Bank SinoPac
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Annual Report 2021

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	Friendship Tower, 9F, 31 Le Duan, District 1, Ho Chi Minh City, Vietnam	84-28-3822-0566

Financial Highlights

(In millions, except per share data)	2021 NT$	2021 US$ (Note)	2020 NT$
For the year			
Pretax income	*13,109*	*473.43*	*11,020*
Net income	*11,415*	*412.25*	*9,754*
At year-end			
Deposits and remittances	*1,840,387*	*66,465.04*	*1,659,951*
Discounts and loans, net	*1,184,692*	*42,784.81*	*1,140,986*
Total assets	*2,169,496*	*78,350.71*	*1,994,636*
Equity	*143,129*	*5,169.06*	*139,666*
Per share			
Earnings per share	*1.31*	*0.05*	*1.12*
Equity per share	*16.47*	*0.59*	*16.23*
Dividends declared per share			
- Cash dividend	*0.59263158*	*0.021402716*	*0.68555898*
- Stock dividend	*0.39552080*	*0.014284118*	*0.09621465*

Note 1: US dollar amounts are converted for convenience only at NT$27.68955 per dollar, the prevailing rate on Dec. 31, 2021.
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

Economy and Market Retrospective View 2021

With the unrelenting Covid-19 pandemic, Taiwan once entered level 3 pandemic prevention measures in 2021. As the Delta and Omicron variants continue to ravage the world, the number of confirmed cases around the world reached 280 million. Furthermore, the market has been impacted by the UK's official leave from the EU, the inauguration of President Biden, K-shaped recovery, the drought of the century in Taiwan, the Fed becoming more aggressive, the People's Bank of China decreasing reserves, Tokyo Olympics, Evergrande Group's debt crisis, common prosperity, energy consumption and intensity controls, increasing inflation, and QE tapering. The world benefited from financial relief, monetary easing, complete vaccine coverage, and base period bonuses, achieving good economic performance. The GDP of the US grew from -3.4% to 5.7% in 2020, the Eurozone grew from -6.4% to 5.7%, and China grew from 2.3% to 8.1%. Moreover, Taiwan benefited from the investments driven by TSMC's high capital expenditures and reached historically high export values. Together with the introduction of the quintuple stimulus voucher driving consumption, Taiwan's economic growth rate increased from 3.36% to 6.45%. The basic economy is recovering and there has been monetary easing in terms of funds, creating impressive performances in the global financial market. The American S&P, German DAX, and Indian stock markets reached record highs. The Taiwan Capitalization Weighted Stock Index also reached historic highs for the second consecutive year, reaching 18,291 points. The exchange rate for New Taiwan dollar to US dollar also reached 27.502 due to strong exports and capital returning to Taiwan, reaching a new high in 24 years.

Chairman / Chia-hsien CHEN

Business Strategies and Performance

In 2021, Bank SinoPac posted a consolidated net profit of NT$11.415 billion, earnings per share after tax of NT$1.31, and ROE of 8.07%. In terms of business scale, Bank SinoPac's consolidated assets totaled NT$2.1695 trillion at the end of 2021, an increase of NT$174.9 billion over the previous year; deposits totaled NT$1.8378 trillion, and loans totaled NT$1.2006 trillion, with annual growth rates of 10.92% and 3.82%, respectively, over the end of the previous year. The loan-to-deposit ratio was 65.33%.

The business performances of Bank SinoPac in 2021 are as follows:

In terms of corporate banking, as of the end of 2021, the outstanding corporate lending balance was NT$619.0 billion, approximately 39% of which was foreign currency lending. The volume of factoring was NT$81.1 billion, and the volume of foreign exchange trading was US$302.0 billion. Loans to small and medium enterprises (SMEs) amounted to NT$255.8 billion, ranking fourth among domestic private banks. The cumulative guarantee amount of Small&Medium Enterprise Credit Guarantee Fund of Taiwan was NT$27.5 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 2022, 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 2021, the outstanding balance of mortgage loans was NT$561.5 billion, and the outstanding balances of car loans and other secured loans were NT$7.8 billion and NT$1.8 billion respectively. Meanwhile, the outstanding balance of credit loans was NT$28.8 billion, and the number of credit cards in circulation was 2,171 thousand, with an annual credit card spending amount of NT$119.9 billion.

With the intention of maintaining asset quality, the principal objective of the mortgage loan business in 2021 was to focus on the solicitation and promotion to quality self-use customer segments internally and externally. Bank SinoPac also combined FinTech development to enhance the offering of digital services such as instant appropriation through online refinance and application for flexible pay, so as to satisfy customers' demands for funds on a full scale. Bank SinoPac continued to provide integrated services for credit loans and promote digital application processes with innovative technologies to improve customer experience. The scale of credit card businesses at Bank SinoPac continued grow as promotional efforts remained stable and high cashback rewards were offered. Extending the business strategy of 2021, Bank SinoPac will continue to strengthen its electronic banking service and customer segmentation in 2022, using differentiated smart financial services across product lines to meet the needs of target customers and elevate customer stickiness and its overall competitive edge.

With respect to wealth management service in 2021, the outstanding balance of non-discretionary money trust investing on domestic and foreign securities under management at the end of the year totaled NT$121.0 billion, and the total volume of sales amounted to NT$84.4 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$58.3 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$666.9 billion, and the total premium received from the bancassurance business was NT$32.4 billion, including NT$2.2 billion through SinoPac Securities. Looking forward to 2022, with the economy getting back on track, the short-term mismatch between supply and demand will make inflation a tail risk that faces the market; along with the uncertainty of QE tapering, the market will inevitably be volatile. In the post-pandemic era, however, the economy is on a positive trajectory. The outlook on risky assets remains positive. Aiming for customer asset protection, Bank SinoPac has centered its long-term investment strategies on AUM Base. In 2022, the dual-core AUM Base model will be adopted to extend exclusive products, integrated financial services, and privileged customer rights to high-net-worth customers, in addition to existing business activities. Bank SinoPac expects to provide one-stop financial services with digital innovations to optimize the customer journey, thus becoming the most trusted bank.

President / Eric CHUANG

Strong Capital Structure and Stable Credit Ratings

At the end of 2021, the consolidated capital adequacy ratio was 15.78%. The asset quality of Bank SinoPac also remained outstanding as it recorded a non-performing loan ratio of merely 0.13%, a decline of 0.01% from the previous year, and an NPL coverage ratio of 1,010.81%. 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	2021/8/19
	Fitch Ratings	BBB+	F2	Stable	2021/11/18
Domestic	Fitch Ratings	AA-(twn)	F1+(twn)		
	Taiwan Ratings	twAA-	twA-1+	Stable	2021/8/19

Achieving Social Sustainability through Core Capabilities

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 bonds, sustainability 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 response to the climate action (SDG13), Bank SinoPac distributes questionnaires to investee companies on a regular basis to examine their awareness, advocacy, disclosures, specific actions, and improvements in respect of climate change, in an attempt to exert its influence as an institutional investor on the investee companies to take climate change 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 three years in a row to support students' passion for sports and enable them to be able 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. Furthermore, Bank SinoPac has sponsored the Taipei Children's Arts Festival organized by the Department of Cultural Affairs of the Taipei City Government for 14 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 investment in all aspects of economy, society, and environment has been highly recognized by all walks of life and honored with several awards. In 2021, Bank SinoPac was awarded the “World’s Best Banks 2021” by Forbes, the leading American financial magazine. Bank SinoPac also won the “Best Financial Service Provider Award” in the Top Solar System Awards from the Bureau of Energy, Ministry of Economic Affairs for its cooperation with customers in promoting renewable energy and building a sustainable homeland. It also received the “Key Startup Industry Loans - Special Award for the Renewable Energy Industry” from the FSC and the “Best Green Finance Innovation Award” from the Excellence magazine; in addition, Bank SinoPac continued to use technology and innovations to improve customer experiences, winning it the “Best Retail ATM Experience” and “Best Digital Collaboration” from The Asset magazine. Moreover, the iF International Forum Design awarded Bank SinoPac the "User Interface Award" and "Communication Design Award” in recognition of its combination of finance and art. Last but not least, Bank SinoPac was awarded the “Best Deposit/Savings Product in Taiwan” and “Best Digital Self-Service Initiative/Application in Taiwan” by The Asian Banker for its innovation to financial automation and digitalization.

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 Guarantee Gold Award - Credit Manager” from the Small & Medium Enterprise Credit Guarantee Fund of Taiwan and won the FSC’s “Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy-Excellent Bank.”

On the part of branch services, Bank SinoPac received the "Bronze prize in Branch Innovation of the Year (Asia Pacific)" from the Asian Banking & Finance magazine, the "Best Service Quality Award" from the Excellence magazine, and the "Gold Award for Family Trust Innovations" from the Commercial Times. Bank SinoPac also performed outstandingly in terms of finance. Bank SinoPac received five major awards related to foreign exchange from the internationally-known institution, Refinitiv, including the " Top 5 Trading Volume," "Top Asian NDF Entity," "Top Asian NDF Trader," "Top CNH (SPOT) Entity," and "Top CNH (SPOT) Trader." Furthermore, Bank SinoPac was named the champion in 2021 NTD Interest Rate Swap Trading Platform Competition by Taipei Exchange.

Bank SinoPac's endeavor to promote corporate social responsibility was widely-recognized, including receiving the "Taiwan's Best Bank for CSR 2021" from Asiamoney. It was also commended by the FSC as one of the financial institutions with active engagement in the "Promotion of Financial Knowledge in Campuses and Communities." Other awards included the "Excellence Award for Banks in Digital Inclusion" from the Commercial Times and the Excellence Award for Environmental Friendliness, and Excellence Award for Social Innovation in Outstanding CSR project from the Global Views Monthly.

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

Looking ahead to 2022, basic infrastructure projects are being launched in the US; fiscal expansions are happening in Europe; policy driven soft landings are planned in China, and Taiwan is being driven by exports and consumption. The economic situation will continue to improve and it is estimated that Taiwan will experience an economic growth rate of 4.42%, normalizing the economy. The world will face three main risks in 2022: Pandemic risks, inflation risks, and climate change risks. In terms of the pandemic, vaccination rates in countries are rising, making Covid-19 more like a seasonal flu. Despite the emergence of Covid-19 variants, the impact of the pandemic on the economy is expected to slow down. In terms of inflation, the rise of interest rates will become the main trend in response to the supply chain bottleneck and prices on the rise in countries around the world. A response to climate change is now needed urgently. It will require the governments of the world and corporations to work together to implement ESG sustainability, and laws and regulations must be formulated to fulfill carbon neutrality targets and create a green economy.

Bank SinoPac has long stuck by the original intention; that is, Bank SinoPac remains committed to cultivating local customer-oriented services and continues to invest in human, organizational, and intellectual capital for innovation; to move toward the vision of "making life beautiful through finance, and providing a flexible, robust brand for total customer financial solutions"; and to make Bank SinoPac the leading brand among Chinese-speaking financial institutions.

Chairman
Chia-hsien CHEN

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 “making life beautiful through finance, and providing a flexible, robust brand for total customer financial solutions,” to make Bank SinoPac the leading 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, and Chengdu, and Nanjing, providing wide range of financial services to both enterprises and individuals.

To enhance the capital adequacy ratio, Bank SinoPac issued NT$10 billion in subordinated bank debentures in 2021, plus NT$1 billion in senior unsecured bank debenture (Social Bond) in response to the government's Sustainable Financial policy, making the total at NT$11 billion. As of the end of 2021, Bank SinoPac and its subsidiaries had 6,347 employees; their paid-in capital reached NT$86.9 billion and assets amounted to NT$2.1695 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 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, 2021

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$143,129 million
Paid-in capital:	NT$86,889 million
Number of shares issued:	8,688.9 million
Number of employees:	6,347
Auditor:	Deloitte & Touche
S&P Global Ratings (Aug. 19, 2021)	
Long-term issuer credit rating:	BBB+
Short-term issuer credit rating:	A-2
Rating outlook:	Stable
Fitch Ratings (Nov. 18, 2021)	
Long-term issuer default rating:	BBB+
Short-term issuer default rating:	F2
Rating outlook:	Stable
Taiwan Ratings (Aug. 19, 2021)	
Long-term issuer credit rating:	twAA-
Short-term issuer credit rating:	twA-1+
Rating outlook:	Stable

II. Awards & Honors

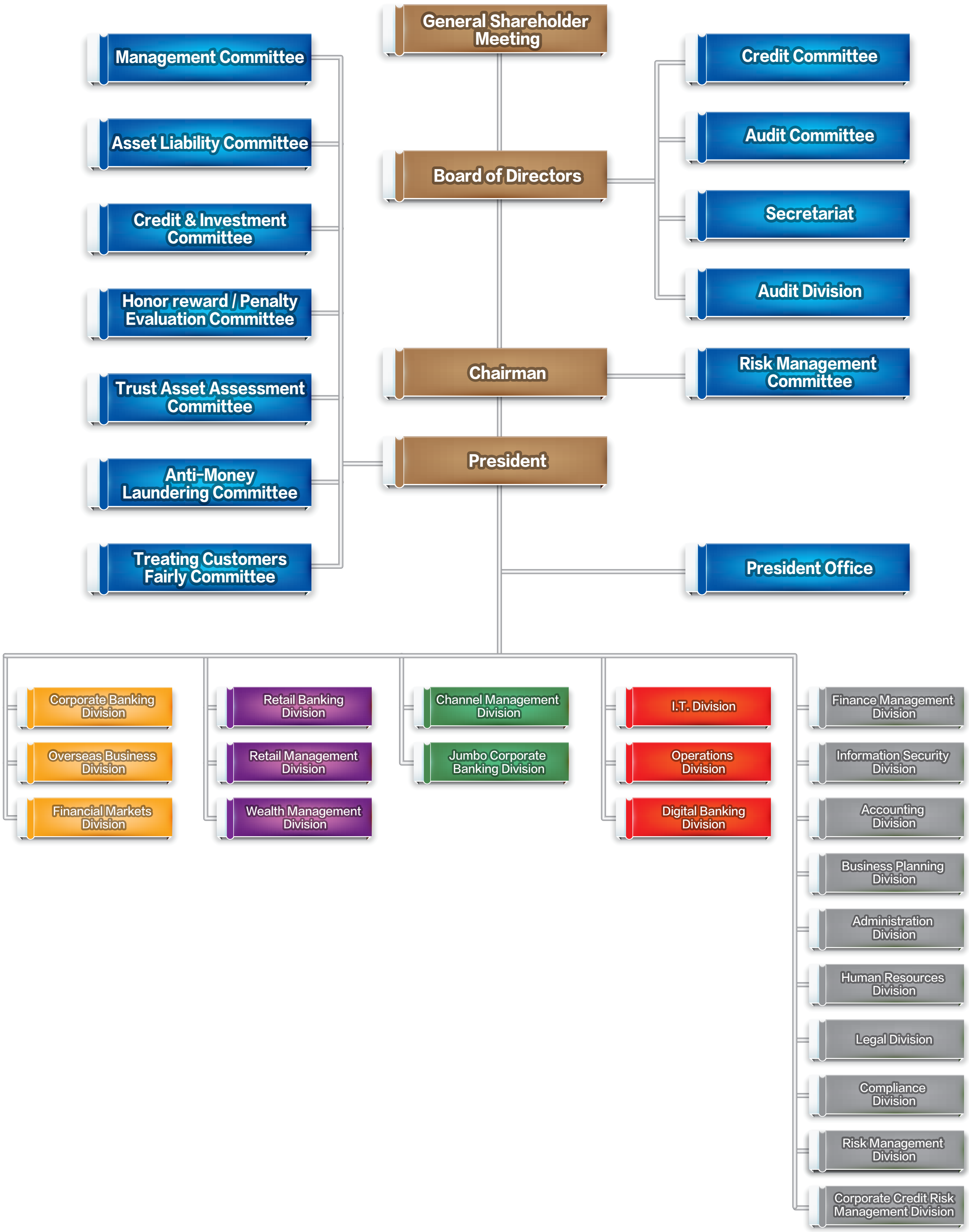
Sustainable Development	• 《Global Views Monthly》 Excellence Award for Environmental Friendliness, and Excellence Award for Social Innovation in Outstanding CSR Project
	• 《Asiamoney》 Taiwan's Best Bank for CSR 2021
	• 《Excellence》 Best Green Finance Innovation Award in the 2021 Excellent Bank Ratings
	• 《Commercial Times》 Excellence Award for Banks in Digital Inclusion in the 2021 Digital Financial Service Award
	• 《Financial Supervisory Commission》 Small and Medium Enterprise Loans (SMEs)- Level A, Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy - Excellent Bank, Key Startup Industry Loans - Special Award for the Renewable Energy Industry
	• 《Taiwan Institute for Sustainable Energy》 Taiwan Sustainable Action Award - Migrant Worker Financial Dilemma Solutions (Gold Prize), Building Solar Industry Chain Financial Ecosystem (Silver Prize), FinTech Transforms Traditional Agricultural Wholesale Markets (Silver Prize), and Organizing Song of Life for the Elderly: Record the stories of Taiwan (Bronze Prize)
	• 《Bureau of Energy, Ministry of Economic Affairs (R.O.C.)》 Best Financial Service Provider Award in the Top Solar System Awards
	• ISO27001 Information Security Management System Certification
	• ISO 45001 Occupational Health and Safety Management System Certification
	• 《Health Promotion Administration, Ministry of Health and Welfare》 Badge of Accredited Healthy Workplace Certification - Healthy Workplace
Brand Value	• 《Wealth Magazine》 Most Recommended Bank for Domestic Banks and Best Print Marketing in the 2021 Wealth Management Awards
	• 《Global Views Monthly》 Outstanding Award in the Best Banks in FinTech Services 2021
	• 《Daily View》 Outstanding Strategy Award in the Star of Internet Word-of-Mouth 2021
Wealth Management	• 《Forbes》 World's Best Banks 2021
	• 《Wealth Magazine》 Best Wealth Added Award for Domestic Banks in the 2021 Wealth Management Awards
	• 《Excellence》 Best Wealth Added Award in the 2021 Excellent Bank Ratings
	• 《Commercial Times》 Gold Award for Family Trust Innovations in the Trust Award
	• 《International Business Magazine》 Best Wealth Management Bank in Taiwan 2021
Digital Finance and Innovation Development	• 《Taiwan Clearing House》 Financial Institutions and Electronic Payment Institutions Promotion Activities -Best Corporate Promotion Award in eACH, Best Corporate Promotion Award in eDDA 2FA Authorization, and 2nd Transaction Volume Ranking Award of eDDA.
	• 《The Asset》 Best Digital Collaboration, Best Social Media Project, Best Retail ATM Experience in The Asset Triple A Digital Awards 2021
	• 《iF International Forum Design》 User Interface Award and Communication Design Award in the iF Design Award

Digital Finance and Innovation Development	• 《The Digital Banker》 Outstanding Digital CX Mobile App and Best Digital Bank for CX - Taiwan
	• 《Asian Banking & Finance》 Bronze prize in Branch Innovation of the Year (Asia Pacific)
	• 《Asian Banking & Finance》 Mobile Banking & Payment Initiative of the Year (Taiwan), Service Open Banking Initiative of the Year (Taiwan)
	• 《Business Today》 First Place in the Best Marketing Innovation and 2nd Place in the Best Smart Financial Management Award in the banks group in the 15th Wealth Management Banks and Securities Firms Evaluation
	• 《The Asian Banker》 - Best Deposit/Savings Product in Taiwan, Best Digital Self - Service Initiative/ Application in Taiwan
	• 《National Enterprise Competitiveness Development Association》 Best Product Award - National First Prize - DAWHO APP and Most Popular Brand Award - Official LINE Account and DAWHO in the 18th National Brand Yushan Award
	• 《International Business Magazine》 Best Innovative Digital Bank
Financial Products and Services	• 《The Asset》 2021 Best LBO Leveraged Buyout
	• 《Small & Medium Enterprise Credit Guarantee Fund of Taiwan》 Outstanding Performance Award in Collections from Guaranteed Loans and Credit Guarantee Gold Award - Credit Manager
	• 《Asian Banking & Finance》 Taiwan Domestic Remittance Initiative of the Year
	• 《Excellence》 Best Service Quality Award in the 2021 Excellent Bank Ratings
	• 《National Enterprise Competitiveness Development Association》 Best Product - National First Prize: Management and Decision-Making Platform, Best Product - Salary Transfer Service, and Best Product - Regional Information Integration Platform in the 18th National Brand Yushan Award
Financial Transactions	• 《Taipei Exchange》 Champion in 2021 NTD Interest Rate Swap Trading Platform Competition
	• 《Refinitiv》 Top 5 Trading Volume, Top Asian NDF Entity, Top Asian NDF Trader, Top CNH (SPOT) Entity, Top CNH (SPOT) Trader

III. Organization

(I) Organization Chart

December 31, 2021



(II) Board of Directors

February 28, 2022

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.	Chia-hsien CHEN	Male / 61-70	2019/07/01	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	-	None	None	None
Director	R.O.C.	Shi-kuan CHEN	Female / 51-60	2020/05/13	2.2	2020/05/13	Note1	Note1	–	–	–	–	–	–	President, Chung-Hua Institution for Economic Research 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, Taiwan Independent Director Association Director, Dr. John C.H. Fei Memorial Foundation Director, Academy of Promoting Economic Legislation Director, Chun Ti Ching Hsin Foundation Director, Taiwan Economic Association Executive Director, Taiwan Share Association Director, ROC-USA Business Council Director, Yu Guohua Culture and Education Foundation Supervisor, BCSD Taiwan Executive Supervisor, The Bankers Association of Taipei Executive Director, Financial Engineering of Taiwan	None	None	None
Director	R.O.C.	Stanley CHU	Male / 51-60	2019/07/01	3	2018/05/01	Note1	Note1	–	–	–	–	–	–	Chairman, Cathay Securities Corporation Spokesman and Senior Executive Vice President, Taiwan Stock Exchange Corporation Senior Executive Vice President, Taiwan Futures Exchange EMBA, National Taiwan University	Director and President, SinoPac Holdings Chairman, SinoPac Securities Corp. Director, SinoPac Foundation Director, Taiwan Stock Exchange Corporation Director, National Performing Arts Center	None	None	None
Director	R.O.C.	Wei-thyr TSAO	Male / 61-70	2019/07/01	3	2018/05/01	Note1	Note1	–	–	–	–	–	–	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 Director, China Everbright Greentech Limited Director, Five-Resource Co., Ltd. Director, Chien-Shih Management Consulting Co., Ltd. Director, Gramgold coin Collaboration Ltd. (BVI) Director, Talent Pool Ltd. (Samoa)	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.	Ming-ming CHONG	Male / 61-70	2019/07/01	3	2016/11/25	Note1	Note1	–	–	–	–	–	–	Chairman, SinoPac Leasing Corp. Director of SinoPac Holdings Director, SinoPac International Leasing Corp. Director, SinoPac Leasing (Tianjin) Co., Ltd. MBA, National Chengch University	Chairman, Bank SinoPac (China) Ltd.	None	None	None
Director	R.O.C.	Eric CHUANG	Male / 51-60	2019/07/01	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	2019/07/01	3	2017/08/25	Note1	Note1	–	–	–	–	–	–	Corporate Lawyer, Lee and Li Attorneys-At-Law 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	2019/07/01	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.	Chao-hsiang CHU	Male / 61-70	2019/07/01	3	2019/07/01	Note1	Note1	–	–	–	–	–	–	Graduate chair / Professor, Institute of Political Science, National Taiwan Normal University Director, The Department of Civil Servant Development, Taipei City Government Ph.D., Graduate Institute of Social Sciences and Humanities, National Chengchi University Master of LL.B., National Taiwan University	Director, Taipei City Hang-An Seniors' Home Multiple Long-Term Care Services 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, 2022

- 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
- 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 Information Technology Division
- Joe LIN
  Senior Executive Vice President & Head of Risk Management Division
- Alton WANG
  Senior Executive Vice President & 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
  Chief Auditor
- Josephine CHEN
  Executive Vice President & Chief Compliance Officer and Head of Compliance Division
- Shun-hsing LIAO
  Executive Vice President & Head of Legal Division
- Martin CHANG
  Executive Vice President & Head of Business Planning Division
- Russell C. L. LIN
  Executive Vice President & Hong Kong Branch Manager
- Tien-hao CHANG
  Executive Vice President

IV. Human Resources

Employee Statistics

February 28, 2022

Items	2022/2/28	2021	2020
Number of staff	6,029	6,049	6,018
Average age	41.9	41.8	41.1
Average seniority	13.1	12.9	12.5
Education			
Ph.D. degree	0.17%	0.15%	0.10%
Master's degree	20.67%	20.86%	19.39%
University and college	74.92%	75.02%	74.99%
Junior college & others	4.24%	3.97%	5.52%
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 2021, constantly growing demand for 5G and high-performance computing drove strong orders for information and communication technology (ICT) and electronic products, owing to global economic recovery, rising demand for emerging applications and products, and increasing purchases of traditional goods, in addition to a continuous boom in remote business opportunities and stay-at-home economy arising from the COVID-19 pandemic. With both internal and external momentum growing simultaneously thanks to the spillover effect of wealth coming from Taiwan's rebounding economy and stock market after reaching all-time highs, the Taiwanese economy grew significantly by 9.20% in the first quarter of 2021, hitting a remarkable record high since the fourth quarter of 2010. Yet, the local COVID-19 outbreak in Taiwan beginning in mid-May, which eventually forced the Taiwanese government to raise its COVID-19 alert to Level 3 nationwide, led to a slight drop in its GDP growth to 7.76% in the second quarter of 2021. As domestic consumption in Taiwan remained weak and limited despite the Taiwanese government's efforts to lower the nationwide COVID-19 alert to Level 2 and gradually ease control measures at the end of July, Taiwan's economic growth slowed once more to 4.37% in the third quarter of 2021, considering the higher base effect resulted from the introduction of stimulus measures over the same period in 2020. In the wake of strong exports of technology products with competitive advantage following the increasing production capacity of local semiconductor manufacturers and returning Taiwanese manufacturers, coupled with continuous growth in sales of traditional goods as the global economy recovers, Taiwan's GDP expanded to 4.86% in the fourth quarter of 2021 and recorded 6.45% in 2021 on the whole.

Looking forward to 2022, the International Monetary Fund (IMF) predicts that global trade volume will continue to grow as the global economy rebounds and the supply chain situation improves. With steady external demand along with the launch of new emerging technology applications, local semiconductor companies with industry-leading manufacturing processes are actively expanding their plants while returning Taiwanese manufacturers and local manufacturers are also continuously investing in the construction of new plants. Hence, the ongoing expansion of production capacity in Taiwan will boost export momentum. As far as domestic demand is concerned, the launch of various stimulus measures by the Taiwanese government is expected to spur domestic consumption that has been inhibited by the local COVID-19 outbreak. Furthermore, outstanding profits posted by Taiwanese companies and surging demand for manpower caused by the expansion of production capacity, as well as an increase in disposable household income resulted from minimum wage hike and pay raise for military service personnel, civil servants, and school teachers in the country, will help elevate the purchasing power of the people of Taiwan. On the other hand, the clustering effect of deepened investments in local supply chains is beginning to manifest itself as leading semiconductor companies continue to launch capital expenditure projects. Coupled with investments from returning Taiwanese manufacturers, the accelerated roll-out of 5G network deployment by telecommunication companies, and the ongoing construction of green energy facilities such as offshore wind farms and solar photovoltaics, investment momentum in Taiwan is expected to persist. However, given the impact of higher base effect, the DGBAS forecasts that Taiwan's economic growth will slow slightly to 4.42% in 2022, with growth rates estimated at 3.00%, 4.54%, 5.09%, and 4.94% in each quarter, respectively.

In terms of consumer prices, sharp hikes in global raw material prices have led to higher domestic fuel and air ticket prices, with the effects of climate change also driving up food prices. As a result, Taiwan's consumer price index (CPI) rose above the 2% warning level seven times throughout 2021 after exceeding 2% for the first time in April while the index soared to a nine-year high of 2.85% in November. Moreover, the cost of eating out was up 2.39% in December, hitting a record high in 81 months. On the whole, the country's CPI increased by 1.96% YoY in 2021, reaching a new height in 13 years. Looking ahead to 2022, upward pressure in domestic prices will increase as domestic consumption continues to recover and some manufacturers adjust product prices in response to surging costs. Yet, in view of the expected slowdown in international oil prices and the impact of high base effect, the DGBAS predicts that Taiwan's CPI will fall slightly to 1.61% in 2022.

As regards interest rates, the Central Bank of Taiwan (CBC) left interest rates unchanged in 2021 as it opined that Taiwan experienced a moderate rise in overall consumer prices compared to Europe and the U.S. and did not have a tight labor market on the whole, even though it acknowledged the presence of upward pressure on consumer prices. Going forward, while Taiwan's economy looks to grow steadily in 2022, most major institutions expect international oil prices to weaken and pressure on consumer prices to ease from quarter to quarter in spite of minimum wage hike and pay raise for military service personnel, civil servants, and school teachers in the country, as well as rising product prices implemented by some manufacturers in response to surging personnel and raw material costs. However, with the Fed began rate hikes in March 2022 due to inflationary pressure, the CBC also raised rediscount rate 25 bps at the first quarterly meeting.

B. Mainland China, Hong Kong, and Macao

As the Chinese economy benefited from strong external demand in the first half of 2021, the country recorded a GDP growth of 18.3% and 7.9% YoY in the first and second quarters of the year, respectively. With the spread of the Delta variant of COVID-19 across China in the second half of the year, however, the Chinese government's zero-COVID policy and supply bottlenecks were not of great help to economic recovery in the country. At the same time, the Chinese government's implementation of large-scale reforms revolving around “Common Prosperity” and “Carbon Neutrality,” along with its regulatory restructuring and crackdowns on various sectors and areas, such as after-school education, anti-monopoly, cyber security audit, real estate, and dual control of energy intensity and consumption, exposed the problem of uneven recovery in the country during the COVID-19 pandemic and led to a rapid slowdown in its economy while giving rise to new downside risks at the same time. As such, China's GDP expanded by 4.9% and 4.0% in the third and fourth quarters of the year, respectively, with the country posting an 8.1% GDP growth in 2021 on the whole. Owing to the People's Bank of China's preventive moves to cut reserve requirement ratio (RRR) twice by a total of 1 percentage point, introduce green financial instruments such as support for carbon emission reduction, maintain ample liquidity in the market, and implement strict control of hidden debt risks, China did not experience systemic risks throughout the year. On the other hand, Hong Kong and Macau saw their economies continuously dragged down by a bumpy recovery in the tourism and hospitality industry and the food and beverage industry due to the ongoing COVID-19 pandemic and weak purchasing power of the Mainland Chinese. Hong Kong managed to shake off negative GDP growth, which has lasted for two years in a row, and post a 6.4% GDP growth in 2021 through the issuance of electronic consumption coupons aimed at stimulating private consumption and invigorating foreign trade. While Macau recorded positive GDP growth of 18% in 2021 after experiencing negative GDP growth of 56.3% in 2020, its economic recovery was greatly affected by the COVID-19 pandemic and the Chinese Central Government's move to restructure the gaming industry as the special administrative region failed to fill the growth gap left by these developments.

Looking forward to 2022, Chinese officials have announced a series of proactive policies and actions, including interest rate cuts, RRR cuts, massive tax and fee cuts, increasing infrastructure construction, and meeting effective consumption and investment demand, in a bid to help the Chinese economy absorb downward pressure arising from the regulation of various industries and its real estate bubble since last year. With the Chinese economy expected to stabilize around mid-2022, the country's GDP is projected to expand by 4.9% in 2022 on the whole as it seeks to achieve sustainable growth through continuous reform and liberalization and aggressive investment in digital and green economies, as well as maintain a buffer for the U.S.-China relationship. In view of the adjustments made by both the U.S. and China to financial, regulatory, and other systems, Hong Kong's economic outlook appears challenging, while both Hong Kong and Macau are expected to experience substantial adjustments to the prospects of their pillar industries following their move to follow up on the Chinese Central Government's housing policy and restructuring of the gaming industry. Therefore, the Chinese Central Government has launched a series of initiatives, such as the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and the Overall Plan for the Construction of Guangdong-Macau In-depth Cooperation Zone, to promote diversification of industries in both Hong Kong and Macau while engaging in in-depth integration of construction investments into the development of the Guangdong-Hong Kong-Macau Greater Bay Area by means of "serving the needs of the Central Government with the strengths of Hong Kong and Macau" in line with the relevant policies. In the meantime, Hong Kong continues to deepen reforms in Hong Kong stocks to welcome the return of China concept stocks from abroad and establish listing conditions for companies fostered by the technological independence policy in Mainland China.

C. USA

Revisiting the course of 2021, a substantial increase in personal income among the Americans driven by the launch of a US$1.9 trillion stimulus plan by the Biden administration at the beginning of the year led to explosive growth in consumption of goods, while consumption of services began to rebound significantly as states in the U.S. restarted their economies one after another following a rapid rise in vaccination rates. With the country's economic growth gaining strong momentum in the first half of the year as evidenced by the developments above, the U.S. recorded GDP growth of 6.3% and 6.7% on a seasonally adjusted basis in the first two quarters of 2021, respectively. However, the country's strong recovery momentum took a turn for the worse in the second half of the year as the local COVID-19 outbreak worsened once more amid a shrinking willingness to get vaccinated among Americans and a surge in breakthrough infections caused by the Delta variant of COVID-19, adversely affecting the strength of the recovery in its service sector in the process. On top of that, intensified bottlenecks in international supply chains also brought about a gradual rise in inflation in the U.S. and caused growth in real consumption expenditure on goods in the country to turn from positive to negative, thereby leading to a decline in GDP growth to 2.3% on a seasonally adjusted basis in the third quarter of 2021. Considering that the outbreak of the Delta variant in the U.S. began to subside and the impact of the Omicron variant was not yet in sight after entering the fall and winter seasons, coupled with steady holiday sales data, the country's GDP growth is rebounded at a seasonally adjusted rate of 7.0% in the fourth quarter of the year and reached 5.7% in 2021 on the whole.

Looking ahead to 2022, vaccines and oral medication for COVID-19 will ease the burden on the U.S. health care system and the public will gradually learn to live with the virus. As large-scale lockdowns are no longer needed, the country will witness an ongoing shift from consumption of goods to consumption of services. In view of the fact that consumption momentum is not in danger over the medium term thanks to the accumulation of US$2.7 trillion in excess savings by Americans over the course of the pandemic, which accounted for up to 13% of the country's GDP, in 2022, the GDP of the U.S. is expected to grow by 3.1%. Employment-wise, the baby boomer retirement wave, the shortage of health care resources, and concerns over COVID-19 infections have led to a slow recovery in the labor force participation rate in the U.S. and eventually caused the unemployment rate to decline rapidly below 4%; correspondingly, labor shortages have also put pressure on companies to raise wages. While Americans are expected to return to the labor force as COVID-19 fears subside, labor shortages cannot be resolved substantially if the opposite happens. On the inflation front, the country's CPI grew by 7.0% YoY in December 2021, which was a record high since 1982. Energy, automobile, and housing costs, which reflected rising international oil prices, a shortage of automotive ICs, and soaring housing prices, were the three key drivers of inflation. With the high base effect of energy prices, automobile production starting to recover, and bottlenecks in international supply chains expected to ease gradually, inflation in the U.S. is expected to cool from quarter to quarter. As regards policies, the Federal Open Market Committee (FOMC) abandoned the rhetoric of temporary inflation. Seeing that inflation control has become the primary goal of the Fed's policy, the Fed announced an early end to quantitative easing in mid-March. Furthermore, the Fed is expected to raise interest rates within the year and initiate balance sheet reduction in the second half of the year, initially at a rate of US$20 billion per month and then up US$20 billion quarter by quarter. According to projections, the size of the Fed's balance sheet will shrink by US$180 billion by the end of 2022, with the total balance sheet amount estimated to fall to US$8.7 trillion.

D. Vietnam

In the wake of the Delta variant outbreak in Southeast Asia during the third quarter of 2021, the Vietnamese government implemented stringent disease prevention measures to restrict social activities. Additionally, factories in the country faced severe labor shortages as workers returned to their hometowns in droves to escape the outbreak, causing disruptions to the supply chains of numerous factories until October. As a result, the Vietnamese economy shrank by 6.17% in the third quarter of 2021, which saw the country experiencing negative growth for the time according to data released by the General Statistics Office of Vietnam. All in all, Vietnam recorded economic growth of 4.65%, 6.61%, -6.17%, and 5.22% on a seasonally adjusted basis from the first to fourth quarters of 2021 while the country's economy expanded by 2.58% in 2021 on the whole, which was slightly lower than 2.91% in 2020 due chiefly to Vietnam's inability to control the outbreak of the Delta variant following its success in doing so throughout the first wave of the COVID-19 outbreak.

Moving into 2022, in addition to reducing the economic impact of the COVID-19 pandemic with the policy of living with the virus, strong exports will also become a bright spot in the Vietnamese economy. In the second half of 2021, Vietnam posted trade surpluses for several months in a row as the country's trade surplus for the year reached US$4 billion. At the same time, Vietnam's total import and export volume also increased substantially by 26.5% and 19% YoY, respectively and showed a positive relationship with changes in foreign direct investments (FDI). Against the backdrop of weaker domestic demand in the second half of 2021 due to the impact of the local COVID-19 outbreak, inflation pressure in Vietnam was not as severe as other countries around the world as the country's CPI only increased by 1.84% YoY in 2021. With the expectation that inflation will rise gradually as domestic demand recovers in 2022, the State Bank of Vietnam (SBV) will enjoy more room to maintain a loose monetary policy and roll out stimulus policies. In essence, persistently strong global demand will benefit Vietnam's export growth in 2022. Furthermore, Vietnam continues to be favored by foreign manufacturers, thanks to the country's edge in various areas, such as demographic dividend, labor cost, and open investment environment, alongside its trade agreements with Japan and the EU and its participation in trade pacts such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP). The IMF and the World Bank project Vietnam's economy to grow by 6.6% and 5.5% in 2022, respectively.

(II) Future Supply and Demand Conditions in the Market

While there is no end in sight to the COVID-19 pandemic, the emergence of new COVID-19 variants may trigger new outbreaks at any time. Hence, whether supply chain bottlenecks will ease remains unknown. The global economic recovery is experiencing a host of uncertainties, where the risk of rising inflation is one of them. With interest rate hike expected at a moderate pace due to the CBC's prudent decision-making approach and exports persistently robust following the ongoing return of Taiwanese manufacturers abroad thanks to the Taiwanese government's effort to encourage investment in the country, Taiwan can still maintain a moderate economic expansion in the near future. Since the correlation between domestic banks' lending scale and the country's GDP growth is over 65%, the DGBAS estimates that Taiwan's GDP will grow by 4.15% YoY in 2022 and the lending by domestic banks in Taiwan will increase at a rate between 5% and 8% YoY in 2022, with demand to remain stable.

Due to the impact of the COVID-19 pandemic in 2020, the CBC cut the re-discount rate to 1.125%, hitting an all-time low. Yet, in the light of growing inflation pressure as the economy recovers, Taiwan's CPI has risen past the 2% warning level for a few consecutive months. CBC Governor Chin-long YANG has made it clear that the re-discount rate will be raised to the original level by 25 basis points after the most recent rate cut in 2020. After revealing that any move will be made based on developments in monetary policy among developed countries, the CBC is highly likely to follow up on the Fed's interest rate hike in 2022. With interest rate hike expected at a moderate pace due to the CBC's prudent approach on the matter, its rate hike is likely to have a limited impact on the Taiwanese economy and market while the supply of funds should remain reasonably abundant.

(III) Favorable and Unfavorable Factors in Future Development

A. Favorable Factors

1. First in the industry to engage in ESG

   With great importance attached to ESG in the past three years, alongside its commitment to promoting sustainable development, SinoPac Holdings was selected as a constituent of the Dow Jones Sustainability Emerging Markets Index in November 2021. At the same time, SinoPac Holdings has established its sustainability strategy for the next three years based on the theme of "Leading Green Business Opportunities to Fulfill Our Commitment to Sustainability," with hopes of driving the financial industry towards net zero emissions by 2050 as the main engine of the industry.

2. Cutting Taiwan's stock transaction tax for day trading by half is extended to the end of 2024

   The Securities Transaction Tax Act, which concerns the extension of securities transaction tax cut for day trading in the local stock market, would originally expire by the end of 2021. After a consensus was reached during cross-party negotiations on December 14, 2021, the Legislative Yuan approved the amendments to the Securities Transaction Tax Act submitted by the Executive Yuan and eventually passed the third reading of these amendments on December 21, 2021. 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. According to the Ministry of Finance (R.O.C.), 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, with a view to maintaining investors' willingness to enter the market and drive overall market activity.

3. Rising interest rates favorable to profitability in the financial industry

   With central banks raising interest rates becoming a major trend across the globe due to growing inflation pressure, the Fed is expected to introduce interest rate hikes throughout the year while the CBC is slated to follow suit. The cycle of interest rate hikes is also likely to continue until at least 2023. Widening bank spreads as a result of rising interest rates will be favorable to bank profitability while rising bond yields will also lead to an increase in return on investment within the life insurance industry that has a high proportion of overseas asset allocation.

B. Unfavorable Factors

1. Excessive competition in the market

The presence of too many financial institutions with highly homogeneous service contents in Taiwan has led to excessive competition in the country's financial market. 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-only 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.

2. Increasingly stringent domestic regulations

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. As a result, the amount of fines imposed on the financial industry hit a new high in 2021, where a total of 364 cases were reported throughout the year, which in turn contributed NT$334.34 million in fines. 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. Increased volatility in financial markets

While stock markets in many countries around the world hit all-time highs in 2021, Taiwan's stock market has also reached a record high of 18,291 points. In the wake of high base effect, accompanied by an environment in which the Fed is expected to roll out policy tightening measures, such as ending quantitative easing and introducing interest rate hikes and balance sheet reduction, financial markets will undoubtedly experience increased volatility; thus, it will be difficult to maintain the same earnings performance in 2021.

4. High degree of pandemic uncertainty

With no end in sight to the COVID-19 pandemic, the COVID-19 alert level could still be raised if the local outbreak worsens, which not only will severely impact domestic demand, but may also reduce demand for services in the financial industry. In conjunction with disease prevention measures, the financial industry may have to implement various measures such as staggered working hours, remote backup, and remote working, which in turn increases operating costs.

I. Scope of Business

(I) 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.

(II) Revenue Breakdown

Deposits (Consolidated) In NT$ millions

Items	Dec. 31, 2021		Dec. 31, 2020	
	Amount	%	Amount	%
Demand Deposits				
Checking Deposits	13,622	0.74%	13,877	0.84%
Demand Deposits	489,387	26.63%	428,589	25.87%
Savings Deposits	507,555	27.62%	434,922	26.25%
Subtotal	1,010,564	54.99%	877,388	52.96%
Time Deposits				
Time Deposits	574,550	31.26%	527,770	31.85%
Negotiable Certificates of Deposit	428	0.02%	1,960	0.12%
Savings Deposits	252,215	13.73%	249,690	15.07%
Subtotal	827,193	45.01%	779,420	47.04%
Total	1,837,757	100.00%	1,656,808	100.00%

Loans (Consolidated) In NT$ millions

Items	Dec. 31, 2021		Dec. 31, 2020	
	Amount	%	Amount	%
Import and Export Negotiations	848	0.07%	632	0.05%
Discounts and Overdrafts	59	—	71	0.01%
Accounts Receivable Financing	2,637	0.22%	1,821	0.16%
Short-Term Loans	226,382	18.86%	240,287	20.78%
Mid-Term Loans	406,287	33.84%	399,138	34.51%
Long-Term Loans	563,218	46.91%	513,543	44.41%
Non-Performing Loans Transferred from Loans	1,201	0.10%	949	0.08%
Total	1,200,632	100.00%	1,156,441	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	2021	2020
Interest income	28,911	29,414
Interest expense	8,497	12,259
Net interest revenue	20,414	17,155
Net revenues other than interest		
Service fee income, net	7,127	6,706
Gains on financial assets and liabilities at fair value through profit or loss, net	289	1,502
Realized gains on financial assets at fair value through other comprehensive income	1,731	1,203
Gain (loss) arising from derecognition of financial assets measured at amortized cost	23	(4)
Foreign exchange gains	926	1,493
(Impairment loss on assets) reversal of impairment loss on assets	52	(496)
Gain on disposal of subsidiary	-	207
Net other revenue other than intereest income	149	181
Net revenue	30,711	27,947
Bad debts expense, commitment and guarantee liability provision	2,363	2,333
Operating expenses	15,239	14,594
Profit from continuing operations before tax	13,109	11,020
Income tax expense	1,694	1,266
Net income	11,415	9,754
Other comprehensive income	(2,053)	3,426
Total comprehensive income	9,362	13,180

(III) 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-long-term loans, guarantee, and acceptance.

(3) Domestic and international factoring.

(4) Trade finance services, including foreign exchange payments and receipts for imports/exports, as well as guarantees for foreign currency payments.

(5) International banking services offered to offshore corporations and individuals.

(6) Providing corporate customers integrated cash management solutions, including corporate internet banking, receipts and payments of funds, current asset management and automated teller machine (ATM).

At the end of 2021, the outstanding balance of corporate loans was NT$619,030 million, of which some 39% was extended in foreign currencies, reflecting an increase in overseas lending by 7%. The volume of factoring was NT$81,063 million and the volume of foreign exchange was US$302,044 million, 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$255,763 million, ranking No. 4 among domestic private banks in terms of market share. In 2021, Bank SinoPac arranged 47 syndicated loans as the lead arranger and continued to provide enterprises mid-and-long-term funding sources and comprehensive financial products and services.

In 2021, Bank SinoPac 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 Innovation Award" by the Excellence magazine in August and the "Small and Medium Enterprise Loans (SMEs)-Level A" the "Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy - Excellent Bank," and the "Key Startup Industry Loans - Special Award for the Renewable Energy Industry" by the FSC in October; Bank SinoPac also won the "Best Financial Service Provider Award" in the Top Solar System Awards hosted by the Bureau of Energy, Ministry of Economic Affairs (R.O.C.) in December, where Bank SinoPac was the only financial services provider in Taiwan that won this award for six 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.

As far as secured loans are concerned, with the intention of maintaining asset quality, the principal objective of the mortgage loan business was to focus on the solicitation and promotion to quality self-use customer segments internally and externally. In 2021, Bank SinoPac also combined FinTech development to enhance the offering of digital services such as instant appropriation through online refinance and application for flexible pay, so as to strengthen the maintenance of business relationships with target customers and satisfy customers' demands for funds on a full scale. Technology continued evolving rapidly in the past two years despite the COVID-19 pandemic. Bank SinoPac provided integrated credit loan services and optimized customer experience by accelerating the digital application process; credit loans to customers targeting high interest rate spread were also added to our portfolio to meet customers' needs for funds at any time. The scale of credit card businesses at Bank SinoPac continued to grow as promotional efforts remained stable and high cash back rates were offered.

As of the end of 2021, the outstanding balance of mortgage loans was NT$561,544 million; the outstanding balances of car loans and other retail banking loans were NT$7,817 million and NT$1,816 million, respectively; while the outstanding balance of credit loans was NT$28,843 million; on the other hand, the number of circulated credit cards was 2.171 million and the overall credit card spending amount throughout the year was NT$119,936 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, 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$84,435 million throughout 2021, and the total of trust assets under management at the end of 2021 was NT$120,963 million. The total outstanding amount of general trust business (including real estate trust, employees benefit trust, and securities trust) hit NT$58,253 million at the end of 2021. 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$666,884 million of assets under management at the end of 2021 and collected NT$32,448 million as insurance premiums for the bancassurance business, including NT$2,229 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 a wide array of financial instruments in Taiwan and other Asia markets. Bank SinoPac's well-established and comprehensive trading platforms for foreign exchange, interest rate products, equity securities, and derivatives thereof made it one of the key market makers 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 2021, including five FX trading-related awards from an internationally renowned institution, Refinitiv, including the“Top 5 Trading Volume”, “Top Asian NDF Entity”, “Top Asian NDF Trader”, “Top CNH (SPOT) Entity”, and“Top CNH (SPOT) Trader.” Furthermore, Bank SinoPac was named the champion of the “2021 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.

In terms of business development, Bank SinoPac actively engages in the bond underwriting and bond trading businesses to offer customers more comprehensive products and services. To increase its FX trading market share, 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, 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 design, and project execution for personal electronic banking, mobile banking, and overseas mobile banking.

(2) Formulating digital account development strategies, including customer acquisition and cross-selling, marketing, and ecosystem construction.

(3) Setting up a digital footprint platform and big data database for digital accounts and collecting their data for analysis, service planning, and policy enforcement.

(4) Providing digital payments solutions to satisfy needs for payments made onshore and offshore, online and offline, and via mobile devices.

(5) Developing Open APIs and Partner APIs systems and services in four major areas, including 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 expand digital account services for DAWHO in 2021. At the end of September 2021, the number of DAWHO accounts opened exceeded one million. In addition to integrating nine core products, namely deposits, credit cards, wealth management, mortgage loans, credit loans, car loans, foreign exchange, U.S. stocks, and securities, Bank SinoPac introduced multiple identity authentication to its digital financial services; in addition, Bank SinoPac has partnered with National Cheng Kung University (NCKU) 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. Besides, Bank SinoPac has also launched an online payment platform on NCKU's campus to move toward a zero-cash campus vision. At the end of 2021 of DAWHO digital accounts, the NTD deposit balance 49% increase compared to the previous year, and the foreign currency deposit balance also 124% increase compared to the previous year, pushing the penetration rate up by 99%; financial AUM grew by 54%, and the loan balance was up by 120% from the past year. Bank SinoPac attended Fintech Taipei 2021 to showcase its DAWHO APP. Under the banner, “DAWHO Legend,” Bank SinoPac displayed an array of digital financial services such as DAWHOTOU, ibrAin, and ShareShares and also worked with SinoPac Securities to interact with consumers through FinTech applications.

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 rolled out an new application“DACARD APP” in Dec of 2021. DACARD APP provides customers more convenient and personalized functions to increase user friendly experiences. In addition, Bank SinoPac launched an integrative paybill platform connecting with partners from various industries to provide payment services through API, integrating receipts and payments onshore and offshore, online and offline. As of 2021, more than 100 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 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) Coordinating with onshore and offshore channels to actively solicit international syndicated loans as a lead arranger.

Through the integration of resources from onshore and offshore channels, Bank SinoPac endeavors to act as a lead arranger of syndicated loans for large enterprises and others. Bank SinoPac also takes advantage of its channels in Southeast Asia to bring syndicated loans of local quality enterprises into Taiwan. Bank SinoPac continues to pursue cross-border trade finance business and strive for participation in international syndicated loans. It aims to evolve into the lead arranger of syndicated loans with support from the middle- and back-office, thereby widening yield spread and boosting capital utilization.

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.
- Actively promoting multiple types of mobile payments, technology and optimizing user experience to increase customer stickiness.
- Developing new payment models in combination with newly created platforms and expanding offline payment scenarios to enhance new consumption experience.
- Increasing the sales force and acquiring customers through digital marketing to drive sales volume and momentum.
- Promoting cross-sector cooperation on digital, smart credit loan services to increase customer satisfaction and stickiness.
- Attracting stable core deposits and increasing market share.

(2) Boosting profit momentum and creating product value

- Using opportunities of cross-promotion to enhance the added value of products.
- Reinforcing risk pricing and 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 and maintaining existing customer relationships.
- Keeping abreast of the needs of high-quality customers to provide differentiated services.
- Pursuing the optimization and digitization of products and services to bring convenience to customers and increase customer stickiness.
- Becoming customers' well-rounded financial consultant using big data analysis.
- Developing a new mortgage model by integrating online and offline service channels.
- Strengthening product innovation and management of mortgages based on customer segments.
- Building a mortgage ecosystem through digital transformation.
- Devising a diversity of cash management products and services to increase the percentage of demand deposits and foreign currency deposits.

(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 optimizing operating procedures to increase operating efficiency and customer satisfaction.
- Accelerating digitization to free labor with technology.

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.
- Planning business priorities, integrating resources, and, based on customer attributes, promoting a variety of trust services such as business retention, retirement planning, real estate development, or securities asset succession in response to the Trust 2.0 Plan issued by the FSC; increasing people's knowledge of trust services by holding training and seminars to fulfill corporate social responsibility; and collaborating with partners in other industries to develop fully fledged trust services.
- Continuously refining intelligent wealth management platform ibrAin with FinTech while using algorithms to provide the most appropriate investment portfolio based on customers' needs, age and investment objectives and assist customers in completing their investment plans; and upgrading investment monitoring services, developing portfolio adjustment plans in response to major market changes, and expanding B2B investment and employee benefit trust services to provide customers with a full range of automated investment recommendations.
- Enhance "VIP wealth management" services in the ever-changing environment and lifestyle and striving to meet customers' 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 customers' satisfaction.
- Assisting customers in completing personal goals, transferring risks, and safeguarding their family and property.
- Promoting insurance products featuring asset transfer and tax mitigation 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) Tapping into the retirement planning market to grasp business opportunities in hyper-aged wealth management

- Enhance asset management services to create business value for employees benefit trust, integrating diversified investment products horizontally, and offering a diversity of investment plans to increase the value of the employees' assets after retirement and enforce the third pillar pension in response to the national policy.
- Shaping a retirement planning brand that offers a full range of wealth management products for different life stages to grasp business opportunities in hyper-aged wealth management.

(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 unique 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. Last but not least, as a licensed market maker in CFETS, Bank SinoPac thrives to gain market share in FX market and boost profitability for proprietary trading.

(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) Making an all-out effort in the development of digital banking services and increasing the penetration rates of digital platforms

- Developing a digital authentication mechanism that facilitates various ways of account opening and financial services in line with amendments to the policies and regulations promulgated by the competent authorities, so as to increase the penetration rate.
- Continuously developing new digital banking applications and services to satisfy customer needs.
- Actively creating a digital banking environment that incorporates customer behavior data and analytics to optimize the digital banking process and increase customer stickiness.

(2) Managing 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.
- Working with SinoPac Securities to launch one-stop account opening through DAWHO APP and DAWHOTOU APP, allowing customers to open five digital accounts with Bank SinoPac and SinoPac Securities, and offering young customers quick access to bank and securities assets in DAWHO APP to continuously expand the financial ecosystem.
- Incorporating visual aesthetics into the design of DAWHO APP to provide user-friendly and tailor-made financial 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.
- Integrating credit card management and payment services into DACARD APP and 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	2020	2021
Amount	196,263	382,103

(III) Results of Research and Development

(1) Bank SinoPac initiated, “Fun Store,” where hundreds of online merchants offer credit card rewards. Cooperating with online merchants, “Fun Store” guided shoppers based on their payment habits to create credit card customer loyalty.

(2) Bank SinoPac created the first-of-its-kind card acquiring payment trust service, allowing SMEs issuing gift vouchers to trust payments without applying for trust or performance guarantee.

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

(4) 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.

(5) In August 2019, Bank SinoPac launched ibrAin, a smart wealth management product, and introduced inclusive financial services via its brand-new AUM pricing and charging model. Guided by customers' investment objectives, ibrAin offers tailor-made investment recommendations to customers through optimized algorithms and precise computations using big data. Unlike its competitors which offer packaged investment portfolios according to customers' risk attributes, “ibrAin” provides investment recommendations that best meet customers' investment needs out of over 6,000 portfolio recommendations based on customers' personal information, investment amount, and investment objectives. In April 2021, “ibrAin” provided customers with investment recommendations based on the investment consultant service process. With electronic signatures introduced in cooperation with Taiwan-CA Inc. (TWCA), customers can enjoy one-stop investment services online by signing the investment consultant service contract and placing trade orders immediately based on the recommendations provided.

(6) Bank SinoPac continued to provide more tailor-made products and services that help customers succeed in digital transformation and created an exclusive streamlined, user-friendly website where customers could trade in U.S. ETFs and stocks in real-time.

(7) In December 2021, Bank SinoPac rolled out “ShareShares,” the industry’s first online periodic U.S. stock saving solution with the entry of NT$1,000, to promote inclusive finance.

(8) After successfully offering fund and bond matching services, Bank SinoPac continued driving digital transformation in wealth management services by rolling out the subscription matching function using efficient investment approaches in July 2021. This function effectively drove business growth amid the COVID-19 pandemic. In the future, Bank SinoPac will continue expanding its very own matching services to provide customers with all-around financial management services anytime, anywhere.

(9) Bank SinoPac became Taiwan's first bank granted by the Central Bank to offer Non-discretionary individually managed trust of foreign currency securities to provide customers with a full range of asset planning services.

(10) Bank SinoPac won the "Gold Award for Family Trust Innovations" in Commercial Times' first Trust Award for its ability to integrate services rendered by experts in various fields.

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

(12) SinoPac Holdings strengthened the stability of system operations and services; planned infrastructure for data centers; provided more stable server room operation and network services through the setting-up of 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.

(13) Building the digital customer big data, Hadoop: Integrating and tagging data to obtain a 360-degree view of customers for precision marketing.

(14) 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.

(15) Resource integration: Aiming to change people's minds about the digital experience through the aesthetics of finance, 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 DAWHO APP and DAWHOTOU, making a wide range of financial services available at customers' fingertips. Customers can also check stock balances and information through DAWHO APP.

(16) Introducing the personalized data application platform, Mydata: Allowing customers to quickly download personal data stored in government agencies as credentials when applying for financial services online to save them time and efforts to obtain data personally in government agencies.

(17) Digital payments collection tools funBIZ: Allowing SMEs to build credit card payment pages on SMEs'website and backup plans for credit card transactions to increase customer satisfaction, the competitiveness of products, and business performances.

(18) Account link payment Bank SinoPac will continue to expand Account link partnership in the future, in order to allow customers to bind electronic payment tools, and pay directly from their deposit accounts.

(19) Cardless interbank withdrawal through QR Code: Working with other banks to allow customers to withdraw money from ATMs through QR Code, saving customers a lot of time and providing them with a more convenient service.

(20) 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 accordingly based on the latest data science, customer data and behavior, and to provide customers with more diversified, tailor-made financial services.

(21) Constructing cloud hosting: Decentralizing the instantaneous concentration of users in marketing activities and responding to rapidly changing demand for digital services.

(22) Launching DACARD APP: Designed for customers adopting an agile culture, DACARD APP solved customers' pain points by allowing payment through QR Code. It provided digital banking accounts and DACARD APP users with personalized digital financial services, including credit card management and bills payment, creating user-friendly digital banking experience.

(23) Introducing Apple APP Clips Service: Integrating the branch ticking system into the mobile banking application to provide customers with innovative digital applications that combine financial services with daily activities.

(24) Rolling out digital co-branded cards: Rolling out a co-branded card with Taiwan Taxi, Taiwan's first digital co-branded credit card that combines ride-hailing service and daily spending, and allowing customers to add the credit card to Taiwan Taxi APP quickly through Open API to create time-saving, user-friendly digital banking services.

(25) Launching the overseas mobile banking application: Expanding overseas presence by launching an overseas mobile banking application in Vietnam to satisfy the needs of overseas customers such as balance inquiry, remittance, and transfer.

(26) Offering user-friendly fund O2O trading service: the financial consultant plans the master-feeder fund portfolio for the customers. Customers can confirm the portfolio through the Internet bank or mobile bank, and complete the transaction.

(27) Introducing the software credential application/verification system: Giving customers access to digital accounts and more functions through the software credential application/verification system to expand digital financial services.

(28) Adding online application for non-designated transfer: Allowing customers to apply for non-designated transfer online to save them time and effort from applying on-site in person.

(IV) Future Research and Development Plans

(1) Planning to build a business model similar to co-branded cards to acquire new customers based on the existing credit cards and service channels with a great number of customers.

(2) Digitizing the loan management process to reduce manual work; Digitizing the decision-making platform to provide the most suitable credit loans for customers via SMS; and Cooperating 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) Actively participating in regulation amendments, cross-industry cooperation, and talent training required to implement the "Trust 2.0 Plan" building an employees benefit trust platform of investment and retirement that provides tailor-made trust services to meet the requirements for business retention, create business opportunities in retirement planning of enterprise employees, and satisfy the employees' need for eldercare trust.

(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) Setting up an online insurance platform 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) Seeking cooperation with partners in different platforms and industries to provide digital payment solutions from customers' perspectives.

(9) 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.

(10) Integrating resources at home and abroad to provide customers with cross-border trade finance solutions and more business opportunities.

(11) Enhancing screening, post-loan management, and early warning services for micro-enterprises to accelerate the credit investigation process and create better customer experience.

(12) 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.

(13) Studying and formulating plans to replace manual editing of financial statements with automated scanning and connection with the government's Open Data and to develop a forecasting module for systematic stress in order to improve the efficiency of credit investigation, the accuracy of data, and prospects of forecasts.

(14) Planning 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.

(15) 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.

(16) Making use of the precision marketing model and the AI-based data management system built through industry-academia collaboration 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.

(17) Improving overseas digital banking services by adding digital functions of the overseas mobile banking application in Vietnam and other regions.

(18) Continuing to introduce multi-identity authentication mechanisms such as FIDO, mobile ID, video verification, mobile natural-person ID, and NFC natural-person ID/ATM card to strengthen online authentication and improve online banking experience.

(19) Perfecting the application of Open ATM by introducing mobile banking settings to provide the best personal banking services that are available only at Bank SinoPac.

(20) 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.

(21) 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 partner with National Cheng Kung University (NCKU) to jointly 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 customer-centric precision marketing and creating a more customer-oriented service model.

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) Enhancing integrated products and services for corporate customers and equipping corporate Internet banking with enhanced electronic functions, such as providing 24-hour remittance service using Financial eXtensible Markup Language (FXML), so that customers can 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) Expanding payment services abroad; and planning to launch corporate Internet banking services in Singapore and overseas and cross-region corporate Internet banking APP.

(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) Strictly putting a ban on loans to controversial industries/enterprises/economic activities, enhancing ESG risk assessments for controversial industries/enterprises/economic activities, and communicating and developing corrective plans with customers during the credit investigation to achieve responsible lending.

(10) Guiding banks to make green loans and exert positive influence on sustainable finance in accordance with the Green Loan Principles (GLP) formulated by three lending market associations (i.e., LMA, APLMA, and LSTA), so as to strengthen climate resilience and enable transition to a low-carbon economy.

(11) Integrating and using Bank SinoPac's resources of onshore and offshore channels to reinforce cooperation among branches and subsidiaries in Taiwan and abroad and widen relationships with ethnic Chinese businesses; making Ho Chi Minh City, the economic hub of Vietnam, as its base to further penetrate the other ASEAN markets; establishing a team in charge of overseas needs and business opportunities for overseas customers; and maximizing the platform value and synergy of cross-selling to boost earnings from overseas corporate banking.

2. Long-term Business Development Plans

(1) With the goal of becoming the best cross-border financial service provider for corporate customers, Bank SinoPac will actively integrate resources to establish all-rounded overseas business platforms while expanding businesses domestically and internationally as well as continuously strengthening business performance.

(2) Drawing on Bank SinoPac's overall resources to consolidate all business lines under a customer-oriented organizational structure; providing enterprises one-stop and tailor-made solutions catering to financial needs ranging from fundraising, plant construction to operations; and integrating corporate banking services vertically.

(3) Combining corporate banking business management and credit risk management to develop advanced risk quantitative techniques and install a credit database, which are applicable to pricing, dynamic risk control, 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) Creating a list that automatically populates risk parameters for SMEs to streamline the production of credit reports, and diverting the process based on the type of customers and standard product portfolios to classify risks and speed up credit investigation for SMEs. Studying and formulating plans to replace manual editing of financial statements with automated scanning to improve the efficiency of credit investigation and accuracy of data; developing financial forecasting models for multiple stress scenarios and conducting a comparative analysis of the financial data of customers of same size and same industry to improve risk control in its entirety; and planning to create an automatic review and early warning mechanism for SMEs having normal dealings to digitize post-loan management.

(7) Participating in the pilot scheme for “Taiwan Taxonomy Regulation” as part of the "Green Finance Action Plan 2.0” to set the sustainability standards (sustainability purity/content) with competent authorities, industry players, and financial institutions for reviewing whether customers meet the minimum threshold for sustainability, which are used to facilitate decision-making on lending.

(8) Continuing to promote the development of sustainable infrastructure by proposing to build the ESG database to the public sector, creating quantitative ESG risk assessment tools based on internal and external data, planning the “Green Credit Rating Model” based on a combination of risk matrix and credit rating, and devising the sustainable finance 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.

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.

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) Increasing the employees' knowledge of trust services such as business retention, retirement planning, real estate development, or securities asset succession in response to the Trust 2.0 Plan to increase customer reach in trust services, and creating a digital marketing model and channels to publicize trust services and Bank SinoPac's brand image.

(7) Constantly improving electronic trading platforms to provide abundant, timely, convenient, and proactive digital wealth management services.

(8) Upgrading, replacing, and strengthening major system platforms and launching new functions.

(9) Promoting insurance products featuring asset transfer and tax mitigation to increase protection for family members or elderly customers.

(10) Cooperating with onshore and offshore product teams and SinoPac Holdings' resources as a whole to develop a variety of wealth management services, provide domestic and overseas customers with tailor-made investment products, and render all-encompassing financial services through diversified channels.

2. Long-term Business Development Plans

(1) Providing quality products and integrated value-added services.

(2) Refining the wealth management trading platform and processes in response to the trend of digitalization and intelligentization, thereby enhancing external and internal customers' experience in using such services.

(3) Establishing a wealth management system for high-net-worth customers to improve service efficiency.

(4) Continuously developing a diverse range of products using data and relevant algorithms.

(5) Developing AI technology to optimize online consultation and services for customers and analysis of customer profiles to understand customer needs more accurately.

(6) Providing a variety of financial planning and trust services such as business retention, assets preservation, trading security, children care, retirement and eldercare, property succession or family wealth inheritance to meet customers' needs for wealth management at each stage of their careers or lives, thereby becoming customers' preferred choice for property inheritance and trust services.

(7) Developing highly efficient operations and services and setting up a sound mechanism for risk control and management.

(8) Strengthening customer categorization and segmentation and providing diversified and personalized wealth management services for high-net-worth customers to increase customer stickiness toward Bank SinoPac.

(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 teamwork between Treasury Marketing Unit and other departments in helping branches build synergy, develop customer-oriented, differentiated portfolios, services, and marketing strategies, and provide 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 expand the source of stable profits.

(2) Providing customers with integrated information on investment positions and putting in place an effective trading risk and internal risk management mechanism, thereby enabling traders to engage in cross-instrument hedging and boosting their ability of market making.

(3) 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.

(4) Adjusting and implementing trading regulations and procedures according to amendments of regulations and strengthening risk control and management.

(5) Benefiting from Hong Kong's status as an international financial center to develop innovative financial instruments that take account of both risks and returns; taking advantage of the CFETS (China Foreign Exchange Trade System) certification and by participating in main international market platforms, to improve competitiveness in offshore RMB market and strive for more cross-border hedge business; and adopting active trading strategies and maximizing overall capital utilization to stabilize capital positions and improve the profitability of foreign exchange operations.

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' needs 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 needs of customers around the world, including China and Taiwan, and with high net worth.

(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; and developing long-term industry-university cooperation and planning to publish papers in major domestic and foreign journals in the future.

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) Improving digital banking services for overseas customers to meet their needs for mobile trading, thereby making a breakthrough by overcoming restrictions in the financial services landscape overseas.

(6) Constantly developing the applications of Open and 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 enhance the credit card management and payment services of DACARD APP to provide user-friendly digital 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, and offering precision marketing contents to provide personalized customer experience.

(2) Embracing emerging technologies, using standard front- and middle-office technology to achieve agile development with the microservice architecture, and integrating the packaged business capability to provide real-time service data and increase the cross-selling and penetration rate of digital financial services.

(3) Expanding the application of Partner APIs through open banking, including consumption, identity verification, financial information, and bills payment services, 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		2017	2018	2019	2020	2021
Cash and cash equivalents, due from the central bank and call loans to other banks, net		119,498	110,058	159,160	166,742	263,107
Financial assets at fair value through profit or loss		70,615	49,834	52,044	56,154	45,048
Financial assets at fair value through other comprehensive income		-	205,643	238,896	339,734	380,769
Investments in debt instruments measured at amortized cost		-	93,541	137,941	162,369	167,248
Securities purchased under resell agreements		23,553	22,710	30,517	50,648	46,122
Receivables, net		43,555	48,087	45,796	49,061	58,254
Current income tax assets		1,411	1,399	1,421	1,205	1,104
Discounts and loans, net		865,990	919,303	999,554	1,140,986	1,184,692
Available-for-sale financial assets, net		227,095	-	-	-	-
Held-to-maturity financial assets, net		56,608	-	-	-	-
Other financial assets, net		7,253	17,455	10,725	7,877	3,942
Property and equipment, net		8,977	9,211	9,504	9,778	9,848
Right-of-use assets, net		-	-	2,230	2,375	2,680
Investment property, net		1,207	1,242	1,084	1,047	1,052
Intangible assets, net		1,326	1,324	1,439	1,503	1,624
Deferred income tax assets, net		1,741	1,482	1,379	1,411	1,415
Other assets, net		4,379	4,032	4,126	3,746	2,591
Total assets		1,433,208	1,485,321	1,695,816	1,994,636	2,169,496
Deposits from the central bank and banks		29,621	37,965	53,818	75,515	70,265
Due to the central bank and banks		-	-	-	80	205
Financial liabilities at fair value through profit or loss		20,313	19,767	16,713	22,892	9,244
Securities sold under repurchase agreements		26,179	25,505	9,083	3,701	12,584
Payables		16,577	17,694	16,577	19,073	21,444
Current income tax liabilities		552	491	924	442	890
Deposits and remittances		1,154,487	1,195,974	1,388,841	1,659,951	1,840,387
Bank debentures		39,570	32,723	33,020	45,078	50,548
Other financial liabilities		12,256	19,212	34,249	16,167	12,043
Provisions		2,711	2,975	2,924	3,213	2,961
Lease liabilities		-	-	2,219	2,374	2,697
Deferred income tax liabilities		747	873	837	772	807
Other liabilities		5,193	3,060	2,943	5,712	2,292
Total liabilities	Ex-dividends	1,308,206	1,356,239	1,562,148	1,854,970	2,026,367
	Post-dividends	1,313,610	1,362,870	1,569,330	1,860,870	Note2
Capital stock	Ex-dividends	86,061	86,061	86,061	86,061	86,889
	Post-dividends	86,061	86,061	86,061	86,889	Note2
Capital surplus		12,148	12,148	12,148	12,148	12,148
Retained earnings	Ex-dividends	26,959	30,904	34,467	36,879	42,412
	Post-dividends	21,555	24,273	27,285	30,151	Note2
Other equity		(166)	(31)	992	4,578	1,680
Total equity	Ex-dividends	125,002	129,082	133,668	139,666	143,129
	Post-dividends	119,598	122,451	126,486	133,766	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 2022 before the date of printing.

Note2：The appropriation of the 2021 earnings is subject to the approval of the board of directors which execute the rights and functions of the stockholders' meeting in 2022.

(II) Condensed Consolidated Statement of Comprehensive Income

In NT$ millions, except Earnings Per Share

Items	2017	2018	2019	2020	2021
Interest income	25,310	27,223	31,615	29,414	**28,911**
Less：Interest expenses	10,523	12,397	16,634	12,259	**8,497**
Net interest revenue	14,787	14,826	14,981	17,155	**20,414**
Net revenues other than interest	8,568	10,354	12,345	10,792	**10,297**
Net revenue	23,355	25,180	27,326	27,947	**30,711**
Bad debts expense, commitment and guarantee liability provision	1,024	760	1,048	2,333	**2,363**
Operating expenses	13,268	13,125	14,249	14,594	**15,239**
Profit (loss) from continuing operations before tax	9,063	11,295	12,029	11,020	**13,109**
Income tax (expense) benefit	(1,167)	(1,621)	(1,738)	(1,266)	**(1,694)**
Profit (loss) from continuing operations, net of tax	7,896	9,674	10,291	9,754	**11,415**
Net Income	7,896	9,674	10,291	9,754	**11,415**
Other comprehensive income	(116)	(758)	926	3,426	**(2,053)**
Other comprehensive income, net of tax	(116)	(758)	926	3,426	**(2,053)**
Total comprehensive income	7,780	8,916	11,217	13,180	**9,362**
Profit (loss), attributable to owners of parent	7,896	9,674	10,291	9,754	**11,415**
Comprehensive income, attributable to owners of parent	7,780	8,916	11,217	13,180	**9,362**
Earnings Per Share (in NT$ dollar)(Note2)	0.91	1.11	1.18	1.12	**1.31**

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 2022 before the date of printing.

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

(III) Condensed Standalone Balance Sheets

In NT$ millions

Items		2017	2018 (Note3)	2019	2020	2021
Cash and cash equivalents, due from the central bank and call loans to banks		105,027	97,247	151,747	156,629	**249,202**
Financial assets at fair value through profit or loss		70,344	49,068	51,358	54,336	**44,405**
Financial assets at fair value through other comprehensive income		-	202,687	230,054	330,629	**368,964**
Investments in debt instruments at amortized cost		-	93,540	137,941	162,369	**167,248**
Securities purchased under resell agreements		23,553	22,710	30,517	50,648	**46,122**
Receivables, net		43,429	48,000	43,834	44,962	**53,124**
Current income tax assets		1,378	1,395	1,417	1,200	**1,104**
Discounts and loans, net		852,723	904,615	977,951	1,110,760	**1,149,418**
Available-for-sale financial assets, net		225,004	-	-	-	**-**
Held-to-maturity financial assets, net		56,607	-	-	-	**-**
Investment accounted for using the equity method, net		11,868	10,931	9,943	9,683	**9,766**
Other financial assets, net		7,010	16,994	10,725	7,877	**3,942**
Property and equipment, net		8,816	8,756	9,092	9,387	**9,481**
Right-of-use assets, net		-	-	2,173	2,192	**2,536**
Investment property, net		1,254	1,250	1,084	1,047	**1,052**
Intangible assets, net		1,243	1,231	1,345	1,391	**1,511**
Deferred income tax assets, net		1,666	1,449	1,323	1,344	**1,322**
Other assets, net		4,046	3,993	4,097	3,711	**2,560**
Total assets		1,413,968	1,463,866	1,664,601	1,948,165	**2,111,757**
Deposits from the central bank and banks		26,810	34,517	48,749	71,437	**67,865**
Due to the central bank and banks		-	-	-	80	**205**
Financial liabilities at fair value through profit or loss		20,288	19,737	16,010	20,493	**8,640**
Securities sold under repurchase agreements		26,179	25,504	8,227	3,701	**9,738**
Payables		16,224	17,318	14,537	15,159	**16,820**
Current income tax liabilities		500	485	882	442	**853**
Deposits and remittances		1,138,560	1,180,637	1,369,484	1,630,234	**1,795,797**
Bank Debentures		39,570	32,722	33,020	45,078	**50,549**
Other financial liabilities		12,256	17,013	31,225	10,042	**9,625**
Provisions		2,699	2,941	2,901	3,197	**2,944**
Lease liabilities		-	-	2,160	2,203	**2,560**
Deferred income tax liabilities		707	863	813	754	**776**
Other liabilities		5,173	3,047	2,925	5,679	**2,256**
Total liabilities	Ex-dividends	1,288,966	1,334,784	1,530,933	1,808,499	**1,968,628**
	Post-dividends	1,294,370	1,341,415	1,538,115	1,814,399	**(Note2)**
Capital stock	Ex-dividends	86,061	86,061	86,061	86,061	**86,889**
	Post-dividends	86,061	86,061	86,061	86,889	**(Note2)**
Capital surplus		12,148	12,148	12,148	12,148	**12,148**
Retained earnings	Ex-dividends	26,959	30,904	34,467	36,879	**42,412**
	Post-dividends	21,555	24,273	27,285	30,151	**(Note2)**
Other equity		(166)	(31)	992	4,578	**1,680**
Total equity	Ex-dividends	125,002	129,082	133,668	139,666	**143,129**
	Post-dividends	119,598	122,451	126,486	133,766	**(Note2)**

Note1：The financial statements for each year were audited by CPA. There is no audited or reviewed Bank SinoPac financial statements in 2022 before the date of printing.
Note2：The appropriation of the 2021 earnings is subject to the approval of the board of directors which execute the rights and functions of the stockholders' meeting in 2022.
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	2017	2018 (Note3)	2019	2020	2021
Interest income	23,848	26,165	30,224	27,908	**27,179**
Less：Interest expenses	10,166	11,926	15,966	11,558	**7,848**
Net interest revenue	13,682	14,239	14,258	16,350	**19,331**
Net revenues other than interest	8,406	10,160	12,293	10,785	**10,470**
Net revenue	22,088	24,399	26,551	27,135	**29,801**
Bad debts expense, commitment and guarantee liability provision	1,003	695	1,004	2,212	**2,249**
Operating expenses	12,285	12,501	13,562	13,909	**14,471**
Profit (loss) from continuing operations before tax	8,800	11,203	11,985	11,014	**13,081**
Income tax (expense) benefit	(904)	(1,529)	(1,694)	(1,260)	**(1,666)**
Income from continuing operations, net of tax	7,896	9,674	10,291	9,754	**11,415**
Net income	7,896	9,674	10,291	9,754	**11,415**
Other comprehensive income	(116)	(758)	926	3,426	**(2,053)**
Other comprehensive income, net of tax	(116)	(758)	926	3,426	**(2,053)**
Total comprehensive income	7,780	8,916	11,217	13,180	**9,362**
Earnings Per Share (in NT$ dollar)(Note2)	0.91	1.11	1.18	1.12	**1.31**

Note1：The financial statements for each year were audited by CPA. There is no audited or reviewed Bank SinoPac financial statements in 2022 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 statements of comprehensive income in 2018 was shown with restated numbers.

Domestic Major Economic Indicators

Items		2021	2020	2019	2018	2017
National income (US$ millions)						
GDP		774,793	669,324	611,336	609,251	590,780
GDP per capital (in US$)		33,004	28,383	25,908	25,838	25,080
Economic growth rate (GDP)		6.45%	3.36%	3.06%	2.79%	3.31%
Foreign trade (US$ millions)						
Export		446,378	345,125	329,157	334,007	315,487
Import		381,493	286,147	285,651	284,792	257,200
Trade surplus		64,885	58,978	43,505	49,216	58,287
Price indexes (YoY%)						
Consumer price Index		1.97	-0.24%	0.56%	1.35%	0.62%
Wholesale price Index		9.55	-7.77%	-2.26%	3.63%	0.89%
Money supply (YoY%)						
Annual growth in M2		8.72%	5.84%	3.46%	3.52%	3.75%
Annual growth in M1b		16.30%	10.33%	7.15%	5.32%	4.65%
Annual growth in M1a		18.48%	10.72%	6.60%	6.78%	3.29%
Key interest rates (end of period)						
Rates of central bank						
Discounted rate		1.13%	1.13%	1.38%	1.38%	1.38%
Rate on accommodations with collateral		1.50%	1.50%	1.75%	1.75%	1.75%
Interbank call loan market						
Weighted average of overnight		0.082%	0.10%	0.18%	0.18%	0.18%
Stock market (NT$)						
Weighted Stock Index (TAIEX)	Average	16896.68	12,047.33	10,757.87	10,619.74	10,183.97
	Year-end	18218.84	14,732.53	11,997.14	9,727.41	10,642.86
Daily average trading value (NT$ billions)		391.5	200.7	140.8	152.9	104.9
Foreign exchange (US$ millions)						
Foreign exchange reserve		543768	494,389	468,070	458,610	443,355
Exchange rate (NT$/US$)	Average	28.02	29.583	30.922	30.165	30.438
	Year-end	27.69	28.508	30.106	30.733	29.848
Balance of payment		24,172	18,954	13,937	14,231	16,899
Others						
Industrial production index (YoY%)		13.46%	7.33%	-0.33%	3.66%	2.91%
Unemployment rate (%)		3.95%	3.85%	3.73%	3.71%	3.76%
Population		23,375	23,561	23,603	23,589	23,571,227

Appendix I

Bank SinoPac and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 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, 2021 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 do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

BANK SINOPAC

March 11, 2022

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, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021 and 2020 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 Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates impairment of discounts and loans based on the overdue loans classified by loan term and situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the consolidated financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the year ended December 31, 2021.

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, 2021 and 2020 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 11, 2022

<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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS, NET (Notes 4 and 6)	$ 45,487,854	2	$ 26,857,790	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7, 40 and 41)	217,618,752	10	139,884,559	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	45,048,153	2	56,153,855	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 41)	380,769,066	18	339,734,325	17
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 41)	167,247,985	8	162,368,434	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 40)	46,121,524	2	50,648,028	3
RECEIVABLES, NET (Notes 4, 12 and 40)	58,254,361	3	49,061,283	3
CURRENT INCOME TAX ASSETS (Notes 4, 29 and 40)	1,104,414	-	1,205,480	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 40 and 41)	1,184,692,221	55	1,140,986,052	57
OTHER FINANCIAL ASSETS, NET (Notes 14, 40 and 41)	3,942,295	-	7,876,785	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 15, 17 and 40)	9,848,477	-	9,778,471	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 40)	2,680,065	-	2,374,478	-
INVESTMENT PROPERTY, NET (Notes 4 and 17)	1,051,692	-	1,047,154	-
INTANGIBLE ASSETS, NET (Notes 4, 18 and 40)	1,623,772	-	1,502,538	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 29)	1,414,843	-	1,411,103	-
OTHER ASSETS, NET (Notes 19 and 40)	2,590,709	-	3,745,491	-
TOTAL	$ 2,169,496,183	100	$ 1,994,635,826	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 20 and 40)	$ 70,265,085	3	$ 75,514,370	4
DUE TO THE CENTRAL BANK AND BANKS	205,030	-	80,380	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	9,244,086	-	22,891,818	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11 and 21)	12,584,215	1	3,701,323	-
PAYABLES (Notes 4, 22, 27, 36 and 40)	21,443,888	1	19,072,310	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 29 and 40)	889,901	-	441,804	-
DEPOSITS AND REMITTANCES (Notes 23 and 40)	1,840,387,303	85	1,659,951,067	83
BANK DEBENTURES (Notes 24 and 40)	50,548,494	2	45,078,282	2
OTHER FINANCIAL LIABILITIES (Note 25)	12,042,527	1	16,167,082	1
PROVISIONS (Notes 4, 26 and 27)	2,961,134	-	3,213,131	-
LEASE LIABILITIES (Notes 4, 16 and 40)	2,697,037	-	2,374,065	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 29)	807,276	-	772,057	-
OTHER LIABILITIES (Notes 28 and 40)	2,291,543	-	5,711,865	1
Total liabilities	2,026,367,519	93	1,854,969,554	93
EQUITY				
Capital stock				
Common stock	86,889,193	4	86,061,159	4
Capital surplus				
Additional paid-in capital in excess of par	4,001,872	-	4,001,872	-
Capital surplus from business combination	8,076,524	1	8,076,524	1
Others	69,244	-	69,244	-
Total capital surplus	12,147,640	1	12,147,640	1
Retained earnings				
Legal reserve	29,790,449	1	26,912,280	1
Special reserve	361,146	-	373,453	-
Unappropriated earnings	12,259,998	1	9,593,897	1
Total retained earnings	42,411,593	2	36,879,630	2
Other equity	1,680,238	-	4,577,843	-
Total equity	143,128,664	7	139,666,272	7
TOTAL	$ 2,169,496,183	100	$ 1,994,635,826	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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	$ 28,911,002	94	$ 29,413,581	105	(2)
INTEREST EXPENSES	(8,496,689)	(28)	(12,258,983)	(44)	(31)
NET INTEREST REVENUE (Notes 4, 31 and 40)	20,414,313	66	17,154,598	61	19
NET REVENUES OTHER THAN INTEREST (Note 4)					
Service fee income, net (Notes 32 and 40)	7,127,283	23	6,705,939	24	6
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 33 and 40)	288,804	1	1,501,951	6	(81)
Realized gains on financial assets at fair value through other comprehensive income (Notes 34 and 40)	1,730,998	6	1,202,946	4	44
Gains (losses) arising from derecognition of financial assets measured at amortized cost	23,207	-	(3,706)	-	726
Foreign exchange gains	926,293	3	1,493,308	5	(38)
Reversal of impairment loss on assets (impairment loss on assets) (Notes 5 and 14)	52,125	-	(496,084)	(2)	111
Gain on disposal of subsidiary (Note 12)	-	-	207,310	1	(100)
Net other revenue other than interest income (Notes 35 and 40)	148,320	1	180,903	1	(18)
Net revenues other than interest	10,297,030	34	10,792,567	39	(5)
NET REVENUE	30,711,343	100	27,947,165	100	10
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 14, 19 and 26)	(2,362,936)	(8)	(2,332,577)	(9)	1

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 27, 36 and 40)	$ (9,404,848)	(30)	$ (8,862,520)	(31)	6
Depreciation and amortization expense (Notes 4, 16, 37 and 40)	(1,515,187)	(5)	(1,328,679)	(5)	14
Other general and administrative expenses (Notes 38 and 40)	(4,319,339)	(14)	(4,403,076)	(16)	(2)
Total operating expenses	(15,239,374)	(49)	(14,594,275)	(52)	4
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	13,109,033	43	11,020,313	39	19
INCOME TAX EXPENSE (Notes 4 and 29)	(1,693,715)	(6)	(1,266,213)	(4)	34
NET INCOME	11,415,318	37	9,754,100	35	17
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	128,519	-	(209,415)	(1)	161
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income (Note 30)	1,784,617	6	1,037,082	4	72
Change in fair value of financial liability attributable to change in credit risk of liability (Note 30)	(3,539)	-	(14,301)	-	(75)
Income tax related to items that will not be reclassified to profit or loss (Notes 4, 29 and 30)	(25,704)	-	41,883	-	(161)
Items that will not be reclassified to profit or loss	1,883,893	6	855,249	3	120

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that will be reclassified to profit or loss:					
Exchange differences on translation of foreign operations (Note 30)	$ (77,140)	-	$ 109,809	-	(170)
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 30)	(3,846,518)	(13)	2,462,663	9	(256)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4, 29 and 30)	(13,160)	-	(2,001)	-	558
Items that will be reclassified to profit or loss	(3,936,818)	(13)	2,570,471	9	(253)
Other comprehensive income	(2,052,925)	(7)	3,425,720	12	(160)
TOTAL COMPREHENSIVE INCOME	$ 9,362,393	30	$ 13,179,820	47	(29)
EARNINGS PER SHARE (Note 39)					
Basic	$ 1.31		$ 1.12		

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 30)	Capital Surplus	Retained Earnings (Note 30)				Other Equity (Notes 4 and 30)				
	Common Stock	(Note 30)	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, 2020	$ 86,061,159	$ 12,147,640	$ 23,853,943	$ 418,897	$ 10,194,458	$ 34,467,298	$ (670,011)	$ 1,729,973	$ (68,042)	$ 991,920	$ 133,668,017
Appropriation and distribution of retained earnings generated in 2019											
Legal reserve	-	-	3,058,337	-	(3,058,337)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(45,444)	45,444	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(7,181,565)	(7,181,565)	-	-	-	-	(7,181,565)
Net income for the year ended December 31, 2020	-	-	-	-	9,754,100	9,754,100	-	-	-	-	9,754,100
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	(167,532)	(167,532)	87,847	3,519,706	(14,301)	3,593,252	3,425,720
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	9,586,568	9,586,568	87,847	3,519,706	(14,301)	3,593,252	13,179,820
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	7,329	7,329	-	(7,329)	-	(7,329)	-
BALANCE AT DECEMBER 31, 2020	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

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 13,109,033	$ 11,020,313
Adjustments to reconcile profit:		
Depreciation expenses	1,291,984	1,129,053
Amortization expenses	223,203	199,626
Provision for bad debt expense	2,883,696	2,761,843
Interest expenses	8,496,689	12,258,983
Net (gain) loss arising from derecognition of financial assets measured at amortized cost	(23,207)	3,706
Interest income	(28,911,002)	(29,413,581)
Dividend income	(703,039)	(400,702)
Net change in provisions for guarantee liabilities	82,392	108,511
Net change in other provisions	(44,374)	75,054
Losses on disposal and retirement of property and equipment	5,692	16,152
Property and equipment expense	595	5
Losses on disposal of intangible assets	2,710	-
Gains on disposal of subsidiary	-	(207,310)
(Reversal of) impairment loss on financial assets	(52,125)	495,149
Impairment loss on non-financial assets	-	935
Net gains on changing in leasing contract	(1,518)	(211)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(3,745,318)	(15,601,245)
Decrease (increase) in financial assets at fair value through profit or loss	11,105,702	(4,109,465)
Increase in financial assets at fair value through other comprehensive income	(43,084,608)	(97,365,601)
Increase in investments in debt instruments at amortized cost	(4,850,899)	(24,433,545)
(Increase) decrease in securities purchased under resell agreements	(4,152)	298,565
Increase in receivables	(9,402,741)	(808,695)
Increase in discounts and loans	(46,281,730)	(143,858,822)
Decrease in other financial assets	3,963,772	2,381,006
Decrease in other assets	1,274,835	151,202
(Decrease) increase in deposits from the Central Bank and banks	(5,249,285)	21,695,868
(Decrease) increase in financial liabilities at fair value through profit or loss	(13,651,271)	6,164,443
Increase (decrease) in securities sold under repurchase agreements	8,882,892	(5,381,304)
Increase in payables	2,910,843	662,546
Increase in deposits and remittances	180,436,236	271,110,516
Decrease in other financial liabilities	(4,124,555)	(18,082,288)
(Decrease) increase in provisions for employee benefits	(295,594)	98,425
(Decrease) increase in other liabilities	(3,420,322)	2,768,746
Net cash generated from (used in) operations	70,824,534	(6,262,122)
Interest received	28,786,934	29,699,338
Dividend received	702,842	398,729

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Interest paid	$ (8,893,760)	$ (13,327,603)
Income tax paid	(1,142,706)	(1,571,648)
Net cash generated from operating activities	90,277,844	8,936,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of subsidiary	-	207,310
Acquisition of property and equipment	(890,299)	(957,047)
Proceeds from disposal of property and equipment	300	859
Acquisition of intangible assets	(135,733)	(103,496)
Acquisition of right-of-use assets	(695)	(2,640)
Acquisition of investment properties	(245)	(3,035)
Net cash used in investing activities	(1,026,672)	(858,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds borrowed from Central Bank and banks	124,650	80,380
Bank debentures issued	11,000,000	16,000,000
Repayment of bank debentures payable	(5,530,000)	(3,940,000)
Repayments of lease liabilities	(668,614)	(594,751)
Cash dividends paid	(5,900,001)	(7,181,565)
Net cash (used in) generated from financing activities	(973,965)	4,364,064
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(176,343)	(40,304)
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,100,864	12,402,405
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	158,248,011	145,845,606
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 246,348,875	$ 158,248,011

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, 2021 and 2020:

	2021	2020
Cash and cash equivalents in consolidated balance sheets	$ 45,487,854	$ 26,857,790
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	154,767,591	80,766,135
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	46,093,430	50,624,086
Cash and cash equivalents at the end of year	$ 246,348,875	$ 158,248,011

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

BANK SINOPAC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 11, 2022.

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

a. The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (FSC) for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 3: 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 4: 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by 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, payable 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:

			% of Ownership		
			December 31		
Investor	**Investee**	**Main Business**	**2021**	**2020**	**Remark**
Bank SinoPac	Bank SinoPac (China) Ltd.	Commercial bank	100	100	
	SinoPac Insurance Brokers Ltd.	Insurance brokerage business	100	100	

Foreign Currencies

a. 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.

b. Exchange differences on translation of the financial statements of foreign operations

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

On the disposal of a foreign operation (a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the Group re-attributes the proportionate share of accumulated exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation, and profit or loss is not recognized. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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.

<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 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.

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

c. Derecognition of financial assets

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

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

d. The choice of “Interest Rate Benchmark Reform - Phase 2”

The Group elected to apply the practical expedient provided in the amendments to IFRS 9 to deal with the changes in the basis for determining contractual cash flows of financial assets resulting from the interest rate benchmark reform. 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.

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.

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. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

d. Termination benefits

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

Cash-settled Share-based Payment Transaction

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

Revenue Recognition

a. Interest income and expense

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

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

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

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

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

b. Commission revenue

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

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

Revenue from rendering services is recognized at the amount corresponding to the percentage of services completed as of the balance sheet date.

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 in the 2021 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	
	2021	2020
Cash on hand	$ 6,383,284	$ 7,098,626
Due from other banks	34,935,306	18,477,864
Notes and checks for clearing	4,178,657	1,299,841
	45,497,247	26,876,331
Less: Allowance for credit losses	(9,393)	(18,541)
Net amount	$ 45,487,854	$ 26,857,790

Under the Guidelines on the Management of Country Risk by Banking Financial Institutions issued by the China Banking Regulatory Commission for countries or regions with low risks, Bank SinoPac (China) recognized the country risk provision at 0.5% of the due from other banks and call loans to banks (Note 7).

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

	December 31	
	2021	2020
Call loans to banks	$ 120,027,269	$ 57,472,101
Trade finance advance - interbank	8,727,495	5,537,442
Deposit reserve - checking accounts	36,110,430	28,094,216
Due from the Central Bank - interbank settlement funds	6,000,477	4,000,139
Deposit reserve - demand accounts	38,955,034	35,613,480
Deposit reserve - foreign currencies	553,791	427,626
Deposit - other	7,262,753	8,745,471
	217,637,249	139,890,475
Less: Allowance for credit losses	(18,497)	(5,916)
Net amount	$ 217,618,752	$ 139,884,559

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 accounts should not be used, except for adjusting the deposit reserve account monthly. In addition, the foreign-currency deposit reserves are determined at prescribed rates based on the balances of foreign-currency deposits. These reserves can be withdrawn momentarily anytime at no interest.

Under the relevant provisions issued by 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	
	2021	2020
Financial assets mandatorily classified as at fair value through profit or loss		
Government bonds	$ 19,499,020	$ 26,528,505
Certificates of deposits purchased	2,782,335	1,998,231
Commercial paper	2,698,706	2,348,878
Convertible bonds	1,532,353	964,711
Bank debentures	814,147	312,118
Listed common stock	147,365	68,765
Currency swap contracts	3,860,432	13,575,991
Interest rate swap contracts	2,394,029	4,532,853
Forward contracts	421,640	1,131,602
Option contracts	341,514	1,049,976
Hybrid FX swap structured instruments	300,992	270,401
Others	293,808	716,236
	35,086,341	53,498,267

(Continued)

	December 31	
	2021	2020
Financial assets designated at fair value through profit or loss		
Corporate bonds	$ 8,874,520	$ 1,378,097
Government bonds	1,087,292	1,277,491
	9,961,812	2,655,588
	$ 45,048,153	$ 56,153,855
Held-for-trading financial liabilities		
Currency swap contracts	$ 4,459,470	$ 15,468,374
Interest rate swap contracts	1,611,721	2,946,034
Forward contracts	507,685	1,149,656
Option contracts	485,890	1,153,598
Hybrid FX swap structured instruments	300,830	270,239
Others	334,743	383,148
	7,700,339	21,371,049
Financial liabilities designated at fair value through profit or loss		
Bank debentures	1,543,747	1,520,769
	1,543,747	1,520,769
	$ 9,244,086	$ 22,891,818

(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	
	2021	2020
Difference between carrying amount and the amount due on maturity		
Fair value	$ 1,543,747	$ 1,520,769
Amount due on maturity	(1,552,780)	(1,598,698)
	$ (9,033)	$ (77,929)

	Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the year	
For the year ended December 31, 2021	$ (3,539)
For the year ended December 31, 2020	$ (14,301)
Accumulated amount of change	
As of December 31, 2021	$ (85,882)
As of December 31, 2020	$ (82,343)

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, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Currency swap contracts	$ 1,132,763,757	$ 1,003,581,879
Interest rate swap contracts	639,448,805	734,091,760
Forward contracts	74,694,290	85,962,719
Option contracts	30,012,720	31,541,123
Cross-currency swap contracts	6,270,641	12,933,171
Hybrid FX swap structured instruments	5,838,295	7,520,729
Futures contracts	2,974,507	11,458,846
Equity-linked swap contracts	2,269,657	254,295
Assets swap contracts	1,313,081	889,701
Commodity-linked swap contracts	-	648,263

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Equity instruments at fair value through other comprehensive income	$ 15,299,410	$ 11,577,644
Debt instruments at fair value through other comprehensive income	365,469,656	328,156,681
	$ 380,769,066	$ 339,734,325

a. Equity instruments at fair value through other comprehensive income

	December 31	
	2021	2020
Listed common stock	$ 10,736,431	$ 9,219,153
Unlisted common stock	1,400,647	1,200,430
Real estate investment trust beneficiary securities	3,162,332	1,158,061
	$ 15,299,410	$ 11,577,644

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

Due to management the risk of investment position. The Group sold the stocks at fair value of $5,449,834 and $2,452,982 and transferred the gain of $741,865 and loss of $15,197 from other equity to retained earnings for the years ended December 31, 2021 and 2020, respectively. An invest reduced its capital and returned the share payment of $100,230, the Bank recognized gain of $22,526 in the first quarter of 2020. The gain was transferred from other equity to retained earnings.

b. Debt instrument at fair value through other comprehensive income

	December 31	
	2021	**2020**
Certificates of deposits purchased	$ 123,177,595	$ 125,377,298
Bank debentures	83,514,922	80,526,092
Commercial paper	76,584,814	55,036,188
Corporate bonds	38,341,354	42,077,851
Government bonds	27,144,246	19,493,938
Others	16,706,725	5,645,314
	$ 365,469,656	$ 328,156,681

1) Loss allowance of debt instruments at fair value through other comprehensive income were $47,558 and $61,452 on December 31, 2021 and 2020, 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, 2021 and 2020, the par value of debt instruments at FVTOCI under repurchase agreements were $5,633,600 and $1,044,255, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	**2020**
Government bonds	$ 55,754,680	$ 55,013,400
Certificates of deposits purchased	48,763,448	49,812,542
Bank debentures	35,908,206	29,438,199
Corporate bonds	12,727,316	11,296,477
Asset-based securities	12,379,342	15,356,937
Others	1,728,307	1,462,770
	167,261,299	162,380,325
Less: Loss allowance	(13,314)	(11,891)
Net amount	$ 167,247,985	$ 162,368,434

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 investment in debt instrument at amortized cost pledged as security.

c. As of December 31, 2020, the par value of investments in debt instruments at amortized cost under repurchase agreements was $230,200. (December 31, 2021: None)

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31	
	2021	2020
Commercial papers	$ 35,734,209	$ 42,403,035
Government bonds	5,801,254	1,054,436
Corporate bonds	2,529,746	2,158,178
Bank debentures	1,045,848	2,085,123
Negotiable certificates of deposits	1,010,467	2,947,256
	$ 46,121,524	$ 50,648,028
Agreed-upon resell amount	$ 46,139,385	$ 50,660,005
Par value	$ 47,337,338	$ 51,210,199
Expiry	May 2022	April 2021

As of December 31, 2021 and 2020, the par value of securities purchased under resell agreements under repurchase agreements were $7,034,258 and $2,356,271, respectively.

12. RECEIVABLES, NET

	December 31	
	2021	2020
Credit card receivable	$ 20,472,061	$ 19,109,830
Accounts receivable - factoring	14,253,265	10,588,014
Accounts receivable - forfaiting	10,030,050	6,896,929
Acceptances	5,322,788	5,464,770
Interest and revenue receivables	4,216,929	4,271,609
Accounts and notes receivables	3,065,080	1,398,518
Trust administration fee revenue receivable	694,755	678,791
Others	965,108	1,388,367
	59,020,036	49,796,828
Less: Allowance for credit losses	(765,641)	(735,517)
Less: Premium or discount on receivables	(34)	(28)
Net amount	$ 58,254,361	$ 49,061,283

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	
	2021	2020
Balance, January 1	$ 735,517	$ 746,524
Provision	200,059	216,922
Write-off	(161,822)	(214,083)
Reclassification	-	(6,422)
Effect of exchange rate changes	(8,113)	(7,424)
Balance, December 31	$ 765,641	$ 735,517

Please refer to Note 44 for the analysis of receivable impairment loss. The Group received payments for loans previously written-off $156,963 and $197,191 for the years ended December 31, 2021 and 2020, respectively, which were recognized as deduction of provision expenses.

The board of directors of the Bank has resolved to sell 100% equity of SinoPac Bancorp to Cathay General Bancorp on July 8, 2016. The case was approved by the FSC on July 6, 2017, and the settlement was completed on July 14, 2017 (US time). According to the agreement, the total transaction price is US$351,551 thousand. The relevant transaction price had been received in July 2020, and the Bank recognized the gain on disposal of the subsidiary amounted to $207,310. The case recognized cumulative the net gain on disposal of the subsidiary amounted to $414,242.

13. DISCOUNTS AND LOANS, NET

	December 31	
	2021	2020
Export negotiation	$ 848,190	$ 632,471
Discounts and overdrafts	59,445	71,123
Accounts receivable - financing	2,636,695	1,820,827
Short-term loans	120,308,773	133,425,034
Secured short-term loans	106,073,662	106,862,375
Medium-term loans	239,960,546	266,549,679
Secured medium-term loans	166,326,272	132,587,981
Long-term loans	10,487,473	8,362,312
Secured long-term loans	552,730,175	505,180,825
Non-performing loans transferred from loans	1,201,033	948,785
	1,200,632,264	1,156,441,412
Less: Allowance for credit losses	(15,547,927)	(15,001,444)
Less: Premium or discount on discounts and loans	(392,116)	(453,916)
Net amount	$ 1,184,692,221	$ 1,140,986,052

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 December 31, 2021 and 2020.

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	
	2021	2020
Balance, January 1	$ 15,001,444	$ 13,772,755
Provision	2,661,422	2,549,970
Write-off	(2,021,929)	(1,196,231)
Effect of exchange rate changes	(93,010)	(125,050)
Balance, December 31	$ 15,547,927	$ 15,001,444

The Group received payments for loans previously written-off $401,061 and $403,124 for the years ended December 31, 2021 and 2020, respectively, which were recognized as deduction of provision expenses.

14. OTHER FINANCIAL ASSETS, NET

	December 31	
	2021	2020
Purchase of the PEM Group's instruments	$ 4,091,191	$ 4,177,027
Bank deposits not belonging to cash and cash equivalent	1,957,091	5,917,374
Others	48,700	40,509
	6,096,982	10,134,910
Less: Allowance for credit loss	(4,577)	(1,681)
Less: Accumulated impairment	(2,150,110)	(2,256,444)
Net amount	$ 3,942,295	$ 7,876,785

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.

Please refer to Note 41 for information relating to other financial assets pledged as security.

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, 2021, a reserve of US$77,651 thousand (NT$2,150,110) had been set aside to cover the accumulated impairment losses. The Bank has recognized reversal of impairment loss of $41,795 and impairment loss of $464,249 for PEM Group for the years ended December 31, 2021 and 2020.

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	
	2021	2020
Balance, January 1	$ 1,681	$ 5,828
Provision	12,558	3,050
Write-off	(9,617)	(7,166)
Effect of exchange rate changes	(45)	(31)
Balance, December 31	$ 4,577	$ 1,681

The Group received payments for loans previously written-off $10,868 and $17,871 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 are summarized as follows:

	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

	For the Year Ended December 31, 2020							
	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	$ 5,578,961	$ 5,717,263	$ 2,077,082	$ 1,160	$ 1,410,407	$ 1,540,849	$ 375,944	$ 16,701,666
Addition	-	70,815	349,555	-	123,568	25,021	388,088	957,047
Deduction	-	(3,668)	(493,059)	-	(79,244)	(84,254)	-	(660,225)
Reclassifications	19,520	67,382	255,399	-	35,750	56,364	(548,098)	(113,683)
Effect of exchange rate changes	-	4,987	(7,296)	(57)	(1,318)	(2,677)	167	(6,194)
Balance, December 31	5,598,481	5,856,779	2,181,681	1,103	1,489,163	1,535,303	216,101	16,878,611
Accumulated depreciation								
Balance, January 1	14	3,195,348	1,510,257	1,160	1,145,260	1,345,825	-	7,197,864
Depreciation	23	138,103	241,147	-	80,784	79,483	-	539,540
Deduction	-	(2,908)	(479,322)	-	(78,156)	(82,836)	-	(643,222)
Reclassifications	-	16,932	-	-	4,833	(4,833)	-	16,932
Effect of exchange rate changes	-	694	(7,126)	(57)	(1,295)	(3,190)	-	(10,974)
Balance, December 31	37	3,348,169	1,264,956	1,103	1,151,426	1,334,449	-	7,100,140
Net amount								
Balance, December 31	$ 5,598,444	$ 2,508,610	$ 916,725	$ -	$ 337,737	$ 200,854	$ 216,101	$ 9,778,471

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	1.58-15 years

The amounts of other equipment rented out as of December 31, 2021 and 2020 were $1,524 and $2,046, respectively.

16. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2021	**2020**
Carrying amount		
Land	$ 64	$ 1,137
Buildings	2,493,587	2,332,060
Machinery and computer equipment	142,075	4,193
Transportation equipment	19,493	15,706
Other equipment	2,822	720
Decommissioning restoration costs	22,024	20,662
	$ 2,680,065	$ 2,374,478

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 1,105,830	$ 842,579
Depreciation charge for right-of-use assets		
Land	$ 1,057	$ 1,488
Buildings	647,138	536,060
Machinery and computer equipment	33,545	26,295
Transportation equipment	11,128	9,914
Other equipment	731	342
Decommissioning restoration costs	6,261	3,719
	$ 699,860	$ 577,818

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount	$ 2,697,037	$ 2,374,065

Range of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	0.1404%-1.0212%	0.7357%-2.6329%
Buildings	0.1553%-4.8096%	0.1553%-4.8096%
Machinery and computer equipment	0.5754%-1.0768%	0.7357%-1.0768%
Transportation equipment	0.3804%-5.5000%	0.5698%-5.5000%
Other equipment	0.3410%-3.4512%	0.3410%-3.4512%

c. Material lease-in activities and terms

The Group leases certain buildings for use as business locations and offices with lease terms of 1 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	
	2021	2020
Expenses relating to short-term leases	$ 15,687	$ 16,858
Expenses relating to low-value asset leases	$ 40,582	$ 37,427
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 7,845	$ 8,931
Total cash outflow for leases	$ (806,081)	$ (746,742)

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, 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

(Continued)

	For the Year Ended December 31, 2021		
	Land	Buildings	Total
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

(Concluded)

	For the Year Ended December 31, 2020		
	Land	Buildings	Total
Cost			
Balance, January 1	$ 795,615	$ 615,081	$ 1,410,696
Addition	-	3,035	3,035
Deduction	-	(261)	(261)
Reclassifications	(19,520)	(25,228)	(44,748)
Balance, December 31	776,095	592,627	1,368,722
Accumulated depreciation			
Balance, January 1	-	327,058	327,058
Depreciation	-	11,695	11,695
Deduction	-	(253)	(253)
Reclassifications	-	(16,932)	(16,932)
Balance, December 31	-	321,568	321,568
Net amount			
Balance, December 31	$ 776,095	$ 271,059	$ 1,047,154

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

Category	Useful Lives
Buildings	8-60 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, 2021 and 2020 were $15,184,279 and $15,259,452, 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 2021	December 31 2020
Goodwill	$ 876,717	$ 876,717
Computer software	740,162	618,617
Others	6,893	7,204
	$ 1,623,772	$ 1,502,538

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

	Goodwill	Computer Software	Others	Total
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
2020				
Balance, January 1	$ 876,717	$ 555,412	$ 7,358	$ 1,439,487
Addition	-	103,496	-	103,496
Amortization	-	(199,374)	(252)	(199,626)
Reclassifications	-	158,426	-	158,426
Effects of exchange rate changes	-	657	98	755
Balance, December 31	$ 876,717	$ 618,617	$ 7,204	$ 1,502,538

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, 2021 and 2020. The impairment tests on goodwill were conducted on October 31, 2021 and 2020. The actual net income for the years ended December 31, 2021 and 2020 amounted to $94,018 and $108,232, respectively. The expected net income for the years 2021 and 2020 as assessed by the impairment test on goodwill would be $84,069 and $78,125, 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, 2021 and 2020.

19. OTHER ASSETS, NET

	December 31	
	2021	2020
Guarantee deposits	$ 2,114,121	$ 3,180,642
Temporary payment and suspense accounts	229,628	282,310
Prepayment	200,064	239,453
Others	54,903	51,021
	2,598,716	3,753,426
Less: Allowance for inventory write-down - gold	(72)	-
Less: Accumulated impairment	(7,935)	(7,935)
Net amount	$ 2,590,709	$ 3,745,491

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2021	2020
Call loans from banks	$ 58,564,837	$ 65,288,823
Redeposits from Chunghwa Post	10,076,600	10,090,000
Call loans from Central Bank	1,384,478	-
Due to banks	239,170	135,547
	$ 70,265,085	$ 75,514,370

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Bank debentures	$ 5,941,973	$ 1,999,311
Government bonds	5,270,814	869,102
Corporate bonds	1,371,428	832,910
	$ 12,584,215	$ 3,701,323
Agreed-upon repurchase price	$ 12,605,234	$ 3,704,779
Par value	12,667,858	3,630,726
Maturity date	December 2022	May 2021

22. PAYABLES

	December 31	
	2021	2020
Acceptances payable	$ 5,142,813	$ 5,279,510
Notes and checks in clearing	4,178,657	1,299,841
Accrued expenses	3,483,647	3,095,516
Accounts payable - factoring	2,807,640	2,790,152
Interests payable	1,590,170	1,987,453
Dividends payable to SPH	1,435,025	1,435,025
Accounts payable	984,134	1,541,407
Others	1,821,802	1,643,406
	$ 21,443,888	$ 19,072,310

23. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Checking	$ 13,621,589	$ 13,877,172
Demand	489,387,080	428,589,395
Savings - demand	507,555,116	434,922,075
Time deposits	574,550,785	527,769,585
Negotiable certificates of deposits	427,800	1,960,000
Savings - time	252,214,965	249,690,008
Inward remittances	1,043,879	3,055,916
Outward remittances	1,556,260	59,294
Others	29,829	27,622
	$ 1,840,387,303	$ 1,659,951,067

24. 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			
	2021	2020	Maturity Date	Rates
Second subordinated bank debentures issued in 2011 (B)	$ -	$ 2,999,891	2011.08.18-2021.08.18 Principal is repayable on maturity date.	Fixed interest rate of 2.18%, interest is paid annually.
First subordinated bank debentures issued in 2012 (B)	1,299,947	1,299,874	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)	699,850	699,798	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
First subordinated bank debentures issued in 2016	-	1,499,969	2016.02.23, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years.	Fixed interest rate of 3.90%, interest is paid annually.
Second subordinated bank debentures issued in 2016	-	1,029,963	2016.03.30, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years.	Fixed interest rate of 3.90%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,747	1,419,621	2016.12.23-2023.12.23 Principal is repayable on maturity date.	Fixed interest rate of 1.50%, interest is paid annually.

(Continued)

	December 31			
	2021	2020	Maturity Date	Rates
First subordinated bank debentures issued in 2017 (A)	$ 149,950	$ 149,928	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)	2,099,390	2,099,279	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)	199,950	199,931	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)	539,796	539,761	2017.06.28-2027.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.
Fourth subordinated bank debentures issued in 2017	2,999,660	2,999,348	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)	649,797	649,738	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)	499,791	499,760	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	1,999,437	1,999,229	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)	1,199,605	1,199,511	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)	1,799,280	1,799,184	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	2,999,796	2,999,715	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	1,499,503	1,499,327	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)	1,749,359	1,749,225	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)	1,749,260	1,749,168	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	2,999,382	2,999,217	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	1,999,456	1,999,392	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	2,899,532	2,899,407	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	2,599,439	2,599,376	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	2,099,648	2,099,560	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	2,399,508	2,399,454	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	999,726	999,656	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	999,732	-	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	2,719,455	-	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	2,299,571	-	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	3,279,522	-	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	1,699,405	-	2021.10.28-2031.10.28 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
	$ 50,548,494	$ 45,078,282		

(Concluded)

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Principal of structured products	$ 12,013,819	$ 15,386,334
Cumulative earnings on appropriated loan fund	28,708	45,529
Overseas certificate of deposit	-	735,219
	$ 12,042,527	$ 16,167,082

26. PROVISIONS

	December 31	
	2021	2020
Provision for employee benefits	$ 2,272,850	$ 2,568,444
Provision for financing commitment	163,168	216,315
Provision for guarantee liabilities	395,361	313,880
Provision for decommissioning liabilities	105,919	99,072
Other	23,836	15,420
	$ 2,961,134	$ 3,213,131

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

	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

	For the Year Ended December 31, 2020		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 141,773	$ 206,051	$ 17,876
(Reversal of) provision	79,982	108,511	(1,708)
Effect of exchange rate changes	(5,440)	(682)	(748)
Balance, December 31	$ 216,315	$ 313,880	$ 15,420

27. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2021	2020
Recognized in consolidated balance sheets (payables and provisions)		
Defined contribution plans	$ 42,597	$ 40,797
Defined benefit plans	1,896,474	2,245,203
Preferential interest on employees' deposits	340,375	293,173
Deferred annual leave and retirement benefits	36,001	30,068
	$ 2,315,447	$ 2,609,241

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 in profit or loss for the years ended December 31, 2021 and 2020 of $257,411 and $248,577, 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	
	2021	2020
Present value of defined benefit obligation	$ 4,951,842	$ 5,241,258
Fair value of plan assets	(3,055,368)	(2,996,055)
Deficit	1,896,474	2,245,203
Asset ceiling	-	-
Net defined benefit liability	$ 1,896,474	$ 2,245,203

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, 2020	$ 5,150,594	$ (2,981,459)	$ 2,169,135
Service cost			
Current service cost	65,315	-	65,315
Past service cost	-	-	-
Net interest expense (income)	37,928	(22,482)	15,446
Recognized in (profit) or loss	103,243	(22,482)	80,761
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(63,229)	(63,229)
Actuarial (gain) loss - changes in financial assumptions	243,776	-	243,776
Actuarial (gain) loss - changes in demographic assumptions	154	-	154
Actuarial (gain) loss - experience adjustments	21,439	-	21,439
Recognized in other comprehensive income	265,369	(63,229)	202,140
Contributions from the employer	-	(206,833)	(206,833)
Benefits paid	(277,948)	277,948	-
Pay off or reduce the payment	-	-	-
Balance at December 31, 2020	$ 5,241,258	$ (2,996,055)	$ 2,245,203
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	-
Pay off or reduce the payment	-	-	-
Balance at December 31, 2021	$ 4,951,842	$ (3,055,368)	$ 1,896,474

The plan assets' actual returns were $44,855 and $85,711 for the years ended December 31, 2021 and 2020.

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	
	2021	**2020**
Discount rate	0.60%	0.30%
Expected rate of salary increase	1.75%	1.75%
Turnover rate	0.36%	0.45%

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	
	2021	**2020**
Discount rate (2021: 0.60%; 2020: 0.30%)		
0.25% increase	$ (122,857)	$ (137,399)
0.25% decrease	$ 127,192	$ 142,506
Expected rate of salary increase 1.75%		
0.25% increase	$ 125,416	$ 140,087
0.25% decrease	$ (121,786)	$ (135,802)
Turnover rate (2021: 0.36%; 2020: 0.45%)		
110% of expected turnover rate	$ (98)	$ (166)
90% of expected turnover rate	$ 98	$ 167

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	
	2021	**2020**
The expected contributions to the plan for the next year	$ 210,968	$ 214,739
The average duration of the defined benefit obligation	10 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	
	2021	**2020**
Discount rate	4.00%	4.00%
Expected interest rate on preferential interest on employees' deposits		
Manager	6.84%	6.84%
Staff	13.00%	13.00%
Normal deposit interest rate	0.84%	0.84%
Return on deposits	2.00%	2.00%
Excess preferential interest		
Manager	4.00%	4.00%
Staff	10.16%	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	
	2021	**2020**
Present value of defined benefit obligation	$ 340,375	$ 293,173
Fair value of plan assets	-	-
Deficit	340,375	293,173
Asset ceiling	-	-
Net defined benefit liability	$ 340,375	$ 293,173

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, 2020	$ 279,377	$ -	$ 279,377
Service cost			
Past service cost	24,042	-	24,042
Interest expense	6,024	-	6,024
Recognized in (profit) or loss	30,066	-	30,066

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Actuarial (gain) loss - experience adjustments	$ 7,275	$ -	$ 7,275
Actuarial (gain) loss - changes in assumptions	-	-	-
Recognized in other comprehensive income	7,275	-	7,275
Benefits paid	(23,545)	-	(23,545)
Balance at December 31, 2020	$ 293,173	$ -	$ 293,173
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	49,902	-	49,902
Actuarial (gain) loss - changes in assumptions	-	-	-
Recognized in other comprehensive income	49,902	-	49,902
Benefits paid	(25,203)	-	(25,203)
Balance at December 31, 2021	$ 340,375	$ -	$ 340,375

(Concluded)

28. OTHER LIABILITIES

	December 31	
	2021	2020
Guarantee deposits received	$ 1,255,606	$ 4,720,081
Temporary receipt and suspense accounts	656,896	597,313
Advance receipts	213,132	249,332
Deferred revenue	114,579	101,752
Others	51,330	43,387
	$ 2,291,543	$ 5,711,865

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	
	2021	2020
Current tax		
Current period	$ 1,646,159	$ 1,329,631
Adjustments for prior period	4,706	(9,042)
Other	50,302	-
Deferred tax		
Temporary adjustment	(7,452)	(54,376)
Income tax expenses recognized in profit or loss	$ 1,693,715	$ 1,266,213

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 13,109,033	$ 11,020,313
Income tax expense calculated at the statutory rate (20%)	$ 2,621,807	$ 2,204,063
Tax effect of adjusting items:		
Additional income tax under the Alternative Minimum Tax Act	353,765	278,717
Effect number of difference tax rates in several other operating subsidiaries	9,048	2,463
Unrecognized temporary difference	(403)	(661)
Adjustments for prior years' tax	4,706	(9,042)
Tax-exempt income	(68,331)	(191,381)
Permanent difference	(1,301,149)	(1,030,199)
Others	74,272	12,253
Income tax expense recognized in profit or loss	$ 1,693,715	$ 1,266,213

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	
	2021	2020
Deferred tax		
Adjustments of current period		
Defined benefit plans remeasurement	$ (25,704)	$ 41,883
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(28,589)	19,961
Exchange difference on translating foreign operations	15,429	(21,962)
Income tax recognized in other comprehensive income	$ (38,864)	$ 39,882

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,060,924
Subsidiary tax receivable	94	5,613
Others	49,300	138,943
	$ 1,104,414	$ 1,205,480
Current tax liabilities		
Payables for adopting the linked-tax system	$ 586,906	$ 359,498
Subsidiary tax payable	36,614	-
Others	266,381	82,306
	$ 889,901	$ 441,804

d. Deferred tax assets and liabilities

	December 31	
	2021	2020
Deferred tax assets		
Provision	$ 699,872	$ 672,237
Provision for defined benefit	414,791	457,303
Exchange differences on translating foreign operations	163,029	147,601
Unrealized gains or losses on foreign exchange and derivative instruments	53,992	66,119
Others	83,159	67,843
	$ 1,414,843	$ 1,411,103
Deferred tax liabilities		
Land value increment tax	$ 587,038	$ 587,038
Investments accounted for using the equity method	142,601	120,358
Others	77,637	64,661
	$ 807,276	$ 772,057

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

	For the Year Ended December 31	
	2021	2020
Provision	$ (27,636)	$ 57,568
Provision for defined benefit	24,564	22,195
Investments accounted for using the equity method	22,243	(42,337)
Unrealized gains or losses on foreign exchange and derivative instruments	12,127	(82,787)
Others	(38,750)	(9,015)
	$ (7,452)	$ (54,376)

The Bank did not have unused loss carryforwards as of December 31, 2021.

e. The Bank's tax returns through 2016 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 2016.

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.

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).

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 - employee share options, 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, 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

	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, 2020	$ (670,011)	$ 831,379	$ 898,594	$ (68,042)	$ 991,920
Exchange differences					
Exchange differences on translation of foreign operations	109,809	-	-	-	109,809
Related income tax	(21,962)	-	-	-	(21,962)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	1,037,082	3,241,334	-	4,278,416
Adjustment for loss allowance of debt instruments	-	-	23,573	-	23,573
Current disposal	-	-	(802,244)	-	(802,244)

(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		
Cumulative realized gain or loss transferred to retained earnings due to disposal	$ -	$ (7,329)	$ -	$ -	$ (7,329)
Related income tax	-	-	19,961	-	19,961
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(14,301)	(14,301)
Balance December 31, 2020	$ (582,164)	$ 1,861,132	$ 3,381,218	$ (82,343)	$ 4,577,843

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

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.

According to FSC Order No. 1090150022 and the rule of "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs", of amount of equal to the net debit balance of shareholders' other equity items shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated.

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 2019 have been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 22, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 3,058,337	
Reversal of special reserve	(45,444)	
Cash dividends	7,181,565	$ 0.83447222

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 March 11, 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 board of directors approved the 2021 appropriations of earnings on March 11, 2022, that will be resolved by shareholder's resolution (on behalf of the shareholder's meeting) in 2022.

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	
	2021	**2020**
Interest income		
Loans	$ 21,383,076	$ 21,378,123
Security investments	5,847,971	5,849,055
Due from the Central Bank and call loans to banks	618,101	1,041,155
Credit card revolving interest rate income	507,897	541,411
Others	553,957	603,837
	28,911,002	29,413,581
Interest expenses		
Deposits	(6,882,407)	(10,151,256)
Bank debentures	(774,274)	(773,130)
Call loans from banks	(376,960)	(569,102)
Interest expense of structured products	(311,548)	(551,976)
Others	(151,500)	(213,519)
	(8,496,689)	(12,258,983)
Net amount	$ 20,414,313	$ 17,154,598

32. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2021	2020
Service fee income		
Insurance services	$ 2,555,925	$ 2,601,050
Trust and related services	2,615,175	2,206,242
Loan services	1,628,168	1,306,638
Credit card services	641,428	867,333
Others	1,121,481	999,918
	8,562,177	7,981,181
Service fee expenses		
Credit card services	(592,999)	(542,426)
Interbank services	(252,227)	(218,480)
Trust services	(164,246)	(153,511)
Insurance services	(44,737)	(46,088)
Foreign exchange transaction	(35,359)	(50,320)
Others	(345,326)	(264,417)
	(1,434,894)	(1,275,242)
Net amount	$ 7,127,283	$ 6,705,939

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

	For the Year Ended December 31	
	2021	2020
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Corporate bonds	$ 98,539	$ 127,949
Government bonds	(153,711)	750,152
Interest rate swap contracts	1,217,159	(1,403,587)
Currency swap contracts and hybrid FX swap structured instruments	193,991	1,644,092
Option contracts	87,357	(482,881)
Forward contracts	(150,119)	(393,775)
Future contracts	(286,522)	(441,987)
Others	148,344	5,769
	1,155,038	(194,268)
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Government bonds	(208,766)	20,138
Future contracts	84,163	(131,105)
Currency swap contracts and hybrid FX swap structured instruments	(123,930)	(630,005)
Interest rate swap contracts	(778,260)	2,084,467
Others	(179,202)	(7,435)
	(1,205,995)	1,336,060
Interest income	338,807	360,159
Dividend income	954	-
	$ 288,804	$ 1,501,951

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

	For the Year Ended December 31	
	2021	2020
Dividend revenue		
Holding at the end of the reporting period	$ 597,514	$ 354,071
Disposed in the reporting period	104,571	46,631
Gain or loss from disposal of debt instruments	1,028,913	802,244
	$ 1,730,998	$ 1,202,946

35. NET OTHER REVENUE OTHER THAN INTEREST INCOME

	For the Year Ended December 31	
	2021	2020
Rental income	$ 91,069	$ 91,238
Operating assets rental income	27,847	27,671
Transaction bonus	4,870	11,280
Insurance claims income	327	22,382
Others	24,207	28,332
	$ 148,320	$ 180,903

36. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2021	2020
Salaries and wages	$ 7,716,488	$ 7,310,197
Labor insurance and national health insurance	589,475	505,316
Pension costs	318,318	329,338
Cash-settled share based payment transaction	44,407	38,774
Others	736,160	678,895
	$ 9,404,848	$ 8,862,520

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 $70,000 and $60,000 as employees' compensation and $27,000 and $18,000 as remuneration of directors for the years ended December 31, 2021 and 2020.

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 $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 board of directors approved $60,000 as employees' compensation and $18,000 as remuneration of directors on January 29, 2021 and February 26, 2021, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash. The Bank's board of directors had reported the remuneration of employees and directors in 2020 on behalf of the shareholder on May 21, 2021.

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	
	2021	2020
Depreciation expense		
Land improvements	$ 24	$ 23
Buildings	159,550	149,798
Machinery and computer equipment	291,726	241,147
Other equipment	85,302	80,784
Leasehold improvements	55,522	79,483
Right-of-use assets	699,860	577,818
	1,291,984	1,129,053
Amortization expense	223,203	199,626
	$ 1,515,187	$ 1,328,679

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2021	2020
Taxation and fees	$ 1,255,697	$ 1,212,270
Automated equipment	513,222	483,335
Professional advisory	481,106	479,648
Marketing	408,374	542,807
Location fee	399,734	409,654
Insurance	384,502	331,032
Communications expense	308,464	286,774
Others	568,240	657,556
	$ 4,319,339	$ 4,403,076

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.

The numerators and denominators used in computing earnings per shares (EPS) are summarized as follows:

Dollars Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic EPS	$ 1.31	$ 1.12

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	
	2021	**2020**
Net income for calculating basic EPS	$ 11,415,318	$ 9,754,100

Shares

Shares in Thousands

	For the Year Ended December 31	
	2021	**2020**
The weighted-average number of common stock outstanding in the computation of basic EPS	8,688,919	8,688,919

The 2020 EPS was retrospectively adjusted for the effects of the bonus stock issuance on September 13, 2021. Thus, the basic EPS for the year ended December 31, 2020 decreased from NT$1.13 to NT$1.12.

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 Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
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
SinoPac Capital International Limited	Affiliate of SPL (liquidation in October 2021)
Foundation of SinoPac	Affiliate of SPH's chairman
Global Unichip Corp. (GUC)	Affiliate of SPH's chairman's spouse
Nuvoton Technology Corp. (Nuvoton Technology)	Affiliate of SPH's chairman's spouse (before November 2021)
Taiwan Stock Exchange (TWSE)	Affiliate of the SPH's general manager
Taipei Forex Inc. (TAIFX)	Affiliate of the Bank's general manager
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' general manager
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	SPH's corporate director
High Entropy Materials, Inc. (High Entropy Materials)	SinoPac Venture Capital is the company's corporate director
Sun He Energy Co., Ltd. (Sun He Energy)	SinoPac Venture Capital is the company's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of SPH's corporate director
Yuen Foong Paper Co., Ltd. (Yuen Foong Paper)	Affiliate of SPH's corporate director
Quanta Computer Inc. (Quanta Computer)	Affiliate of SPH's director
Pegatron Corporation (Pegatron)	Affiliate of SPH's director
Private School Promotion Foundation	Affiliate of SPH's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of the Bank's director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Tatung Co.	Affiliate of SPL's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Boardtek Electronics Corporation (Boardtek Electronics)	Affiliate of SPH's manager
Hotai Investment Limited (Hotai Investment)	Affiliate of the Bank's manager
Taiwan Securities Association	Affiliate of the SinoPac Securities' manager
Grand Bills Finance Corp. (Grand Bills Finance)	Affiliate of the SPH's manager's spouse
Tsann Kuen Enterprise Co., Ltd. (Tsann Kuen Enterprise)	Affiliate of the Bank's manager's spouse (before July 2021)
Mechema Chemicals International Corp. (Mechema Chemicals)	Affiliate of the Bank's manager's spouse
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
Kingstate Electronics Corporation (Kingstate Electronics)	Affiliate of second-degree kin of the Bank's manager

(Continued)

Related Party	Relationship with the Group
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
Hao Yu Co., Ltd. (Hao Yu)	Affiliate of second-degree-in-laws of the Bank's manager
Chen Shih Automation Industrial Co., Ltd. (Chen Shih Automation Industrial)	Affiliate of second-degree-in-laws of the Bank's manager
Greatwell Enterprise Co., Ltd. (Greatwell Enterprise)	Affiliate of second-degree-in-laws of the Bank's manager (before March 2021)
Avision Inc. (Avision)	The Bank holds more than 5% of the capital of charitable trust entrusted assets
YFY International BVI Corp. (YFY International)	Related party
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
Universal Cement Corporation (Universal Cement)	Related party
Hoss Venture Inc. (Hoss Venture)	Related party
Syntera International Investment Inc. (Syntera International Investment)	Related party
E Ink Holdings Inc. (E Ink Holdings)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Hsin-Yi Foundation	Related party
Foundation of Fire Fighting Development	Related party
Transyork Technology (Yangzhou) Ltd. (Transyork Technology (Yangzhou))	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
YuanHan Material Inc. (YuanHan Material)	Related party
Dream Universe Limited	Related party
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
Transcend Optronics (Yangzhou) Co., Ltd. (Transcend Optronics (Yangzhou))	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
YFY Packaging Inc. (YFY Packaging)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Shen's Art Printing Co., Ltd. (Shen's Art Printing)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Foongtone Technology Co., Ltd. (Foongtone Technology)	Related party
Hydis Technologies Co., Ltd.	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
SinoPac Securities Investment Trust Funds	Related party
Tech Smart Logistics Ltd.	Related party
New Field e-Paper Co., Ltd. (New Field e-Paper)	Related party
PVI Global Corporation	Related party
Willpower Industries Limited	Related party

(Continued)

Related Party	Relationship with the Group
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, 2021		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	$ 553,791	0.025-2.2	$ 1,579

	For the Year Ended December 31, 2020		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	$ 997,793	0.05-2.37	$ 7,336
Grand Bills Finance	-	0.45	67

2) Derivative financial instruments

	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

	December 31, 2020				
	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	$ 703	Financial assets at fair value through profit or loss	$ 703
SinoPac Securities	675,000	2020.8.3-2024.8.12	(1,300)	Financial liabilities at fair value through profit or loss	1,300
Hua Nan Bank	3,546,579	2020.9.8-2030.11.20	15,162	Financial assets at fair value through profit or loss	15,162
Hua Nan Bank	1,000,000	2020.4.13-2030.7.9	(1,266)	Financial liabilities at fair value through profit or loss	1,266
Forward contracts					
YFY International	2,138,128	2020.10.16-2021.6.4	46,999	Financial assets at fair value through profit or loss	46,999
Tatung Co.	28,028	2020.9.17-2021.1.27	(1,030)	Financial liabilities at fair value through profit or loss	1,030
Currency swap contracts					
SinoPac Securities	1,748,913	2020.11.23-2021.2.26	24,044	Financial assets at fair value through profit or loss	24,044

3) Securities purchased under resell agreements

2021

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities	$ -	$ -	$ 2,427
Others	-	-	10

2020

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities	$ 969,285	$ 829,594	$ 15,022

4) Receivables and payables

	December 31	
	2021	2020
Receivables		
Others	$ 290,078	$ 357,467
Payables		
Others	$ 16,869	$ 95,324
Cash dividends payable to SPH	$ 1,435,025	$ 1,435,025

5) Current income tax assets and liabilities

	December 31	
	2021	2020
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,060,924
Payables from adopting the linked-tax system	$ 586,906	$ 359,498

6) Loans

	For the Year Ended December 31, 2021			
	Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
Loans	$ 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				

	For the Year Ended December 31, 2020			
	Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
Loans	$ 10,806,061	$ 17,266,227	0-10.24	$ 167,988

Category	December 31, 2020						
	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	296	$ 515,494	$ 469,781	V	-	None	Yes
Household mortgage loans	1,078	6,101,734	5,718,414	V	-	Real estate	Yes
Others:							
	Quanta Computer	5,117,318	-	V	-	None, Note 1	Yes
	SPL	1,070,000	970,000	V	-	Real estate	Yes
	Boardtek Electronics	900,000	900,000	V	-	Real estate	Yes
	Universal Cement	200,000	-	V	-	None, Note 1	Yes
	Evercast Precision	51,838	49,674	V	-	Real estate	Yes
	Kim Great	48,661	46,474	V	-	Real estate	Yes
	Hoss Venture	30,000	-	V	-	Real estate	Yes
	Hao Yu	16,400	11,600	V	-	Real estate	Yes
	Chen Shih Automation Industrial	15,000	15,000	V	-	Real estate	Yes
	Hao-Xin-Di	9,381	8,542	V	-	Real estate	Yes
	Greatwell Enterprise	8,200	8,200	V	-	Real estate	Yes
	Hotai Investment	3,300	3,231	V	-	Vehicle	Yes
	Others	3,178,901	2,605,145	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	10,648,999	4,617,866				
	Total	$ 17,266,227	$ 10,806,061				

Note 1: Non-related party of the Bank at the loan 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, 2021

None.

December 31, 2020

Related Party	Highest Balance in Current Year	Ending Balance	Provision	Rates	Type of Collaterals	Note
Tsann Kuen Enterprise	$ 8,000	$ -	$ -	0.50%	None, Note	
Others	2	-	-	1.75%	None, Note	

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

8) Financial assets at fair value through other comprehensive income

	December 31	
	2021	**2020**
Equity instrument		
TAIFEX (Note)	$ 410,315	$ -
Quanta Computer	311,563	266,161
TAIFX	19,659	16,055
Debt instrument		
Hua Nan Bank	-	4,998,609

Note: Related party of the Bank from July 2021.

9) Other financial assets

The Bank had interest revenue from call loans to security corporations for the years ended December 31, 2021 and 2020 were $33 and $57, respectively.

10) Property and equipment

For the years ended December 31, 2021 and 2020, the Bank purchased property and equipment from its related parties for a total price of $29,580 and $21,532, recognized as property and equipment.

The Bank leased other equipment from SPL, due to the date, December 31, 2021 and 2020, the carrying amount were $67 and $117, respectively.

11) Intangible assets

For the years ended December 31, 2021 and 2020, the Bank purchased computer software from its related parties in the amount of $27,355 and $13,148, respectively, recognized as intangible assets.

12) Other assets

	December 31	
	2021	**2020**
Prepayments		
Others	$ 4,708	$ 5,108
Guarantee deposits		
SinoPac Futures	50,998	298,336
Others	8,684	8,382

The Bank signed an agreement with other related parties for the purchase. The Bank paid $45,652 and $93,996 for the years ended December 31, 2021 and 2020, which were recorded as prepayments (other assets) or other operating expenses.

The amount of undiscounted guarantee deposits from lease contract were $12,903 as of December 31, 2021 and 2020.

The amount of interest revenue through above guarantee for the years ended December 31, 2021 and 2020 were $48 and $172, respectively.

13) Notes and bonds transaction

	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

	For the Year Ended December 31, 2020	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
Hua Nan Bank	$ 6,174,182	$ 1,174,944
SPH	2,000,000	-
SPL	167,972	167,986
Syntera International Investment	19,997	19,998
SinoPac Securities	-	14,600,000
Mechema Chemicals	-	29,994

14) Deposits from the Central Bank and banks

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

2020

	December 31		For the Year Ended December 31
	Ending Balance	Interest Rates (%)	Interest Expense
Hua Nan Bank	$ 1,282,877	0.08-12.00	$ 3,704

15) Deposits

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 Material	423,029	0.001-0.815
Dream Universe Limited	336,700	0.05
TWSE	300,441	0.03-0.76
Rich Optronics (Yangzhou)	299,083	0.05-0.9
China Color Printing	271,089	0.03-0.815
Transcend Optronics (Yangzhou)	251,097	0.05-0.85
Hsin Yi Recreation	246,856	0.03-1.7
YFY Biotech Management	208,432	0-0.76
SinoPac Securities Venture Capital	205,408	0.03
TAIFEX	200,001	0.03-0.76
SinoPac Securities Investment Service	177,434	0-0.815
SinoPac Capital (Asia)	152,338	0-0.18
Taiwan Riken Industrial	148,918	0-2
YFY Packaging	142,639	0-0.76
SinoPac Venture Capital	142,031	0.03-0.08
Yong Hsin Yi Enterprise	141,002	0.03-0.815
High Entropy Materials	140,263	0.03
Shin Yuan Investment	135,031	0.001-0.57
Effion Enertech	127,146	0.03-0.38
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	

2020

	December 31		For the Year Ended December 31
	Ending Balance	Interest Rates (%)	Interest Expense
	$ 63,711,992	0-13	$ 294,850

	Ending Balance	Interest Rates (%)
Quanta Computer	$ 15,500,906	0-0.76
Pegatron	14,664,985	0.03-0.76
SinoPac Securities	6,781,400	0-1.01
SinoPac Securities (Asia)	3,451,570	0-2.4
SinoPac Capital International Limited	2,139,981	0.001-0.2
Hydis Technologies Co., Ltd.	1,555,868	0.03
Hsin-Yi Foundation	868,661	0.01-1.75
Nuvoton Technology	734,300	0.01-0.49
E Ink Holdings	729,138	0.001-0.815
Foundation of Fire Fighting Development	729,042	0-0.84
YuanHan Material	713,395	0.001-0.815
YFY Investment	658,150	0.05-2.025
SinoPac TWD Money Market Fund	500,132	0.03
Tech Smart Logistics Ltd.	449,717	0.03
Shin Foong Specialty And Applied Materials	419,065	0.03-0.57
Dream Universe Limited	347,126	0.05
SinoPac Venture Capital	324,506	0.01-0.38
New Field e-Paper	316,794	0.03
Hsin Yi Recreation	309,018	0.03-1.5
Transcend Optronics (Yangzhou)	286,774	0.05-0.6
YFY Biotech Management	282,956	0-0.76
PVI Global Corporation	271,008	0.05
China Color Printing	270,226	0.03-0.815
TWSE	200,000	0.03-1.01
SinoPac Securities Investment Service	183,163	0-0.815
Transyork Technology (Yangzhou)	169,957	0.05
SinoPac Securities Venture Capital	167,922	0.03
Private School Promotion Foundation	151,172	0-0.83
SPH	139,621	0-0.03
Sun He Energy	138,823	0.03
Yong Hsin Yi Enterprise	131,036	0.03-1.55
SPIL	127,613	0.05-1.755
Hoss Capital	126,309	0.03-1.4
Shin Yuan Investment	120,156	0.001-0.55
Foongtone Technology	116,908	0-1.35
Willpower Industries Limited	116,304	0.03-0.3
Taiwan Securities Association	114,947	0.08-0.84
Yuen Foong Paper	111,467	0-1.065
Taiwan Riken Industrial	110,902	0-2.3
Taigen Biotechnology	105,566	0-1.01
Others	9,075,408	0-13
	$ 63,711,992	

16) Bank debentures

The Bank's bank debentures issued for the years ended December 31, 2021 and 2020 were underwritten by SinoPac Securities who were paid $1,700 and $3,150 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, 2021 and 2020 were $15,660 and $28,599, respectively.

17) Other liabilities

	December 31	
	2021	**2020**
Guarantee deposits received	$ 11,727	$ 10,795
Advance receipts	12	58

18) Revenues and expenses

	For the Year Ended December 31	
	2021	**2020**
Lease contracts - guarantee deposits interest revenue	$ 319	$ 306
Lease contracts - interest expenses	32,705	34,617
Commissions and fee revenues	67,296	130,448
Commissions and fee expenses	71,098	69,326
Realized gains on financial assets at fair value through other comprehensive income	35,070	16,253
Other revenues	12,524	14,519
Lease contracts - depreciation expenses	106,893	107,046
Other general and administrative expenses	206,140	171,459

19) Operating lease

The Group as a lessee

	For the Year Ended December 31	
	2021	**2020**
Lease contracts - right of use, net		
SPL	$ 626,145	$ 675,064
Chunghwa Telecom	108,126	152,868
Others	13,451	16,814
Lease contracts - lease liability		
SPL	653,091	688,469
Chunghwa Telecom	109,522	154,074
Others	13,479	16,785

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 2021	2020	Lease Term	Receiving Frequency
SinoPac Securities	$ 31,910	$ 32,338	November 2025	Rentals received monthly
SinoPac Securities Investment Trust	9,851	9,761	July 2024	Rentals received monthly
SPL	6,443	6,533	July 2026	Rentals received monthly
Yuen Foong Shop	4,358	4,317	January 2022	Rentals received monthly
YFY Biotech	3,396	3,448	October 2025	Rentals received monthly
Others	6,329	6,154	April 2025	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 SinoPac Insurance Brokers and Bank SinoPac (China), the terms are similar to those transacted with 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 Foundation of SinoPac. 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 2021	2020
Short-term employee benefits	$ 275,184	$ 239,881
Post-employment benefits	15,144	3,550
	$ 290,328	$ 243,431

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 2021	December 31 2020	Purposes
Due from the Central Bank and call loans to banks	Deposit reserve - demand accounts	$ 5,000,000	$ 5,000,000	Note 1
Financial assets at fair value through other comprehensive income	Bank debentures	2,846,479	-	Note 2
Investment in debt instruments at amortized cost	Certificates of deposits	8,138,448	8,142,542	Note 3
Investment in debt instruments at amortized cost	Government bonds	1,609,325	1,379,738	Note 4
Discounts and loans	Loans	12,975,007	13,801,044	Note 5
Other financial assets	Certificates of deposits	-	2,629,944	Note 6

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 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.

Note 6: Pledged with intraday overdraft of settlement banks.

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, 2021 and 2020 were as follows:

	December 31 2021	December 31 2020
Trust assets	$ 631,453,936	$ 529,513,877
Securities under custody	214,851,201	169,305,568
Agent for government bonds	89,466,800	82,429,900
Receipts under custody	27,306,635	25,798,395
Guarantee notes payable	8,752,948	11,313,886
Agent for marketable securities under custody	5,885,170	7,499,160
Appointment of investment	4,533,851	3,204,791
Goods under custody	1,215,393	1,161,933

As of December 31, 2021, 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 enterprise and industry cooperation and donation agreement effective from July 1, 2020 through June 30, 2023. As of December 31, 2021, the Bank recognized operating expense in the amount of $52,000 and related payable in the amount of $14,000 based on the renewed contract.

b. The Group entered into contracts to buy computers and office equipment were for $897,407 and $636,796 of which $518,148 and $420,695 had not been paid as of December 31, 2021 and 2020.

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 Taiwan New Taipei District Prosecutors in 2016. 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 one

   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 two

   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 three

   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, 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	-
Certificates of deposits purchased and 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 purchased 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

Financial Instruments Measured at Fair Value	December 31, 2020			
	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	$ 68,765	$ 68,765	$ -	$ -
Bonds	28,251,515	27,339,042	912,473	-
Others	4,347,109	-	4,347,109	-
Financial assets designated at fair value through profit or loss				
Bonds	2,655,588	2,655,588	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	11,577,644	9,219,153	1,158,061	1,200,430
Debt instruments at FVTOCI				
Bonds	145,070,103	89,561,677	53,669,710	1,838,716
Certificates of deposits purchased and others	183,086,578	-	183,086,578	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,520,769	-	1,520,769	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	20,830,878	50,856	20,502,076	277,946
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	21,371,049	196,553	20,292,961	881,535

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, 2021, the Group transferred part of the NTD government bonds, foreign corporate bonds and foreign bank debentures from Level 1 to Level 2 because the Group determined these investments were not in an active market.

For the year ended December 31, 2020, the Group transferred part of the NTD government bonds, NTD corporate bonds, foreign corporate bonds and foreign 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	For the Year Ended December 31, 2021 — Gains (Losses) on Valuation: Profit and Loss	Gains (Losses) on Valuation: Other Comprehensive Income	Increase: Purchase/ Issued	Increase: Transfer to Level 3	Decrease: Disposed/Sold	Decrease: Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
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

Items	Beginning Balance	For the Year Ended December 31, 2020 — Gains (Losses) on Valuation: Profit and Loss	Gains (Losses) on Valuation: Other Comprehensive Income	Increase: Purchase/ Issued	Increase: Transfer to Level 3	Decrease: Disposed/Sold (Note)	Decrease: Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
Non-derivative financial instruments									
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	$ 1,193,151	$ -	$ 76,430	$ 8,553	$ -	$ (77,704)	$ -	$ -	$ 1,200,430
Debt instruments at FVTOCI	903,366	-	(14,328)	997,793	-	-	-	(48,115)	1,838,716
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	679,835	(401,889)	-	-	-	-	-	-	277,946

Note: Including the reduced capital by the investee.

For the years ended December 31, 2021 and 2020, the gains or losses on valuation included in net income with assets still held were gain $198,969 and loss $343,838, respectively.

For the years ended December 31, 2021 and 2020, the gains on valuation included in other comprehensive income with assets still held were $204,699 and $62,102, respectively.

b) Reconciliation of Level 3 items of financial liabilities

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

Items	Beginning Balance	For the Year Ended December 31, 2020 — Valuation Gain/Loss Reflected on Profit or Loss	Increase: Purchase/ Issued	Increase: Transfer to Level 3	Decrease: Disposed/Sold	Decrease: Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 1,107,188	$ (225,653)	$ -	$ -	$ -	$ -	$ -	$ 881,535

For the years ended December 31, 2021 and 2020, the gains on valuation included in net income with liabilities still held were $98,121 and $161,478, 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, 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					
Hybrid FX swap structured instruments	$ 300,992	$ 300,830	Sellers' quote	(Note 1)	-
Others	148,184	456,710	Sellers' quote	(Notes 1 and 2)	-
	$ 449,176	$ 757,540			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Unlisted common 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 purchased	426,093	-	Sellers' quote	(Note 2)	-
	$ 1,394,743	$ -			

December 31, 2020

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					
Hybrid FX swap structured instruments	$ 270,401	$ 270,239	Sellers' quote	(Note 1)	-
Others	7,545	611,296	Sellers' quote	(Notes 1 and 2)	-
	$ 277,946	$ 881,535			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Unlisted common stock	$ 1,200,430	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 1,838,716	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-

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 third level 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, 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

December 31, 2020

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	$ (47,234)	$ 47,234

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, securities sold under repurchase agreements, payables, deposits and remittances and other financial liabilities.

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

Items	December 31, 2020	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	$ 162,368,434	$ 167,684,891
Bank debentures	45,078,282	45,942,844

2) Hierarchy information of fair value of financial instruments

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

Assets and Liabilities Item	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	$ 167,684,891	$ 57,444,722	$ 110,240,169	$ -
Bank debentures	45,942,844	1,000,495	27,742,049	17,200,300

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

The board of directors authorized 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. It arises principally from lending, trade finance, treasury, and credit derivatives. The issuer's credit risk should be considered as part of the market risk when the investment target is securities in an active market.

2) Policies and strategies

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 credit risk assessment model for corporate banking, personal banking and consumer banking through statistic methods, professional judgment and clients' information. Every model should be reviewed regularly to examine whether the calculations match to the actual conditions or not, then the Group will adjust parameters to optimize the results.

For personal banking and consumer banking customers, every case will be reviewed individually to assess default risks except that micro-credit and credit card business should be assessed by internal credit assessment model.

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 disposal of collateral, acceptance of real estate as collateral, real estate appraisal; credit policies for every commodity to regulate collateral categories, appraisals, procedures, deduction percentages, loan rate, loan-to-value ratio, maturity analysis, control, management and disposal.

To maintain collateral's effectiveness, 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, the management should take appropriate action and the Group should review the credit approval process and authorization level.

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 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 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, personal finance, consumer finance, e-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:

	The Maximum Credit Exposure	
Off-Balance Sheet Items	**December 31, 2021**	**December 31, 2020**
Undrawn credit card commitments	$ 207,556,077	$ 197,690,182
Undrawn loan commitments	45,812,543	37,293,962
Guarantees	39,866,757	31,020,811
Standby letter of credit	8,218,744	6,099,606

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, 2021		December 31, 2020	
	Amount	%	Amount	%
Private enterprise	$ 550,733,915	45.87	$ 530,596,516	45.88
Public enterprise	7,512,132	0.63	8,382,928	0.72
Government sponsored enterprise and business	13,993,648	1.16	44,352,603	3.84
Nonprofit organization	272,106	0.02	208,833	0.02
Private	615,447,654	51.26	558,253,076	48.27
Financial institutions	12,672,809	1.06	14,647,456	1.27
Total	$ 1,200,632,264	100.00	$ 1,156,441,412	100.00

b) By region

Regions	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	$ 963,997,152	80.29	$ 933,500,404	80.72
Asia	129,603,731	10.80	113,418,378	9.81
North America	70,626,160	5.88	72,737,224	6.29
Others	36,405,221	3.03	36,785,406	3.18
Total	$ 1,200,632,264	100.00	$ 1,156,441,412	100.00

c) By collateral

Collaterals	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Credit	$ 356,979,492	29.73	$ 395,440,562	34.19
Secured				
Stocks	5,357,079	0.45	5,940,428	0.51
Bonds	15,402,440	1.28	15,316,260	1.32
Real estate	742,323,649	61.83	671,963,801	58.11
Movable collaterals	51,539,989	4.29	44,290,787	3.83
Guarantees	16,436,132	1.37	12,781,343	1.11
Others	12,593,483	1.05	10,708,231	0.93
Total	$ 1,200,632,264	100.00	$ 1,156,441,412	100.00

d) Credit risk exposure rating

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	$ 593,972,805	$ 1,273,533	$ 5,365,365	$ 600,611,703	$ 1,505,060	$ 337,524	$ 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

December 31, 2020	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	$ 606,939,129	$ 1,633,616	$ 3,584,931	$ 612,157,676	$ 1,979,569	$ 745,597	$ 773,501	$ 4,115,807	$ 7,614,474
Consumer banking	538,566,804	4,376,940	1,339,992	544,283,736	213,181	287,605	225,802	6,660,382	7,386,970
Receivables									
Credit card receivable	18,097,575	216,740	795,515	19,109,830	8,588	9,986	31,171	151,564	201,309
Accounts receivable - factoring (Note 1)	7,797,862	-	-	7,797,862	11,315	-	-	121,173	132,488
Other receivable (Note 2)	19,795,357	19,325	284,302	20,098,984	34,106	3,605	238,517	125,492	401,720
Debt instruments at fair value through other comprehensive income	328,156,681	-	-	328,156,681	61,452	-	-	-	61,452
Investment in debt instruments at amortized cost	162,380,325	-	-	162,380,325	11,891	-	-	-	11,891

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

Change in allowance for discounts and loans

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	(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	(3,433,391)	(318,760)	(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	$ 1,751,872	$ 561,877	$ 1,028,123	$ 3,341,872	$ 12,206,055	$ 15,547,927

For the Year Ended December 31, 2020	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	$ 1,219,209	$ 718,902	$ 876,821	$ 2,814,932	$ 10,957,823	$ 13,772,755
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(15,312)	1,429,127	(92,619)	1,321,196	-	1,321,196
From conversion to credit-impaired financial assets	(7,965)	(609,892)	1,061,628	443,771	-	443,771
To 12-month ECL	3,250	(255,440)	(30,551)	(282,741)	-	(282,741)
Derecognizing financial assets during the current period	(3,600,165)	(2,101,029)	(496,730)	(6,197,924)	-	(6,197,924)
Purchased or originated new financial assets	4,705,514	1,833,348	269,467	6,808,329	-	6,808,329
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	190,549	190,549
Write-off	(9)	-	(865,452)	(865,461)	(330,770)	(1,196,231)
Changes in model/risk parameters	(62,675)	22,473	3,936	(36,266)	-	(36,266)
Effect of exchange rate changes and others	(49,097)	(4,287)	272,803	219,419	(41,413)	178,006
Balance, December 31	$ 2,192,750	$ 1,033,202	$ 999,303	$ 4,225,255	$ 10,776,189	$ 15,001,444

Changes in allowance for receivable

For the Year Ended December 31, 2021	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Asset)	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

For the Year Ended December 31, 2020	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Asset)	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	$ 27,753	$ 7,906	$ 340,163	$ 375,822	$ 374,588	$ 750,410
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(220)	29,524	(5,385)	23,919	-	23,919
From conversion to credit-impaired financial assets	(25)	(19,532)	71,094	51,537	-	51,537
To 12-month ECL	36	(3,878)	(105)	(3,947)	-	(3,947)
Derecognizing financial assets during the current period	(73,190)	(3,644)	(21,367)	(98,201)	-	(98,201)
Purchased or originated new financial assets	94,506	3,837	767	99,110	-	99,110
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	118,537	118,537
Write-off	(3)	(284)	(125,795)	(126,082)	(88,001)	(214,083)
Changes in model/risk parameters	5,522	(316)	(2,698)	2,508	-	2,508
Effect of exchange rate changes and others	(370)	(22)	13,014	12,622	(6,895)	5,727
Balance, December 31	$ 54,009	$ 13,591	$ 269,688	$ 337,288	$ 398,229	$ 735,517

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, 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

For the Year Ended December 31, 2020	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 37,879	$ -	$ -	$ 37,879
Purchased new debt instrument	36,351	-	-	36,351
Derecognized	(18,915)	-	-	(18,915)
Model/risk parameters changes	2,871	-	-	2,871
Effect of exchange rate changes and others	3,266	-	-	3,266
Balance December 31	$ 61,452	$ -	$ -	$ 61,452

Change in allowance for debt instrument at amortized cost

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

For the Year Ended December 31, 2020	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 8,034	$ -	$ -	$ 8,034
Purchased new debt instrument	3,004	-	-	3,004
Derecognized	(525)	-	-	(525)
Model/risk parameters changes	391	-	-	391
Effect of exchange rate changes and others	987	-	-	987
Balance December 31	$ 11,891	$ -	$ -	$ 11,891

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, 2021 and 2020, the amount of discounts and loans were $6,538,123 and $4,924,923, with a provision for loss allowance of $1,028,123 and $999,303 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to $3,721,432 and $2,082,399.

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 $47,391,803 and $46,629,546 on December 31, 2021 and 2020.

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, 2021 and 2020, 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, 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	-

Date			December 31, 2020				
Items			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 471,944	$ 222,296,550	0.21%	$ 2,918,173	618.33%
	Unsecured		280,701	359,241,293	0.08%	4,302,276	1,532.69%
Consumer loan	Mortgage (Note 4)		277,420	299,969,781	0.09%	4,620,614	1,665.57%
	Cash card		27	3,995	0.68%	107	396.30%
	Micro credit (Note 5)		69,336	23,679,481	0.29%	362,634	523.01%
	Others (Note 6)	Secured	457,503	218,269,353	0.21%	2,377,479	519.66%
		Unsecured	945	2,361,126	0.04%	26,136	2,765.71%
Total			1,557,876	1,125,821,579	0.14%	14,607,419	937.65%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			23,498	19,109,830	0.12%	201,309	856.71%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	10,364,469	-	129,112	-

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, 2021		December 31, 2020	
Items	**Excluded NPL**	**Excluded Overdue Receivables**	**Excluded NPL**	**Excluded Overdue Receivables**
As a result of debt negotiation and loan agreement (Note 1)	$ 548	$ 24,067	$ 787	$ 34,687
As a result of consumer debt clearance (Note 2)	17,595	619,322	18,995	648,216
Total	$ 18,143	$ 643,389	$ 19,782	$ 682,903

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, 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 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

Year	December 31, 2020		
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)	$ 12,022,746	8.61
2	B Group (manufacture of computers)	10,589,019	7.58
3	C Group (real estate development activities)	6,377,786	4.57
4	D Group (manufacture of passive electronic components)	4,408,850	3.16
5	E Group (manufacture of liquid crystal panel and components)	4,340,808	3.11
6	F Company (other metalworking activities)	4,300,000	3.08
7	G Group (rolling and extruding of iron and steel)	4,114,833	2.95
8	H Group (water transportation)	3,968,591	2.84
9	I Group (metal casting)	3,912,517	2.80
10	J Group (real estate development activities)	3,528,000	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.

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 Liquidity Risk Emergency Response Rule".

2) Maturity analysis of non-derivative financial liabilities held to manage liquidity risk

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, 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	9,618,096	551,491	162,803	190,045	2,045,652	12,568,087
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

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 27,918,163	$ 32,615,631	$ 10,946,188	$ 66,940	$ -	$ 71,546,922
Due to the Central Bank and banks	7	51,894	7	28,501	-	80,409
Financial liabilities at fair value through profit or loss	-	-	-	-	1,598,698	1,598,698
Securities sold under repurchase agreements	2,296,713	1,344,465	63,601	-	-	3,704,779
Payables	6,603,613	830,208	239,414	275,820	2,535,476	10,484,531
Deposits and remittances	1,012,653,855	189,986,177	143,944,662	260,705,696	26,813,256	1,634,103,646
Bank debentures	6,079	2,713,513	127,738	3,372,059	42,088,329	48,307,718
Other financial liabilities - certificate of deposits	-	-	-	743,236	-	743,236

Bank SinoPac (China)

(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	116,709	-	1,050,463
Deposits and remittances	4,321,632	1,937,420	1,340,063	2,591,947	161,781	10,352,843

(In Thousands of CNY)

December 31, 2020	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	$ 258,733	$ 524,024	$ 426,806	$ 598,620	$ -	$ 1,808,183
Payables	722,921	136,211	1,560	26,007	-	886,699
Deposits and remittances	4,540,601	808,328	372,027	1,034,790	100,369	6,856,115

3) Maturity analysis of financial derivatives held for liquidity risk management

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, 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

December 31, 2020	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	$ 4,930,871	$ -	$ -	$ -	$ -	$ 4,930,871

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 6,032	$ -	$ -	$ -	$ -	$ 6,032

(In Thousands of CNY)

December 31, 2020	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	$ 6,463	$ -	$ -	$ -	$ -	$ 6,463

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, 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

December 31, 2020	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	$ 328,647,096	$ 261,676,902	$ 195,750,840	$ 238,934,793	$ 5,000,411	$ 1,030,010,042
Cash outflow	329,002,676	261,615,347	196,200,139	239,348,488	4,960,371	1,031,127,021

Bank SinoPac (China)

(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

(In Thousands of CNY)

December 31, 2020	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	$ 5,244,963	$ 4,514,002	$ 7,012,346	$ 1,008,453	$ -	$ 17,779,764
Cash outflow	5,314,808	4,566,215	7,059,472	1,010,267	-	17,950,762

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, 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

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	$ 215,995	$ 1,317,788	$ 5,456,442	$ 5,358,244	$ 24,277,855	$ 36,626,324
Guarantees	10,348,484	6,194,237	1,328,332	4,593,308	8,295,644	30,760,005
Standby letter of credit	1,366,740	3,104,846	752,802	209,083	-	5,433,471

Bank SinoPac (China)

(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
Guarantee	3,432	102,693	166,417	463,659	121,502	857,703
Standby letter of credit	28,407	36,204	122,053	-	-	186,664

(In Thousands of CNY)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	$ -	$ -	$ -	$ 5,937	$ 146,379	$ 152,316
Guarantee	16,885	126,341	157,500	529,272	203,020	1,033,018
Standby letter of credit	56,996	76,817	18,160	-	-	151,973

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, 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

December 31, 2020	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	$ 603,836	$ 1,193,368	$ 806,758	$ 2,603,962
Operating lease income (lessor)	77,822	179,793	11,400	269,015

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, 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)

	December 31, 2020						
	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	$ 1,704,625,195	$ 186,799,412	$ 255,490,796	$ 223,412,961	$ 112,774,421	$ 173,466,725	$ 752,680,880
Main capital outflow on maturity	2,046,100,759	85,434,450	144,144,334	249,143,931	226,940,682	481,502,078	858,935,284
Gap	(341,475,564)	101,364,962	111,346,462	(25,730,970)	(114,166,261)	(308,035,353)	(106,254,404)

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, 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

(In Thousands of U.S. Dollars)

	December 31, 2020					
	Total	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days to 1 Year**	**Over 1 Year**
Main capital inflow on maturity	$ 34,423,991	$ 10,178,365	$ 6,429,725	$ 4,213,107	$ 5,532,400	$ 8,070,394
Main capital outflow on maturity	35,799,107	10,168,260	8,568,027	6,214,963	5,427,801	5,420,056
Gap	(1,375,116)	10,105	(2,138,302)	(2,001,856)	104,599	2,650,338

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 decrease in the value of the banking book portfolio due to unfavorable interest rate changes. The banking book interest rate risk is not related to the interest rate position shown in the trading book.

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

a) Strategies

To reduce the negative effect of interest rate changes on 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 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 net interest revenue.

c) Risk monitoring

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

If the risk exposure condition exceeds the limit or target value, the risk management sector should investigate how this condition arose and notify the executive division accordingly. The executive division coordinates with relevant divisions to find solutions to problems. The asset and liability management committee will evaluate solutions for effectiveness. If evaluation results are positive, the relevant division will apply the solutions.

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, 2021, the Bank has identified all information systems and internal processes that need to be updated and has finished the updating partially, and is confirming the scope of the impact, including compliance with "ISDA 2020 IBOR FALLBACKS PROTOCOL" which was announced on the ISDA website in January 2021. At present, the projects are implemented on time according to the schedule.

Interest rate benchmark reform mainly exposes the 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, 2021, 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	$ 167,578,075	$ -
EUR LIBOR	19,641	-
GBP LIBOR	743,252	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	168,340,968	-

Note: EUR/GBP LIBOR financial assets have been fully placed in the conversion clause.

Derivatives	Notional Amount
USD LIBOR	$ 74,838,852
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	74,838,852

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, 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.

	For the Year Ended December 31, 2020		
	Average	**Maximum**	**Minimum**
Exchange rate risk	15,788	51,534	5,023
Interest rate risk	60,552	200,058	24,903
Equity risk	30	2,625	-
Total VaR	63,709	203,536	26,205

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

Note 2: Historical data period: 2020.01.02 - 2020.12.31.

Bank SinoPac (China)'s trading book VaR overview.

(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.

(In Thousands of CNY)

	For the Year Ended December 31, 2020		
	Average	Maximum	Minimum
Exchange rate risk	2,471	5,830	678
Interest rate risk	391	1,864	31
Equity risk	-	-	-
Total VaR	650	2,033	165

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

Note 2: Historical data period: 2020.01.01 - 2020.12.31.

13) Exchange rate risks

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

	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

	December 31, 2020		
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
Financial assets			
Monetary items			
USD	$ 13,870,720	28.50837	$ 395,431,618
CNY	16,967,587	4.38324	74,373,006
Nonmonetary items			
USD	393,237	28.50837	11,210,546
Financial liabilities			
Monetary items			
USD	18,198,751	28.50837	518,816,727
CNY	16,258,852	4.38324	71,266,450

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

a) Interest rate sensitivity information (New Taiwan dollars)

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%

December 31, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,093,452,921	$ 47,911,279	$ 76,783,322	$ 108,445,978	$ 1,326,593,500
Interest rate-sensitive liabilities	283,544,383	678,130,636	146,822,802	52,670,713	1,161,168,534
Interest rate-sensitive gap	809,908,538	(630,219,357)	(70,039,480)	55,775,265	165,424,966
Net worth					136,402,893
Ratio of interest rate-sensitive assets to liabilities (%)					114.25%
Ratio of interest rate-sensitive gap to net worth (%)					121.28%

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

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

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

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%)

December 31, 2020

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 9,724,612	$ 402,110	$ 183,944	$ 2,377,660	$ 12,688,326
Interest rate-sensitive liabilities	6,602,087	8,435,589	1,313,074	81,416	16,432,166
Interest rate-sensitive gap	3,122,525	(8,033,479)	(1,129,130)	2,296,244	(3,743,840)
Net worth					71,048
Ratio of interest rate-sensitive assets to liabilities (%)					77.22%
Ratio of interest rate-sensitive gap to net worth (%)					(5,269.45%)

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

Category of Financial Asset	December 31, 2020				
	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	$ 1,058,746	$ 1,015,961	$ 1,058,746	$ 1,015,961	$ 42,785
Securities purchased under resell agreements					
Transactions under repurchase agreements	2,271,514	2,451,600	2,271,514	2,451,600	(180,086)

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, 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: Financial Instruments (Note)	Related Amount Not Netted on the Balance Sheet: Cash Received as Collaterals	Net Amount
Derivative instruments	$ 7,085,044	$ -	$ 7,085,044	$ 3,164,374	$ 752,824	$ 3,167,846
Securities purchased under resell agreements	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: Financial Instruments (Note)	Related Amount Not Netted on the Balance Sheet: Cash Collaterals Pledged	Net Amount
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.

December 31, 2020

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: Financial Instruments (Note)	Related Amount Not Netted on the Balance Sheet: Cash Received as Collaterals	Net Amount
Derivative instruments	$ 20,531,649	$ -	$ 20,531,649	$ 10,258,191	$ 4,390,542	$ 5,882,916
Securities purchased under resell agreements	50,648,028	-	50,648,028	50,639,522	-	8,506
	$ 71,179,677	$ -	$ 71,179,677	$ 60,897,713	$ 4,390,542	$ 5,891,422

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	$ 21,206,482	$ -	$ 21,206,482	$ 10,258,191	$ 1,885,934	$ 9,062,357
Securities sold under repurchase agreements	3,701,323	-	3,701,323	3,698,310	-	3,013
	$ 24,907,805	$ -	$ 24,907,805	$ 13,956,501	$ 1,885,934	$ 9,065,370

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 "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

Analysis Items			December 31, 2021 Standalone	December 31, 2021 Consolidation	December 31, 2020 Standalone	December 31, 2020 Consolidation
Eligible capital	Common stock equity		$ 132,290,534	$ 134,619,600	$ 127,040,342	$ 129,349,315
	Other Tier 1 capital		18,058,460	20,500,000	14,609,201	17,030,000
	Tier 2 capital		32,523,527	38,218,773	29,791,673	35,352,578
	Eligible capital		182,872,521	193,338,373	171,441,216	181,731,893
Risk-weighted assets	Credit risk	Standardized approach	1,070,623,669	1,135,596,901	991,915,739	1,049,460,196
		Internal rating - based approach	-	-	-	-
		Securitization	-	-	-	-
	Operational risk	Basic indicator approach	50,726,187	52,454,161	47,241,106	49,534,891
		Standardized approach/ alternative standardized approach	-	-	-	-
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	35,846,921	36,848,684	39,468,868	39,704,293
		Internal model approach	-	-	-	-
	Total risk-weighted assets		1,157,196,777	1,224,899,746	1,078,625,713	1,138,699,380
Capital adequacy ratio			15.80%	15.78%	15.89%	15.96%
Common stock equity risk - based capital ratio			11.43%	10.99%	11.78%	11.36%
Tier 1 risk - based capital ratio			12.99%	12.66%	13.13%	12.85%
Leverage ratio			6.66%	6.83%	6.88%	7.06%

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.

Note 5: Under Order No. 10902745641 issued by the FSC, which referred to the amendment of “Eligible Capital and Risk-weighted Assets Calculation and Related Tables”, the real-estate-secured loans are divided into three types: “residential real estate exposures”, “commercial real estate exposures” and “land acquisition, development and construction exposures”; each type was given different risk weight based on the real estate loan ratio and type when the capital adequacy ratio was calculated as from December 31, 2020.

46. CROSS-SELLING INFORMATION

For the years ended December 31, 2021 and 2020, the Bank charged SinoPac Securities for $12,113 and $6,608, respectively, as opening accounts. The rental fee the Bank charged SinoPac Securities for the year ended December 31, 2020 was $1,294.

The Bank paid to SinoPac Securities $5,155 and $4,954 for the years ended December 31, 2021 and 2020 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Leasing for $304 and $330 for the years ended December 31, 2021 and 2020 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Leasing $38 and $19 for the years ended December 31, 2021 and 2020 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Venture Capital $14 and $31 for the years ended December 31, 2021 and 2020 for bonus as a 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, 2021	December 31, 2020
Return on total assets	Before income tax	0.63%	0.60%
	After income tax	0.55%	0.53%
Return on net worth	Before income tax	9.27%	8.06%
	After income tax	8.07%	7.14%
Profit margin		37.17%	34.90%

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, 2021 and 2020.

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, 2021 and 2020

	December 31			
	2021	**%**	**2020**	**%**
Trust assets				
Bank deposits	$ 7,043,443	1	$ 3,775,769	1
Bonds	12,995,616	2	11,558,992	2
Stocks	28,902,543	4	16,335,447	3
Funds	108,012,869	17	99,189,058	19
Securities lent	631,974	-	1,002,333	-
Receivables	120,980	-	111,840	-
Prepayments	8,255	-	4,877	-
Real estate				
Land	17,365,819	3	10,952,077	2
Buildings	148,593	-	221,569	-
Construction in progress	3,988,057	1	1,700,931	-
Securities under custody	452,237,693	72	384,661,813	73
Total trust assets	$ 631,455,842	100	$ 529,514,706	100
Trust liabilities				
Payables	$ 1,906	-	$ 829	-
Payable on securities under custody	452,237,693	72	384,661,813	73
Trust capital	173,502,392	27	142,300,276	27
Reserves and cumulative earnings				
Net income	3,676,892	1	(444,157)	-
Cumulative earnings	2,551,788	-	3,272,497	-
Deferred amount	(514,829)	-	(276,552)	-
Total trust liabilities	$ 631,455,842	100	$ 529,514,706	100

Note: As of December 31, 2021 and 2020, the Bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to $3,581,926 and $3,041,368, respectively. As of December 31, 2021 and 2020, the Bank's Offshore Banking Unit invested in domestic securities under specific purpose trust accounts amounting to $891,638 and $706,974, respectively.

Income Statements of Trust Account
Years Ended December 31, 2021 and 2020

	Years Ended December 31			
	2021	%	2020	%
Trust income				
Interest income	$ 12,057	-	$ 12,243	2
Borrowed Securities income	17,016	1	8,326	1
Cash dividends	688,614	18	399,835	65
Gains from beneficial certificates	38,830	1	12,670	2
Realized investment income	207,647	6	23,153	4
Unrealized investment income	2,810,873	74	144,088	24
Other revenues	-	-	-	-
Donation revenue - charitable trust	8,435	-	10,750	2
Total trust income	3,783,472	100	611,065	100
Trust expense				
Trust administrative expenses	8,694	-	5,174	1
Tax expenses	34	-	43	-
Donation expense - charitable trust	9,389	1	4,312	1
Realized investment loss	1,469	-	30,612	5
Unrealized investment loss	86,322	2	1,014,839	166
Other expense	672	-	242	-
Total trust expense	106,580	3	1,055,222	173
Income (loss) before income tax	3,676,892	97	(444,157)	(73)
Income tax expense	-	-	-	-
Income (loss) after income tax	$ 3,676,892	97	$ (444,157)	(73)

Trust Properties of Trust Accounts
December 31, 2021 and 2020

	December 31	
Investment Portfolio	2021	2020
Bank deposits	$ 7,043,443	$ 3,775,769
Bonds	12,995,616	11,558,992
Stocks	28,902,543	16,335,447
Funds	108,012,869	99,189,058
Securities lent	631,974	1,002,333
Real estate		
Land	17,365,819	10,952,077
Buildings	148,593	221,569
Construction in progress	3,988,057	1,700,931
Securities under custody	452,237,693	384,661,813
Total	$ 631,326,607	$ 529,397,989

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	None (Note)

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, 2021 and 2020 are without change except SinoPac Capital Limited entering into the process in 2019 and transferring to non-operating segment and closure of liquidation in November 2020). The Bank reports the following:

Domestic branches: Provide services and products through 124 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, 2021						
		Domestic Branches	**Financial Transaction**	**Overseas Branches**	**Others**	**Operating Segments**	**Non-operating Segments**	**Total**
	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
Income (loss)	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

Segment revenues and results

		For the Year Ended December 31, 2020						
		Domestic Branches	**Financial Transaction**	**Overseas Branches**	**Others**	**Operating Segments**	**Non-operating Segments**	**Total**
	Net interest revenue	$ 12,704,528	$ (26,084)	$ 2,602,031	$ 1,995,889	$ 17,276,364	$ (121,766)	$ 17,154,598
	Interest income	16,520,725	46,201	4,388,498	3,019,372	23,974,796	5,438,785	29,413,581
	Revenue amount segments	5,261,875	227,604	(797,249)	(267,365)	4,424,865	(4,424,865)	-
	Interest expenses	(9,078,072)	(299,889)	(989,218)	(756,118)	(11,123,297)	(1,135,686)	(12,258,983)
	Service fee and commissions income, net	5,790,204	(14,040)	416,972	669,033	6,862,169	(156,230)	6,705,939
	Others	418,092	1,805,619	424,034	(39,940)	2,607,805	1,478,823	4,086,628
Income (loss)	Net revenue	18,912,824	1,765,495	3,443,037	2,624,982	26,746,338	1,200,827	27,947,165
	Bad debts expense, commitment and guarantee liability provision	(1,116,579)	-	(789,911)	(215,938)	(2,122,428)	(210,149)	(2,332,577)
	Operating expenses	(10,742,561)	(385,128)	(1,260,240)	(2,070,808)	(14,458,737)	(135,538)	(14,594,275)
	Profit from continuing operations before tax	7,053,684	1,380,367	1,392,886	338,236	10,165,173	855,140	11,020,313
	Income tax expense	(829,225)	(162,275)	(163,768)	(37,286)	(1,192,554)	(73,659)	(1,266,213)
	Net income	6,224,459	1,218,092	1,229,118	300,950	8,972,619	781,481	9,754,100

Area segment

	For the Year Ended December 31, 2020			
	Taiwan	**America**	**Asia**	**Total**
Net revenue	$ 24,583,626	$ 403,162	$ 2,960,377	$ 27,947,165

BANK SINOPAC

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE ISSUED CAPITAL
DECEMBER 31, 2021
(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 PARTY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	Due from the Central Bank and call loans to banks, net	$ 3,135,704	Note 4	0.14
		Bank SinoPac (China) Ltd.	a	Receivables, net	153,120	Note 4	0.01
		Bank SinoPac (China) Ltd.	a	Interest income	101,611	Note 4	0.33
		SinoPac Insurance Brokers Ltd.	a	Deposits and remittances	66,888	Note 4	-
1	Bank SinoPac (China) Ltd.	Bank SinoPac	b	Deposits from the Central Bank and banks	3,135,704	Note 4	0.14
		Bank SinoPac	b	Payables	153,120	Note 4	0.01
		Bank SinoPac	b	Interest expenses	101,611	Note 4	0.33
2	SinoPac Insurance Brokers Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	6,529	Note 4	-
		Bank SinoPac	b	Other financial assets, net	60,359	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.

TABLE 3

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTED ENTERPRISES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 9,699,938	$ 115,689	-	-	-	100.00	Subsidiary and Note 1
SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage business	100.00	66,223	(9,888)	100	-	100	100.00	Subsidiary and Note 1
Global Securities Finance Corporation	Taiwan	Investment management	2.64	5,605	-	535	-	535	2.88	
Taipei Foreign Exchange Inc.	Taiwan	Foreign exchange market maker	3.43	19,659	5,100	680	-	680	3.43	Note 2
Taiwan Futures Exchange	Taiwan	Futures exchange and settlement	1.07	410,315	12,862	8,752	-	8,752	2.08	Note 2
Fuh Hwa Securities Investment Trust Co., Ltd.	Taiwan	Securities investment trust and consultant	4.63	107,313	33,353	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	581,953	34,579	12,927	-	12,927	2.48	Note 2
Taiwan Asset Management Corporation	Taiwan	Evaluating, auctioning, and managing for financial institutions' loan	0.28	17,160	1,950	3,000	-	3,000	0.28	Note 2
Taiwan Financial Asset Service Co.	Taiwan	Auction	5.88	122,300	1,000	10,000	-	10,000	5.88	Note 2
Sunny Asset Management Corp.	Taiwan	Purchasing for financial institutions' loan assets	1.42	682	158	85	-	85	1.42	Note 2
Taiwan Depository and Clearing Co.	Taiwan	Computerizing book-entry operation for securities	0.08	45,063	1,453	4,010	-	4,010	0.92	Note 2
Taiwan Mobile Payment Corporation	Taiwan	Promoting E-commerce and developing E-billing	1.00	3,054	-	600	-	600	1.00	
Nonfinancial related enterprise										
Taiwan Television Enterprise, Ltd.	Taiwan	Wireless television company	4.84	85,780	-	13,789	-	13,789	4.91	
Victor Taichung Machinery Works Co., Ltd.	Taiwan	Manufacturer and seller of tool machine, plastic machine and other precise equipment	0.08	1,763	24	157	-	157	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, 2021.

Note 2: Investment gains are dividend income.

Note 3: Above shares are in thousands of shares.

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	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	$ 8,967,840	Investment in Mainland China directly	$ 8,967,840	$ -	$ -	$ 8,967,840	$ 121,102	100	$ 115,689	$ 9,699,938	$ -

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$8,967,840	$8,967,840	$85,877,198

Note 1: The accumulated investment amounts in Mainland China as of December 31, 2021 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, 2021 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, 2021 and 2020 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, 2021 and 2020, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020 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 Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2021. 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 matters of the Bank's financial statements for the year ended December 31, 2021 are stated as follows:

Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates impairment of discounts and loans based on the overdue loans classified by loan term and situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the year ended December 31, 2021.

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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 appropriate audit evidence regarding the financial information of the 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, 2021 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 11, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 41)	$ 43,237,986	2	$ 25,710,394	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7, 41 and 42)	205,964,164	10	130,918,668	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 41)	44,404,579	2	54,335,850	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9 and 41)	368,963,992	18	330,629,028	17
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 42)	167,247,985	8	162,368,434	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 41)	46,121,524	2	50,648,028	3
RECEIVABLES, NET (Notes 4, 12 and 41)	53,123,666	3	44,961,648	2
CURRENT INCOME TAX ASSETS (Notes 4, 30 and 41)	1,104,320	-	1,199,867	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 41 and 42)	1,149,417,902	54	1,110,760,244	57
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	9,766,161	1	9,683,198	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 41 and 42)	3,942,295	-	7,876,785	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 16, 18 and 41)	9,481,471	-	9,387,072	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 17 and 41)	2,536,483	-	2,192,274	-
INVESTMENT PROPERTY, NET (Notes 4 and 18)	1,051,692	-	1,047,154	-
INTANGIBLE ASSETS, NET (Notes 4, 19 and 41)	1,511,297	-	1,390,711	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 30)	1,321,865	-	1,344,263	-
OTHER ASSETS, NET (Notes 4, 20 and 41)	2,559,543	-	3,711,470	-
TOTAL	$ 2,111,756,925	100	$ 1,948,165,088	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 21 and 41)	$ 67,864,800	3	$ 71,436,907	4
DUE TO THE CENTRAL BANK AND BANKS	205,030	-	80,380	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 41)	8,640,489	-	20,492,385	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11 and 22)	9,737,736	1	3,701,323	-
PAYABLES (Notes 4, 23, 28, 37 and 41)	16,820,396	1	15,158,565	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 30 and 41)	853,287	-	441,804	-
DEPOSITS AND REMITTANCES (Notes 24 and 41)	1,795,796,499	85	1,630,234,293	84
BANK DEBENTURES (Notes 25 and 41)	50,548,494	2	45,078,282	2
OTHER FINANCIAL LIABILITIES (Note 26)	9,624,737	1	10,042,293	1
PROVISIONS (Notes 4, 27 and 28)	2,944,400	-	3,197,321	-
LEASE LIABILITIES (Notes 4, 17 and 41)	2,559,860	-	2,202,419	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 30)	776,194	-	753,951	-
OTHER LIABILITIES (Notes 29 and 41)	2,256,339	-	5,678,893	-
Total liabilities	1,968,628,261	93	1,808,498,816	93
EQUITY				
Capital stock				
Common stock	86,889,193	4	86,061,159	4
Capital surplus				
Additional paid-in capital in excess of par	4,001,872	-	4,001,872	-
Capital surplus from business combination	8,076,524	1	8,076,524	1
Others	69,244	-	69,244	-
Total capital surplus	12,147,640	1	12,147,640	1
Retained earnings				
Legal reserve	29,790,449	1	26,912,280	1
Special reserve	361,146	-	373,453	-
Unappropriated earnings	12,259,998	1	9,593,897	1
Total retained earnings	42,411,593	2	36,879,630	2
Other equity	1,680,238	-	4,577,843	-
Total equity	143,128,664	7	139,666,272	7
TOTAL	$ 2,111,756,925	100	$ 1,948,165,088	100

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

BANK SINOPAC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	$ 27,179,115	91	$ 27,908,264	103	(3)
INTEREST EXPENSES	(7,848,027)	(26)	(11,557,730)	(43)	(32)
NET INTEREST REVENUE (Notes 4, 32 and 41)	19,331,088	65	16,350,534	60	18
NET REVENUES OTHER THAN INTEREST (Note 4)					
Service fee income, net (Notes 33 and 41)	7,034,990	24	6,597,417	24	7
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 34 and 41)	580,695	2	1,544,013	6	(62)
Realized gains on financial assets at fair value through other comprehensive income (Notes 35 and 41)	1,601,400	5	1,130,132	4	42
Gains (losses) arising from derecognition of financial assets measured at amortized cost	23,207	-	(3,706)	-	726
Foreign exchange gains	919,439	3	1,566,200	6	(41)
Reversal of impairment loss on assets (impairment loss on assets) (Notes 5 and 15)	53,243	-	(500,368)	(2)	111
Share of profit of subsidiaries (Note 14)	105,801	-	62,095	-	70
Gain on disposal of subsidiary (Note 12)	-	-	207,310	1	(100)
Net other revenue other than interest income (Notes 36 and 41)	151,013	1	181,859	1	(17)
Net revenues other than interest	10,469,788	35	10,784,952	40	(3)
NET REVENUE	29,800,876	100	27,135,486	100	10
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 12, 13, 15, 20 and 27)	(2,249,331)	(7)	(2,212,194)	(8)	2

(Continued)

BANK SINOPAC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 28, 37 and 41)	$ (8,894,131)	(30)	$ (8,397,674)	(31)	6
Depreciation and amortization expense (Notes 4, 17, 38 and 41)	(1,398,070)	(5)	(1,308,635)	(5)	7
Others general and administrative expenses (Notes 39 and 41)	(4,178,298)	(14)	(4,202,470)	(15)	(1)
Total operating expenses	(14,470,499)	(49)	(13,908,779)	(51)	4
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	13,081,046	44	11,014,513	41	19
INCOME TAX EXPENSE (Notes 4 and 30)	(1,665,728)	(6)	(1,260,413)	(5)	32
NET INCOME	11,415,318	38	9,754,100	36	17
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	128,519	-	(209,415)	(1)	161
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income (Note 31)	1,784,617	6	1,037,082	4	72
Change in fair value of financial liability attributable to change in credit risk of liability (Note 31)	(3,539)	-	(14,301)	-	(75)
Income tax related to items that will not be reclassified to profit or loss (Notes 4, 30 and 31)	(25,704)	-	41,883	-	(161)
Items that will not be reclassified to profit or loss	1,883,893	6	855,249	3	120

(Continued)

BANK SINOPAC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations (Note 31)	$ (77,140)	-	$ 110,208	1	(170)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Note 31)	54,302	-	(40,502)	-	234
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 31)	(3,918,548)	(13)	2,514,706	9	(256)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4, 30 and 31)	4,568	-	(13,941)	-	133
Items that will be reclassified to profit or loss	(3,936,818)	(13)	2,570,471	10	(253)
Other comprehensive income	(2,052,925)	(7)	3,425,720	13	(160)
TOTAL COMPREHENSIVE INCOME	$ 9,362,393	31	$ 13,179,820	49	(29)
EARNINGS PER SHARE (Note 40)					
Basic	$ 1.31		$ 1.12		

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 31)	Capital Surplus	Retained Earnings (Note 31)				Other Equity (Notes 4 and 31)				
	Common Stock	(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, 2020	$ 86,061,159	$ 12,147,640	$ 23,853,943	$ 418,897	$ 10,194,458	$ 34,467,298	$ (670,011)	$ 1,729,973	$ (68,042)	$ 991,920	$ 133,668,017
Appropriation and distribution of retained earnings generated in 2019											
Legal reserve	-	-	3,058,337	-	(3,058,337)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(45,444)	45,444	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(7,181,565)	(7,181,565)	-	-	-	-	(7,181,565)
Net income for the year ended December 31, 2020	-	-	-	-	9,754,100	9,754,100	-	-	-	-	9,754,100
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	(167,532)	(167,532)	87,847	3,519,706	(14,301)	3,593,252	3,425,720
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	9,586,568	9,586,568	87,847	3,519,706	(14,301)	3,593,252	13,179,820
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	7,329	7,329	-	(7,329)	-	(7,329)	-
BALANCE AT DECEMBER 31, 2020	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

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

BANK SINOPAC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 13,081,046	$ 11,014,513
Adjustments to reconcile profit:		
Depreciation expenses	1,192,410	1,124,289
Amortization expenses	205,660	184,346
Provision for bad debt expense	2,778,418	2,627,819
Interest expenses	7,848,027	11,557,730
Net (gain) loss arising from derecognition of financial assets measured at amortized cost	(23,207)	3,706
Interest income	(27,179,115)	(27,908,264)
Dividend income	(703,039)	(400,702)
Net change in provisions for guarantee liabilities	83,467	109,977
Net change in other provisions	(44,351)	89,191
Share of profit of subsidiaries	(105,801)	(62,095)
Losses on disposal and retirement of property and equipment	5,490	16,137
Property and equipment expense	595	5
Gains on disposal of subsidiary	-	(207,310)
(Reversal of) impairment loss on financial assets	(53,243)	499,433
Impairment loss on non-financial assets	-	935
Net gains on changing in leasing contract	(429)	(211)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(4,375,142)	(12,379,588)
Decrease (increase) in financial assets at fair value through profit or loss	9,931,271	(2,977,613)
Increase in financial assets at fair value through other comprehensive income	(40,455,743)	(97,054,003)
Increase in investments in debt instruments at amortized cost	(4,850,899)	(24,433,545)
(Increase) decrease in securities purchased under resell agreements	(4,152)	298,565
Increase in receivables	(8,999,253)	(488,934)
Increase in discounts and loans	(41,149,822)	(135,101,867)
Decrease in other financial assets	3,963,772	2,381,006
Decrease in other assets	1,270,732	123,862
(Decrease) increase in deposits from the Central Bank and banks	(3,572,107)	22,687,668
(Decrease) increase in financial liabilities at fair value through profit or loss	(11,855,435)	4,467,760
Increase (decrease) in securities sold under repurchase agreements	6,036,413	(4,525,469)
Increase in payables	2,885,306	637,356
Increase in deposits and remittances	165,562,206	260,750,057
Decrease in other financial liabilities	(417,556)	(21,182,521)
(Decrease) increase in provisions for employee benefits	(295,594)	98,425
(Decrease) increase in other liabilities	(3,422,554)	2,753,708
Net cash generated from (used in) operations	67,337,371	(5,295,634)
Interest received	27,029,587	28,152,083
Dividend received	702,842	398,729

(Continued)

BANK SINOPAC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Interest paid	$ (8,272,872)	$ (12,602,322)
Income tax paid	(1,125,479)	(1,517,170)
Net cash generated from operating activities	85,671,449	9,135,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of subsidiary	-	207,310
Investments accounted for using the equity method for liquidation	-	423,998
Acquisition of property and equipment	(868,564)	(922,881)
Proceeds from disposal of property and equipment	302	187
Acquisition of intangible assets	(124,290)	(92,437)
Acquisition of right-of-use assets	(695)	(96)
Acquisition of investment properties	(245)	(3,035)
Net cash used in investing activities	(993,492)	(386,954)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds borrowed from Central Bank and banks	124,650	80,380
Bank debentures issued	11,000,000	16,000,000
Repayment of bank debentures payable	(5,530,000)	(3,940,000)
Repayments of lease liabilities	(608,248)	(629,271)
Cash dividends paid	(5,900,001)	(7,181,565)
Net cash (used in) generated from financing activities	(913,599)	4,329,544
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(97,068)	(145,831)
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,667,290	12,932,445
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	153,103,135	140,170,690
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 236,770,425	$ 153,103,135

(Continued)

BANK SINOPAC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the statement of cash flows with the equivalent items reported in the balance sheets as of December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents in balance sheets	$ 43,237,986	$ 25,710,394
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	147,439,009	76,768,655
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	46,093,430	50,624,086
Cash and cash equivalents at the end of year	$ 236,770,425	$ 153,103,135

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 11, 2022.

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

a. The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (FSC) for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

(Concluded)

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

Note 3: 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 4: 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The 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, payable 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

a. 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.

b. Exchange differences on translation of the financial statements of foreign operations

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

   On the disposal of a foreign operation (a disposal of the Bank's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

   In relation to a partial disposal of a subsidiary that does not result in the Bank losing control over the subsidiary, the Bank re-attributes the proportionate share of accumulated exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation, and profit or loss is not recognized. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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.

d. The choice of "Interest Rate Benchmark Reform - Phase 2"

The Bank elected to apply the practical expedient provided in the amendments to IFRS 9 to deal with the changes in the basis for determining contractual cash flows of financial assets resulting from the interest rate benchmark reform. 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.

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.

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. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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 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 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.

Revenue from rendering services is recognized at the amount corresponding to the percentage of services completed as of the balance sheet date.

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 in the 2021 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	
	2021	2020
Cash on hand	$ 6,383,284	$ 7,098,626
Due from other banks	32,676,045	17,311,927
Notes and checks for clearing	4,178,657	1,299,841
	$ 43,237,986	$ 25,710,394

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

	December 31	
	2021	2020
Call loans to banks	$ 115,616,937	$ 57,245,765
Trade finance advance - interbank	8,727,495	5,537,442
Deposit reserve - checking accounts	36,110,430	28,094,216
Due from the Central Bank - interbank settlement funds	6,000,477	4,000,139
Deposit reserve - demand accounts	38,955,034	35,613,480
Deposit reserve - foreign currencies	553,791	427,626
	$ 205,964,164	$ 130,918,668

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	
	2021	2020
Financial assets mandatorily classified as at fair value through profit or loss		
Government bonds	$ 19,499,020	$ 26,528,505
Commercial paper	2,698,706	2,348,878
Certificates of deposits purchased	2,566,482	1,998,231
Convertible bonds	1,532,353	964,711
Bank debentures	814,147	312,118
Listed common stock	147,365	68,765
Currency swap contracts	3,605,225	12,055,670
Interest rate swap contracts	2,371,949	4,506,468
Forward contracts	416,686	1,113,977
Option contracts	333,421	970,538
Hybrid FX swap structured instruments	300,992	270,401
Others	156,421	542,000
	34,442,767	51,680,262
Financial assets designated at fair value through profit or loss		
Corporate bonds	8,874,520	1,378,097
Government bonds	1,087,292	1,277,491
	9,961,812	2,655,588
	$ 44,404,579	$ 54,335,850

(Continued)

	December 31	
	2021	2020
Held-for-trading financial liabilities		
Currency swap contracts	$ 3,999,560	$ 13,263,535
Interest rate swap contracts	1,590,206	2,920,250
Forward contracts	505,767	1,125,751
Option contracts	481,189	1,151,053
Hybrid FX swap structured instruments	300,830	270,239
Others	219,190	240,788
	7,096,742	18,971,616
Financial liabilities designated at fair value through profit or loss		
Bank debentures	1,543,747	1,520,769
	1,543,747	1,520,769
	$ 8,640,489	$ 20,492,385

(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	
	2021	2020
Difference between carrying amount and the amount due on maturity		
Fair value	$ 1,543,747	$ 1,520,769
Amount due on maturity	(1,552,780)	(1,598,698)
	$ (9,033)	$ (77,929)

	Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the year	
For the year ended December 31, 2021	$ (3,539)
For the year ended December 31, 2020	$ (14,301)
Accumulated amount of change	
As of December 31, 2021	$ (85,882)
As of December 31, 2020	$ (82,343)

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, 2021 and 2020 were as follows:

	December 31	
	2021	**2020**
Currency swap contracts	$ 1,072,496,091	$ 931,853,339
Interest rate swap contracts	635,575,071	721,871,769
Forward contracts	73,243,660	83,210,439
Option contracts	26,502,293	29,405,641
Hybrid FX swap structured instruments	5,838,295	7,520,729
Futures contracts	2,974,507	11,458,846
Equity-linked swap contracts	2,269,657	254,295
Cross-currency swap contracts	1,948,175	7,107,380
Assets swap contracts	1,313,081	889,701
Commodity-linked swap contracts	-	648,263

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	**2020**
Equity instruments at fair value through other comprehensive income	$ 15,299,410	$ 11,577,644
Debt instruments at fair value through other comprehensive income	353,664,582	319,051,384
	$ 368,963,992	$ 330,629,028

a. Equity instruments at fair value through other comprehensive income

	December 31	
	2021	**2020**
Listed common stock	$ 10,736,431	$ 9,219,153
Unlisted common stock	1,400,647	1,200,430
Real estate investment trust beneficiary securities	3,162,332	1,158,061
	$ 15,299,410	$ 11,577,644

The Bank holds equity instruments for long-term strategic investment or for acquiring dividend income to improve the efficiency of medium and long-term capital utilization and pursue stable investment performance purpose. Therefore, the equity instruments are designated as at fair value through other comprehensive income.

Due to management the risk of investment position. The Bank sold the stocks at fair value of $5,449,834 and $2,452,982 and transferred the gain of $741,865 and loss of $15,197 from other equity to retained earnings for the years ended December 31, 2021 and 2020, respectively. An invest reduced its capital and returned the share payment of $100,230, the Bank recognized gain of $22,526 in the first quarter of 2020. The gain was transferred from other equity to retained earnings.

b. Debt instrument at fair value through other comprehensive income

	December 31	
	2021	2020
Certificates of deposits purchased	$ 122,309,518	$ 124,939,594
Commercial paper	76,584,814	55,036,188
Bank debentures	74,280,760	74,123,703
Corporate bonds	37,161,348	41,548,630
Government bonds	26,621,417	17,757,955
Others	16,706,725	5,645,314
	$ 353,664,582	$ 319,051,384

1) Loss allowance of debt instruments at fair value through other comprehensive income were $46,018 and $61,030 on December 31, 2021 and 2020, respectively. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 45.

2) As of December 31, 2021 and 2020, the par value of debt instruments at FVTOCI under repurchase agreement were $2,719,709 and $1,044,255, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	2020
Government bonds	$ 55,754,680	$ 55,013,400
Certificates of deposits purchased	48,763,448	49,812,542
Bank debentures	35,908,206	29,438,199
Corporate bonds	12,727,316	11,296,477
Asset-based securities	12,379,342	15,356,937
Others	1,728,307	1,462,770
	167,261,299	162,380,325
Less: Loss allowance	(13,314)	(11,891)
Net amount	$ 167,247,985	$ 162,368,434

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, 2020, the par value of investments in debt instruments at amortized cost under repurchase agreements was $230,200. (December 31, 2021: None)

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31	
	2021	2020
Commercial papers	$ 35,734,209	$ 42,403,035
Government bonds	5,801,254	1,054,436
Corporate bonds	2,529,746	2,158,178
Bank debentures	1,045,848	2,085,123
Negotiable certificates of deposits	1,010,467	2,947,256
	$ 46,121,524	$ 50,648,028
Agreed-upon resell amount	$ 46,139,385	$ 50,660,005
Par value	$ 47,337,338	$ 51,210,199
Expiry	May 2022	April 2021

As of December 31, 2021 and 2020, the par value of securities purchased under resell agreements under repurchase agreements were $7,034,258 and $2,356,271, respectively.

12. RECEIVABLES, NET

	December 31	
	2021	2020
Credit card receivable	$ 20,472,061	$ 19,109,830
Accounts receivable - factoring	13,588,340	10,364,469
Accounts receivable - forfaiting	10,030,050	6,896,929
Interest and revenue receivables	3,946,199	4,023,231
Accounts and notes receivables	3,065,035	1,398,328
Acceptances	1,022,325	1,820,743
Trust administration fee revenue receivable	694,755	678,791
Others	1,039,464	1,377,164
	53,858,229	45,669,485
Less: Allowance for credit losses	(734,529)	(707,809)
Less: Premium or discount on receivables	(34)	(28)
Net amount	$ 53,123,666	$ 44,961,648

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	
	2021	2020
Balance, January 1	$ 707,809	$ 722,896
Provision	195,072	206,521
Write-off	(161,822)	(214,083)
Effect of exchange rate changes	(6,530)	(7,525)
Balance, December 31	$ 734,529	$ 707,809

Please refer to Note 45 for the analysis of receivable impairment loss. The Bank received payments for loans previously written-off $156,963 and $197,191 for the years ended December 31, 2021 and 2020, respectively, which were recognized as deduction of provision expenses.

The board of directors of the Bank has resolved to sell 100% equity of SinoPac Bancorp to Cathay General Bancorp on July 8, 2016. The case was approved by the FSC on July 6, 2017, and the settlement was completed on July 14, 2017 (US time). According to the agreement, the total transaction price is US$351,551 thousand. The relevant transaction price had been received in July 2020, and the Bank recognized the gain on disposal of the subsidiary amounted to $207,310. The case recognized cumulative the net gain on disposal of the subsidiary amounted to $414,242.

13. DISCOUNTS AND LOANS, NET

	December 31	
	2021	2020
Export negotiation	$ 848,190	$ 632,471
Secured overdrafts	54,682	45,108
Accounts receivable - financing	1,770,109	1,578,112
Short-term loans	96,859,350	113,411,134
Secured short-term loans	103,048,775	104,290,489
Medium-term loans	234,694,159	261,139,700
Secured medium-term loans	163,494,469	130,540,237
Long-term loans	10,487,473	8,362,312
Secured long-term loans	552,421,368	504,873,231
Non-performing loans transferred from loans	1,201,033	948,785
	1,164,879,608	1,125,821,579
Less: Allowance for credit losses	(15,070,505)	(14,607,419)
Less: Premium or discount on discounts and loans	(391,201)	(453,916)
Net amount	$ 1,149,417,902	$ 1,110,760,244

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	
	2021	2020
Balance, January 1	$ 14,607,419	$ 13,512,646
Provision	2,570,788	2,418,248
Write-off	(2,021,929)	(1,196,231)
Effect of exchange rate changes	(85,773)	(127,244)
Balance, December 31	$ 15,070,505	$ 14,607,419

The Bank received payments for loans previously written-off $401,061 and $403,124 for the years ended December 31, 2021 and 2020, respectively, which were recognized as deduction of provision expenses.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries - unlisted companies		
Bank SinoPac (China) Ltd.	$ 9,699,938	$ 9,604,528
SinoPac Insurance Brokers Ltd.	66,223	78,670
	$ 9,766,161	$ 9,683,198

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

SinoPac Capital Limited completed liquidation in November 2020.

The Bank's share of profit and other comprehensive income of subsidiaries for the years ended December 31, 2021 and 2020 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	
	2021	2020
Bank SinoPac (China) Ltd.	$ 115,689	$ 58,739
SinoPac Insurance Brokers Ltd.	(9,888)	4,123
SinoPac Capital Limited	-	(767)
	$ 105,801	$ 62,095

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2021	2020
Purchase of the PEM Group's instruments	$ 4,091,191	$ 4,177,027
Bank deposits not belonging to cash and cash equivalent	1,957,091	5,917,374
Others	48,700	40,509
	6,096,982	10,134,910
Less: Allowance for credit loss	(4,577)	(1,681)
Less: Accumulated impairment	(2,150,110)	(2,256,444)
Net amount	$ 3,942,295	$ 7,876,785

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.

Please refer to Note 42 for information relating to other financial assets pledged as security.

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, 2021, a reserve of US$77,651 thousand (NT$2,150,110) had been set aside to cover the accumulated impairment losses. The Bank has recognized reversal of impairment loss of $41,795 and impairment loss of $464,249 for PEM Group for the years ended December 31, 2021 and 2020.

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	
	2021	2020
Balance, January 1	$ 1,681	$ 5,828
Provision	12,558	3,050
Write-off	(9,617)	(7,166)
Effect of exchange rate changes	(45)	(31)
Balance, December 31	$ 4,577	$ 1,681

The Bank received payments for loans previously written-off $10,868 and $17,871 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 are summarized as follows:

	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

	For the Year Ended December 31, 2020							
	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	$ 5,578,961	$ 5,362,991	$ 2,008,384	$ 1,160	$ 1,404,031	$ 1,469,412	$ 353,377	$ 16,178,316
Addition	-	60,359	343,764	-	123,170	24,983	370,605	922,881
Deduction	-	(3,000)	(490,132)	-	(77,918)	(78,117)	-	(649,167)
Reclassifications	19,520	67,382	251,305	-	35,750	56,364	(523,820)	(93,499)
Effect of exchange rate changes	-	-	(8,223)	(57)	(1,387)	(3,596)	(151)	(13,414)
Balance, December 31	5,598,481	5,487,732	2,105,098	1,103	1,483,646	1,469,046	200,011	16,345,117
Accumulated depreciation								
Balance, January 1	14	3,168,895	1,468,031	1,160	1,141,813	1,306,630	-	7,086,543
Depreciation	23	123,642	233,562	-	80,022	63,004	-	500,253
Deduction	-	(2,908)	(476,414)	-	(76,830)	(76,699)	-	(632,851)
Reclassifications	-	16,932	-	-	4,833	(4,833)	-	16,932
Effect of exchange rate changes	-	-	(7,845)	(57)	(1,355)	(3,575)	-	(12,832)
Balance, December 31	37	3,306,561	1,217,334	1,103	1,148,483	1,284,527	-	6,958,045
Net amount								
Balance, December 31	$ 5,598,444	$ 2,181,171	$ 887,764	$ -	$ 335,163	$ 184,519	$ 200,011	$ 9,387,072

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, 2021 and 2020 were $1,524 and $2,046, respectively.

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2021	2020
Carrying amount		
Land	$ 64	$ 1,137
Buildings	2,360,704	2,160,675
Machinery and computer equipment	142,075	4,193
Transportation equipment	15,000	12,960
Other equipment	2,575	604
Decommissioning restoration costs	16,065	12,705
	$ 2,536,483	$ 2,192,274

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 1,021,914	$ 664,344
Depreciation charge for right-of-use assets		
Land	$ 1,057	$ 1,488
Buildings	583,493	570,583
Machinery and computer equipment	33,545	26,295
Transportation equipment	9,629	9,914
Other equipment	626	342
Decommissioning restoration costs	3,886	3,719
	$ 632,236	$ 612,341

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount	$ 2,559,860	$ 2,202,419

Range of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	0.1404%-1.0212%	0.7357%-2.6329%
Buildings	0.1553%-4.8096%	0.1553%-4.8096%
Machinery and computer equipment	0.5754%-1.0768%	0.7357%-1.0768%
Transportation equipment	0.3804%-5.5000%	0.5698%-5.5000%
Other equipment	0.3410%-0.8686%	0.3410%-0.8686%

c. Material lease-in activities and terms

The Bank leases certain buildings for use as business locations and offices with lease terms of 1 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	
	2021	2020
Expenses relating to short-term leases	$ 13,797	$ 11,819
Expenses relating to low-value asset leases	$ 39,597	$ 37,427
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 7,515	$ 8,931
Total cash outflow for leases	$ (736,539)	$ (705,520)

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, 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

	For the Year Ended December 31, 2020		
	Land	Buildings	Total
Cost			
Balance, January 1	$ 795,615	$ 615,081	$ 1,410,696
Addition	-	3,035	3,035
Deduction	-	(261)	(261)
Reclassifications	(19,520)	(25,228)	(44,748)
Balance, December 31	776,095	592,627	1,368,722

(Continued)

	For the Year Ended December 31, 2020		
	Land	**Buildings**	**Total**
Accumulated depreciation			
Balance, January 1	$ -	$ 327,058	$ 327,058
Depreciation	-	11,695	11,695
Deduction	-	(253)	(253)
Reclassifications	-	(16,932)	(16,932)
Balance, December 31	-	321,568	321,568
Net amount			
Balance, December 31	$ 776,095	$ 271,059	$ 1,047,154

(Concluded)

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

Category	Useful Lives
Buildings	8-60 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, 2021 and 2020 were $15,184,279 and $15,259,452, 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	
	2021	**2020**
Goodwill	$ 876,717	$ 876,717
Computer software	634,580	513,994
	$ 1,511,297	$ 1,390,711

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

	Goodwill	**Computer Software**	**Total**
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

(Continued)

	Goodwill	Computer Software	Total
2020			
Balance, January 1	$ 876,717	$ 467,901	$ 1,344,618
Addition	-	92,437	92,437
Amortization	-	(184,346)	(184,346)
Reclassifications	-	138,242	138,242
Effects of exchange rate changes	-	(240)	(240)
Balance, December 31	$ 876,717	$ 513,994	$ 1,390,711

(Concluded)

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, 2021 and 2020. The impairment tests on goodwill were conducted on October 31, 2021 and 2020. The actual net income for the years ended December 31, 2021 and 2020 amounted to $94,018 and $108,232, respectively. The expected net income for the years 2021 and 2020 as assessed by the impairment test on goodwill would be $84,069 and $78,125, 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, 2021 and 2020.

20. OTHER ASSETS, NET

	December 31	
	2021	2020
Guarantee deposits	$ 2,096,267	$ 3,163,120
Temporary payment and suspense accounts	229,628	282,310
Prepayment	186,752	222,954
Others	54,903	51,021
	2,567,550	3,719,405
Less: Allowance for inventory write-down - gold	(72)	-
Less: Accumulated impairment	(7,935)	(7,935)
Net amount	$ 2,559,543	$ 3,711,470

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2021	2020
Call loans from banks	$ 56,206,243	$ 61,331,866
Redeposits from Chunghwa Post	10,076,600	10,090,000
Call loans from Central Bank	1,384,478	-
Due to banks	197,479	15,041
	$ 67,864,800	$ 71,436,907

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Government bonds	$ 5,270,814	$ 869,102
Bank debentures	3,095,494	1,999,311
Corporate bonds	1,371,428	832,910
	$ 9,737,736	$ 3,701,323
Agreed-upon repurchase price	$ 9,751,875	$ 3,704,779
Par value	9,753,967	3,630,726
Maturity date	December 2022	May 2021

23. PAYABLES

	December 31	
	2021	2020
Notes and checks in clearing	$ 4,178,657	$ 1,299,841
Accrued expenses	3,352,655	2,978,813
Accounts payable - factoring	2,807,640	2,790,152
Interests payable	1,440,209	1,865,266
Dividends payable to SPH	1,435,025	1,435,025
Accounts payable	984,134	1,541,407
Acceptances payable	842,350	1,635,483
Others	1,779,726	1,612,578
	$ 16,820,396	$ 15,158,565

24. DEPOSITS AND REMITTANCES

	December 31 2021	December 31 2020
Checking	$ 13,625,698	$ 13,880,918
Demand	472,627,519	410,790,074
Savings - demand	507,555,116	434,922,075
Time deposits	546,715,433	515,850,371
Negotiable certificates of deposit	427,800	1,960,000
Savings - time	252,214,965	249,690,008
Inward remittances	1,043,879	3,053,931
Outward remittances	1,556,260	59,294
Others	29,829	27,622
	$ 1,795,796,499	$ 1,630,234,293

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 2021	December 31 2020	Maturity Date	Rates
Second subordinated bank debentures issued in 2011 (B)	$ -	$ 2,999,891	2011.08.18-2021.08.18 Principal is repayable on maturity date.	Fixed interest rate of 2.18%, interest is paid annually.
First subordinated bank debentures issued in 2012 (B)	1,299,947	1,299,874	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)	699,850	699,798	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
First subordinated bank debentures issued in 2016	-	1,499,969	2016.02.23, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years.	Fixed interest rate of 3.90%, interest is paid annually.
Second subordinated bank debentures issued in 2016	-	1,029,963	2016.03.30, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years.	Fixed interest rate of 3.90%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,747	1,419,621	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)	149,950	149,928	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)	2,099,390	2,099,279	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)	199,950	199,931	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)	539,796	539,761	2017.06.28-2027.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.
Fourth subordinated bank debentures issued in 2017	2,999,660	2,999,348	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)	649,797	649,738	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)	499,791	499,760	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	1,999,437	1,999,229	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)	1,199,605	1,199,511	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)	1,799,280	1,799,184	2019.01.25-2029.01.25 Principal is repayable on maturity date.	Fixed interest rate of 1.55%, interest is paid annually.

(Continued)

	December 31			
	2021	2020	Maturity Date	Rates
Third senior bank debentures issued in 2019	$ 2,999,796	$ 2,999,715	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	1,499,503	1,499,327	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)	1,749,359	1,749,225	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)	1,749,260	1,749,168	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	2,999,382	2,999,217	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	1,999,456	1,999,392	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	2,899,532	2,899,407	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	2,599,439	2,599,376	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	2,099,648	2,099,560	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	2,399,508	2,399,454	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	999,726	999,656	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	999,732	-	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	2,719,455	-	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	2,299,571	-	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	3,279,522	-	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	1,699,405	-	2021.10.28-2031.10.28 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
	$ 50,548,494	$ 45,078,282		

(Concluded)

26. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Principal of structured products	$ 9,596,029	$ 9,261,545
Cumulative earnings on appropriated loan fund	28,708	45,529
Overseas certificate of deposit	-	735,219
	$ 9,624,737	$ 10,042,293

27. PROVISIONS

	December 31	
	2021	2020
Provision for employee benefits	$ 2,272,850	$ 2,568,444
Provision for financing commitment	161,914	211,027
Provision for guarantee liabilities	394,577	311,918
Provision for decommissioning liabilities	97,672	91,115
Other provision	17,387	14,817
	$ 2,944,400	$ 3,197,321

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

	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

	For the Year Ended December 31, 2020		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 136,323	$ 202,768	$ 3,091
Provision	80,216	109,977	12,368
Effect of exchange rate changes	(5,512)	(827)	(642)
Balance, December 31	$ 211,027	$ 311,918	$ 14,817

28. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2021	2020
Recognized in balance sheets (payables and provisions)		
Defined contribution plans	$ 42,597	$ 40,797
Defined benefit plans	1,896,474	2,245,203
Preferential interest on employees' deposits	340,375	293,173
Deferred annual leave and retirement benefits	36,001	30,068
	$ 2,315,447	$ 2,609,241

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 in profit or loss for the years ended December 31, 2021 and 2020 of $257,203 and $248,294, 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	
	2021	**2020**
Present value of defined benefit obligation	$ 4,951,842	$ 5,241,258
Fair value of plan assets	(3,055,368)	(2,996,055)
Deficit	1,896,474	2,245,203
Asset ceiling	-	-
Net defined benefit liability	$ 1,896,474	$ 2,245,203

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, 2020	$ 5,150,594	$ (2,981,459)	$ 2,169,135
Service cost			
Current service cost	65,315	-	65,315
Past service cost	-	-	-
Net interest expense (income)	37,928	(22,482)	15,446
Recognized in (profit) or loss	103,243	(22,482)	80,761

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (63,229)	$ (63,229)
Actuarial (gain) loss - changes in financial assumptions	243,776	-	243,776
Actuarial (gain) loss - changes in demographic assumptions	154	-	154
Actuarial (gain) loss - experience adjustments	21,439	-	21,439
Recognized in other comprehensive income	265,369	(63,229)	202,140
Contributions from the employer	-	(206,833)	(206,833)
Benefits paid	(277,948)	277,948	-
Pay off or reduce the payment	-	-	-
Balance at December 31, 2020	$ 5,241,258	$ (2,996,055)	$ 2,245,203
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	-
Pay off or reduce the payment	-	-	-
Balance at December 31, 2021	$ 4,951,842	$ (3,055,368)	$ 1,896,474

(Concluded)

The plan assets' actual returns were $44,855 and $85,711 for the years ended December 31, 2021 and 2020.

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	
	2021	2020
Discount rate	0.60%	0.30%
Expected rate of salary increase	1.75%	1.75%
Turnover rate	0.36%	0.45%

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	
	2021	2020
Discount rate (2021: 0.60%; 2020: 0.30%)		
0.25% increase	$ (122,857)	$ (137,399)
0.25% decrease	$ 127,192	$ 142,506
Expected rate of salary increase 1.75%		
0.25% increase	$ 125,416	$ 140,087
0.25% decrease	$ (121,786)	$ (135,802)
Turnover rate (2021: 0.36%; 2020: 0.45%)		
110% of expected turnover rate	$ (98)	$ (166)
90% of expected turnover rate	$ 98	$ 167

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	
	2021	2020
The expected contributions to the plan for the next year	$ 210,968	$ 214,739
The average duration of the defined benefit obligation	10 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	
	2021	2020
Discount rate	4.00%	4.00%
Expected interest rate on preferential interest on employees' deposits		
Manager	6.84%	6.84%
Staff	13.00%	13.00%
Normal deposit interest rate	0.84%	0.84%
Return on deposits	2.00%	2.00%
Excess preferential interest		
Manager	4.00%	4.00%
Staff	10.16%	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	
	2021	2020
Present value of defined benefit obligation	$ 340,375	$ 293,173
Fair value of plan assets	-	-
Deficit	340,375	293,173
Asset ceiling	-	-
Net defined benefit liability	$ 340,375	$ 293,173

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, 2020	$ 279,377	$ -	$ 279,377
Service cost			
Past service cost	24,042	-	24,042
Interest expense	6,024	-	6,024
Recognized in (profit) or loss	30,066	-	30,066
Remeasurement			
Actuarial (gain) loss - experience adjustments	7,275	-	7,275
Actuarial (gain) loss - changes in assumptions	-	-	-
Recognized in other comprehensive income	7,275	-	7,275
Benefits paid	(23,545)	-	(23,545)
Balance at December 31, 2020	$ 293,173	$ -	$ 293,173

(Continued)

	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	49,902	-	49,902
Actuarial (gain) loss - changes in assumptions	-	-	-
Recognized in other comprehensive income	49,902	-	49,902
Benefits paid	(25,203)	-	(25,203)
Balance at December 31, 2021	$ 340,375	$ -	$ 340,375

(Concluded)

29. OTHER LIABILITIES

	December 31	
	2021	2020
Guarantee deposits received	$ 1,255,606	$ 4,720,081
Temporary receipt and suspense accounts	656,896	597,313
Advance receipts	204,426	244,350
Deferred revenue	114,579	101,752
Others	24,832	15,397
	$ 2,256,339	$ 5,678,893

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	
	2021	2020
Current tax		
Current period	$ 1,586,866	$ 1,319,898
Adjustments for prior period	3,731	(9,725)
Others	51,768	-
	1,642,365	1,310,173
Deferred tax		
Temporary adjustment	23,363	(49,760)
Income tax expenses recognized in profit or loss	$ 1,665,728	$ 1,260,413

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 13,081,046	$ 11,014,513
Income tax expense calculated at the statutory rate (20%)	$ 2,616,209	$ 2,202,903
Tax effect of adjusting items:		
Additional income tax under the Alternative Minimum Tax Act	353,765	278,717
Temporary difference	(403)	(661)
Adjustments for prior years' tax	3,731	(9,725)
Tax-exempt income	(61,183)	(179,134)
Permanent difference	(1,298,159)	(1,031,687)
Others	51,768	-
Income tax expense recognized in profit or loss	$ 1,665,728	$ 1,260,413

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	
	2021	2020
Deferred tax		
Adjustments of current period		
Defined benefit plans remeasurement	$ (25,704)	$ 41,883
Share of the comprehensive income of subsidiaries accounted for using the equity method	(10,861)	8,101
Exchange difference on translating foreign operations	15,429	(22,042)
Income tax recognized in other comprehensive income	$ (21,136)	$ 27,942

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,060,924
Others	49,300	138,943
	$ 1,104,320	$ 1,199,867
Current tax liabilities		
Payables for adopting the linked-tax system	$ 586,906	$ 359,498
Others	266,381	82,306
	$ 853,287	$ 441,804

d. Deferred tax assets and liabilities

	December 31	
	2021	2020
Deferred tax assets		
Allowance for doubtful accounts	$ 630,008	$ 605,397
Provision for defined benefit	414,791	457,303
Exchange differences on translating foreign operations	163,029	147,601
Unrealized gains or losses on foreign exchange and derivative instruments	53,992	66,119
Others	60,045	67,843
	$ 1,321,865	$ 1,344,263
Deferred tax liabilities		
Land value increment tax	$ 587,038	$ 587,038
Investments accounted for using the equity method	142,601	120,358
Others	46,555	46,555
	$ 776,194	$ 753,951

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

	For the Year Ended December 31	
	2021	2020
Provision	$ (24,611)	$ 71,328
Provision for defined benefit	24,564	22,195
Investments accounted for using the equity method	22,243	(42,337)
Unrealized gains (losses) or losses on foreign exchange and derivative instruments	12,127	(82,787)
Others	(10,960)	(18,159)
	$ 23,363	$ (49,760)

The Bank did not have unused loss carryforwards as of December 31, 2021.

e. The Bank's tax returns through 2016 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 2016

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.

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).

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 - employee share options, 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, 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)

(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	$ -	$ (741,865)	$ -	$ -	$ (741,865)
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)

	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, 2020	$ (670,011)	$ 831,379	$ 898,594	$ (68,042)	$ 991,920
Exchange differences					
Exchange differences on translation of foreign operations	110,208	-	-	-	110,208
Related income tax	(22,042)	-	-	-	(22,042)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	1,037,082	3,216,279	-	4,253,361
Adjustment for loss allowance of debt instruments	-	-	27,857	-	27,857
Current disposal	-	-	(729,430)	-	(729,430)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(7,329)	-	-	(7,329)

(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	$ (399)	$ -	$ (40,103)	$ -	$ (40,502)
Related income tax	80	-	8,021	-	8,101
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(14,301)	(14,301)
Balance December 31, 2020	$ (582,164)	$ 1,861,132	$ 3,381,218	$ (82,343)	$ 4,577,843

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

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.

According to FSC Order No. 1090150022 and the rule of "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs", of amount of equal to the net debit balance of shareholders' other equity items shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated.

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 2019 have been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 22, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 3,058,337	
Reversal of special reserve	(45,444)	
Cash dividends	7,181,565	$0.83447222

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 March 11, 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 board of directors approved the 2021 appropriations of earnings on March 11, 2022, that will be resolved by shareholder's resolution (on behalf of the shareholder's meeting) in 2022.

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	
	2021	2020
Interest income		
Loans	$ 20,009,046	$ 20,230,716
Security investments	5,540,794	5,550,429
Due from the Central Bank and call loans to banks	591,237	982,029
Credit card revolving interest rate income	507,897	541,411
Others	530,141	603,679
	27,179,115	27,908,264
Interest expenses		
Deposits	(6,507,434)	(9,756,286)
Bank debentures	(774,274)	(773,130)
Call loans from banks	(331,789)	(514,273)
Interest expense of structured products	(112,335)	(315,375)
Others	(122,195)	(198,666)
	(7,848,027)	(11,557,730)
	$ 19,331,088	$ 16,350,534

33. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2021	2020
Service fee income		
Trust and related services	$ 2,615,175	$ 2,206,242
Insurance services	2,555,470	2,573,917
Loan services	1,573,901	1,256,767
Credit card services	641,428	867,333
Others	1,073,763	958,315
	8,459,737	7,862,574
Service fee expenses		
Credit card services	(592,999)	(542,426)
Interbank services	(252,227)	(218,480)
Trust services	(164,246)	(153,511)
Foreign exchange transaction	(35,359)	(50,320)
Others	(379,916)	(300,420)
	(1,424,747)	(1,265,157)
	$ 7,034,990	$ 6,597,417

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

	For the Year Ended December 31	
	2021	2020
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Corporate bonds	$ 98,539	$ 127,949
Government bonds	(153,711)	750,109
Interest rate swap contracts	1,228,392	(1,386,426)
Currency swap contracts and hybrid FX swap structured instruments	497,573	1,704,195
Option contracts	(23,545)	(515,561)
Forward contracts	(132,774)	(369,161)
Future contracts	(286,522)	(441,987)
Others	139,522	25,258
	1,367,474	(105,624)
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Government bonds	(208,766)	20,138
Future contracts	84,163	(131,105)
Option contracts	48,286	(118,703)
Currency swap contracts and hybrid FX swap structured instruments	(82,551)	(575,966)
Interest rate swap contracts	(778,230)	2,083,876
Others	(189,054)	21,243
	(1,126,152)	1,299,483
Interest income	338,419	350,154
Dividend income	954	-
	$ 580,695	$ 1,544,013

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

	For the Year Ended December 31	
	2021	2020
Dividend revenue		
Holding at the end of the reporting period	$ 597,514	$ 354,071
Disposed in the reporting period	104,571	46,631
Gain or loss from disposal of debt instruments	899,315	729,430
	$ 1,601,400	$ 1,130,132

36. NET OTHER REVENUE OTHER THAN INTEREST INCOME

	For the Year Ended December 31	
	2021	2020
Rental income	$ 91,069	$ 91,238
Operating assets rental income	27,847	27,671
Transaction bonus	4,870	11,280
Insurance claims income	327	22,382
Others	26,900	29,288
	$ 151,013	$ 181,859

37. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2021	2020
Salaries and wages	$ 7,325,150	$ 6,925,086
Labor insurance and national health insurance	538,566	489,487
Pension costs	318,110	329,055
Cash-settled share based payment transaction	44,247	38,774
Others	668,058	615,272
	$ 8,894,131	$ 8,397,674

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 $70,000 and $60,000 as employees' compensation and $27,000 and $18,000 as remuneration of directors for the years ended December 31, 2021 and 2020.

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 $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 board of directors approved $60,000 as employees' compensation and $18,000 as remuneration of directors on January 29, 2021 and February 26, 2021, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash. The Bank's board of directors had reported the remuneration of employees and directors in 2020 on behalf of the shareholder on May 21, 2021.

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	
	2021	2020
Depreciation expense		
Land improvements	$ 24	$ 23
Buildings	144,594	135,337
Machinery and computer equipment	283,500	233,562
Other equipment	84,504	80,022
Leasehold improvements	47,552	63,004
Right-of-use assets	632,236	612,341
	1,192,410	1,124,289
Amortization expense	205,660	184,346
	$ 1,398,070	$ 1,308,635

39. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2021	2020
Taxation and fees	$ 1,235,399	$ 1,198,490
Automated equipment	477,271	451,263
Professional advisory	462,154	462,662
Marketing	401,226	533,888
Location fee	380,798	391,310
Insurance	374,765	324,255
Communications expense	297,209	275,897
Others	549,476	564,705
	$ 4,178,298	$ 4,202,470

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.

The numerators and denominators used in computing earnings per shares (EPS) are summarized as follows:

Dollars Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic EPS	$ 1.31	$ 1.12

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	
	2021	**2020**
Net income for calculating basic EPS	$ 11,415,318	$ 9,754,100

Shares

Shares in Thousands

	For the Year Ended December 31	
	2021	**2020**
The weighted-average number of common stock outstanding in the computation of basic EPS	8,688,919	8,688,919

The 2020 EPS was retrospectively adjusted for the effects of the bonus stock issuance on September 13, 2021. Thus, the basic EPS for the year ended December 31, 2020 decreased from NT$1.13 to NT$1.12.

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 Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities

(Continued)

Related Party	Relationship with the Bank
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 Capital International (HK) Limited	Subsidiary of SPL
SinoPac Capital International Limited	Affiliate of SPL (liquidation in October 2021)
Foundation of SinoPac	Affiliate of SPH's chairman
Global Unichip Corp. (GUC)	Affiliate of SPH's chairman's spouse
Nuvoton Technology Corp. (Nuvoton Technology)	Affiliate of SPH's chairman's spouse (before November 2021)
Taiwan Stock Exchange (TWSE)	Affiliate of the SPH's general manager
Taipei Forex Inc. (TAIFX)	Affiliate of the Bank's general manager
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' general manager
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	SPH's corporate director
High Entropy Materials, Inc. (High Entropy Materials)	SinoPac Venture Capital is the company's corporate director
Sun He Energy Co., Ltd. (Sun He Energy)	SinoPac Venture Capital is the company's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of SPH's corporate director
Yuen Foong Paper Co., Ltd. (Yuen Foong Paper)	Affiliate of SPH's corporate director
Quanta Computer Inc. (Quanta Computer)	Affiliate of SPH's director
Pegatron Corporation (Pegatron)	Affiliate of SPH's director
Private School Promotion Foundation	Affiliate of SPH's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of the Bank's director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Tatung Co.	Affiliate of SPL's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Boardtek Electronics Corporation (Boardtek Electronics)	Affiliate of SPH's manager
Hotai Investment Limited (Hotai Investment)	Affiliate of the Bank's manager
Taiwan Securities Association	Affiliate of the SinoPac Securities' manager
Grand Bills Finance Corp. (Grand Bills Finance)	Affiliate of the SPH's manager's spouse
Tsann Kuen Enterprise Co., Ltd. (Tsann Kuen Enterprise)	Affiliate of the Bank's manager's spouse (before July 2021)
Mechema Chemicals International Corp. (Mechema Chemicals)	Affiliate of the Bank's manager's spouse
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
Kingstate Electronics Corporation (Kingstate Electronics)	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

(Continued)

Related Party	Relationship with the Bank
Hao Yu Co., Ltd. (Hao Yu)	Affiliate of second-degree-in-laws of the Bank's manager
Chen Shih Automation Industrial Co., Ltd. (Chen Shih Automation Industrial)	Affiliate of second-degree-in-laws of the Bank's manager
Greatwell Enterprise Co., Ltd. (Greatwell Enterprise)	Affiliate of second-degree-in-laws of the Bank's manager (before March 2021)
Avision Inc. (Avision)	The Bank holds more than 5% of the capital of charitable trust entrusted assets
YFY International BVI Corp. (YFY International)	Related party
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
Universal Cement Corporation (Universal Cement)	Related party
Hoss Venture Inc. (Hoss Venture)	Related party
Syntera International Investment Inc. (Syntera International Investment)	Related party
E Ink Holdings Inc. (E Ink Holdings)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Hsin-Yi Foundation	Related party
Foundation of Fire Fighting Development	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
YuanHan Material Inc. (YuanHan Material)	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
YFY Packaging Inc. (YFY Packaging)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Shen's Art Printing Co., Ltd. (Shen's Art Printing)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Foongtone Technology Co., Ltd. (Foongtone Technology)	Related party
Hydis Technologies Co., Ltd.	Related party
SinoPac Securities Investment Trust Funds	Related party
Tech Smart Logistics Ltd.	Related party
New Field e-Paper Co., Ltd. (New Field e-Paper)	Related party
Willpower Industries Limited	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	
	2021	2020
Due from banks		
Bank SinoPac (China) Ltd.	$ 1,328	$ 1,334

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

	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

	For the Year Ended December 31, 2020		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Bank SinoPac (China) Ltd.	$ 3,771,144	0.65-3.41	$ 56,343
Hua Nan Bank	997,793	0.05-2.37	7,336
Grand Bills Finance	-	0.45	67

3) Derivative financial instruments

	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

	December 31, 2020				
	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	$ 703	Financial assets at fair value through profit or loss	$ 703
SinoPac Securities	675,000	2020.8.3-2024.8.12	(1,300)	Financial liabilities at fair value through profit or loss	1,300
Hua Nan Bank	3,546,579	2020.9.8-2030.11.20	15,162	Financial assets at fair value through profit or loss	15,162
Hua Nan Bank	1,000,000	2020.4.13-2030.7.9	(1,266)	Financial liabilities at fair value through profit or loss	1,266
Forward contracts					
YFY International	2,138,128	2020.10.16-2021.6.4	46,999	Financial assets at fair value through profit or loss	46,999
Tatung Co.	28,028	2020.9.17-2021.1.27	(1,030)	Financial liabilities at fair value through profit or loss	1,030
Currency swap contracts					
SinoPac Securities	1,748,913	2020.11.23-2021.2.26	24,044	Financial assets at fair value through profit or loss	24,044

4) Securities purchased under resell agreements

2021

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities	$ -	$ -	$ 2,427
Others	-	-	10

2020

	December 31		For the Year Ended December 31
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities	$ 969,285	$ 829,594	$ 15,022

5) Receivables

	December 31	
	2021	2020
Interest receivable		
Others	$ 59,597	$ 23,183
Revenue receivable		
Others	-	1,152
Credit card receivable		
Others	289,173	281,585
Other receivables		
Bank SinoPac (China) Ltd.	104,956	104,956
Others	705	1,142

6) Current income tax assets and liabilities

	December 31	
	2021	**2020**
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,060,924
Payables from adopting the linked-tax system	$ 586,906	$ 359,498

7) Loans

	For the Year Ended December 31, 2021			
	Ending Balance	**Highest Balance**	**Interest/ Fee Rates (%)**	**Interest Income**
Loans	$ 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				

	For the Year Ended December 31, 2020			
	Ending Balance	**Highest Balance**	**Interest/ Fee Rates (%)**	**Interest Income**
Loans	$ 10,806,061	$ 17,266,227	0-10.24	$ 167,988

Category	December 31, 2020						
	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	296	$ 515,494	$ 469,781	V	-	None	Yes
Household mortgage loans	1,078	6,101,734	5,718,414	V	-	Real estate	Yes
Others:							
	Quanta Computer	5,117,318	-	V	-	None, Note 1	Yes
	SPL	1,070,000	970,000	V	-	Real estate	Yes
	Boardtek Electronics	900,000	900,000	V	-	Real estate	Yes
	Universal Cement	200,000	-	V	-	None, Note 1	Yes
	Evercast Precision	51,838	49,674	V	-	Real estate	Yes
	Kim Great	48,661	46,474	V	-	Real estate	Yes
	Hoss Venture	30,000	-	V	-	Real estate	Yes
	Hao Yu	16,400	11,600	V	-	Real estate	Yes
	Chen Shih Automation Industrial	15,000	15,000	V	-	Real estate	Yes
	Hao-Xin-Di	9,381	8,542	V	-	Real estate	Yes
	Greatwell Enterprise	8,200	8,200	V	-	Real estate	Yes
	Hotai Investment	3,300	3,231	V	-	Vehicle	Yes
	Others	3,178,901	2,605,145	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	10,648,999	4,617,866				
	Total	$ 17,266,227	$ 10,806,061				

Note 1: Non-related party of the Bank at the loan 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, 2021

None.

December 31, 2020

Related Party	Highest Balance in Current Year	Ending Balance	Provision	Rates	Type of Collaterals	Note
Tsann Kuen Enterprise	$ 8,000	$ -	$ -	0.50%	None, Note	
Others	2	-	-	1.75%	None, Note	

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	
	2021	**2020**
Equity instrument		
TAIFEX (Note)	$ 410,315	$ -
Quanta Computer	311,563	266,161
TAIFX	19,659	16,055
Debt instrument		
Hua Nan Bank	-	4,998,609

Note: Related party of the Bank from July 2021.

10) Other financial assets

The Bank had interest revenue from call loans to security corporations for the years ended December 31, 2021 and 2020 were $33 and $57, respectively.

11) Property and equipment

For the years ended December 31, 2021 and 2020, the Bank purchased property and equipment from its related parties for a total price of $29,580 and $21,532, recognized as property and equipment.

The Bank leased other equipment from SPL, due to the date, December 31, 2021 and 2020, the carrying amount were $67 and $117, respectively.

12) Intangible assets

For the years ended December 31, 2021 and 2020, the Bank purchased computer software from its related parties in the amount of $27,355 and $13,148, respectively, recognized as intangible assets.

13) Other assets

	December 31	
	2021	**2020**
Prepayments		
Others	$ 4,708	$ 5,108
Guarantee deposits		
SinoPac Futures	50,998	298,336
Others	8,684	8,382

The Bank signed an agreement with other related parties for the purchase. The Bank paid $45,652 and $93,996 for the years ended December 31, 2021 and 2020, which were recorded as prepayments (other assets) or other operating expenses.

The amount of undiscounted guarantee deposits from lease contract were $12,903 as of December 31, 2021 and 2020.

The amount of interest revenue through above guarantee for the years ended December 31, 2021 and 2020 were $48 and $172, respectively.

14) Notes and bonds transaction

	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

	For the Year Ended December 31, 2020	
	Purchase of Notes and Bonds	**Sell of Notes and Bonds**
Hua Nan Bank	$ 6,174,182	$ 1,174,944
SPH	2,000,000	-
SPL	167,972	167,986
Syntera International Investment	19,997	19,998
SinoPac Securities	-	14,600,000
Mechema Chemicals	-	29,994

15) Deposits from the Central Bank and banks

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
Bank SinoPac (China) Ltd.	2,252	-	-

2020

	December 31		For the Year Ended December 31
	Ending Balance	**Interest Rates (%)**	**Interest Expense**
Hua Nan Bank	$ 1,282,877	0.08-12.00	$ 3,704
Bank SinoPac (China) Ltd.	11,156	-	-

16) Payables

	December 31	
	2021	2020
Accrued expenses		
Others	$ 13	$ 55
Interests payable		
Others	587	8,927
Dividends payable to SPH		
SPH	1,435,025	1,435,025
Others payable		
Others	13,290	7,914

17) Bank debentures

The Bank's bank debentures issued for the year ended December 31, 2021 and 2020 were underwritten by SinoPac Securities who were paid $1,700 and $3,150 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, 2021 and 2020 were $15,660 and $28,599, respectively.

18) Deposits

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 Material	423,029	0.001-0.815
TWSE	300,441	0.03-0.76
China Color Printing	271,089	0.03-0.815
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

(Continued)

	Ending Balance	Interest Rate (%)
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)

2020

December 31		For the Year Ended December 31
Ending Balance	Interest Rates (%)	Interest Expense
$ 61,750,092	0-13	$ 267,098

	Ending Balance	Interest Rate (%)
Quanta Computer	$ 15,500,906	0-0.76
Pegatron	14,664,985	0.03-0.76
SinoPac Securities	6,781,400	0-1.01
SinoPac Securities (Asia)	3,451,570	0-2.4
SinoPac Capital International Limited	2,139,981	0.001-0.2
Hydis Technologies Co., Ltd.	1,555,868	0.03
Hsin-Yi Foundation	868,661	0.01-1.75
Nuvoton Technology	734,300	0.01-0.49
E Ink Holdings	729,138	0.001-0.815
Foundation of Fire Fighting Development	729,042	0-0.84
YuanHan Material	713,395	0.001-0.815
SinoPac TWD Money Market Fund	500,132	0.03
Tech Smart Logistics Ltd.	449,717	0.03
Shin Foong Specialty And Applied Materials	419,065	0.03-0.57
Sinopac Venture Capital	324,506	0.01-0.38
New Field e-Paper	316,794	0.03
Hsin Yi Recreation	309,018	0.03-1.5
YFY Biotech Management	282,956	0-0.76
China Color Printing	270,226	0.03-0.815
TWSE	200,000	0.03-1.01
SinoPac Securities Investment Service	183,163	0-0.815
SinoPac Securities Venture Capital	167,922	0.03

(Continued)

	Ending Balance	Interest Rate (%)
Private School Promotion Foundation	$ 151,172	0-0.83
SPH	139,621	0-0.03
Sun He Energy	138,823	0.03
Yong Hsin Yi Enterprise	131,036	0.03-1.55
Hoss Capital	126,309	0.03-1.4
Shin Yuan Investment	120,156	0.001-0.55
Foongtone Technology	116,908	0-1.35
Willpower Industries Limited	116,304	0.03-0.3
Taiwan Securities Association	114,947	0.08-0.84
Yuen Foong Paper	111,467	0-1.065
Taiwan Riken Industrial	110,902	0-2.3
Taigen Biotechnology	105,566	0-1.01
Others	8,974,136	0-13
	$ 61,750,092	

(Concluded)

19) Other liabilities

	December 31 2021	December 31 2020
Guarantee deposits received	$ 11,727	$ 10,795
Advance receipts	12	58

20) Revenues and expenses

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Lease contracts - guarantee deposits interest revenue	$ 319	$ 306
Lease contracts - interest expenses	32,705	34,617
Commissions and fee revenues	67,940	138,114
Commissions and fee expenses	71,393	69,439
Realized gains on financial assets at fair value through other comprehensive income	35,070	16,253
Other revenues	14,359	16,459
Lease contracts - depreciation expenses	106,893	107,046
Other general and administrative expenses	206,090	171,406

21) Operating lease

The Bank as a lessee

	For the Year Ended December 31	
	2021	2020
Lease contracts - right of use, net		
SPL	$ 626,145	$ 675,064
Chunghwa Telecom	108,126	152,868
Others	13,451	16,814
Lease contracts - lease liability		
SPL	653,091	688,469
Chunghwa Telecom	109,522	154,074
Others	13,479	16,785

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	2021	2020	Lease Term	Receiving Frequency
SinoPac Securities	$ 31,910	$ 32,338	November 2025	Rentals received monthly
SinoPac Securities Investment Trust	9,851	9,761	July 2024	Rentals received monthly
SPL	6,443	6,533	July 2026	Rentals received monthly
Yuen Foong Shop	4,358	4,317	January 2022	Rentals received monthly
YFY Biotech	3,396	3,448	October 2025	Rentals received monthly
Others	7,551	7,469	April 2025	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 Foundation of SinoPac. 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	
	2021	2020
Short-term employee benefits	$ 262,002	$ 226,704
Post-employment benefits	15,144	3,550
	$ 277,146	$ 230,254

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 2021	December 31 2020	Purposes
Due from the Central Bank and call loans to banks	Deposit reserve - demand accounts	$ 5,000,000	$ 5,000,000	Note 1
Investment in debt instruments at amortized cost	Certificates of deposits	8,138,448	8,142,542	Note 2
Investment in debt instruments at amortized cost	Government bonds	1,609,325	1,379,738	Note 3
Discounts and loans	Loans	12,975,007	13,801,044	Note 4
Other financial assets	Certificates of deposits	-	2,629,944	Note 5

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.

Note 5: Pledged with intraday overdraft of settlement banks.

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, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Trust assets	$ 631,453,936	$ 529,513,877
Securities under custody	214,851,201	169,305,568
Agent for government bonds	89,466,800	82,429,900
Receipts under custody	27,281,580	25,695,434
Guarantee notes payable	8,752,948	11,313,886
Agent for marketable securities under custody	5,885,170	7,499,160
Appointment of investment	4,533,851	3,204,791
Goods under custody	1,215,393	1,161,933

As of December 31, 2021, 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 their 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 enterprise and industry cooperation and donation agreement effective from July 1, 2020 through June 30, 2023. As of December 31, 2021, the Bank recognized operating expense in the amount of $52,000 and related payable in the amount of $14,000 based on the renewed contract.

b. The Bank entered into contracts to buy computers and office equipment for $866,570 and $614,155, of which $503,060 and $414,144 had not been paid as of December 31, 2021 and 2020.

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 Taiwan New Taipei District Prosecutors in 2016. 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 one

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 two

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 three

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, 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 purchased 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

Financial Instruments Measured at Fair Value	December 31, 2020			
	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	$ 68,765	$ 68,765	$ -	$ -
Bonds	28,251,515	27,339,042	912,473	-
Others	4,347,109	-	4,347,109	-
Financial assets designated at fair value through profit or loss				
Bonds	2,655,588	2,655,588	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	11,577,644	9,219,153	1,158,061	1,200,430
Debt instruments at FVTOCI				
Bonds	136,402,511	89,561,677	45,002,118	1,838,716
Certificates of deposits purchased and others	182,648,873	-	182,648,873	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,520,769	-	1,520,769	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	19,012,873	50,856	18,684,071	277,946
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	18,971,616	196,553	17,893,528	881,535

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

For the year ended December 31, 2020, the Bank transferred part of the NTD government bonds, NTD corporate bonds, foreign corporate bonds and foreign 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

For the Year Ended December 31, 2021									
		Gains (Losses) on Valuation		Increase		Decrease			
Items	Beginning Balance	Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
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 Year Ended December 31, 2020									
		Gains (Losses) on Valuation		Increase		Decrease			
Items	Beginning Balance	Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold (Note)	Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
Non-derivative financial instruments									
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	$ 1,193,151	$ -	$ 76,430	$ 8,553	$ -	$ (77,704)	$ -	$ -	$ 1,200,430
Debt instruments at FVTOCI	903,366	-	(14,328)	997,793	-	-	-	(48,115)	1,838,716
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	679,835	(401,889)	-	-	-	-	-	-	277,946

Note: Including the reduced capital by the investee.

For the years ended December 31, 2021 and 2020, the gains or losses on valuation included in net income with assets still held were gain $198,696 and loss $343,838, respectively.

For the years ended December 31, 2021 and 2020, the gains on valuation included in other comprehensive income with assets still held were $204,699 and $62,102, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Year Ended December 31, 2021								
			Increase		Decrease			
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
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 Year Ended December 31, 2020								
			Increase		Decrease			
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3	Effects of Changes in Exchange Rate	Ending Balance
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 1,107,188	$ (225,653)	$ -	$ -	$ -	$ -	$ -	$ 881,535

For the years ended December 31, 2021 and 2020, the gains on valuation included in net income with liabilities still held were $98,121 and $161,478, 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, 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					
Hybrid FX swap structured instruments	$ 300,992	$ 300,830	Sellers' quote	(Note 1)	-
Others	148,184	456,710	Sellers' quote	(Notes 1 and 2)	-
	$ 449,176	$ 757,540			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Unlisted common 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 purchased	426,093	-	Sellers' quote	(Note 2)	-
	$ 1,394,743	$ -			

December 31, 2020

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					
Hybrid FX swap structured instruments	$ 270,401	$ 270,239	Sellers' quote	(Note 1)	-
Others	7,545	611,296	Sellers' quote	(Notes 1 and 2)	-
	$ 277,946	$ 881,535			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Unlisted common stock	$ 1,200,430	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 1,838,716	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-

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 third level 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, 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

December 31, 2020

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	$ (47,234)	$ 47,234

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, securities sold under repurchase agreements, payables, deposits and remittances and other financial liabilities.

	December 31, 2021	
Items	**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

	December 31, 2020	
Items	**Carrying Amount**	**Fair Value**
Investments in debt instruments at amortized cost	$ 162,368,434	$ 167,684,891
Bank debentures	45,078,282	45,942,844

2) Hierarchy information of fair value of financial instruments

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

Assets and Liabilities Item	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments in debt instruments at amortized cost	$ 167,684,891	$ 57,444,722	$ 110,240,169	$ -
Bank debentures	45,942,844	1,000,495	27,742,049	17,200,300

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

The board of directors authorized 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. It arises principally from lending, trade finance, treasury, and credit derivatives. The issuer's credit risk should be considered as part of the market risk when the investment target is securities in an active market.

2) Policies and strategies

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 credit risk assessment model for corporate banking, personal banking and consumer banking through statistic methods, professional judgment and clients' information. Every model should be reviewed regularly to examine whether the calculations match to the actual conditions or not, then the Bank will adjust parameters to optimize the results.

For personal banking and consumer banking customers, every case will be reviewed individually to assess default risks except that micro-credit and credit card business should be assessed by internal credit assessment model.

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 disposal of collateral, acceptance of real estate as collateral, real estate appraisal; credit policies for every commodity to regulate collateral categories, appraisals, procedures, deduction percentages, loan rate, loan-to-value ratio, maturity analysis, control, management and disposal.

To maintain collateral's effectiveness, 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, the management should take appropriate action and the Bank should review the credit approval process and authorization level.

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, personal finance, consumer finance, e-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, 2021	December 31, 2020
Undrawn credit card commitments	$ 207,556,077	$ 197,690,182
Undrawn loan commitments	45,228,261	36,626,324
Guarantees	39,560,079	30,760,005
Standby letter of credit	7,406,923	5,433,471

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, 2021		December 31, 2020	
	Amount	%	Amount	%
Private enterprise	$ 525,650,856	45.13	$ 509,869,123	45.29
Public enterprise	1,413,442	0.12	3,884,004	0.34
Government sponsored enterprise and business	13,993,648	1.20	44,352,603	3.94
Nonprofit organization	272,106	0.02	208,833	0.02
Private	615,447,654	52.83	558,253,076	49.59
Financial institutions	8,101,902	0.70	9,253,940	0.82
Total	$ 1,164,879,608	100.00	$ 1,125,821,579	100.00

b) By region

Regions	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	$ 963,997,152	82.75	$ 933,500,404	82.92
Asia	93,989,797	8.07	82,935,826	7.37
North America	70,570,703	6.06	72,737,224	6.46
Others	36,321,956	3.12	36,648,125	3.25
Total	$ 1,164,879,608	100.00	$ 1,125,821,579	100.00

c) By collateral

Collaterals	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Credit	$ 343,484,189	29.49	$ 382,900,554	34.01
Secured				
Stocks	5,357,079	0.46	5,940,428	0.53
Bonds	15,402,440	1.32	15,316,260	1.36
Real estate	736,771,440	63.25	666,791,489	59.23
Movable collaterals	51,539,989	4.43	44,035,673	3.91
Guarantees	3,435,235	0.29	2,204,359	0.19
Others	8,889,236	0.76	8,632,816	0.77
Total	$ 1,164,879,608	100.00	$ 1,125,821,579	100.00

d) Credit risk exposure rating

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

December 31, 2020	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	$ 576,319,296	$ 1,633,616	$ 3,584,931	$ 581,537,843	$ 1,585,544	$ 745,597	$ 773,501	$ 4,115,807	$ 7,220,449
Consumer banking	538,566,804	4,376,940	1,339,992	544,283,736	213,181	287,605	225,802	6,660,382	7,386,970
Receivables									
Credit card receivable	18,097,575	216,740	795,515	19,109,830	8,588	9,986	31,171	151,564	201,309
Accounts receivable - factoring (Note 1)	7,574,317	-	-	7,574,317	7,939	-	-	121,173	129,112
Other receivable (Note 2)	15,891,559	19,325	284,302	16,195,186	9,774	3,605	238,517	125,492	377,388
Debt instruments at fair value through other comprehensive income	319,051,384	-	-	319,051,384	61,030	-	-	-	61,030
Investment in debt instruments at amortized cost	162,380,325	-	-	162,380,325	11,891	-	-	-	11,891

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, 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

For the Year Ended December 31, 2020	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	$ 959,100	$ 718,902	$ 876,821	$ 2,554,823	$ 10,957,823	$ 13,512,646
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(15,312)	1,429,127	(92,619)	1,321,196	-	1,321,196
From conversion to credit-impaired financial assets	(7,965)	(609,892)	1,061,628	443,771	-	443,771
To 12-month ECL	3,250	(255,440)	(30,551)	(282,741)	-	(282,741)
Derecognizing financial assets during the current period	(3,295,300)	(2,101,029)	(496,730)	(5,893,059)	-	(5,893,059)
Purchased or originated new financial assets	4,268,927	1,833,348	269,467	6,371,742	-	6,371,742
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	190,549	190,549
Write-off	(9)	-	(865,452)	(865,461)	(330,770)	(1,196,231)
Changes in model/risk parameters	(62,675)	22,473	3,936	(36,266)	-	(36,266)
Effect of exchange rate changes and others	(51,291)	(4,287)	272,803	217,225	(41,413)	175,812
Balance, December 31	$ 1,798,725	$ 1,033,202	$ 999,303	$ 3,831,230	$ 10,776,189	$ 14,607,419

Changes in allowance for receivable

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

For the Year Ended December 31, 2020	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	$ 10,599	$ 7,906	$ 333,689	$ 352,194	$ 374,588	$ 726,782
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(220)	29,524	(5,385)	23,919	-	23,919
From conversion to credit-impaired financial assets	(25)	(19,532)	71,094	51,537	-	51,537
To 12-month ECL	36	(3,878)	(105)	(3,947)	-	(3,947)
Derecognizing financial assets during the current period	(57,908)	(3,644)	(21,367)	(82,919)	-	(82,919)
Purchased or originated new financial assets	68,823	3,837	767	73,427	-	73,427
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	118,537	118,537
Write-off	(3)	(284)	(125,795)	(126,082)	(88,001)	(214,083)
Changes in model/risk parameters	5,522	(316)	(2,698)	2,508	-	2,508
Effect of exchange rate changes and others	(523)	(22)	19,488	18,943	(6,895)	12,048
Balance, December 31	$ 26,301	$ 13,591	$ 269,688	$ 309,580	$ 398,229	$ 707,809

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, 2021	Credit Rating			
	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

For the Year Ended December 31, 2020	Credit Rating			
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 33,173	$ -	$ -	$ 33,173
Purchased new debt instrument	33,910	-	-	33,910
Derecognized	(12,190)	-	-	(12,190)
Model/risk parameters changes	2,871	-	-	2,871
Effect of exchange rate changes and others	3,266	-	-	3,266
Balance December 31	$ 61,030	$ -	$ -	$ 61,030

Change in allowance for debt instrument at amortized cost

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

For the Year Ended December 31, 2020	Credit Rating			
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 8,034	$ -	$ -	$ 8,034
Purchased new debt instrument	3,004	-	-	3,004
Derecognized	(525)	-	-	(525)
Model/risk parameters changes	391	-	-	391
Effect of exchange rate changes and others	987	-	-	987
Balance December 31	$ 11,891	$ -	$ -	$ 11,891

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, 2021 and 2020, the amount of discounts and loans were $6,538,123 and $4,924,923, with a provision for loss allowance of $1,028,123 and $999,303 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposit, etc., which reduced the potential loss, amounted to $3,721,432 and $2,082,399.

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 $47,391,803 and $46,629,546 on December 31, 2021 and 2020.

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, 2021 and 2020, 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, 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	-

Date			December 31, 2020				
Items			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 471,944	$ 222,296,550	0.21%	$ 2,918,173	618.33%
	Unsecured		280,701	359,241,293	0.08%	4,302,276	1,532.69%
Consumer loan	Mortgage (Note 4)		277,420	299,969,781	0.09%	4,620,614	1,665.57%
	Cash card		27	3,995	0.68%	107	396.30%
	Micro credit (Note 5)		69,336	23,679,481	0.29%	362,634	523.01%
	Others (Note 6)	Secured	457,503	218,269,353	0.21%	2,377,479	519.66%
		Unsecured	945	2,361,126	0.04%	26,136	2,765.71%
Total			1,557,876	1,125,821,579	0.14%	14,607,419	937.65%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			23,498	19,109,830	0.12%	201,309	856.71%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	10,364,469	-	129,112	-

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, 2021		December 31, 2020	
Items	**Excluded NPL**	**Excluded Overdue Receivables**	**Excluded NPL**	**Excluded Overdue Receivables**
As a result of debt negotiation and loan agreement (Note 1)	$ 548	$ 24,067	$ 787	$ 34,687
As a result of consumer debt clearance (Note 2)	17,595	619,322	18,995	648,216
Total	$ 18,143	$ 643,389	$ 19,782	$ 682,903

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, 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 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

Year	December 31, 2020		
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)	$ 12,022,746	8.61
2	B Group (manufacture of computers)	10,589,019	7.58
3	C Group (real estate development activities)	6,377,786	4.57
4	D Group (manufacture of passive electronic components)	4,408,850	3.16
5	E Group (manufacture of liquid crystal panel and components)	4,340,808	3.11
6	F Company (other metalworking activities)	4,300,000	3.08
7	G Group (rolling and extruding of iron and steel)	4,114,833	2.95
8	H Group (water transportation)	3,968,591	2.84
9	I Group (metal casting)	3,912,517	2.80
10	J Group (real estate development activities)	3,528,000	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.

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 Liquidity Risk Emergency Response Rule".

2) Maturity analysis of non-derivative financial liabilities held to manage liquidity risk

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, 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	9,618,096	551,491	162,803	190,045	2,045,652	12,568,087
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

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 27,918,163	$ 32,615,631	$ 10,946,188	$ 66,940	$ -	$ 71,546,922
Due to the Central Bank and banks	7	51,894	7	28,501	-	80,409
Financial liabilities at fair value through profit or loss	-	-	-	-	1,598,698	1,598,698
Securities sold under repurchase agreements	2,296,713	1,344,465	63,601	-	-	3,704,779
Payables	6,603,613	830,208	239,414	275,820	2,535,476	10,484,531
Deposits and remittances	1,012,653,855	189,986,177	143,944,662	260,705,696	26,813,256	1,634,103,646
Bank debentures	6,079	2,713,513	127,738	3,372,059	42,088,329	48,307,718
Other financial liabilities - certificate of deposits	-	-	-	743,236	-	743,236

3) Maturity analysis of financial derivatives held for liquidity risk management

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 shortest period that payment would be required.

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

December 31, 2020	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	$ 4,930,871	$ -	$ -	$ -	$ -	$ 4,930,871

b) Derivatives settled on a gross basis

Gross settled derivatives of the Bank include:

Foreign exchange derivatives: Foreign exchange forward, 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, 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

December 31, 2020	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	$ 328,647,096	$ 261,676,902	$ 195,750,840	$ 238,934,793	$ 5,000,411	$ 1,030,010,042
Cash outflow	329,002,676	261,615,347	196,200,139	239,348,488	4,960,371	1,031,127,021

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, 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

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	$ 215,995	$ 1,317,788	$ 5,456,442	$ 5,358,244	$ 24,277,855	$ 36,626,324
Guarantees	10,348,484	6,194,237	1,328,332	4,593,308	8,295,644	30,760,005
Standby letter of credit	1,366,740	3,104,846	752,802	209,083	-	5,433,471

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, 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

December 31, 2020	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	$ 558,371	$ 1,144,793	$ 806,758	$ 2,509,922
Operating lease income (lessor)	77,822	179,793	11,400	269,015

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, 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)

	December 31, 2020						
	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	$ 1,704,625,195	$ 186,799,412	$ 255,490,796	$ 223,412,961	$ 112,774,421	$ 173,466,725	$ 752,680,880
Main capital outflow on maturity	2,046,100,759	85,434,450	144,144,334	249,143,931	226,940,682	481,502,078	858,935,284
Gap	(341,475,564)	101,364,962	111,346,462	(25,730,970)	(114,166,261)	(308,035,353)	(106,254,404)

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, 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

(In Thousands of U.S. Dollars)

	December 31, 2020					
	Total	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days to 1 Year**	**Over 1 Year**
Main capital inflow on maturity	$ 34,423,991	$ 10,178,365	$ 6,429,725	$ 4,213,107	$ 5,532,400	$ 8,070,394
Main capital outflow on maturity	35,799,107	10,168,260	8,568,027	6,214,963	5,427,801	5,420,056
Gap	(1,375,116)	10,105	(2,138,302)	(2,001,856)	104,599	2,650,338

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 decrease in the value of the banking book portfolio due to unfavorable interest rate changes. The banking book interest rate risk is not related to the interest rate position shown in the trading book.

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

a) Strategies

To reduce the negative effect of interest rate changes on 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 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 net interest revenue.

c) Risk monitoring

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

If the risk exposure condition exceeds the limit or target value, the risk management sector should investigate how this condition arose and notify the executive division accordingly. The executive division coordinates with relevant divisions to find solutions to problems. The asset and liability management committee will evaluate solutions for effectiveness. If evaluation results are positive, the relevant division will apply the solutions.

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, 2021, the Bank has identified all information systems and internal processes that need to be updated and has finished the updating partially, and is confirming the scope of the impact, including compliance with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. At present, the projects are implemented on time according to the schedule.

Interest rate benchmark reform mainly exposes the 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, 2021, 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	$ 164,488,599	$ -
EUR LIBOR	19,641	-
GBP LIBOR	743,252	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	165,251,492	-

Note: EUR/GBP LIBOR financial assets have been fully placed in the conversion clause.

Derivatives	Notional Amount
USD LIBOR	$ 68,102,214
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	68,102,214

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, 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

	For the Year Ended December 31, 2020		
	Average	**Maximum**	**Minimum**
Exchange rate risk	15,788	51,534	5,023
Interest rate risk	60,552	200,058	24,903
Equity risk	30	2,625	-
Total VaR	63,709	203,536	26,205

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

Note 2: Historical data period: 2020.01.02 - 2020.12.31

13) Exchange rate risks

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

	December 31, 2021		
	Foreign Currency (In Thousands)	**Exchange Rate**	**Converted to NTD**
<u>Financial assets</u>			
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
<u>Financial liabilities</u>			
Monetary items			
USD	19,605,390	27.68955	542,864,427
CNY	13,232,475	4.34909	57,549,225

	December 31, 2020		
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
Financial assets			
Monetary items			
USD	$ 13,730,053	28.50837	$ 391,421,431
CNY	16,967,587	4.38324	74,373,006
Nonmonetary items			
USD	393,237	28.50837	11,210,546
Financial liabilities			
Monetary items			
USD	17,735,014	28.50837	505,596,341
CNY	16,258,852	4.38324	71,266,450

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

a) Interest rate sensitivity information (New Taiwan dollars)

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%

December 31, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,093,452,921	$ 47,911,279	$ 76,783,322	$ 108,445,978	$ 1,326,593,500
Interest rate-sensitive liabilities	283,544,383	678,130,636	146,822,802	52,670,713	1,161,168,534
Interest rate-sensitive gap	809,908,538	(630,219,357)	(70,039,480)	55,775,265	165,424,966
Net worth					136,402,893
Ratio of interest rate-sensitive assets to liabilities (%)					114.25%
Ratio of interest rate-sensitive gap to net worth (%)					121.28%

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

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

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

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%)

December 31, 2020

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 9,724,612	$ 402,110	$ 183,944	$ 2,377,660	$ 12,688,326
Interest rate-sensitive liabilities	6,602,087	8,435,589	1,313,074	81,416	16,432,166
Interest rate-sensitive gap	3,122,525	(8,033,479)	(1,129,130)	2,296,244	(3,743,840)
Net worth					71,048
Ratio of interest rate-sensitive assets to liabilities (%)					77.22%
Ratio of interest rate-sensitive gap to net worth (%)					(5,269.45%)

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

Category of Financial Asset	December 31, 2020				
	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	$ 1,058,746	$ 1,015,961	$ 1,058,746	$ 1,015,961	$ 42,785
Securities purchased under resell agreements					
Transactions under repurchase agreements	2,271,514	2,451,600	2,271,514	2,451,600	(180,086)

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, 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.

December 31, 2020

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	$ 18,713,644	$ -	$ 18,713,644	$ 10,189,630	$ 4,390,542	$ 4,133,472
Securities purchased under resell agreements	50,648,028	-	50,648,028	50,639,522	-	8,506
	$ 69,361,672	$ -	$ 69,361,672	$ 60,829,152	$ 4,390,542	$ 4,141,978

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	$ 18,807,048	$ -	$ 18,807,048	$ 10,189,630	$ 1,885,934	$ 6,731,484
Securities sold under repurchase agreements	3,701,323	-	3,701,323	3,698,310	-	3,013
	$ 22,508,371	$ -	$ 22,508,371	$ 13,887,940	$ 1,885,934	$ 6,734,497

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, 2021 Standalone	December 31, 2021 Consolidation	December 31, 2020 Standalone	December 31, 2020 Consolidation
Eligible capital	Common stock equity		$ 132,290,534	$ 134,619,600	$ 127,040,342	$ 129,349,315
	Other Tier 1 capital		18,058,460	20,500,000	14,609,201	17,030,000
	Tier 2 capital		32,523,527	38,218,773	29,791,673	35,352,578
	Eligible capital		182,872,521	193,338,373	171,441,216	181,731,893
Risk-weighted assets	Credit risk	Standardized approach	1,070,623,669	1,135,596,901	991,915,739	1,049,460,196
		Internal rating - based approach	-	-	-	-
		Securitization	-	-	-	-
	Operational risk	Basic indicator approach	50,726,187	52,454,161	47,241,106	49,534,891
		Standardized approach/ alternative standardized approach	-	-	-	-
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	35,846,921	36,848,684	39,468,868	39,704,293
		Internal model approach	-	-	-	-
	Total risk-weighted assets		1,157,196,777	1,224,899,746	1,078,625,713	1,138,699,380
Capital adequacy ratio			15.80%	15.78%	15.89%	15.96%
Common stock equity risk - based capital ratio			11.43%	10.99%	11.78%	11.36%
Tier 1 risk - based capital ratio			12.99%	12.66%	13.13%	12.85%
Leverage ratio			6.66%	6.83%	6.88%	7.06%

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.

Note 5: Under Order No. 10902745641 issued by the FSC, which referred to the amendment of "Eligible Capital and Risk-weighted Assets Calculation and Related Tables", the real-estate-secured loans are divided into three types: "residential real estate exposures", "commercial real estate exposures" and "land acquisition, development and construction exposures"; each type was given different risk weight based on the real estate loan ratio and type when the capital adequacy ratio was calculated as from December 31, 2020.

47. CROSS-SELLING INFORMATION

For the years ended December 31, 2021 and 2020, the Bank charged SinoPac Securities for $12,113 and $6,608, respectively, as opening accounts. The rental fee the Bank charged SinoPac Securities for the year ended December 31, 2020 was $1,294.

The Bank paid to SinoPac Securities $5,155 and $4,954 for the years ended December 31, 2021 and 2020 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Leasing for $304 and $330 for the years ended December 31, 2021 and 2020 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Leasing $38 and $19 for the years ended December 31, 2021 and 2020 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Venture Capital $14 and $31 for the years ended December 31, 2021 and 2020 for bonus as a part of the cross-selling agreement.

For other transactions between SPH and its subsidiaries, please refer to Note 41.

48. PROFITABILITY

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	0.64%	0.61%
	After income tax	0.56%	0.54%
Return on net worth	Before income tax	9.25%	8.06%
	After income tax	8.07%	7.14%
Profit margin		38.31%	35.95%

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, 2021 and 2020.

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, 2021 and 2020

	December 31			
	2021	%	2020	%
Trust assets				
Bank deposits	$ 7,043,443	1	$ 3,775,769	1
Bonds	12,995,616	2	11,558,992	2
Stocks	28,902,543	4	16,335,447	3
Funds	108,012,869	17	99,189,058	19
Securities lent	631,974	-	1,002,333	-
Receivables	120,980	-	111,840	-
Prepayments	8,255	-	4,877	-
Real estate				
Land	17,365,819	3	10,952,077	2
Buildings	148,593	-	221,569	-
Construction in progress	3,988,057	1	1,700,931	-
Securities under custody	452,237,693	72	384,661,813	73
Total trust assets	$ 631,455,842	100	$ 529,514,706	100
Trust liabilities				
Payables	$ 1,906	-	$ 829	-
Payable on securities under custody	452,237,693	72	384,661,813	73
Trust capital	173,502,392	27	142,300,276	27
Reserves and cumulative earnings				
Net income	3,676,892	1	(444,157)	-
Cumulative earnings	2,551,788	-	3,272,497	-
Deferred amount	(514,829)	-	(276,552)	-
Total trust liabilities	$ 631,455,842	100	$ 529,514,706	100

Note: As of December 31, 2021 and 2020, the Bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to $3,581,926 and $3,041,368, respectively. As of December 31, 2021 and 2020, the Bank's Offshore Banking Unit invested in domestic securities under specific purpose trust accounts amounting to $891,638 and $706,974, respectively.

Income Statements of Trust Account
Years Ended December 31, 2021 and 2020

	Years Ended December 31			
	2021	%	2020	%
Trust income				
Interest income	$ 12,057	-	$ 12,243	2
Borrowed Securities income	17,016	1	8,326	1
Cash dividends	688,614	18	399,835	65
Gains from beneficial certificates	38,830	1	12,670	2
Realized investment income	207,647	6	23,153	4
Unrealized investment income	2,810,873	74	144,088	24
Other revenues	-	-	-	-
Donation revenue - charitable trust	8,435	-	10,750	2
Total trust income	3,783,472	100	611,065	100
Trust expense				
Trust administrative expenses	8,694	-	5,174	1
Tax expenses	34	-	43	-
Donation expense - charitable trust	9,389	1	4,312	1
Realized investment loss	1,469	-	30,612	5
Unrealized investment loss	86,322	2	1,014,839	166
Other expense	672	-	242	-
Total trust expense	106,580	3	1,055,222	173
Income (loss) before income tax	3,676,892	97	(444,157)	(73)
Income tax expense	-	-	-	-
Income (loss) after income tax	$ 3,676,892	97	$ (444,157)	(73)

Trust Properties of Trust Accounts
December 31, 2021 and 2020

	December 31	
Investment Portfolio	2021	2020
Bank deposits	$ 7,043,443	$ 3,775,769
Bonds	12,995,616	11,558,992
Stocks	28,902,543	16,335,447
Funds	108,012,869	99,189,058
Securities lent	631,974	1,002,333
Real estate		
Land	17,365,819	10,952,077
Buildings	148,593	221,569
Construction in progress	3,988,057	1,700,931
Securities under custody	452,237,693	384,661,813
Total	$ 631,326,607	$ 529,397,989

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)

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.

BANK SINOPAC

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE ISSUED CAPITAL
DECEMBER 31, 2021
(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, 2021
(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	$ 9,699,938	$ 115,689	-	-	-	100.00	Subsidiary and Note 1
SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage business	100.00	66,223	(9,888)	100	-	100	100.00	Subsidiary and Note 1
Global Securities Finance Corporation	Taiwan	Investment management	2.64	5,605	-	535	-	535	2.88	
Taipei Foreign Exchange Inc.	Taiwan	Foreign exchange market maker	3.43	19,659	5,100	680	-	680	3.43	Note 2
Taiwan Futures Exchange	Taiwan	Futures exchange and settlement	1.07	410,315	12,862	8,752	-	8,752	2.08	Note 2
Fuh Hwa Securities Investment Trust Co., Ltd.	Taiwan	Securities investment trust and consultant	4.63	107,313	33,353	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	581,953	34,579	12,927	-	12,927	2.48	Note 2
Taiwan Asset Management Corporation	Taiwan	Evaluating, auctioning, and managing for financial institutions' loan	0.28	17,160	1,950	3,000	-	3,000	0.28	Note 2
Taiwan Financial Asset Service Co.	Taiwan	Auction	5.88	122,300	1,000	10,000	-	10,000	5.88	Note 2
Sunny Asset Management Corp.	Taiwan	Purchasing for financial institutions' loan assets	1.42	682	158	85	-	85	1.42	Note 2
Taiwan Depository and Clearing Co.	Taiwan	Computerizing book-entry operation for securities	0.08	45,063	1,453	4,010	-	4,010	0.92	Note 2
Taiwan Mobile Payment Corporation	Taiwan	Promoting E-commerce and developing E-billing	1.00	3,054	-	600	-	600	1.00	
Nonfinancial related enterprise										
Taiwan Television Enterprise, Ltd.	Taiwan	Wireless television company	4.84	85,780	-	13,789	-	13,789	4.91	
Victor Taichung Machinery Works Co., Ltd.	Taiwan	Manufacturer and seller of tool machine, plastic machine and other precise equipment	0.08	1,763	24	157	-	157	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, 2021.

Note 2: Investment gains are dividend income.

Note 3: Above shares are in thousands of shares.

BANK SINOPAC

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	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	$ 8,967,840	Investment in Mainland China directly	$ 8,967,840	$ -	$ -	$ 8,967,840	$ 121,102	100	$ 115,689	$ 9,699,938	$ -

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$8,967,840	$8,967,840	$85,877,198

Note 1: The accumulated investment amounts in Mainland China as of December 31, 2021 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, 2021 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

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