the authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank 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 Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank 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 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 8, 2023

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

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

BANK SINOPAC

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 41)	$ 51,449,457	2	$ 43,237,986	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7, 41 and 42)	276,872,760	12	205,964,164	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 41)	51,971,954	2	44,404,579	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9 and 41)	301,671,750	13	368,963,992	18
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 42)	225,460,151	10	167,247,985	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 41)	60,264,108	3	46,121,524	2
RECEIVABLES, NET (Notes 4, 12 and 41)	50,122,188	2	53,123,666	3
CURRENT INCOME TAX ASSETS (Notes 4, 30 and 41)	1,138,146	-	1,104,320	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 41 and 42)	1,280,566,011	55	1,149,417,902	54
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	10,086,279	1	9,766,161	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 15 and 41)	4,354,809	-	3,942,295	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 16, 18 and 41)	9,526,380	-	9,481,471	-
RIGHT-OF-USE ASSETS, NET (Notes 4, 17 and 41)	2,563,465	-	2,536,483	-
INVESTMENT PROPERTY, NET (Notes 4 and 18)	1,025,508	-	1,051,692	-
INTANGIBLE ASSETS, NET (Notes 4, 19 and 41)	1,641,345	-	1,511,297	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 30)	1,297,694	-	1,321,865	-
OTHER ASSETS, NET (Notes 20 and 41)	9,139,465	-	2,559,543	-
TOTAL	$ 2,339,151,470	100	$ 2,111,756,925	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 21 and 41)	$ 70,286,599	3	$ 67,864,800	3
DUE TO THE CENTRAL BANK AND BANKS	-	-	205,030	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 41)	30,191,306	1	8,640,489	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10, 11 and 22)	28,310,978	1	9,737,736	1
PAYABLES (Notes 4, 23, 28, 37 and 41)	20,396,752	1	16,737,374	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 30 and 41)	1,212,298	-	853,287	-
DEPOSITS AND REMITTANCES (Notes 24 and 41)	1,956,478,218	84	1,795,796,499	85
BANK DEBENTURES (Notes 25 and 41)	56,250,137	3	50,548,494	2
OTHER FINANCIAL LIABILITIES (Note 26)	29,467,278	1	9,624,737	1
PROVISIONS (Notes 4, 27 and 28)	2,499,880	-	3,027,422	-
LEASE LIABILITIES (Notes 4, 17 and 41)	2,625,615	-	2,559,860	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 30)	1,128,363	-	776,194	-
OTHER LIABILITIES (Notes 29 and 41)	2,443,446	-	2,256,339	-
Total liabilities	2,201,290,870	94	1,968,628,261	93
EQUITY				
Capital stock				
Common stock	90,325,841	4	86,889,193	4
Capital surplus	12,147,640	1	12,147,640	1
Retained earnings				
Legal reserve	33,468,449	1	29,790,449	1
Special reserve	357,169	-	361,146	-
Unappropriated earnings	15,248,452	1	12,259,998	1
Total retained earnings	49,074,070	2	42,411,593	2
Other equity	(13,686,951)	(1)	1,680,238	-
Total equity	137,860,600	6	143,128,664	7
TOTAL	$ 2,339,151,470	100	$ 2,111,756,925	100

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

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		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	$ 42,379,409	119	$ 27,179,115	91	56
INTEREST EXPENSES	(18,153,646)	(51)	(7,848,027)	(26)	131
NET INTEREST REVENUE (Notes 4, 32 and 41)	24,225,763	68	19,331,088	65	25
NET REVENUES OTHER THAN INTEREST (Note 4)					
Service fee income, net (Notes 33 and 41)	6,856,032	19	7,034,990	24	(3)
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 34 and 41)	1,966,476	5	580,695	2	239
Realized gains on financial assets at fair value through other comprehensive income (Notes 35 and 41)	791,290	2	1,601,400	5	(51)
(Losses) gains arising from derecognition of financial assets measured at amortized cost	(83,790)	-	23,207	-	(461)
Foreign exchange gains	1,622,770	5	919,439	3	76
(Impairment loss on assets) reversal of impairment loss on assets (Note 15)	(14,226)	-	53,243	-	(127)
Share of profit of subsidiaries (Note 14)	284,060	1	105,801	-	168
Net other revenue other than interest income (Notes 36 and 41)	132,881	-	151,013	1	(12)
Net revenues other than interest	11,555,493	32	10,469,788	35	10
NET REVENUE	35,781,256	100	29,800,876	100	20
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 12, 13, 15 and 27)	(2,380,745)	(7)	(2,249,331)	(7)	6

(Continued)

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		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 28, 37 and 41)	$ (9,686,777)	(27)	$ (8,894,131)	(30)	9
Depreciation and amortization expense (Notes 4, 17, 38 and 41)	(1,495,253)	(4)	(1,398,070)	(5)	7
Other general and administrative expenses (Notes 39 and 41)	(4,935,258)	(14)	(4,178,298)	(14)	18
Total operating expenses	(16,117,288)	(45)	(14,470,499)	(49)	11
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	17,283,223	48	13,081,046	44	32
INCOME TAX EXPENSE (Notes 4 and 30)	(2,569,946)	(7)	(1,665,728)	(6)	54
NET INCOME	14,713,277	41	11,415,318	38	29
OTHER COMPREHENSIVE INCOME (Note 4)					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plans	478,041	1	128,519	-	272
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Note 31)	(3,285,187)	(9)	1,784,617	6	(284)
Change in fair value of financial liability attributable to change in credit risk of liability (Note 31)	39,237	-	(3,539)	-	1,209
Income tax related to items that will not be reclassified to profit or loss (Notes 30 and 31)	(95,608)	-	(25,704)	-	272
Items that will not be reclassified to profit or loss	(2,863,517)	(8)	1,883,893	6	(252)

(Continued)

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		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Items that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations (Note 31)	$ 141,386	-	$ (77,140)	-	283
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method (Note 31)	(105,328)	-	54,302	-	(294)
Losses from investments in debt instruments measured at fair value through other comprehensive income (Note 31)	(11,997,343)	(33)	(3,918,548)	(13)	206
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 30 and 31)	(7,212)	-	4,568	-	(258)
Items that will be reclassified to profit or loss	(11,968,497)	(33)	(3,936,818)	(13)	204
Other comprehensive income	(14,832,014)	(41)	(2,052,925)	(7)	622
TOTAL COMPREHENSIVE INCOME	$ (118,737)	-	$ 9,362,393	31	(101)
EARNINGS PER SHARE (Note 40)					
Basic	$ 1.63		$ 1.26		

The accompanying notes are an integral part of the financial statements. (Concluded)

BANK SINOPAC

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 31)		Retained Earnings (Notes 9 and 31)				Other Equity (Notes 4 and 31)				
	Common Stock	Capital Surplus (Note 31)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total	Total Equity
BALANCE AT JANUARY 1, 2021	$ 86,061,159	$ 12,147,640	$ 26,912,280	$ 373,453	$ 9,593,897	$ 36,879,630	$ (582,164)	$ 5,242,350	$ (82,343)	$ 4,577,843	$ 139,666,272
Appropriation and distribution of retained earnings generated in 2020											
Legal reserve	-	-	2,878,169	-	(2,878,169)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(12,307)	12,307	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(5,900,001)	(5,900,001)	-	-	-	-	(5,900,001)
Stock dividends - common stock	828,034	-	-	-	(828,034)	(828,034)	-	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	11,415,318	11,415,318	-	-	-	-	11,415,318
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	102,815	102,815	(61,711)	(2,090,490)	(3,539)	(2,155,740)	(2,052,925)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	11,518,133	11,518,133	(61,711)	(2,090,490)	(3,539)	(2,155,740)	9,362,393
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	741,865	741,865	-	(741,865)	-	(741,865)	-
BALANCE AT DECEMBER 31, 2021	86,889,193	12,147,640	29,790,449	361,146	12,259,998	42,411,593	(643,875)	2,409,995	(85,882)	1,680,238	143,128,664
Appropriation and distribution of retained earnings generated in 2021											
Legal reserve	-	-	3,678,000	-	(3,678,000)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,977)	3,977	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(5,149,327)	(5,149,327)	-	-	-	-	(5,149,327)
Stock dividends - common stock	3,436,648	-	-	-	(3,436,648)	(3,436,648)	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	14,713,277	14,713,277	-	-	-	-	14,713,277
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	382,433	382,433	113,108	(15,366,792)	39,237	(15,214,447)	(14,832,014)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	15,095,710	15,095,710	113,108	(15,366,792)	39,237	(15,214,447)	(118,737)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	152,742	152,742	-	(152,742)	-	(152,742)	-
BALANCE AT DECEMBER 31, 2022	$ 90,325,841	$ 12,147,640	$ 33,468,449	$ 357,169	$ 15,248,452	$ 49,074,070	$ (530,767)	$ (13,109,539)	$ (46,645)	$ (13,686,951)	$ 137,860,600

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

BANK SINOPAC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 17,283,223	$ 13,081,046
Adjustments to reconcile profit:		
Depreciation expenses	1,260,050	1,192,410
Amortization expenses	235,203	205,660
Provision for bad debt expense	2,804,753	2,778,418
Interest expenses	18,153,646	7,848,027
Net loss (gain) arising from derecognition of financial assets measured at amortized cost	83,790	(23,207)
Interest income	(42,379,409)	(27,179,115)
Dividend income	(1,236,782)	(703,039)
Net change in provisions for guarantee liabilities	(56,610)	83,467
Net change in other provisions	113,355	(44,351)
Share of profit of subsidiaries for using equity method	(284,060)	(105,801)
Losses on disposal and retirement of property and equipment	4,258	5,490
Property and equipment transferred to expense	1,403	595
Impairment loss on financial assets (reversal of impairment loss on financial assets)	41,724	(53,243)
Reversal of impairment loss on non-financial assets	(27,498)	-
Net gains on changing in leasing contracts	(87)	(429)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(22,238,322)	(4,375,142)
(Increase) decrease in financial assets at fair value through profit or loss	(7,567,375)	9,931,271
Decrease (increase) in financial assets at fair value through other comprehensive income	52,018,131	(40,455,743)
Increase in investments in debt instruments at amortized cost	(58,157,747)	(4,850,899)
Increase in securities purchased under resell agreements	(1,148,202)	(4,152)
Decrease (increase) in receivables	5,028,254	(8,999,253)
Increase in discounts and loans	(134,326,220)	(41,149,822)
(Increase) decrease in other financial assets	(465,568)	3,963,772
(Increase) decrease in other assets	(6,115,864)	1,270,732
Increase (decrease) in deposits from the Central Bank and banks	2,421,799	(3,572,107)
Increase (decrease) in financial liabilities at fair value through profit or loss	21,590,054	(11,855,435)
Increase in securities sold under repurchase agreements	18,573,242	6,036,413
Increase in payables	1,293,990	2,841,058
Increase in deposits and remittances	160,681,719	165,562,206
Increase (decrease) in other financial liabilities	19,842,541	(417,556)
Decrease in provisions for employee benefits	(605,055)	(251,346)
Increase (decrease) in other liabilities	187,107	(3,422,554)
Net cash generated from operations	47,009,443	67,337,371
Interest received	40,154,442	27,029,587
Dividends received	1,206,235	702,842

(Continued)

BANK SINOPAC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	$ (15,623,169)	$ (8,272,872)
Income tax paid	(1,929,760)	(1,125,479)
Net cash generated from operating activities	70,817,191	85,671,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(836,512)	(868,564)
Proceeds from disposal of property and equipment	138	302
Acquisition of intangible assets	(164,098)	(124,290)
Acquisition of right-of-use assets	(336)	(695)
Acquisition of investment properties	(1,736)	(245)
Net cash used in investing activities	(1,002,544)	(993,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(205,030)	124,650
Bank debentures issued	7,000,000	11,000,000
Repayment of bank debentures payable	(1,300,000)	(5,530,000)
Repayments of lease liabilities	(600,846)	(608,248)
Cash dividends paid	(5,149,327)	(5,900,001)
Net cash used in financing activities	(255,203)	(913,599)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	316,683	(97,068)
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,876,127	83,667,290
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	$ 236,770,425	$ 153,103,135
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 306,646,552	$ 236,770,425

Reconciliation of the amounts in the statement of cash flows with the equivalent items reported in the balance sheets as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents in balance sheets	$ 51,449,457	$ 43,237,986
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	196,109,283	147,439,009
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	59,087,812	46,093,430
Cash and cash equivalents at the end of year	$ 306,646,552	$ 236,770,425

The accompanying notes are an integral part of the financial statements. (Concluded)

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

1. ORGANIZATION

August 8, 1991	Bank SinoPac (the Bank) obtained government approval to incorporate.
January 28, 1992	The Bank started operations.
May 9, 2002	The Bank swap shares with SinoPac Securities Corporation and SinoPac Securities Co., Ltd. (SPS) to establish SinoPac Financial Holdings Company Limited (SPH), a financial holding company, resulting in the Bank becoming an unlisted wholly owned subsidiary of SPH, the ultimate parent company of SPH.
December 26, 2005	SPH finished the merger with International Bank of Taipei Co., Ltd. (IBT), through a 100% share swap.
May 8, 2006	The board of directors of IBT resolved to transfer credit card business and related assets and liabilities to SinoPac Card Services Co., Ltd. (SinoPac Card). The transaction has been approved by the authorities on June 22, 2006 and the assets have been transferred at the book value of $5,171,080 on August 4, 2006.
November 13, 2006	The preliminary effective date of the share swap and merger. The Bank acquired the assets and liabilities of IBT through a share swap at ratio of 1.175 shares of the Bank to swap for 1 share of IBT.
June 1, 2009	The Bank's cash merger with SinoPac Card took effect, with this merger amounting to $3,873,675. Under this merger, the Bank was the surviving entity.
November 1, 2015	The Bank assumed all of the assets and liabilities of the Ho Chi Minh City Branch of Far East National Bank and renamed this branch Bank SinoPac, Ho Chi Minh City Branch. The transaction price was US$28,540 thousand.
May 1, 2019	SinoPac Call Center Co., Ltd. (SinoPac Call Center) which is a wholly-owned subsidiary of SPH was cash merged by the Bank. Under this merger, SinoPac Call Center was the dissolved company and the Bank was the surviving entity, assuming all business, assets, liabilities and all rights and obligations.
August 1, 2019	Due to permission, the Bank may also operate within the insurance industry. Then the board of directors of the Bank applied for the qualification to operate as an insurance agency and for the rights to merge SinoPac Life Insurance Agent Co., Ltd. and SinoPac Property Insurance Agent Co., Ltd., which are both 100% shareholding subsidiaries of the Bank. The Bank is the surviving company, and the two subsidiaries were liquidated.

The Bank's ultimate parent and controller is SinoPac Holdings, which holds 100% common stock of the Bank.

The functional currency of the Bank is the New Taiwan dollar. The financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Bank's board of directors on March 8, 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 Bank's accounting policies.

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

New IFRSs	Effective Date Announced by IASB
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 financial statements were authorized for issue, the Bank assessed that the application of the above standards and interpretations will have no material impact on the Bank's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Securities Firms and the guidelines issued by the authority.

Basis of Preparation

The 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.

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.

When preparing its financial statements, the Bank used equity method to account for its investment in subsidiaries and associate or joint venture. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owner of the Bank in its consolidated financial statements, adjustments arising from the differences in accounting treatment between consolidated and nonconsolidated bases were made to equity investment - equity method and associate or joint venture, share of profit or loss of subsidiaries and share of other comprehensive income of subsidiaries and related equity items and associate or joint venture, as appropriate, in the financial statements.

The accompanying financial statements include the accounts of the Head Office, OBU, all branches and the representative office. All interoffice transactions and balances have been eliminated.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the Banking industry cannot be reasonably identified, the accounts included in the Bank's financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 45 for the maturity analysis of assets and liabilities.

Foreign Currencies

In preparing the financial statements of the Bank, transactions in currencies other than the Bank'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 financial statements, the assets and liabilities of the 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 banks and securities purchased under resell agreements under IAS 7.

Investment Accounted for Using the Equity Method

The Bank uses the equity method of accounting on investment of subsidiaries.

The subsidiaries are the entities controlled by the Bank.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Bank's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Bank also recognizes the Bank's share of the change in other equity of the subsidiary.

When the Bank's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Bank's net investment in the subsidiary), the Bank continues recognizing its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and side stream transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiary that are not related to the Bank.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from 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.

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank 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.

<u>Financial assets</u>

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 44.

   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 Bank 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 Bank'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 Bank 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 Bank always recognizes lifetime Expected Credit Loss (ECL) for receivables. For all other financial instruments, the Bank 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 Bank 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 Bank 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), the Bank 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 Bank 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, 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 Bank 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 Bank 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.

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 44.

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 Bank's documented risk management or investment strategy, and information about the Banking 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 Bank, 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 Bank 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 Bank 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 Bank 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 Bank 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.

Repurchase and Reverse Repurchase Transactions

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

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.

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.

Leases

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

a. The Bank 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.

   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 Bank’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 Bank 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 Bank. 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 Bank as lessee

   The Bank 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 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 Bank 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 Bank 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 Bank 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 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. 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 Bank’s cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

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

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Bank 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 Bank 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.

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 Bank'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

The Bank 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 Bank'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 Bank can no longer withdraw the offer of the termination benefit and when the Bank 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 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 Bank 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.

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 Bank 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 Bank.

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 Bank 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 Bank 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.

d. Linked-tax system

SPH 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 SPH with its qualified subsidiaries are adjusted on SPH; 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 Bank'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 Bank 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 Bank 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 Bank 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 Bank 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

	December 31	
	2022	**2021**
Cash on hand	$ 6,932,931	$ 6,383,284
Due from other banks	40,798,101	32,676,045
Notes and checks for clearing	3,718,425	4,178,657
	$ 51,449,457	$ 43,237,986

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

	December 31	
	2022	**2021**
Call loans to banks	$ 170,968,560	$ 115,616,937
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
	$ 276,872,760	$ 205,964,164

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserves are determined monthly at prescribed rates based on average balances of customers' NTD-denominated deposits. Deposit reserve - demand account 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.

Please refer to Note 42 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		
Corporate bonds	$ 7,060,615	$ 1,532,353
Commercial paper	5,784,949	2,698,706
Government bonds	5,127,237	19,499,020
Certificates of deposits	654,860	2,566,482
Bank debentures	219,864	814,147
Currency swap contracts	19,398,346	3,906,217
Interest rate swap contracts	7,721,935	2,371,949
Forward contracts	794,965	416,686
Option contracts	455,242	333,421
Others	426,951	303,786
	$ 47,644,964	$ 34,442,767
Financial assets designated at fair value through profit or loss		
Corporate bonds	4,326,990	8,874,520
Government bonds	-	1,087,292
	4,326,990	9,961,812
	$ 51,971,954	$ 44,404,579
Held-for-trading financial liabilities		
Currency swap contracts	$ 20,784,749	$ 4,300,390
Interest rate swap contracts	4,333,016	1,590,206
Option contracts	2,033,467	481,189
Forward contracts	918,050	505,767
Others	331,582	219,190
	28,400,864	7,096,742
Financial liabilities designated at fair value through profit or loss		
Bank debentures	1,790,442	1,543,747
	1,790,442	1,543,747
	$ 30,191,306	$ 8,640,489

(Concluded)

a. The Bank'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 eliminating inconsistencies in accounting recognition.

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

	December 31	
	2022	2021
Difference between carrying amount and the amount due on maturity		
Fair value	$ 1,790,442	$ 1,543,747
Amount due on maturity	(1,800,452)	(1,552,780)
	$ (10,010)	$ (9,033)

	Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the year	
For the year ended December 31, 2022	$ 39,237
For the year ended December 31, 2021	$ (3,539)
Accumulated amount of change	
As of December 31, 2022	$ (46,645)
As of December 31, 2021	$ (85,882)

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, the Bank issued unsecured senior bank debentures amounting to US$45,000 thousand with a 30-year maturity and zero coupon issued and an implicit internal of return of 4.5%. In accordance with the terms of the bank debentures, the Bank 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.

c. The Bank engages in derivative transactions mainly to accommodate customers' needs and manage its own exposure positions. Outstanding derivative contracts (nominal) on December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Currency swap contracts	$ 1,550,322,704	$ 1,078,334,386
Interest rate swap contracts	809,552,828	635,575,071
Option contracts	141,515,693	26,502,293
Forward contracts	98,973,923	73,243,660
Futures contracts	47,487,035	2,974,507
Assets swap contracts	6,718,389	1,313,081
Cross-currency swap contracts	2,211,152	1,948,175
Equity-linked swap contracts	1,923,356	2,269,657

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income	$ 21,393,961	$ 15,299,410
Debt instruments at fair value through other comprehensive income	280,277,789	353,664,582
	$ 301,671,750	$ 368,963,992

a. Equity instruments at fair value through other comprehensive income

	December 31	
	2022	2021
Stock	$ 17,599,965	$ 12,137,078
Real estate investment trust beneficiary securities	3,793,996	3,162,332
	$ 21,393,961	$ 15,299,410

The Bank holds centralized securities 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 Bank sold the stocks at fair value of $4,291,286 and $5,449,834 and transferred the net gain of $152,742 and $741,865 from other equity to retained earnings for the years ended December 31, 2022 and 2021, respectively. The gain was transferred from other equity to retained earnings.

b. Debt instrument at fair value through other comprehensive income

	December 31	
	2022	2021
Certificates of deposits	$ 87,312,857	$ 122,309,518
Bank debentures	72,968,081	74,280,760
Commercial paper	43,112,630	76,584,814
Corporate bonds	32,680,780	37,161,348
Government bonds	25,642,750	26,621,417
Asset-based securities	15,311,285	12,321,296
Others	3,249,406	4,385,429
	$ 280,277,789	$ 353,664,582

1) Loss allowance of debt instruments at fair value through other comprehensive income were $42,628 and $46,018 on December 31, 2022 and 2021, respectively. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 45.

2) As of December 31, 2022 and 2021, the par value of debt instruments at FVTOCI under repurchase agreement were $8,284,157 and $2,719,709, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2022	2021
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	2,108,635	1,728,307
	225,476,925	167,261,299
Less: Loss allowance	(16,774)	(13,314)
	$ 225,460,151	$ 167,247,985

a. Credit risk management and information of impairment valuation of investments in debt instruments at amortized cost are shown in Note 45.

b. Please refer to Note 42 for information relating to investments in debt instruments at amortized cost pledged as security.

c. As of December 31, 2022, the par value of investments in debt instruments at amortized cost under repurchase agreements was $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	19,478,850	5,801,254
Negotiable certificates of deposits	6,428,179	1,010,467
Corporate bonds	2,015,748	2,529,746
Bank debentures	351,007	1,045,848
	$ 60,264,108	$ 46,121,524
Agreed-upon resell amount	$ 60,479,388	$ 46,139,385
Par value	$ 64,453,307	$ 47,337,338
Expiry	March 2023	May 2022

As of December 31, 2022 and 2021, the par value of securities purchased under resell agreements under repurchase agreements were $20,998,888 and $7,034,258, respectively.

12. RECEIVABLES, NET

	December 31 2022	December 31 2021
Credit card receivable	$ 20,878,070	$ 20,472,061
Accounts receivable - factoring	15,882,597	13,588,340
Interest and revenue receivables	6,992,659	3,946,199
Accounts receivable - forfaiting	3,345,588	10,030,050
Accounts and notes receivables	1,241,913	3,065,035
Acceptances	858,879	1,022,325
Trust administration fee revenue receivable	796,056	694,755
Others	796,466	1,039,464
	50,792,228	53,858,229
Less: Allowance for credit losses	(669,975)	(734,529)
Less: Premium or discount on receivables	(65)	(34)
Net amount	$ 50,122,188	$ 53,123,666

The Bank assessed the collectability of receivables to determine the allowance. Movements in the allowance of receivables were as follows:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Balance, January 1	$ 734,529	$ 707,809
Provision	44,518	195,072
Write-off	(129,846)	(161,822)
Effect of exchange rate changes	20,774	(6,530)
Balance, December 31	$ 669,975	$ 734,529

Please refer to Note 45 for the analysis of receivable impairment loss. The Bank received payments for loans previously written-off $154,371 and $156,963 for the years ended December 31, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

13. DISCOUNTS AND LOANS, NET

	December 31 2022	December 31 2021
Export negotiation	$ 881,123	$ 848,190
Secured overdrafts	37,037	54,682
Accounts receivable - financing	1,488,785	1,770,109
Short-term loans	131,557,609	96,859,350
Secured short-term loans	89,373,177	103,048,775
Medium-term loans	274,208,895	234,694,159
Secured medium-term loans	205,984,380	163,494,469

(Continued)

	December 31	
	2022	2021
Long-term loans	$ 13,930,441	$ 10,487,473
Secured long-term loans	579,199,271	552,421,368
Non-performing loans transferred from loans	1,257,085	1,201,033
	1,297,917,803	1,164,879,608
Less: Allowance for credit losses	(17,024,716)	(15,070,505)
Less: Premium or discount on discounts and loans	(327,076)	(391,201)
Net amount	$ 1,280,566,011	$ 1,149,417,902

(Concluded)

a. Please refer to Note 45 for the analysis of impairment loss on discounts and loans, and Note 42 for information relating to discounts and loans pledged as security.

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

	For the Year Ended December 31	
	2022	2021
Balance, January 1	$ 15,070,505	$ 14,607,419
Provision	2,894,657	2,570,788
Write-off	(1,222,772)	(2,021,929)
Effect of exchange rate changes	282,326	(85,773)
Balance, December 31	$ 17,024,716	$ 15,070,505

The Bank 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. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries - unlisted companies		
Bank SinoPac (China) Ltd.	$ 10,014,775	$ 9,699,938
SinoPac Insurance Brokers Ltd.	71,504	66,223
	$ 10,086,279	$ 9,766,161

As of the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Bank were all 100%.

The Bank's share of profit and other comprehensive income of subsidiaries for the years ended December 31, 2022 and 2021 were based on the subsidiaries' financial statements audited by the auditors for the same periods. The share of profit of subsidiaries for using equity method were as follows:

	For the Year Ended December 31	
	2022	2021
Bank SinoPac (China) Ltd.	$ 285,976	$ 115,689
SinoPac Insurance Brokers Ltd.	(1,916)	(9,888)
	$ 284,060	$ 105,801

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2022	2021
Purchase of the PEM Group's instruments	$ 4,539,144	$ 4,091,191
Bank deposits not belonging to cash and cash equivalent	2,204,770	1,957,091
Others	44,699	48,700
	6,788,613	6,096,982
Less: Allowance for credit loss	(1,577)	(4,577)
Less: Accumulated impairment	(2,432,227)	(2,150,110)
Net amount	$ 4,354,809	$ 3,942,295

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 Bank 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, the Bank bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, the Bank'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 the Bank 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. The Bank 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.

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

	For the Year Ended December 31	
	2022	2021
Balance, January 1	$ 4,577	$ 1,681
Provision	4,782	12,558
Write-off	(8,034)	(9,617)
Effect of exchange rate changes	252	(45)
Balance, December 31	$ 1,577	$ 4,577

The Bank received payments for loans previously written-off $13,759 and $10,868 for the years ended December 31, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

16. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the years ended December 31, 2022 and 2021 are summarized as follows:

	For the Year Ended December 31, 2022							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment and Construction in Progress	Total
Cost								
Balance, January 1	$ 5,589,458	$ 5,544,807	$ 2,230,160	$ 1,065	$ 1,543,134	$ 1,413,325	$ 363,510	$ 16,685,459
Addition	-	56,585	236,903	-	117,021	48,513	377,490	836,512
Deduction	-	(8,341)	(43,669)	-	(56,303)	(46,784)	-	(155,097)
Reclassifications	15,365	102,513	104,025	-	28,279	34,641	(457,353)	(172,530)
Effect of exchange rate changes	-	-	17,947	116	3,356	7,896	52	29,367
Balance, December 31	5,604,823	5,695,564	2,545,366	1,181	1,635,487	1,457,591	283,699	17,223,711
Accumulated depreciation								
Balance, January 1	61	3,435,727	1,381,794	1,065	1,152,687	1,232,654	-	7,203,988
Depreciation	23	141,083	313,610	-	98,262	54,674	-	607,652
Deduction	-	(8,277)	(41,493)	-	(54,633)	(46,298)	-	(150,701)
Reclassifications	-	12,831	-	-	-	-	-	12,831
Effect of exchange rate changes	-	-	14,355	116	2,235	6,855	-	23,561
Balance, December 31	84	3,581,364	1,668,266	1,181	1,198,551	1,247,885	-	7,697,331
Net amount								
Balance, December 31	$ 5,604,739	$ 2,114,200	$ 877,100	$ -	$ 436,936	$ 209,706	$ 283,699	$ 9,526,380

	For the Year Ended December 31, 2021							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment and Construction in Progress	Total
Cost								
Balance, January 1	$ 5,598,481	$ 5,487,732	$ 2,105,098	$ 1,103	$ 1,483,646	$ 1,469,046	$ 200,011	$ 16,345,117
Addition	-	50,756	217,519	-	114,360	33,087	452,842	868,564
Deduction	-	-	(115,654)	-	(80,992)	(97,500)	-	(294,146)
Reclassifications	(9,023)	6,319	28,627	-	27,015	11,183	(289,339)	(225,218)
Effect of exchange rate changes	-	-	(5,430)	(38)	(895)	(2,491)	(4)	(8,858)
Balance, December 31	5,589,458	5,544,807	2,230,160	1,065	1,543,134	1,413,325	363,510	16,685,459
Accumulated depreciation								
Balance, January 1	37	3,306,561	1,217,334	1,103	1,148,483	1,284,527	-	6,958,045
Depreciation	24	132,618	283,500	-	84,504	47,552	-	548,198
Deduction	-	-	(111,624)	-	(79,524)	(97,206)	-	(288,354)
Reclassifications	-	(3,452)	(2,732)	-	-	-	-	(6,184)
Effect of exchange rate changes	-	-	(4,684)	(38)	(776)	(2,219)	-	(7,717)
Balance, December 31	61	3,435,727	1,381,794	1,065	1,152,687	1,232,654	-	7,203,988
Net amount								
Balance, December 31	$ 5,589,397	$ 2,109,080	$ 848,366	$ -	$ 390,447	$ 180,671	$ 363,510	$ 9,481,471

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

Items	Years
Land improvements	8-30 years
Buildings	2-60 years
Machinery and computer equipment	0.58-15 years
Transportation equipment	5 years
Other equipment	2-15 years
Leasehold improvements	2.17-15 years

The amounts of other equipment rented out as of December 31, 2022 and 2021 were $1,209 and $1,524, respectively.

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2022	2021
Carrying amount		
Land	$ 237	$ 64
Buildings	2,423,558	2,360,704
Machinery and computer equipment	110,069	142,075
Transportation equipment	8,795	15,000
Other equipment	2,069	2,575
Decommissioning restoration costs	18,737	16,065
	$ 2,563,465	$ 2,536,483

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 630,190	$ 1,021,914
Depreciation charge for right-of-use assets		
Land	$ 64	$ 1,057
Buildings	591,480	583,493
Machinery and computer equipment	33,641	33,545
Transportation equipment	9,270	9,629
Other equipment	903	626
Decommissioning restoration costs	5,353	3,886
	$ 640,711	$ 632,236

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount	$ 2,625,615	$ 2,559,860

Range of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1.0212%-2.1233%	0.1404%-1.0212%
Buildings	0.1553%-4.9530%	0.1553%-4.8096%
Machinery and computer equipment	0.5754%-2.3588%	0.5754%-1.0768%
Transportation equipment	0.3804%-5.5000%	0.3804%-5.5000%
Other equipment	0.4416%-1.5240%	0.3410%-0.8686%

c. Material lease-in activities and terms

The Bank leases certain buildings for use as business locations, offices and employee's dormitories with lease terms of 0.5 year to 20 years. The lease contract for major buildings located in Taiwan for use as offices and branches specifies that lease payments will be adjusted 1% every three years. The lease contract for major buildings located in overseas branches stipulated fixed or regularly adjusted proportionally lease payments. The Bank does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

1) Lease arrangements under operating leases for the leasing out of investment properties and equipment are set out in Notes 16, 18 and 45.

2) Other

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 19,015	$ 13,797
Expenses relating to low-value asset leases	$ 39,428	$ 39,597
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 3,548	$ 7,515
Total cash outflow for leases	$ (723,677)	$ (736,539)

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 Bank has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	For the Year Ended December 31, 2022		
	Land	Buildings	Total
Cost			
Balance, January 1	$ 785,118	$ 603,570	$ 1,388,688
Addition	-	1,736	1,736
Deduction	-	-	-
Reclassifications	(15,365)	(13,699)	(29,064)
Balance, December 31	769,753	591,607	1,361,360
Accumulated depreciation			
Balance, January 1	-	336,996	336,996
Depreciation	-	11,687	11,687
Deduction	-	-	-
Reclassifications	-	(12,831)	(12,831)
Balance, December 31	-	335,852	335,852
Net amount			
Balance, December 31	$ 769,753	$ 255,755	$ 1,025,508

	For the Year Ended December 31, 2021		
	Land	Buildings	Total
Cost			
Balance, January 1	$ 776,095	$ 592,627	$ 1,368,722
Addition	-	245	245
Deduction	-	-	-
Reclassifications	9,023	10,698	19,721
Balance, December 31	785,118	603,570	1,388,688
Accumulated depreciation			
Balance, January 1	-	321,568	321,568
Depreciation	-	11,976	11,976
Deduction	-	-	-
Reclassifications	-	3,452	3,452
Balance, December 31	-	336,996	336,996
Net amount			
Balance, December 31	$ 785,118	$ 266,574	$ 1,051,692

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

Category	Useful Lives
Buildings	36-60 years

The above investment property of the Bank is for the purpose of earning rental income or capital appreciation or both. The fair values of investment properties used mainly or partially for leasing as of December 31, 2022 and 2021 were $15,186,818 and $15,184,279, respectively. The fair values, which were based on an internal valuation report instead of an assessment by an independent professional appraiser, were determined assuming unobservable inputs (Level 3).

19. INTANGIBLE ASSETS, NET

	December 31	
	2022	2021
Goodwill	$ 876,717	$ 876,717
Computer software	764,628	634,580
	$ 1,641,345	$ 1,511,297

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

	Goodwill	Computer Software	Total
2022			
Balance, January 1	$ 876,717	$ 634,580	$ 1,511,297
Addition	-	164,098	164,098
Amortization	-	(235,203)	(235,203)
Reclassifications	-	200,191	200,191
Effects of exchange rate changes	-	962	962
Balance, December 31	$ 876,717	$ 764,628	$ 1,641,345
2021			
Balance, January 1	$ 876,717	$ 513,994	$ 1,390,711
Addition	-	124,290	124,290
Amortization	-	(205,660)	(205,660)
Reclassifications	-	202,170	202,170
Effects of exchange rate changes	-	(214)	(214)
Balance, December 31	$ 876,717	$ 634,580	$ 1,511,297

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

Item	Years
Computer software	3-10.58 years

Goodwill includes $876,717, which resulted from the Bank's cash merger with SinoPac Card Services, and this merger was treated as a reorganization of SPH.

In assessing whether goodwill is impaired, the Bank considers the credit card department as a cash generating unit and estimates the recoverable amount by its value in use. The Bank uses the department's actual profitability and business or business recycle in making key assumption to predict future cash flows and thus calculates its value in use. Under a going-concern assumption, the Bank predicted the net cash flows that would be generated from the investee's operating activities in the next 5 years and estimated salvage value and used the Bank's weighted average cost of capital to calculate the value in use.

The goodwill of the Bank's credit card department was $876,717 as of December 31, 2022 and 2021. The impairment tests on goodwill were conducted on October 31, 2022 and 2021. The actual net income for the years ended December 31, 2022 and 2021 amounted to $82,059 and $94,018, respectively. The 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 Bank found no objective evidence that goodwill had been tested for impaired as of December 31, 2022 and 2021.

20. OTHER ASSETS, NET

	December 31	
	2022	2021
Guarantee deposits	$ 8,624,775	$ 2,096,267
Prepayment	234,556	186,752
Temporary payment and suspense accounts	217,182	229,628
Others	70,887	54,903
	9,147,400	2,567,550
Less: Allowance for inventory write-down - gold	-	(72)
Less: Accumulated impairment	(7,935)	(7,935)
Net amount	$ 9,139,465	$ 2,559,543

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2022	2021
Call loans from banks	$ 58,634,717	$ 56,206,243
Redeposits from Chunghwa Post	10,054,000	10,076,600
Call loans from Central Bank	1,536,177	1,384,478
Due to banks	61,705	197,479
	$ 70,286,599	$ 67,864,800

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Government bonds	$ 18,061,133	$ 5,270,814
Bank debentures	8,050,303	3,095,494
Corporate bonds	2,199,542	1,371,428
	$ 28,310,978	$ 9,737,736
Agreed-upon repurchase price	$ 28,573,095	$ 9,751,875
Par value	30,586,029	9,753,967
Maturity date	November 2023	December 2022

23. PAYABLES

	December 31	
	2022	2021
Interests payable	$ 3,969,043	$ 1,440,209
Accounts payable - factoring	3,875,519	2,807,640
Notes and checks in clearing	3,718,425	4,178,657
Accrued expenses	3,696,413	3,269,633
Dividends payable to SPH	1,435,025	1,435,025
Accounts payable	1,151,465	984,134
Acceptances payable	659,297	842,350
Others	1,891,565	1,779,726
	$ 20,396,752	$ 16,737,374

24. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Checking	$ 13,122,340	$ 13,625,698
Demand	450,664,013	472,627,519
Savings - demand	525,698,441	507,555,116
Time deposits	659,645,341	546,715,433
Negotiable certificates of deposits	16,639,400	427,800
Savings - time	289,947,164	252,214,965
Inward remittances	659,159	1,043,879
Outward remittances	70,920	1,556,260
Others	31,440	29,829
	$ 1,956,478,218	$ 1,795,796,499

25. BANK DEBENTURES

To raise capital for its financial operation and increase its capital adequacy ratio, the Bank 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 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 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 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 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 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 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 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.

(Continued)

	December 31			
	2022	2021	Maturity Date	Rates
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 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 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 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 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 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.
Fifth subordinated bank debentures issued in 2019 (A)	1,749,494	1,749,359	2019.08.23-2026.08.23 Principal is repayable on maturity date.	Fixed interest rate of 1.03%, interest is paid annually.
Fifth subordinated bank debentures issued in 2019 (B)	1,749,354	1,749,260	2019.08.23-2029.08.23 Principal is repayable on maturity date.	Fixed interest rate of 1.13%, interest is paid annually.
First subordinated bank debentures issued in 2020	2,999,550	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 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 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 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 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 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 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 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	1,999,652	-	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
	$ 56,250,137	$ 50,548,494		

(Concluded)

26. OTHER FINANCIAL LIABILITIES

	December 31	
	2022	2021
Principal of structured products	$ 29,312,266	$ 9,596,029
Cumulative earnings on appropriated loan fund	155,012	28,708
	$ 29,467,278	$ 9,624,737

27. PROVISIONS

	December 31	
	2022	2021
Provision for employee benefits	$ 1,750,817	$ 2,355,872
Provision for financing commitment	287,654	161,914
Provision for guarantee liabilities	338,746	394,577
Provision for decommissioning liabilities	107,424	97,672
Other	15,239	17,387
	$ 2,499,880	$ 3,027,422

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

	For the Year Ended December 31, 2022		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 161,914	$ 394,577	$ 17,387
(Reversal of) provision	115,480	(56,610)	(4,245)
Effect of exchange rate changes	10,260	779	2,097
Balance, December 31	$ 287,654	$ 338,746	$ 15,239

	For the Year Ended December 31, 2021		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 211,027	$ 311,918	$ 14,817
(Reversal of) provision	(46,710)	83,467	3,048
Effect of exchange rate changes	(2,403)	(808)	(478)
Balance, December 31	$ 161,914	$ 394,577	$ 17,387

28. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2022	2021
Recognized in balance sheets (payables and provisions)		
Defined contribution plans	$ 47,611	$ 42,597
Defined benefit plans	1,249,859	1,896,474
Preferential interest on employees' deposits	343,699	340,375
Others	157,259	119,023
	$ 1,798,428	$ 2,398,469

a. Defined contribution plans

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

The total expenses recognized for the years ended December 31, 2022 and 2021 of $269,838 and $257,203, respectively, represent contributions payable to these plans by the Bank at rates specified in the rules of the plans.

b. Defined benefit plans

For the Bank 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.

Pension contributions are deposited in the Trust department of Bank of Taiwan and Bank SinoPac in the Organization of Supervisory Committee of Business Entities' Labor Retirement Reserve's name. Before the end of each year, the Bank 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 Bank 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 deposited in the Trust department of Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Bank has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Bank's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 4,410,096	$ 4,951,842
Fair value of plan assets	(3,160,237)	(3,055,368)
Deficit	1,249,859	1,896,474
Asset ceiling	-	-
Net defined benefit liability	$ 1,249,859	$ 1,896,474

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	$ 5,241,258	$ (2,996,055)	$ 2,245,203
Service cost			
Current service cost	54,494	-	54,494
Past service cost	-	-	-
Net interest expense (income)	15,435	(9,022)	6,413
Recognized in (profit) or loss	69,929	(9,022)	60,907
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(35,833)	(35,833)
Actuarial (gain) loss - changes in financial assumptions	(151,672)	-	(151,672)
Actuarial (gain) loss - changes in demographic assumptions	5,340	-	5,340
Actuarial (gain) loss - experience adjustments	3,744	-	3,744
Recognized in other comprehensive income	(142,588)	(35,833)	(178,421)
Contributions from the employer	-	(231,215)	(231,215)
Benefits paid	(216,757)	216,757	-
Balance at December 31, 2021	$ 4,951,842	$ (3,055,368)	$ 1,896,474
Balance at January 1, 2022	$ 4,951,842	$ (3,055,368)	$ 1,896,474
Service cost			
Current service cost	40,036	-	40,036
Past service cost	-	-	-
Net interest expense (income)	29,181	(18,435)	10,746
Recognized in (profit) or loss	69,217	(18,435)	50,782
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(204,623)	(204,623)
Actuarial (gain) loss - changes in financial assumptions	(300,275)	-	(300,275)
Actuarial (gain) loss - changes in demographic assumptions	35	-	35
Actuarial (gain) loss - experience adjustments	37,015	-	37,015
Recognized in other comprehensive income	(263,225)	(204,623)	(467,848)
Contributions from the employer	-	(229,549)	(229,549)
Benefits paid	(347,738)	347,738	-
Balance at December 31, 2022	$ 4,410,096	$ (3,160,237)	$ 1,249,859

The plan assets' actual returns were $223,058 and $44,855 for the years ended December 31, 2022 and 2021.

Through the defined benefit plans under the Labor Standards Act, the Bank 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:

	December 31	
	2022	**2021**
Discount rate	1.30%	0.60%
Expected rate of salary increase	1.75%	1.75%
Turnover rate	0.34%	0.36%

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:

	December 31	
	2022	**2021**
Discount rate (2022: 1.30%; 2021: 0.60%)		
0.25% increase	$ (100,757)	$ (122,857)
0.25% decrease	$ 104,091	$ 127,192
Expected rate of salary increase 1.75%		
0.25% increase	$ 103,365	$ 125,416
0.25% decrease	$ (100,562)	$ (121,786)
Turnover rate (2022: 0.34%; 2021: 0.36%)		
110% of expected turnover rate	$ (50)	$ (98)
90% of expected turnover rate	$ 50	$ 98

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.

	December 31	
	2022	**2021**
The expected contributions to the plan for the next year	$ 202,921	$ 210,968
The average duration of the defined benefit obligation	9 years	10 years

c. Preferential interest on employees' deposits

The Bank 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:

	December 31	
	2022	2021
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 balance sheets arising from the Bank's obligation in respect of its preferential interest on employee's deposits were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 343,699	$ 340,375
Fair value of plan assets	-	-
Deficit	343,699	340,375
Asset ceiling	-	-
Net defined benefit liability	$ 343,699	$ 340,375

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	$ 293,173	$ -	$ 293,173
Service cost			
Past service cost	16,173	-	16,173
Interest expense	6,330	-	6,330
Recognized in (profit) or loss	22,503	-	22,503
Remeasurement			
Actuarial (gain) loss - experience adjustments	31,646	-	31,646
Actuarial (gain) loss - changes in assumptions	18,256	-	18,256

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Recognized in other comprehensive income	$ 49,902	$ -	$ 49,902
Benefits paid	(25,203)	-	(25,203)
Balance at December 31, 2021	$ 340,375	$ -	$ 340,375
Balance at January 1, 2022	$ 340,375	$ -	$ 340,375
Service cost			
Past service cost	32,242	-	32,242
Interest expense	7,130	-	7,130
Recognized in (profit) or loss	39,372	-	39,372
Remeasurement			
Actuarial (gain) loss - experience adjustments	8,921	-	8,921
Actuarial (gain) loss - changes in assumptions	(19,114)	-	(19,114)
Recognized in other comprehensive income	(10,193)	-	(10,193)
Benefits paid	(25,855)	-	(25,855)
Balance at December 31, 2022	$ 343,699	$ -	$ 343,699

(Concluded)

d. Other

Others included long-term incentive compensation plans, deferred service leave and termination benefits. For the years ended December 31, 2022 and 2021, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as $113,875 and $83,022, respectively, the acquired total embedded value of which were $98,092 and $63,437, respectively.

29. OTHER LIABILITIES

	December 31	
	2022	2021
Guarantee deposits received	$ 1,504,159	$ 1,255,606
Temporary receipt and suspense accounts	621,590	656,896
Advance receipts	179,479	204,426
Deferred revenue	106,494	114,579
Others	31,724	24,832
	$ 2,443,446	$ 2,256,339

30. 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 held 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. Thus, SPH adopted the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries since 2003.

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	**2021**
Current tax		
Current period	$ 2,297,364	$ 1,586,866
Adjustments for prior period	(1,670)	3,731
Others	-	51,768
	2,295,694	1,642,365
Deferred tax		
Temporary adjustment	274,252	23,363
Income tax expenses recognized in profit or loss	$ 2,569,946	$ 1,665,728

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

	For the Year Ended December 31	
	2022	**2021**
Profit before tax	$ 17,283,223	$ 13,081,046
Income tax expense calculated at the statutory rate (20%)	$ 3,456,645	$ 2,616,209
Tax effect of adjusting items:		
Additional income tax under the Alternative Minimum Tax Act	-	353,765
Adjustments for prior years' tax	(1,670)	3,731
Tax-exempt income	(156,354)	(61,183)
Permanent difference	(728,565)	(1,298,159)
Others	(110)	51,365
Income tax expense recognized in profit or loss	$ 2,569,946	$ 1,665,728

The ROC Income Tax Act was 20%. The rate of unappropriated earnings was 5%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Adjustments of current period		
Defined benefit plans remeasurement	$ (95,608)	$ (25,704)
Share of the comprehensive income of subsidiaries accounted for using the equity method	21,066	(10,861)
Exchange difference on translating foreign operations	(28,278)	15,429
Income tax recognized in other comprehensive income	$ (102,820)	$ (21,136)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,055,020
Others	83,126	49,300
	$ 1,138,146	$ 1,104,320
Current tax liabilities		
Payables for adopting the linked-tax system	$ 989,706	$ 586,906
Others	222,592	266,381
	$ 1,212,298	$ 853,287

d. Deferred tax assets and liabilities

	December 31	
	2022	2021
Deferred tax assets		
Allowance for doubtful accounts	$ 759,569	$ 630,008
Provision for defined benefit	293,803	414,791
Exchange differences on translating foreign operations	134,752	163,029
Unrealized gains or losses on foreign exchange and derivative instruments	-	53,992
Others	109,570	60,045
	$ 1,297,694	$ 1,321,865

(Continued)

	December 31	
	2022	2021
Deferred tax liabilities		
Land value increment tax	$ 587,038	$ 587,038
Unrealized gains on foreign exchange and derivative instruments	294,964	-
Investments accounted for using the equity method	199,806	142,601
Others	46,555	46,555
	$ 1,128,363	$ 776,194

(Concluded)

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

	For the Year Ended December 31	
	2022	2021
Allowance for doubtful accounts	$ (129,561)	$ (24,611)
Provision for defined benefit	25,380	24,564
Investments accounted for using the equity method	57,205	22,243
Unrealized gains or losses on foreign exchange and derivative instruments	348,956	12,127
Others	(27,728)	(10,960)
	$ 274,252	$ 23,363

The Bank did not have unused loss carryforwards as of December 31, 2022.

e. The Bank’s tax returns through 2017 had been assessed by the tax authorities.

f. SinoPac Call Center was merged into Bank SinoPac in 2019 and its profit-seeking enterprise income tax was assessed through 2017.

31. EQUITY

a. Common stock

The Bank’s authorized capital is $100,000,000. And the Bank issued 10,000,000 thousand common stock with par value of NT$10.

On May 21, 2021, the Bank’s board of directors, on behalf of the shareholders’ meeting, resolved to issue 82,803 thousand common shares with earnings reallocated as capital at a par value of NT$10 each, increasing the share capital issued and fully paid to $86,889,193. The above transaction was approved by authorities and set September 13, 2021 as the record date.

On May 20, 2022, the Bank’s board of directors, on behalf of the shareholders’ meeting, resolved to issue 343,665 thousand common shares with earnings reallocated as capital at a par value of NT$10 each, increasing the share capital issued and fully paid to $90,325,841. The above transaction was set September 13, 2022 as the record date.

In order to strengthen the Bank's capital, increase the common equity ratio and support the capital needs for operations and business expansion, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 666,667 thousand common shares at a price of $15 per share for a total amount of $10 billion, which was 100% subscribed by the parent company, SPH. The capital increase was approved by the authorities and the record date was set as March 21, 2023.

b. Capital surplus

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 Bank has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year).

The details of capital surplus were as follows:

	December 31	
	2022	**2021**
Share premium	$ 4,001,872	$ 4,001,872
Donated surplus	83	83
Consolidation premium	8,076,524	8,076,524
Others	69,161	69,161
	$ 12,147,640	$ 12,147,640

On July 25, 2014, the board of directors of the parent company of the Bank, SPH, approved a capital increase and retained 10% of shares for subscription by the Bank's employees. The Bank's capital surplus - other, which was determined on the basis of the grant-date fair value of the employee share options, was $67,511 in 2014.

c. Other equity items

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Balance January 1, 2022	$ (643,875)	$ 2,903,884	$ (493,889)	$ (85,882)	$ 1,680,238
Exchange differences					
Exchange differences on translation of foreign operations	141,386	-	-	-	141,386
Related income tax	(28,278)	-	-	-	(28,278)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(3,285,187)	(12,438,098)	-	(15,723,285)
Adjustment for loss allowance of debt instruments	-	-	(3,390)	-	(3,390)
Current disposal	-	-	444,145	-	444,145

(Continued)

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income: Equity Instrument	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income: Debt Instrument	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
Cumulative realized gain or loss transferred to retained earnings due to disposal	$ -	$ (152,742)	$ -	$ -	$ (152,742)
Share of gains (losses) of subsidiary and other comprehensive income of those investments					
Recognition	-	-	(107,108)	-	(107,108)
Adjustment for loss allowance of debt instruments	-	-	1,780	-	1,780
Related income tax	-	-	21,066	-	21,066
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	39,237	39,237
Balance December 31, 2022	$ (530,767)	$ (534,045)	$ (12,575,494)	$ (46,645)	$ (13,686,951)

(Concluded)

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income: Equity Instrument	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income: Debt Instrument	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
Balance January 1, 2021	$ (582,164)	$ 1,861,132	$ 3,381,218	$ (82,343)	$ 4,577,843
Exchange differences					
Exchange differences on translation of foreign operations	(77,140)	-	-	-	(77,140)
Related income tax	15,429	-	-	-	15,429
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	1,784,617	(3,004,221)	-	(1,219,604)
Adjustment for loss allowance of debt instruments	-	-	(15,012)	-	(15,012)
Current disposal	-	-	(899,315)	-	(899,315)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(741,865)	-	-	(741,865)

(Continued)

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Share of gains (losses) of subsidiary and other comprehensive income of those investments					
Recognition	$ -	$ -	$ 53,184	$ -	$ 53,184
Adjustment for loss allowance of debt instruments	-	-	1,118	-	1,118
Related income tax	-	-	(10,861)	-	(10,861)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(3,539)	(3,539)
Balance December 31, 2021	$ (643,875)	$ 2,903,884	$ (493,889)	$ (85,882)	$ 1,680,238

(Concluded)

d. Earnings distribution and dividend policy

The Bank's Articles of Incorporation provide that annual net income should be appropriated after it has:

1) Deducted any deficit of prior years;

2) Paid all outstanding taxes;

3) Set aside 30% of remaining earnings as legal reserve;

4) Set aside any special reserve or retained earnings allocated at its option;

5) Allocated shareholders' dividends.

The Banking Act provides that, before the balance of the reserve reaches the aggregate par value of the outstanding capital stock, above allocation should not exceed 15% of the aggregate par value of the outstanding capital stock of the Bank.

The Bank appropriates a special reserve in accordance with Rule No. 1090150022. If there's a net deduction of other equity accumulated in the previous period, the Bank should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period, if there's still a shortage, the Bank 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.

The Bank meets the required financial position; thus, the limitation on the setting aside of earnings to legal reserve under the Company Act is not applicable.

To comply with the Bank's globalization strategy, strengthen its market position, integrate its diversified business operation and be a major local bank, the Bank has adopted the "Balanced Dividend Policy".

Under this policy, dividends available for distribution are determined by referring to its capital adequacy ratio (CAR). Cash dividends may be declared if the Bank's CAR is above 10% and stock dividends may be declared if the CAR is equal to or less than 10%. However, the Bank may make discretionary cash distribution even if the CAR is below 10%, if approved at the shareholders' meeting, for the purpose of maintaining the cash dividends at a certain level in any given year.

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

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

Under Article 50-2 of the Banking Act revised on December 30, 2008, when legal reserve has meet the total capital reserve or required financial position, the setting aside of earnings to legal reserve under the Company Act is not limited to the restriction that 30% of remaining earnings shall be set aside as legal reserve or the limitation on the appropriation of the remainder and retained earnings from previous year to 15% of total capital reserve when legal reserve has not meet the total capital reserve. The requirements for financial position of banks to be established in accordance with this Act revised on April 30, 2012 shall be as prescribed by the FSC, Executive Yuan, ROC.

Under Order No. 10510001510 (repealed on May 15, 2019, replaced by No. 10802714560 issued by the FSC), issued by the FSC on May 25, 2016, before dispatching the net income of 2016 through 2018, the Public Bank shall reserve 0.5% to 1% of net income as special reserve. Under Order No. 10802714560 issued by the FSC, it is no longer necessary to use special reserve as a way in response to the development of financial technology and the protection of the rights of employees in domestic banks from the fiscal year of 2019. The Bank can reserve the expenditure for employee transfer or placement and for employee training in financial technology development or banking business development.

Under the Financial Holding Company Act, the board of directors is empowered to execute the authority of the shareholders' meeting, which is under no jurisdiction in the related regulations in the Company Act.

The appropriations of earnings for 2020 have been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 21, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 2,878,169	
Reversal of special reserve	(12,307)	
Cash dividends	5,900,001	$ 0.68555898
Stock dividends	828,034	0.09621465

The appropriations of earnings for 2021 have been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 20, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 3,678,000	
Reversal of special reserve	(3,977)	
Cash dividends	5,149,327	$ 0.59263158
Stock dividends	3,436,648	0.39552080

The appropriations of earnings for 2022 have been proposed by the Bank's board of directors on March 8, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	$ 4,574,536
Special reserve	10,673,916

The board of directors approved the 2022 appropriations of earnings on March 8, 2023, that will be resolved by shareholder's resolution (on behalf of the shareholder's meeting) in 2023.

In accordance with FSC Guideline No. 09900146911, cash dividends and bonus to shareholders for 2009 amounting to $1,435,025 shall not be remitted to the parent company until the land transferred to SPL from the Bank is disposed and the gain is realized.

32. NET INTEREST REVENUE

	For the Year Ended December 31	
	2022	2021
Interest income		
Loans	$ 28,570,246	$ 20,009,046
Security investments	8,418,954	5,540,794
Due from the Central Bank and call loans to banks	3,595,072	591,237
Securities purchased under resell agreements	555,801	126,011
Credit card revolving interest rate income	494,766	507,897
Others	744,570	404,130
	42,379,409	27,179,115
Interest expenses		
Deposits	(14,547,160)	(6,507,434)
Call loans from banks	(1,504,647)	(331,789)
Bank debentures	(853,945)	(774,274)
Securities sold under repurchase agreements	(609,921)	(21,202)
Interest expense of structured products	(476,643)	(112,335)
Others	(161,330)	(100,993)
	(18,153,646)	(7,848,027)
	$ 24,225,763	$ 19,331,088

33. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2022	2021
Service fee income		
Insurance services	$ 2,423,544	$ 2,555,470
Trust and related services	2,120,410	2,615,175
Loan services	1,934,526	1,573,901
Credit card services	716,360	606,054
Others	1,268,901	1,109,137
	8,463,741	8,459,737
Service fee expenses		
Credit card services	(686,704)	(592,999)
Interbank services	(331,217)	(252,227)
Trust services	(164,340)	(164,246)
Foreign exchange transaction	(49,496)	(35,359)
Others	(375,952)	(379,916)
	(1,607,709)	(1,424,747)
	$ 6,856,032	$ 7,034,990

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

	For the Year Ended December 31	
	2022	2021
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Government bonds	$ (569,908)	$ (153,711)
Corporate bonds	(774,106)	107,082
Interest rate swap contracts	1,429,344	1,228,392
Currency swap contracts	644,207	497,573
Future contracts	553,288	(286,522)
Forward contracts	(217,043)	(132,774)
Option contracts	(748,439)	(23,545)
Others	135,007	130,979
	452,350	1,367,474
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Government bonds	180,034	(208,766)
Bank debentures	(153,991)	(53,682)
Corporate bonds	(828,383)	(70,551)
Interest rate swap contracts	2,535,938	(778,230)
Currency swap contracts	233,000	(82,551)
Option contracts	(883,797)	48,286
Others	1,482	19,342
	1,084,283	(1,126,152)
Interest income	428,496	338,419
Dividend income	1,347	954
	$ 1,966,476	$ 580,695

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

	For the Year Ended December 31	
	2022	2021
Dividends revenue		
Holding at the end of the reporting period	$ 1,226,113	$ 597,514
Disposed in the reporting period	9,322	104,571
Gain or loss from disposal of debt instruments	(444,145)	899,315
	$ 791,290	$ 1,601,400

36. NET OTHER REVENUE OTHER THAN INTEREST INCOME

	For the Year Ended December 31	
	2022	2021
Rental income	$ 87,392	$ 91,069
Operating assets rental income	26,707	27,847
Others	18,782	32,097
	$ 132,881	$ 151,013

37. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2022	2021
Salaries and wages	$ 8,006,388	$ 7,325,150
Labor insurance and national health insurance	561,076	538,566
Pension costs	320,620	318,110
Cash-settled share based payment transaction	30,853	44,247
Others	767,840	668,058
	$ 9,686,777	$ 8,894,131

The Bank's Articles of Incorporation provide that the Bank shall allocate from annual profit more than 0.5% as employees' compensation and not more than 1% as remuneration of directors. But if there are accumulated losses, the Bank should make up for the losses first.

The employees' compensation and the remuneration of directors recognized were estimated on the basis of the provisions of the Bank's Articles of Incorporation and past experience. The Bank accrued $90,000 and $70,000 as employees' compensation and $34,127 and $27,000 as remuneration of directors for the years ended December 31, 2022 and 2021.

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

The board of directors approved $90,000 as employees' compensation and $34,127 as remuneration of directors on January 16, 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 $70,000 as employees' compensation and $27,000 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 Bank's board of directors had reported the remuneration of employees and directors in 2021 on behalf of the shareholder on May 20, 2022.

The information on employees' compensation and the remuneration of 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, SPH, parent company, has set up a long-term incentive compensation plan, which defers the delivery of performance bonus to the Group's high level managers, and links the stock price of SPH with the long term performance index. The Bank expects to use virtual stocks and future stock price to calculate the compensation and deliver in cash. The Bank recognizes the compensation as cash-settled share-based employee benefits expense.

38. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2022	2021
Depreciation expense		
Land improvements	$ 23	$ 24
Buildings	152,770	144,594
Machinery and computer equipment	313,610	283,500
Other equipment	98,262	84,504
Leasehold improvements	54,674	47,552
Right-of-use assets	640,711	632,236
	1,260,050	1,192,410
Amortization expense	235,203	205,660
	$ 1,495,253	$ 1,398,070

39. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2022	2021
Taxation and fees	$ 1,583,849	$ 1,235,399
Professional advisory	593,799	462,154
Automated equipment	533,794	477,271
Marketing	521,973	401,226
Insurance	402,166	374,765
Location fee	384,127	380,798
Communications expense	322,088	297,209
Others	593,462	549,476
	$ 4,935,258	$ 4,178,298

40. EARNINGS PER SHARE

Basic earnings per share is calculated by the gain or loss attributed to the Bank's shareholder divided by the weighted-average number of common stock outstanding.

Dollars Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic EPS	$ 1.63	$ 1.26

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

Net income

	For the Year Ended December 31	
	2022	**2021**
Net income for calculating basic EPS	$ 14,713,277	$ 11,415,318

Shares

Shares in Thousands

	For the Year Ended December 31	
	2022	**2021**
The weighted-average number of common stock outstanding in the computation of basic EPS	9,032,584	9,032,584

When calculating the EPS for the comparative period, the 2022 EPS was retrospectively adjusted for the effects of the bonus stock issuance on September 13, 2022. Thus, the basic EPS for the year ended December 31, 2021 decreased from NT$1.31 to NT$1.26.

41. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other notes to the financial statements, transactions, between the Bank and other related parties are summarized as follows:

a. Related parties and their relationships with the Bank

Related Party	Relationship with the Bank
SinoPac Financial Holdings Company Limited (SPH)	Parent company of the Bank
Bank SinoPac (China) Ltd.	Subsidiary of the Bank
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SPH
SinoPac Venture Capital Corporation (SinoPac Venture Capital)	Subsidiary of SPH
SinoPac Securities Investment Trust Co., Ltd. (SinoPac Securities Investment Trust)	Subsidiary of SPH
SinoPac Leasing Corporation (SPL)	Subsidiary of SPH
SinoPac Securities Investment Service Corporation (SinoPac Securities Investment Service)	Subsidiary of SinoPac Securities

(Continued)

Related Party	Relationship with the Bank
SinoPac Securities Venture Capital Corporation (SinoPac Securities Venture Capital)	Subsidiary of SinoPac Securities
SinoPac Securities (Asia) Ltd. (SinoPac Securities (Asia))	Affiliate of SinoPac Securities
SinoPac Capital (Asia) Ltd. (SinoPac Capital (Asia))	Affiliate of SinoPac Securities
SinoPac Capital International (HK) Limited	Subsidiary of SPL
The Bankers Association of the Republic of China (BAROC)	Affiliate of SPH's chairman
SinoPac Foundation	Affiliate of SPH's chairman
Global Unichip Corp. (GUC)	Affiliate of SPH'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 SPH's general manager (before June 2022)
High Entropy Materials, Inc. (High Entropy Materials)	Affiliate of the SinoPac Venture Capital's general manager
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	SPH's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of SPH's corporate director
Quanta Computer Inc. (Quanta Computer)	Affiliate of SPH's director (before July 2022)
Pegatron Corporation (Pegatron)	Affiliate of SPH's director
Uni-President Development Corp. (Uni-President Development)	Affiliate of the Bank's director
President Chain Store Corporation (PCSC)	Affiliate of the Bank's director
ScinoPharm Taiwan, Ltd. (ScinoPharm)	Affiliate of the Bank's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of the Bank's director
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Yuanta Securities Co., Ltd. (Yuanta Securities)	Affiliate of second-degree-in-laws of the Bank's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate of the Bank's manager
Evercast Precision Industry Corporation (Evercast Precision)	Affiliate of first-degree kin of the Bank's manager
Kim Great Co., Ltd. (Kim Great)	Affiliate of second-degree kin of the Bank's manager
Hao-Xin-Di Co., Ltd. (Hao-Xin-Di)	Affiliate of second-degree kin of the Bank's manager
Zetai Investment Limited (Zetai Investment)	Affiliate of second-degree kin of the Bank's manager
Kingstate Electronics Corporation (Kingstate Electronics)	Affiliate of second-degree kin of the Bank's manager
Yong, Yu-Kang Construction Co., Ltd. (Yong, Yu-Kang Construction)	Affiliate of third-degree kin of the Bank's manager
Froch Enterprise Co., Ltd. (Froch Enterprise)	Affiliate of second-degree-in-laws of the Bank's manager
Hao Yu Co., Ltd. (Hao Yu)	Affiliate of second-degree-in-laws of the Bank's manager
Avision Inc. (Avision)	The Bank holds more than 5% of the capital of charitable trust entrusted assets

(Continued)

Related Party	Relationship with the Bank
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
E Ink Holdings Inc. (E Ink Holdings)	Related party
Hsin-Yi Foundation	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
Hoss Investment Inc (Hoss Investment)	Related party
YuanHan Materials Inc. (YuanHan Materials)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Everterminal Co., Ltd. (Everterminal)	Related party
Foundation of Fire Fighting Development	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 Technology)	Related party
Yuen Foong Shop Co., Ltd. (Yuen Foong Shop)	Related party
YFY Biotech Co., Ltd. (YFY Biotech)	Related party
Others	The Bank's directors, managers and their relatives, department chiefs, investments accounted for using the equity method and their subsidiaries, and investees of SPH's other subsidiaries, etc.

(Concluded)

b. Significant transactions with related parties

1) Cash and cash equivalents

	December 31	
	2022	2021
Due from banks		
Bank SinoPac (China) Ltd.	$ 1,350	$ 1,328

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

	For the Year Ended December 31, 2022		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Bank SinoPac (China) Ltd.	$ 3,072,355	0.66-5.39	$ 74,959
Hua Nan Bank	1,226,221	0.16-8.5	13,824
Others	-	0.59	68

	For the Year Ended December 31, 2021		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Bank SinoPac (China) Ltd.	$ 3,135,704	0.13-3.41	$ 101,632
Hua Nan Bank	553,791	0.025-2.2	1,579

3) Derivative financial instruments

	December 31, 2022				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	$ 675,000	2020.8.3-2024.8.12	$ (4,566)	Financial liabilities at fair value through profit or loss	$ 7,122
Hua Nan Bank	11,123,563	2020.11.13-2032.3.16	398,067	Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27-2027.8.11	14,033	Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27-2023.7.27	(3,610)	Financial liabilities at fair value through profit or loss	3,610
Forward 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

	December 31, 2021				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	$ 500,000	2020.3.9-2022.3.9	$ (544)	Financial assets at fair value through profit or loss	$ 160
SinoPac Securities	675,000	2020.8.3-2024.8.12	(1,256)	Financial liabilities at fair value through profit or loss	2,555
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					
SinoPac Securities	956,800	2021.9.9-2022.5.12	9,116	Financial assets at fair value through profit or loss	9,116
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

4) Securities purchased under resell agreements

2022

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
Others	$ -	$ -	$ 14

2021

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
Others	$ -	$ -	$ 2,437

5) Receivables

	December 31	
	2022	2021
Interest receivable		
Others	$ 2,437	$ 59,597
Credit card receivable		
Others	266,266	289,173
Other receivables		
Bank SinoPac (China) Ltd.	105,171	104,956
Others	6,453	705

6) Current income tax assets and liabilities

	December 31	
	2022	2021
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,055,020
Payables from adopting the linked-tax system	$ 989,706	$ 586,906

7) Loans

For the Year Ended December 31, 2022			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
$ 10,483,666	$ 12,182,074	0-10.77	$ 146,415

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

For the Year Ended December 31, 2021			
Ending Balance	**Highest Balance**	**Interest/ Fee Rates (%)**	**Interest Income**
$ 9,702,175	$ 11,726,148	0-12.9	$ 123,524

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 the Bank at the loan's signing date.

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

8) 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 the Bank at the loan's signing date.

9) Financial assets at fair value through other comprehensive income

	December 31	
	2022	2021
Equity instrument		
TAIFEX	$ 333,886	$ 410,315
PCSC	207,808	-
Quanta Computer	-	311,563
Others	23,032	19,659

10) Other financial assets

The Bank had interest revenue from call loans to security corporations for the year ended December 31, 2021 was $33.

11) Property and equipment

For the years ended December 31, 2022 and 2021, the Bank 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 prepayment.

The Bank leased other equipment from its related parties, due to the date, December 31, 2022 and 2021, the carrying amount were $56 and $67, respectively.

12) Intangible assets

For the years ended December 31, 2022 and 2021, the Bank purchased computer software from its related parties in the amount of $36,372 and $27,355, respectively, recognized as intangible assets.

13) Other assets

	December 31	
	2022	2021
Prepayments		
Others	$ 4,303	$ 4,708
Guarantee deposits		
Others	78,137	59,682

The Bank signed an agreement with other related parties for the purchase. The Bank paid $27,412 and $45,652 for the years ended December 31, 2022 and 2021, which were recorded as prepayments (other assets) or other operating expenses.

The amount of undiscounted guarantee deposits from lease contract were $12,703 and $12,903 as of December 31, 2022 and 2021, respectively.

The amount of interest revenue through above guarantee for the years ended December 31, 2022 and 2021 were $64 and $48, respectively.

14) 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

	For the Year Ended December 31, 2021	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SPH	$ 3,500,000	$ -
SinoPac Securities	-	10,200,000
Hua Nan Bank	-	5,003,395

15) Deposits from the Central Bank and banks

2022

	December 31		For the Year Ended December 31
	Ending Balance	Interest Rates (%)	Interest Expense
Hua Nan Bank	$ 1,228,942	0.11-5.35	$ 15,588
Others	15,279	-	-

2021

	December 31		For the Year Ended December 31
	Ending Balance	Interest Rates (%)	Interest Expense
Hua Nan Bank	$ 913,755	0.09-1.30	$ 792
Others	2,252	-	-

16) Payables

	December 31	
	2022	2021
Accrued expenses		
Others	$ 56	$ 13
Interests payable		
Others	7,803	587
Dividends payable to SPH		
SPH	1,435,025	1,435,025
Others payable		
Others	2,631	13,290

17) Bank debentures

The Bank's bank debentures issued for the year ended December 31, 2022 and 2021 were underwritten by SinoPac Securities who were paid $1,000 and $1,700 commission fee, respectively (recognized as discount of bank debentures).

The Bank paid interest of bank debentures to related parties for the years ended December 31, 2022 and 2021 were $47,653 and $15,660, respectively.

18) Deposits

2022

December 31		For the Year Ended December 31
Ending Balance	Interest Rates (%)	Interest Expense
$ 30,314,297	0-13	$ 239,802

	Ending Balance	Interest Rate (%)
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

(Continued)

	Ending Balance	Interest Rate (%)
Hsin-Yi Foundation	$ 791,639	0.01-1.9
SinoPac Securities (Asia)	513,531	0-2.75
BAROC	432,384	0-1.455
TAIFEX	400,000	0.285-1.135
Hsin Yi Recreation	281,785	0.2-2
China Color Printing	271,554	0.405-1.44
SPL	268,751	0-0.85
Taigen Biotechnology	248,812	0-3.25
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
Yong Hsin Yi Enterprise	153,080	0.405-4.83
Taiwan Riken Industrial	146,724	0.001-1.195
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
Others	10,022,560	0-13
	$ 30,314,297	

(Concluded)

2021

December 31		For the Year Ended December 31
Ending Balance	Interest Rates (%)	Interest Expense
$ 66,831,040	0-13	$ 246,093

	Ending Balance	Interest Rate (%)
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
Taigen Biotechnology	551,865	0-0.815
YuanHan Materials	423,029	0.001-0.815
TWSE	300,441	0.03-0.76
China Color Printing	271,089	0.03-0.815

(Continued)

	Ending Balance	Interest Rate (%)
Hsin Yi Recreation	$ 246,856	0.03-1.7
YFY Biotech Management	208,432	0-0.76
SinoPac Securities Venture Capital	205,408	0.03
TAIFEX	200,001	0.03-0.76
SinoPac Securities Investment Service	177,434	0-0.815
SinoPac Capital (Asia)	152,338	0-0.18
Taiwan Riken Industrial	148,918	0-2
YFY Packaging	142,639	0-0.76
SinoPac Venture Capital	142,031	0.03-0.08
Yong Hsin Yi Enterprise	141,002	0.03-0.815
High Entropy Materials	140,263	0.03
Shin Yuan Investment	135,031	0.001-0.57
Effion Enertech	127,146	0.03-0.38
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
Others	9,272,565	0-13
	$ 66,831,040	

(Concluded)

19) Other liabilities

	December 31	
	2022	2021
Guarantee deposits received	$ 10,803	$ 11,727
Advance receipts	11	12

20) Revenues and expenses

	For the Year Ended December 31	
	2022	2021
Lease contracts - guarantee deposits interest revenue	$ 328	$ 319
Lease contracts - interest expenses	30,402	32,705
Commissions and fee revenues	132,486	67,940
Commissions and fee expenses	72,616	71,393
Realized gains on financial assets at fair value through other comprehensive income	25,847	35,070
Net other revenue other than interest income	14,371	14,359
Lease contracts - depreciation expenses	106,193	106,893
Other general and administrative expenses	239,638	206,090

21) Operating lease

The Bank as a lessee

	For the Year Ended December 31	
	2022	2021
Lease contracts - right of use, net		
SPL	$ 569,552	$ 626,145
Chunghwa Telecom	63,384	108,126
Others	10,088	13,451
Lease contracts - lease liability		
SPL	608,016	653,091
Chunghwa Telecom	64,523	109,522
Others	10,147	13,479

a) Guarantee deposits, please refer to Note 41,b.13).

b) The guarantee deposits interest revenue, lease interest expense, lease depreciation expense and other lease expense (recognized as other operating expense), please refer to Note 41,b.20).

The Bank as a lessor

	Rental Income For the Year Ended December 31			
Lessee	**2022**	**2021**	**Lease Term**	**Receiving Frequency**
SinoPac Securities	$ 31,586	$ 31,910	November 2025	Rentals received monthly
SinoPac Securities Investment Trust	9,692	9,851	December 2029	Rentals received monthly
SPL	6,481	6,443	July 2026	Rentals received monthly
Yuen Foong Shop	4,356	4,358	January 2023	Rentals received monthly
YFY Biotech	3,396	3,396	October 2025	Rentals received monthly
Others	8,006	7,551	December 2026	Rentals received monthly

Transactions between the Bank and the related parties are at arm's length commercial terms except for the preferential interest rates offered to employees for savings and loans up to prescribed limits.

Under the Banking Act, except for government and consumer loans, credit extended by the Bank to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

22) Others

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

c. Compensation of directors, supervisors and management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 309,142	$ 262,002
Post-employment benefits	2,473	15,144
	$ 311,615	$ 277,146

The management personnel are composed of general manager, vice general manager and other employee whose job grade is higher than the former.

42. PLEDGED OR MORTGAGED ASSETS

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

Restricted Assets	Object	December 31 2022	December 31 2021	Purposes
Due from the Central Bank and call loans to banks	Deposit reserve - demand accounts	$ -	$ 5,000,000	Note 1
Investment in debt instruments at amortized cost	Certificates of deposits	8,153,618	8,138,448	Note 2
Investment in debt instruments at amortized cost	Government bonds	1,462,398	1,609,325	Note 3
Discounts and loans	Loans	16,610,100	12,975,007	Note 4

Note 1: The Bank 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 in accordance with the Central Bank for foreign-exchange, with the Mega Bank for USD foreign-exchange settlement and with requirements of the California Department of Financial Institutions.

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

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

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those disclosed in other notes, significant unrecognized commitments of the Bank as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	**2021**
Trust assets	$ 726,153,141	$ 631,453,936
Securities under custody	229,382,736	214,851,201
Agent for government bonds	84,867,900	89,466,800
Receipts under custody	24,861,918	27,281,580
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, the Bank and SinoPac Securities had applied for tax concessions to Ministry of Finance regarding their technical support service expenditure relating to the financial transaction system, and had jointly signed to the system manufacturer the letter of indemnity of which 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 the Bank 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, the Bank 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, the Bank recognized operating expense in the amount of $76,250.

b. The Bank entered into contracts to buy computers and office equipment for $802,570 and $866,570, of which $518,871 and $503,060 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 the Bank 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 the Bank'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, the Bank and SPL demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. The Bank 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 the Bank, SPL and all other parties related to Procomp jointly. The amount of the claim was $4,207,212 in total.

   Both the courts of the first instance and the second instance ruled in favor of the Bank and SPL. The court believes that the Bank 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 the Bank and SinoPac Leasing did not conspire with Procomp to concealing the restricted status of Procomp.

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

The Taiwan High Court ruled in favor of the Bank 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 the Bank's case to Taiwan High Court, currently under trial by Taiwan High Court.

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

The Taiwan Taipei District Court ruled in favor of the Bank on February 27, 2020. Skwentex was dissatisfied and appealed in March 2020, currently under trial by Taiwan High Court.

d. In accordance with the Guidelines on Corporate Governance of Commercial Banks issued by the China Banking and Insurance Regulatory Commission, the Bank undertakes to maintain sufficient capital that meet capital adequacy requirement of Bank SinoPac (China) Ltd; if the capital is not sufficient to maintain business needs or regulatory requirements, the Bank will promptly report to the board of directors for approval of a capital expansion plan to meet the corporate governance and regulatory requirements of Bank SinoPac (China) Ltd.

e. In order to meet the needs of Bank SinoPac (China) Ltd.'s loan commitments, the Bank issued to financial institutions Letter of Support which declares that the Bank will actively support the operation of Bank SinoPac (China) Ltd.

44. 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
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	$ 95,712	$ 90,731	$ -	$ 4,981
Bonds	12,407,716	5,680,416	6,727,300	-
Others	6,437,319	-	6,437,319	-
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 FVTOCI				
Stocks and others	21,393,961	18,090,063	2,116,325	1,187,573
Debt instruments at FVTOCI				
Bonds	134,482,589	69,166,340	64,241,462	1,074,787
Certificates of deposits and others	145,795,200	554,582	145,240,618	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,790,442	-	1,790,442	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	28,704,217	2,910	26,084,905	2,616,402
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	28,400,864	8,665	26,885,116	1,507,083

Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	$ 147,365	$ 147,365	$ -	$ -
Bonds	21,845,520	20,502,418	1,343,102	-
Others	5,265,996	-	5,265,996	-
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 FVTOCI				
Stocks and others	15,299,410	12,617,198	1,281,565	1,400,647
Debt instruments at FVTOCI				
Bonds	142,364,383	76,116,304	65,279,429	968,650
Certificates of deposits and others	211,300,199	244,036	210,630,070	426,093
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,543,747	-	1,543,747	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	7,183,886	2,354	6,732,356	449,176
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	7,096,742	67,489	6,271,713	757,540

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 Bank used is the same as market participants'. The Bank can obtain this information.

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

The fair value of forward contract, interest rate swap contracts and 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 price; (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 Bank assessed the active level of market and the adequacy of fair value of emerging stocks and measured the investments at fair value.

The Bank 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 Bank on fair value.

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

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

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

4) Transfer between Level 1 and Level 2

For the year ended December 31, 2022, the Bank transferred part of the government bonds, corporate bonds, bank debentures and certificates of deposits from Level 1 to Level 2 because the Bank determined these investments were not in an active market.

For the year ended December 31, 2021, the Bank transferred part of the government bonds, corporate bonds and bank debentures from Level 1 to Level 2 because the Bank determined these investments were not in an active market.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

Items	For the Year Ended December 31, 2022								
	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	Disposed/Sold	Transfer Out of Level 3		
Non-derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	$ -	$ 4,981	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,981
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	1,400,647	-	(213,066)	-	-	(8)	-	-	1,187,573
Debt instruments at FVTOCI	1,394,743	-	(26)	-	-	(450,775)	-	130,845	1,074,787
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	449,176	2,167,226	-	-	-	-	-	-	2,616,402

Items	For the Year Ended December 31, 2021								
	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	Disposed/Sold	Transfer Out of Level 3		
Non-derivative financial instruments									
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	$ 1,200,430	$ -	$ 190,829	$ 9,388	$ -	$ -	$ -	$ -	$ 1,400,647
Debt instruments at FVTOCI	1,838,716	-	13,870	426,067	-	(835,078)	-	(48,832)	1,394,743
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	277,946	171,230	-	-	-	-	-	-	449,176

For the years ended December 31, 2022 and 2021, the gains on valuation included in net income with assets still held were gain $2,633,950 and $198,969, respectively.

For the years ended December 31, 2022 and 2021, the gains or losses on valuation included in other comprehensive income with assets still held were loss $213,092 and gain $204,699, respectively.

b) Reconciliation of Level 3 items of financial liabilities

Items	For the Year Ended December 31, 2022							
	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 757,540	$ 749,543	$ -	$ -	$ -	$ -	$ -	$ 1,507,083

Items	For the Year Ended December 31, 2021							
	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 881,535	$ (123,995)	$ -	$ -	$ -	$ -	$ -	$ 757,540

For the years ended December 31, 2022 and 2021, the gains or losses on valuation results included in net income from liabilities still held were loss $1,205,107 and gain $98,121, 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)
Derivative financial instruments					
Financial instruments at fair value through profit or loss					
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)	-
	$ 2,616,402	$ 1,507,083			
Non-derivative financial instruments					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	$ 4,981	$ -	Market approach	Discount factor of liquidity	20%
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	$ 1,187,573	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 1,074,787	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-

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					
Currency swap contracts -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	138,237	138,168	Sellers' quote	(Note 1)	-
	$ 449,176	$ 757,540			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	$ 1,400,647	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 968,650	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	426,093	-	Sellers' quote	(Note 2)	-
	$ 1,394,743	$ -			

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 international bonds listed in the OTC market lack liquidity, no observable liquidity reduction factor could be obtained. Therefore, no disclosure has been made.

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

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

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

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

The Bank 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 in Current Profit or Loss	
	Unfavorable Change	Favorable Change
Asset		
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 in Current Profit or Loss	
	Unfavorable Change	Favorable Change
Asset		
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 agreements, receivables, discounts and loans, some other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, payables, deposits and remittances and other financial liabilities.

Items	December 31, 2022 Carrying Amount	December 31, 2022 Fair Value
Investments in debt instruments at amortized cost	$ 225,460,151	$ 215,147,668
Bank debentures	56,250,137	55,325,833

Items	December 31, 2021 Carrying Amount	December 31, 2021 Fair Value
Investments in debt instruments at amortized cost	$ 167,247,985	$ 168,491,938
Bank debentures	50,548,494	51,262,612

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	$ -
Bank debentures	55,325,833	-	29,570,833	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	$ -
Bank debentures	51,262,612	-	30,557,612	20,705,000

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

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, 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 Bank 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: Debt instruments investments at amortized cost with quoted price in an active market are using market price as fair value; 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-year maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.

e) Bank debentures: Bank debentures with quoted price in an active market are using market price as fair value; bank debentures with no quoted price in an active market are estimated by valuation methods or quotes from counterparties.

f) Investment accounted for using the equity method: The fair value of unquoted equity investments cannot be reliably measured because it has no quoted price in an active market, the variability interval of fair value measurements is significant or the probability of the estimations in the variability interval cannot be reasonably assessed. Hence, the fair value is not disclosed.

45. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank documents the risk management policies, including overall operating strategies and risks control philosophy. The Bank's 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 the Bank's policies are executed properly.

b. Risk management framework

The board of directors is the top risk supervisor of the Bank. The board not only reviewed risk management policies and rules but also authorized management to be in charge of daily risk management work. The Bank has set up a risk management committee under the chairman of the Board to be responsible for the services above; the Bank 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 the Bank's 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.

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

c. Credit risk

1) Sources and definitions of credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit-related businesses mainly refer to fund financing/advance payment, loans, credit card-related credit, acceptance, guarantee or commitment, trade financing, foreign exchange transactions, as well as the counterparty and issuer's credit risks related to investing in securities and conducting derivative trading. The issuer's credit risk should be considered as part of the market risk when the investment target is part of securities in an active market.

2) Policies and strategies

The Bank 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.

The Bank's 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.

The Bank has 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

The Bank 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, the Bank issued "Evaluate Assets and Deal with Non-performing/Non-accrual Loans" for managing credit problem and debt collection.

ii. Credit quality level

The Bank 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, the Bank established a credit risk assessment model for corporate banking and retail banking through statistical methods, professional judgment and clients' information. Each model is regularly monitored for its effectiveness to examine whether the predicted results match the actual conditions, and the Bank will evaluate the suitability of the models accordingly.

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

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

b) Investment business

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

The Bank carries out derivative instrument transactions with counterparties in financial industry which are almost above the investment level. The Bank 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

The Bank has 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, the Bank 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

The Bank manages 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

The Bank 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

The Bank 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 the Bank is abnormal.

On the basis of various credit asset evaluation benchmark days of the Bank, 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

The Bank 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 (twn)
	A2	A	A	twAA+	AA+ (twn)
	A3	A-	A-	twAA	AA (twn)
	Baa1	BBB+	BBB+	twAA-	AA- (twn)
	Baa2	BBB	BBB	twA+	A+ (twn)
	Baa3	BBB-	BBB-	twA	A (twn)
Second grade	Ba1	BB+	BB+	twA-	A- (twn)
	Ba2	BB	BB	twBBB+	BBB+ (twn)
	Ba3	BB-	BB-	twBBB	BBB (twn)
				twBBB-	BBB- (twn)
Third grade	B1	B+	B+	twBB+	BB+ (twn)
	B2	B	B	twBB	BB (twn)
	B3	B-	B-	twBB-	BB- (twn)
				twB+	B+ (twn)
				twB	
	Caa1	CCC+	CCC+	twB-	B (twn)
	Caa2	CCC	CCC	twCCC+	B- (twn)
	Caa3	CCC-	CCC-	twCCC	CCC+ (twn)
Fourth grade	Ca	CC	CC	twCCC-	CCC (twn)
	C	C	C	twCC	CCC- (twn)
		SD	DDD	twC	CC (twn)
		D	DD	twSD	C (twn)
		R	D	twD	DDD (twn)
				twR	DD (twn)
					D (twn)
	P-1	A-1	F-1		
	P-2	A-2	F-2	twA-1	F1 (twn)
	P-3	A-3	F-3	twA-2	F2 (twn)

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

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

5) Definition of financial asset default and credit impairment

The Bank's definition of financial asset default is the same as financial asset credit impairment. If one or more of the following conditions are satisfied, the Bank 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 the Bank.

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 the Bank. 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 the Bank, 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 the bank'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 the Bank.

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

The Bank 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, the Bank will take appropriate legal action.

7) Amendment to financial asset contract cash flows

The Bank 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 the Bank's 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, the Bank 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).

The Bank 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's ability to recover related contract payments.

8) Measurement of expected credit losses

For the purpose of measuring expected credit losses, the Bank 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.

The Bank provides 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, the Bank takes 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.

The Bank 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 the Bank 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

The Bank 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. The Bank 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. The Bank 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. The Bank 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, the Bank's assessment of forward-looking information is appropriate, and is included in the Bank's assessment of expected credit losses.

10) The maximum credit exposure of the financial instruments held by the Bank

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	45,037,275	45,228,261
Guarantees	33,517,043	39,560,079
Standby letter of credit	7,728,165	7,406,923

The Bank adopts a strict and continuous evaluation procedure and reviews 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 the Bank

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 the Bank's 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. The Bank maintains a diversified portfolio to limit its exposure to any geographic region, country or individual creditor and monitor its exposures continually. The Bank's 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	$ 609,764,514	46.98	$ 525,650,856	45.13
Public enterprise	16,719,849	1.29	1,413,442	0.12
Government sponsored enterprise and business	12,000,000	0.93	13,993,648	1.20
Nonprofit organization	192,340	0.01	272,106	0.02
Private	651,745,182	50.21	615,447,654	52.83
Financial institutions	7,495,918	0.58	8,101,902	0.70
Total	$ 1,297,917,803	100.00	$ 1,164,879,608	100.00

b) By region

Regions	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Domestic	$ 1,077,234,867	83.00	$ 963,997,152	82.75
Asia	99,346,340	7.65	93,989,797	8.07
North America	81,882,170	6.31	70,570,703	6.06
Others	39,454,426	3.04	36,321,956	3.12
Total	$ 1,297,917,803	100.00	$ 1,164,879,608	100.00

c) By collateral

Collaterals	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Credit	$ 423,021,977	32.59	$ 343,484,189	29.49
Secured				
Stocks	3,337,185	0.26	5,357,079	0.46
Bonds	10,871,060	0.84	15,402,440	1.32
Real estate	794,591,473	61.22	736,771,440	63.25
Movable collaterals	54,794,521	4.22	51,539,989	4.43
Guarantees	2,255,940	0.17	3,435,235	0.29
Others	9,045,647	0.70	8,889,236	0.76
Total	$ 1,297,917,803	100.00	$ 1,164,879,608	100.00

d) Credit risk exposure rating

December 31, 2022	Principal				Allowance				
	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	$ 661,868,965	$ 257,327	$ 3,443,498	$ 665,569,790	$ 1,740,790	$ 94,575	$ 528,157	$ 6,145,229	$ 8,508,751
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
Accounts receivable - factoring (Note 1)	12,007,078	-	-	12,007,078	270	-	-	201,182	201,452
Other receivable (Note 2)	13,694,680	32,521	304,360	14,031,561	10,948	1,725	229,645	59,686	302,004
Debt instruments at fair value through other comprehensive income	280,277,789	-	-	280,277,789	42,628	-	-	-	42,628
Investment in debt instruments at amortized cost	225,476,925	-	-	225,476,925	16,774	-	-	-	16,774

December 31, 2021	Principal				Allowance				
	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	$ 558,220,149	$ 1,273,533	$ 5,365,365	$ 564,859,047	$ 1,027,638	$ 337,524	$ 830,166	$ 4,787,285	$ 6,982,613
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
Accounts receivable - factoring (Note 1)	10,780,700	-	-	10,780,700	1,455	-	-	169,288	170,743
Other receivable (Note 2)	19,519,559	21,937	256,332	19,797,828	5,815	1,955	204,577	149,929	362,276
Debt instruments at fair value through other comprehensive income	353,664,582	-	-	353,664,582	46,018	-	-	-	46,018
Investment 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: The amounts of other receivable include other financial assets non-performing receivables transferred other than loans.

12) The allowance for loss of the Bank

Change in allowance for discounts and loans

For the Year Ended December 31, 2022	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-Impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 1,274,450	$ 561,877	$ 1,028,123	$ 2,864,450	$ 12,206,055	$ 15,070,505
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(11,607)	744,945	(30,705)	702,633	-	702,633
From conversion to credit-impaired financial assets	(1,226)	(345,240)	362,341	15,875	-	15,875
To 12-month ECL	5,615	(502,312)	(80,009)	(576,706)	-	(576,706)
Derecognizing financial assets during the current period	(1,751,881)	(177,825)	(400,242)	(2,329,948)	-	(2,329,948)
Purchased or originated new financial assets	2,333,636	7,744	127,921	2,469,301	-	2,469,301
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)
Changes in model/risk parameters	(26,662)	(5,642)	(25,028)	(57,332)	-	(57,332)
Effect of exchange rate changes and others	55,961	(630)	587,080	642,411	179,394	821,805
Balance, December 31	$ 1,878,286	$ 282,917	$ 718,288	$ 2,879,491	$ 14,145,225	$ 17,024,716

For the Year Ended December 31, 2021	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-Impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 1,798,725	$ 1,033,202	$ 999,303	$ 3,831,230	$ 10,776,189	$ 14,607,419
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(13,747)	1,127,465	(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	(3,172,351)	(318,760)	(874,909)	(4,366,020)	-	(4,366,020)
Purchased or originated new financial assets	2,711,171	26,478	526,510	3,264,159	-	3,264,159
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)
Changes in model/risk parameters	(21,129)	(23,529)	(37,518)	(82,176)	-	(82,176)
Effect of exchange rate changes and others	(22,369)	(3,152)	863,687	838,166	(28,036)	810,130
Balance, December 31	$ 1,274,450	$ 561,877	$ 1,028,123	$ 2,864,450	$ 12,206,055	$ 15,070,505

Changes in allowance for receivable

For the Year Ended December 31, 2022	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 16,382	$ 10,418	$ 229,570	$ 256,370	$ 478,159	$ 734,529
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(251)	16,378	(4,236)	11,891	-	11,891
From conversion to credit-impaired financial assets	(10)	(11,354)	59,448	48,084	-	48,084
To 12-month ECL	82	(3,106)	(154)	(3,178)	-	(3,178)
Derecognizing financial assets during the current period	(19,954)	(4,995)	(29,359)	(54,308)	-	(54,308)
Purchased or originated new financial assets	19,010	20	45,551	64,581	-	64,581
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)	(53,152)	(53,381)	(76,465)	(129,846)
Changes in model/risk parameters	(213)	(253)	(1,000)	(1,466)	-	(1,466)
Effect of exchange rate changes and others	318	735	6,378	7,431	18,414	25,845
Balance, December 31	$ 15,363	$ 7,615	$ 253,046	$ 276,024	$ 393,951	$ 669,975

For the Year Ended December 31, 2021	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 26,301	$ 13,591	$ 269,688	$ 309,580	$ 398,229	$ 707,809
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(241)	22,163	(5,083)	16,839	-	16,839
From conversion to credit-impaired financial assets	(25)	(20,068)	63,710	43,617	-	43,617
To 12-month ECL	62	(3,400)	(60)	(3,398)	-	(3,398)
Derecognizing financial assets during the current period	(47,504)	(2,191)	(18,635)	(68,330)	-	(68,330)
Purchased or originated new financial assets	35,473	14	2,321	37,808	-	37,808
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	158,819	158,819
Write-off	(2)	(633)	(86,702)	(87,337)	(74,485)	(161,822)
Changes in model/risk parameters	2,504	(502)	(2,496)	(494)	-	(494)
Effect of exchange rate changes and others	(186)	1,444	6,827	8,085	(4,404)	3,681
Balance, December 31	$ 16,382	$ 10,418	$ 229,570	$ 256,370	$ 478,159	$ 734,529

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans.

Change in allowance for debt instrument at fair value through other comprehensive income

	Credit Rating			
For the Year Ended December 31, 2022	12-months ECL	Lifetime ECL-Not Credit Impaired	Lifetime ECL-Credit Impaired	Total
Balance January 1	$ 46,018	$ -	$ -	$ 46,018
Purchased new debt instrument	11,996	-	-	11,996
Derecognized	(12,134)	-	-	(12,134)
Model/risk parameters changes	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	564	-	-	564
Balance December 31	$ 42,628	$ -	$ -	$ 42,628

	Credit Rating			
For the Year Ended December 31, 2021	12-months ECL	Lifetime ECL-Not Credit Impaired	Lifetime ECL-Credit Impaired	Total
Balance January 1	$ 61,030	$ -	$ -	$ 61,030
Purchased new debt instrument	15,362	-	-	15,362
Derecognized	(20,982)	-	-	(20,982)
Model/risk parameters changes	(6,147)	-	-	(6,147)
Effect of exchange rate changes and others	(3,245)	-	-	(3,245)
Balance December 31	$ 46,018	$ -	$ -	$ 46,018

Change in allowance for debt instrument at amortized cost

	Credit Rating			
For the Year Ended December 31, 2022	12-months ECL	Lifetime ECL-Not Credit Impaired	Lifetime ECL-Credit Impaired	Total
Balance January 1	$ 13,314	$ -	$ -	$ 13,314
Purchased new debt instrument	3,568	-	-	3,568
Derecognized	(197)	-	-	(197)
Model/risk parameters changes	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	1,137	-	-	1,137
Balance December 31	$ 16,774	$ -	$ -	$ 16,774

For the Year Ended December 31, 2021	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 11,891	$ -	$ -	$ 11,891
Purchased new debt instrument	2,828	-	-	2,828
Derecognized	(186)	-	-	(186)
Model/risk parameters changes	(786)	-	-	(786)
Effect of exchange rate changes and others	(433)	-	-	(433)
Balance December 31	$ 13,314	$ -	$ -	$ 13,314

13) The financial impact of credit risk mitigation policies

a) Collateral and other credit enhancements

The Bank implements 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. The Bank has 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 the Bank 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, the Bank 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 the Bank, and there was no significant change in the overall collateral quality on the balance sheet date.

b) Amount of collateral for impaired financial assets

The Bank closely observes the value of the collateral of the financial instruments and considers 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 deposit, 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 the Bank and still have recourse activities are $48,781,006 and $47,391,803 on December 31, 2022 and 2021.

14) Management policies of collaterals assumed

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

There are no assumed collaterals of the Bank as of December 31, 2022 and 2021, respectively.

15) 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			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 538,157	$ 277,018,665	0.19%	$ 3,624,654	673.53%
	Unsecured		390,080	388,551,125	0.10%	4,884,097	1,252.08%
Consumer loan	Mortgage (Note 4)		197,174	350,109,424	0.06%	5,309,215	2,692.65%
	Cash card		-	1,986	-	262	-
	Micro credit (Note 5)		91,927	32,040,000	0.29%	581,299	632.35%
	Others (Note 6)	Secured	237,400	248,337,134	0.10%	2,603,880	1,096.83%
		Unsecured	2,595	1,859,469	0.14%	21,309	821.16%
Total			1,457,333	1,297,917,803	0.11%	17,024,716	1,168.21%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for 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			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (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 Receivables	Accounts Receivables	Delinquency Ratio	Allowance for 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 ÷ Total loans.

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

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

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

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

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

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

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

Note 8: Part of non-performing receivables transferred from other than loans 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 Group (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 (financial 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 the Bank'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

The Bank 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

The Bank 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 the Bank 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

The Bank established a liquidity deficit limit and an early warning system to detect liquidity risk and take appropriate action at the right time.

The Bank 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 the Bank 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 balance sheets.

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

3) Maturity analysis of financial derivatives

a) Derivative liabilities settled on a net basis

Derivative liabilities of the Bank 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.

The Bank uses 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.

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

b) Derivatives settled on a gross basis

Gross settled derivatives of the Bank 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 standalone balance sheet; the gross settled foreign exchange options, as a position reserved for the purpose of transaction, the Bank is 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.

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

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 the Bank 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 balance sheets.

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

5) Maturity analysis of lease commitments

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

Maturity analysis of lease commitments is summarized as follows:

December 31, 2022	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	$ 649,797	$ 1,490,328	$ 749,477	$ 2,889,602
Operating lease income (lessor)	87,616	125,855	813	214,284

December 31, 2021	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	$ 615,692	$ 1,436,815	$ 790,577	$ 2,843,084
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 the Bank (New Taiwan dollars)

	December 31, 2022						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,962,049,134	$ 215,968,005	$ 211,811,856	$ 340,804,761	$ 130,210,767	$ 124,488,093	$ 938,765,652
Main capital outflow on maturity	2,334,228,600	119,987,873	200,152,007	452,181,604	271,894,034	459,487,766	830,525,316
Gap	(372,179,466)	95,980,132	11,659,849	(111,376,843)	(141,683,267)	(334,999,673)	108,240,336

	December 31, 2021						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,933,219,606	$ 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 the Bank's position denominated in NTD.

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

(In Thousands of U.S. Dollars)

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

(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 the Bank'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. The Bank's net revenue and investment portfolio value may fluctuate when risk factors above change.

The main market risks that the Bank 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 the Bank 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, the Bank 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, the Bank 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 the Bank.

The Bank separates its transactions into hedge and non-hedge on the basis of trading purposes. For hedge transactions, the Bank should measure hedge relations, risk management goals and hedge strategies. The Bank 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 the Bank; it determines every risk management procedure and limit on the basis of its operating strategy and the business environment.

The Bank 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, the Bank 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. The Bank 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

The Bank'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 the Bank. 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

The Bank 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

The Bank 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

The Bank assesses financial instruments once a day on the basis of information obtained from independent sources if market prices are acquirable. If the Bank 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 44 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. The Bank makes stress tests using a light scenario (change in interest rate ± 100 bp, change in securities ± 15% and change in exchange rate ± 3%) and serious scenario (change in interest rate ± 200 bp, change in securities ± 30% and change in exchange rate ± 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

The Bank 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 44 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. The Bank'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, the Bank 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 44 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, the Bank sets investment position limits and stop-loss limits. The limits are approved by the board of directors. Within the limit of authority, The Bank 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 44 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 the Bank'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, the Bank 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 of net interest revenue and economic value, the Bank 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. The Bank 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. The Bank established control policies related to equity instruments to make the risk within controllable range.

a) Strategies

The Bank 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

The Bank 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

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.

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 the Bank 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.

The Bank 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, the Bank 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 the Bank to basic interest rate risk. If the Bank 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 the Bank 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	$ 99,454,905	$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	$ 99,454,905	$ -

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)

The Bank 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. The Bank'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 the Bank, VaR refers to a fall in value of its holding position in a day, with a 99% confidence level. The Bank 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.

The Bank 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.

The Bank's trading book VaR overview.

	For the Year Ended December 31, 2022		
	Average	Maximum	Minimum
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.

	For the Year Ended December 31, 2021		
	Average	**Maximum**	**Minimum**
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.

13) Exchange rate risks

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

	December 31, 2022		
	Foreign Currency (In Thousands)	**Exchange Rate**	**Converted to NTD**
Financial assets			
Monetary items			
USD	$ 18,482,897	30.72355	$ 567,860,210
CNY	15,476,520	4.40954	68,244,334
Nonmonetary items			
USD	414,738	30.72355	12,742,224
Financial liabilities			
Monetary items			
USD	23,082,620	30.72355	709,180,030
CNY	15,316,877	4.40954	67,540,382

	December 31, 2021		
	Foreign Currency (In Thousands)	**Exchange Rate**	**Converted to NTD**
Financial assets			
Monetary items			
USD	$ 16,229,987	27.68955	$ 449,401,037
CNY	14,766,776	4.34909	64,222,038
Nonmonetary items			
USD	427,957	27.68955	11,849,937
Financial liabilities			
Monetary items			
USD	19,605,390	27.68955	542,864,427
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 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 the Bank 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 the Bank 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 the Bank 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 the Bank retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. The Bank 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, the Bank still bear the interest rate risk and credit risk thus, the Bank 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					
Transactions under repurchase agreements	$ 8,012,819	$ 7,604,860	$ 8,012,819	$ 7,604,860	$ 407,959
Investments in debt instruments at amortized cost					
Transactions under repurchase agreements	1,261,905	1,173,179	1,234,563	1,173,179	61,384
Securities purchased under resell agreements					
Transactions under repurchase agreements	17,884,383	19,532,939	17,884,383	19,532,939	(1,648,556)

Category of Financial Asset	December 31, 2021				
	Transferred Financial Assets - Book Value	**Related Financial Liabilities - Book Value**	**Transferred Financial Assets - Fair Value**	**Related Financial Liabilities - Fair Value**	**Net Position - Fair Value**
Financial assets at fair value through other comprehensive income					
Transactions under repurchase agreements	$ 2,735,542	$ 2,650,255	$ 2,735,542	$ 2,650,255	$ 85,287
Securities purchased under resell agreements					
Transactions under repurchase agreements	6,671,855	7,087,481	6,671,855	7,087,481	(415,626)

16) Offsetting of financial assets and financial liabilities

The Bank 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.

The Bank 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 the Bank 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 Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	$ 26,890,919	$ -	$ 26,890,919	$ 16,079,813	$ 1,139,620	$ 9,671,486
Securities purchased under resell agreements	60,264,108	-	60,264,108	60,260,606	-	3,502
	$ 87,155,027	$ -	$ 87,155,027	$ 76,340,419	$ 1,139,620	$ 9,674,988

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	$ 28,204,909	$ -	$ 28,204,909	$ 16,079,813	$ 6,073,295	$ 6,051,801
Securities sold under repurchase agreements	28,310,978	-	28,310,978	28,152,607	128,849	29,522
	$ 56,515,887	$ -	$ 56,515,887	$ 44,232,420	$ 6,202,144	$ 6,081,323

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

December 31, 2021

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	$ 6,657,324	$ -	$ 6,657,324	$ 3,069,231	$ 752,824	$ 2,835,269
Securities purchased under resell agreements	46,121,524	-	46,121,524	46,110,329	-	11,195
	$ 52,778,848	$ -	$ 52,778,848	$ 49,179,560	$ 752,824	$ 2,846,464

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	$ 7,007,795	$ -	$ 7,007,795	$ 3,069,231	$ 608,415	$ 3,330,149
Securities sold under repurchase agreements	9,737,736	-	9,737,736	9,728,623	-	9,113
	$ 16,745,531	$ -	$ 16,745,531	$ 12,797,854	$ 608,415	$ 3,339,262

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

46. CAPITAL MANAGEMENT

a. Overview

The Bank's capital management goals are as follows:

As a basic target, the Bank's 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.

The Bank 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

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

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

c. Statement of capital adequacy

Analysis Items			December 31, 2022 Standalone	December 31, 2022 Consolidation	December 31, 2021 Standalone	December 31, 2021 Consolidation
Eligible capital	Common stock equity		$ 131,763,470	$ 131,649,588	$ 132,290,534	$ 134,619,600
	Other Tier 1 capital		25,500,000	25,500,000	18,058,460	20,500,000
	Tier 2 capital		36,593,521	37,257,388	32,523,527	38,218,773
	Eligible capital		193,856,991	194,406,976	182,872,521	193,338,373
Risk-weighted assets	Credit risk	Standardized approach	1,233,811,625	1,286,920,928	1,070,623,669	1,135,596,901
		Internal rating - based approach	-	-	-	-
		Securitization	-	-	-	-
	Operational risk	Basic indicator approach	78,079,609	80,281,805	50,726,187	52,454,161
		Standardized approach/ alternative standardized approach	-	-	-	-
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	40,190,797	41,473,770	35,846,921	36,848,684
		Internal model approach	-	-	-	-
	Total risk-weighted assets		1,352,082,031	1,408,676,503	1,157,196,777	1,224,899,746
Capital adequacy ratio			14.34%	13.80%	15.80%	15.78%
Common stock equity risk - based capital ratio			9.75%	9.35%	11.43%	10.99%
Tier 1 risk - based capital ratio			11.63%	11.16%	12.99%	12.66%
Leverage ratio			6.32%	6.14%	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: The Bank shall disclose the capital adequacy ratio for the current and previous years in annual financial reports. For semiannual financial report, the Bank 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 the Bank's capital adequacy ratio calculation until disposed outside the Group.

47. CROSS-SELLING INFORMATION

The Bank charged SinoPac Securities for $6,907 and $12,113, respectively, for the years ended December 31, 2022 and 2021 for bonus as opening accounts as part of the cross-selling agreement.

The Bank paid to SinoPac Securities $5,059 and $5,155, respectively, for the years ended December 31, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Leasing for $31 and $304, respectively, for the years ended December 31, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Leasing $14 and $38, respectively, for the years ended December 31, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Venture Capital $14 for the year ended December 31, 2021 for bonus as part of the cross-selling agreement.

For other transactions between SPH and its subsidiaries, please refer to Note 41.

48. PROFITABILITY

Items		December 31, 2022	December 31, 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: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth.

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2022 and 2021.

49. TRUST BUSINESS UNDER THE TRUST LAW

a. Balance sheets, income statement and trust properties of trust accounts

These statements were managed by the Bank's Trust Department. However, these items were not included in the Bank's financial statements.

Balance Sheets of Trust Accounts
December 31, 2022 and 2021

	December 31			
	2022	%	2021	%
Trust assets				
Bank deposits	$ 9,283,663	1	$ 7,043,443	1
Bonds	20,643,263	3	12,995,616	2
Stocks	27,245,074	4	28,902,543	4
Funds	120,215,420	17	108,012,869	17
Securities lent	445,872	-	631,974	-
Receivables	210,197	-	120,980	-
Prepayments	27,674	-	8,255	-
Real estate				
Land	24,894,415	3	17,365,819	3
Buildings	131,549	-	148,593	-
Construction in progress	10,768,398	1	3,988,057	1
Securities under custody	512,289,584	71	452,237,693	72
Total trust assets	$ 726,155,109	100	$ 631,455,842	100
Trust liabilities				
Payables	$ 1,967	-	$ 1,906	-
Payable on securities under custody	512,289,584	71	452,237,693	72
Trust capital	211,248,349	29	173,502,392	27
Reserves and cumulative earnings				
Net income	(1,164,016)	-	3,676,892	1
Cumulative earnings	5,713,852	-	2,551,788	-
Deferred amount	(1,934,627)	-	(514,829)	-
Total trust liabilities	$ 726,155,109	100	$ 631,455,842	100

Note: As of December 31, 2022 and 2021, the Bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to $5,465,287 and $3,581,926, respectively. As of December 31, 2022 and 2021, the Bank's Offshore Banking Unit invested in domestic securities under specific purpose trust accounts amounting to $1,018,525 and $891,638, respectively.

Income Statements of Trust Account
Years Ended December 31, 2022 and 2021

	Years Ended December 31			
	2022	%	2021	%
Trust income				
Interest income	$ 28,190	1	$ 12,057	-
Borrowed Securities income	23,747	1	17,016	1
Cash dividends	2,092,906	89	688,614	18
Gains from beneficial certificates	45,491	2	38,830	1
Realized investment income	116,675	5	207,647	6
Unrealized investment income	21,954	1	2,810,873	74
Donation revenue - charitable trust	13,225	1	8,435	-
Total trust income	2,342,188	100	3,783,472	100
Trust expense				
Trust administrative expenses	11,037	-	8,694	-
Tax expenses	53	-	34	-
Donation expense - charitable trust	6,570	-	9,389	1
Realized investment loss	6,850	-	1,469	-
Unrealized investment loss	3,480,961	149	86,322	2
Other expense	733	-	672	-
Total trust expense	3,506,204	149	106,580	3
(Loss) income before income tax	(1,164,016)	(49)	3,676,892	97
Income tax expense	-	-	-	-
(Loss) income after income tax	$ (1,164,016)	(49)	$ 3,676,892	97

Trust Properties of Trust Accounts
December 31, 2022 and 2021

	December 31	
Investment Portfolio	2022	2021
Bank deposits	$ 9,283,663	$ 7,043,443
Bonds	20,643,263	12,995,616
Stocks	27,245,074	28,902,543
Funds	120,215,420	108,012,869
Securities lent	445,872	631,974
Real estate		
Land	24,894,415	17,365,819
Buildings	131,549	148,593
Construction in progress	10,768,398	3,988,057
Securities under custody	512,289,584	452,237,693
Total	$ 725,917,238	$ 631,326,607

b. The operations of the Bank's Trust Department consist of planning, managing and operating of trust business and affiliated business. These operations are governed by the Banking Law and the Trust Law.

50. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Acquired and disposed of investment at costs or prices of at least NT$300 million or 10% of the issued capital	None
2	Acquisition of individual real estates at costs of at least NT$300 million or 10% of the issued capital	None
3	Disposal of individual real estates at prices of at least NT$300 million or 10% of the issued capital	None
4	Allowance for service fee to related parties amounting to at least NT$5 million	None
5	Receivables from related parties amounting to at least NT$300 million or 10% of the issued capital	Table 1
6	Trading information - sale of non-performing loans	None
7	Financial asset securitization	None
8	Other significant transactions which may affect the decisions of financial report users	None

b. Information related to subsidiary:

No.	Item	Explanation
1	Financing provided	None (Note)
2	Endorsements/guarantees provided	None (Note)
3	Marketable securities held	None (Note)
4	Acquisition and disposal of marketable securities at costs or prices of at least NT$300 million or 10% of the issued capital	None (Note)
5	Derivative transactions	None

Note: Subsidiaries which belong to financial, insurance, securities industries and its main business registration include financing provided, endorsements/guarantees provided, acquisition and disposal of marketable securities do not need to disclose above information.

c. The related information and proportionate share in investees: Table 2.

d. Information on incorporate branches and investment in Mainland China: Table 3.

e. Information of major shareholders: Due to the Bank is not-listed on the Exchange and OTC Banking, not required for disclosure.

TABLE 1

BANK SINOPAC

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 Period	Allowance for Bad Debts
					Amount	Action Taken		
Bank SinoPac	SinoPac Financial Holdings Company Limited	The parent company of the Bank	$ 1,055,024 (Note)	-	$ -	-	$ -	$ -

Note: Most of receivables resulted from the use of the linked-tax system (recognized in current income tax assets) and related parties.

BANK SINOPAC

INFORMATION ON INVESTED ENTERPRISES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or Thousands Shares)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Gains (Losses)	Consolidated Investment				Note
						Shares	Imitated Shares	Total		
								Shares	Percentage of Ownership (%)	
Financial related enterprise										
Bank SinoPac (China) Ltd.	China	Commercial Bank	100.00	$ 10,014,775	$ 285,976	-	-	-	100.00	Subsidiary and Note 1
SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage business	100.00	71,504	(1,916)	100	-	100	100.00	Subsidiary and Note 1
Global Securities Finance Corporation	Taiwan	Investment management	2.64	5,292	-	535	-	535	2.88	
Taipei Foreign Exchange Inc.	Taiwan	Foreign exchange market maker	3.43	23,032	4,760	680	-	680	3.43	Note 2
Taiwan Futures Exchange	Taiwan	Futures exchange and settlement	1.07	333,886	14,211	9,977	-	9,977	2.08	Note 2
Fuh Hwa Securities Investment Trust Co., Ltd.	Taiwan	Securities investment trust and consultant	4.63	128,687	41,691	2,779	-	2,779	4.63	Note 2
Financial Information Service Co., Ltd.	Taiwan	Planning and developing the information system of across banking institution and managing the information web system	2.48	476,472	35,548	12,927	-	12,927	2.48	Note 2
Taiwan Asset Management Corporation	Taiwan	Evaluating, auctioning, and managing for financial institutions' loan	0.28	13,980	1,950	3,000	-	3,000	0.28	Note 2
Taiwan Financial Asset Service Co.	Taiwan	Auction	5.88	93,000	1,100	10,000	-	10,000	5.88	Note 2
Sunny Asset Management Corp.	Taiwan	Purchasing for financial institutions' loan assets	1.42	402	130	85	-	85	1.42	Note 2
Taiwan Depository and Clearing Co.	Taiwan	Computerizing book-entry operation for securities	0.08	33,822	1,519	5,373	-	5,373	0.92	Note 2
Taiwan Mobile Payment Corporation	Taiwan	Promoting E-commerce and developing E-billing	1.00	1,386	-	600	-	600	1.00	
Nonfinancial related enterprise										
Taiwan Television Enterprise, Ltd.	Taiwan	Wireless television company	4.84	76,116	-	13,805	-	13,805	4.92	
Victor Taichung Machinery Works Co., Ltd.	Taiwan	Manufacturer and seller of tool machine, plastic machine and other precise equipment	0.08	1,498	47	0.16	-	0.16	0.08	Note 2

Note 1: Foreign-currency amounts were translated at the exchange rate on the balance sheet date, except for foreign-currency - denominated income and expenses, which were translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2022.

Note 2: Investment gains are dividend income.

Note 3: Above shares are in thousands of shares.

TABLE 3

BANK SINOPAC

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

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	Earnings (Losses) of Investee (Notes 2 and 3)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Notes 2 and 3)	Carrying Value (Notes 2 and 3)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Bank SinoPac (China) Ltd.	Commercial Bank	$ 9,950,464	Investment in Mainland China directly	$ 9,950,464	$ -	$ -	$ 9,950,464	$ 287,940	100	$ 285,976	$ 10,014,775	$ -

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$9,950,464	$9,950,464	$82,716,360

Note 1: The accumulated investment amounts in Mainland China as of December 31, 2022 are US$323,871 thousand and had been authorized by the Investment Commission, MOEA are US$323,871 thousand.

Note 2: Earnings of investee, equity in the earnings and carrying value for the year ended December 31, 2022 have been audited by independent certified public accountants.

Note 3: Foreign currencies are translated to New Taiwan dollars with current rate of the date of balance sheet, only the gains or losses investments are translated with current period average rate.

Major Subsidiaries

Bank SinoPac (China) Ltd.

Address : Room 3501 & 3601, Block 4, 248 Lushan Road, Jianye District, Nanjing City, China
Telephone : 86-25-8886-6000

SinoPac Insurance Brokers Ltd.

Address : Units 03-06, 12A Floor, One Peking, 1 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong
Telephone : 852-3655-8688

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