Bank SinoPac and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2022 and 2021 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholder
Bank SinoPac

Introduction

We have reviewed the accompanying consolidated balance sheets of Bank SinoPac and its subsidiaries (collectively referred to as the Group) as of September 30, 2022 and 2021 and the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021, nine months ended September 30, 2022 and 2021, as well as changes in equity and cash flows for the nine months ended September 30, 2022 and 2021 and related notes, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authority, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three months ended September 30, 2022 and 2021, nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Mei-Hui Wu and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS, NET (Notes 4 and 6)	$ 60,971,844	3	$ 45,487,854	2	$ 27,186,268	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7, 40 and 41)	203,044,708	9	217,618,752	10	135,859,322	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	82,756,988	4	45,048,153	2	60,028,007	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 41)	291,933,247	13	380,769,066	18	342,129,543	16
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 41)	224,577,958	10	167,247,985	8	161,539,455	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 40)	50,213,091	2	46,121,524	2	48,362,609	2
RECEIVABLES, NET (Notes 4, 12 and 40)	57,424,037	2	58,254,361	3	53,706,283	3
CURRENT INCOME TAX ASSETS (Notes 4, 29 and 40)	1,248,734	-	1,104,414	-	1,353,115	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 40 and 41)	1,290,829,404	56	1,184,692,221	55	1,222,707,571	59
OTHER FINANCIAL ASSETS, NET (Notes 14, 40 and 41)	4,554,110	-	3,942,295	-	5,004,822	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 15, 17 and 40)	9,873,063	-	9,848,477	-	9,779,563	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 40)	2,784,667	-	2,680,065	-	2,704,011	-
INVESTMENT PROPERTY, NET (Notes 4 and 17)	1,039,018	-	1,051,692	-	1,054,529	-
INTANGIBLE ASSETS, NET (Notes 4, 18 and 40)	1,725,282	-	1,623,772	-	1,609,875	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 29)	1,538,830	-	1,414,843	-	1,374,101	-
OTHER ASSETS, NET (Notes 19 and 40)	14,910,249	1	2,590,709	-	2,987,531	-
TOTAL	$ 2,299,425,230	100	$ 2,169,496,183	100	$ 2,077,386,605	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 20 and 40)	$ 97,112,923	4	$ 70,265,085	3	$ 74,713,447	4
DUE TO THE CENTRAL BANK AND BANKS	-	-	205,030	-	176,190	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	52,225,197	2	9,244,086	-	8,733,480	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11 and 21)	45,461,315	2	12,584,215	1	13,512,512	1
PAYABLES (Notes 4, 22, 27, 36 and 40)	21,278,679	1	21,360,706	1	17,076,878	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 29 and 40)	1,440,487	-	889,901	-	745,256	-
DEPOSITS AND REMITTANCES (Notes 23 and 40)	1,848,328,137	80	1,840,387,303	85	1,752,526,291	84
BANK DEBENTURES (Notes 24 and 40)	56,249,390	3	50,548,494	2	45,568,924	2
OTHER FINANCIAL LIABILITIES (Note 25)	35,193,850	2	12,042,527	1	13,293,435	1
PROVISIONS (Notes 4, 26 and 27)	2,885,278	-	3,044,316	-	3,168,843	-
LEASE LIABILITIES (Notes 4, 16 and 40)	2,837,296	-	2,697,037	-	2,714,095	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 29)	1,054,656	-	807,276	-	783,909	-
OTHER LIABILITIES (Notes 28 and 40)	3,507,258	-	2,291,543	-	3,125,342	-
Total liabilities	2,167,574,466	94	2,026,367,519	93	1,936,138,602	93
EQUITY						
Capital stock						
Common stock	90,325,841	4	86,889,193	4	86,889,193	4
Capital surplus						
Additional paid-in capital in excess of par	4,001,872	-	4,001,872	-	4,001,872	-
Capital surplus from business combination	8,076,524	1	8,076,524	1	8,076,524	1
Others	69,244	-	69,244	-	69,244	-
Total capital surplus	12,147,640	1	12,147,640	1	12,147,640	1
Retained earnings						
Legal reserve	33,468,449	1	29,790,449	1	29,790,449	1
Special reserve	357,169	-	361,146	-	361,146	-
Unappropriated earnings	12,341,443	1	12,259,998	1	9,602,709	1
Total retained earnings	46,167,061	2	42,411,593	2	39,754,304	2
Other equity	(16,789,778)	(1)	1,680,238	-	2,456,866	-
Total equity	131,850,764	6	143,128,664	7	141,248,003	7
TOTAL	$ 2,299,425,230	100	$ 2,169,496,183	100	$ 2,077,386,605	100

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME	$ 12,191,323	116	$ 7,287,000	87	$ 29,123,438	100	$ 21,507,766	91
INTEREST EXPENSES	(5,301,563)	(50)	(2,086,715)	(25)	(10,567,726)	(36)	(6,376,440)	(27)
NET INTEREST REVENUE (Notes 4, 31 and 40)	6,889,760	66	5,200,285	62	18,555,712	64	15,131,326	64
NET REVENUES OTHER THAN INTEREST (Note 4)								
Service fee income, net (Notes 32 and 40)	1,466,422	14	1,803,098	22	6,271,045	21	5,960,594	25
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 33 and 40)	568,148	5	151,051	2	1,370,970	5	452,143	2
Realized gains on financial assets at fair value through other comprehensive income (Notes 34 and 40)	623,779	6	870,126	10	1,141,451	4	1,444,374	6
(Losses) gains arising from derecognition of financial assets measured at amortized cost	16,320	-	5,963	-	(99,182)	-	19,497	-
Foreign exchange gains	903,873	9	241,207	3	1,733,958	6	602,090	3
Reversal of impairment loss on assets (Note 14)	4,467	-	12,088	-	76,408	-	39,198	-
Net other revenue other than interest income (Notes 35 and 40)	27,634	-	57,228	1	107,411	-	124,244	-
Net revenues other than interest	3,610,643	34	3,140,761	38	10,602,061	36	8,642,140	36
NET REVENUE	10,500,403	100	8,341,046	100	29,157,773	100	23,773,466	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 14 and 26)	(630,778)	(6)	(829,820)	(10)	(1,903,598)	(7)	(1,743,115)	(7)
OPERATING EXPENSES								
Employee benefits expenses (Notes 4, 27, 36 and 40)	(2,910,212)	(28)	(2,534,172)	(30)	(8,415,794)	(29)	(7,450,839)	(31)
Depreciation and amortization expense (Notes 4, 16, 37 and 40)	(410,867)	(4)	(382,296)	(5)	(1,199,937)	(4)	(1,130,464)	(5)
Other general and administrative expenses (Notes 38 and 40)	(1,242,596)	(12)	(1,072,355)	(13)	(3,538,335)	(12)	(3,092,620)	(13)
Total operating expenses	(4,563,675)	(44)	(3,988,823)	(48)	(13,154,066)	(45)	(11,673,923)	(49)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	5,305,950	50	3,522,403	42	14,100,109	48	10,356,428	44
INCOME TAX EXPENSE (Notes 4 and 29)	(728,407)	(7)	(394,758)	(4)	(2,022,328)	(7)	(1,324,263)	(6)
NET INCOME	4,577,543	43	3,127,645	38	12,077,781	41	9,032,165	38

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BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 4)								
Items that will not be reclassified to profit or loss:								
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Note 30)	$ (1,771,725)	(17)	$ (461,754)	(6)	$ (4,254,561)	(14)	$ 811,694	3
Change in fair value of financial liability attributable to change in credit risk of liability (Note 30)	10,199	-	(1,750)	-	43,655	-	(2,097)	-
Items that will not be reclassified to profit or loss	(1,761,526)	(17)	(463,504)	(6)	(4,210,906)	(14)	809,597	3
Items that will be reclassified to profit or loss:								
Exchange differences on translation of foreign operations (Note 30)	81,607	1	(3,569)	-	290,900	1	(154,749)	(1)
Losses from investments in debt instruments measured at fair value through other comprehensive income (Note 30)	(3,265,256)	(31)	(435,492)	(5)	(14,253,237)	(49)	(2,233,662)	(9)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 29 and 30)	(30,188)	-	(13,663)	-	(33,111)	-	28,381	-
Items that will be reclassified to profit or loss	(3,213,837)	(30)	(452,724)	(5)	(13,995,448)	(48)	(2,360,030)	(10)
Other comprehensive income	(4,975,363)	(47)	(916,228)	(11)	(18,206,354)	(62)	(1,550,433)	(7)
TOTAL COMPREHENSIVE INCOME	$ (397,820)	(4)	$ 2,211,417	27	$ (6,128,573)	(21)	$ 7,481,732	31
EARNINGS PER SHARE (Note 39)								
Basic	$0.51		$0.35		$1.34		$1.00	

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Capital Stock (Note 30)		Retained Earnings (Note 30)				Other Equity (Note 30)				
	Common Stock	Capital Surplus (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, 2021	$ 86,061,159	$ 12,147,640	$ 26,912,280	$ 373,453	$ 9,593,897	$ 36,879,630	$ (582,164)	$ 5,242,350	$ (82,343)	$ 4,577,843	$ 139,666,272
Appropriation and distribution of retained earnings generated in 2020											
Legal reserve	-	-	2,878,169	-	(2,878,169)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(12,307)	12,307	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(5,900,001)	(5,900,001)	-	-	-	-	(5,900,001)
Stock dividends - common stock	828,034	-	-	-	(828,034)	(828,034)	-	-	-	-	-
Net income for the nine months ended September 30, 2021	-	-	-	-	9,032,165	9,032,165	-	-	-	-	9,032,165
Other comprehensive income for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(123,799)	(1,424,537)	(2,097)	(1,550,433)	(1,550,433)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	9,032,165	9,032,165	(123,799)	(1,424,537)	(2,097)	(1,550,433)	7,481,732
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	570,544	570,544	-	(570,544)	-	(570,544)	-
BALANCE AT SEPTEMBER 30, 2021	$ 86,889,193	$ 12,147,640	$ 29,790,449	$ 361,146	$ 9,602,709	$ 39,754,304	$ (705,963)	$ 3,247,269	$ (84,440)	$ 2,456,866	$ 141,248,003
BALANCE AT JANUARY 1, 2022	$ 86,889,193	$ 12,147,640	$ 29,790,449	$ 361,146	$ 12,259,998	$ 42,411,593	$ (643,875)	$ 2,409,995	$ (85,882)	$ 1,680,238	$ 143,128,664
Appropriation and distribution of retained earnings generated in 2021											
Legal reserve	-	-	3,678,000	-	(3,678,000)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,977)	3,977	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(5,149,327)	(5,149,327)	-	-	-	-	(5,149,327)
Stock dividends - common stock	3,436,648	-	-	-	(3,436,648)	(3,436,648)	-	-	-	-	-
Net income for the nine months ended September 30, 2022	-	-	-	-	12,077,781	12,077,781	-	-	-	-	12,077,781
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	232,720	(18,482,729)	43,655	(18,206,354)	(18,206,354)
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	12,077,781	12,077,781	232,720	(18,482,729)	43,655	(18,206,354)	(6,128,573)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	263,662	263,662	-	(263,662)	-	(263,662)	-
BALANCE AT SEPTEMBER 30, 2022	$ 90,325,841	$ 12,147,640	$ 33,468,449	$ 357,169	$ 12,341,443	$ 46,167,061	$ (411,155)	$ (16,336,396)	$ (42,227)	$ (16,789,778)	$ 131,850,764

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 14,100,109	$ 10,356,428
Adjustments to reconcile profit:		
Depreciation expenses	1,012,829	964,772
Amortization expenses	187,108	165,692
Provision for bad debt expense	2,493,956	2,147,174
Interest expenses	10,567,726	6,376,440
Net loss (gain) arising from derecognition of financial assets measured at amortized cost	99,182	(19,497)
Interest income	(29,123,438)	(21,507,766)
Dividend income	(1,181,387)	(689,624)
Net change in provisions for guarantee liabilities	(81,412)	57,205
Net change in other provisions	29,754	(13,733)
Losses on disposal and retirement of property and equipment	3,793	3,123
Losses on disposal of intangible assets	500	2,708
Reversal of impairment loss on financial assets	(48,910)	(39,198)
Reversal of impairment loss on non-financial assets	(27,498)	-
Net loss (gain) on changing in leasing contract	910	(229)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(20,926,665)	(5,726,002)
Increase in financial assets at fair value through profit or loss	(37,708,835)	(3,874,152)
Decrease (increase) in financial assets at fair value through other comprehensive income	70,333,043	(3,807,147)
(Increase) decrease in investments in debt instruments at amortized cost	(57,290,167)	855,173
Decrease (increase) in securities purchased under resell agreements	9,194	(413)
Decrease (increase) in receivables	1,379,287	(5,413,507)
Increase in discounts and loans	(109,171,530)	(83,590,794)
(Increase) decrease in other financial assets	(570,991)	2,892,395
(Increase) decrease in other assets	(12,292,736)	752,304
Increase (decrease) in deposits from the Central Bank and banks	26,847,838	(800,923)
Increase (decrease) in financial liabilities at fair value through profit or loss	43,024,766	(14,160,435)
Increase in securities sold under repurchase agreements	32,877,100	9,811,189
Decrease in payables	(832,278)	(794,445)
Increase in deposits and remittances	7,940,834	92,575,224
Increase (decrease) in other financial liabilities	23,151,323	(2,873,647)
Decrease in provisions for employee benefits	(132,092)	(124,756)
Increase (decrease) in other liabilities	1,215,715	(2,586,523)
Net cash used in operations	(34,112,972)	(19,062,964)
Interest received	28,092,632	21,510,220

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BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	**2021**
Dividends received	$ 1,128,358	$ 670,073
Interest paid	(9,316,534)	(6,880,764)
Income tax paid	(1,525,528)	(1,085,555)
Net cash used in operating activities	(15,734,044)	(4,848,990)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(636,967)	(634,256)
Proceeds from disposal of property and equipment	86	151
Acquisition of intangible assets	(124,206)	(101,142)
Acquisition of right-of-use assets	(708)	(571)
Acquisition of investment properties	(1,563)	(64)
Net cash used in investing activities	(763,358)	(735,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the central bank and banks	(205,030)	95,810
Bank debentures issued	7,000,000	6,020,000
Repayment of bank debentures payable	(1,300,000)	(5,530,000)
Repayments of lease liabilities	(502,249)	(555,770)
Cash dividends paid	(5,149,327)	(5,900,001)
Net cash used in financing activities	(156,606)	(5,869,961)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	722,984	(233,598)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,931,024)	(11,688,431)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	246,348,875	158,248,011
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 230,417,851	$ 146,559,580

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BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

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

	September 30	
	2022	**2021**
Cash and cash equivalents in consolidated balance sheets	$ 60,971,844	$ 27,186,268
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	119,251,816	71,035,058
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	50,194,191	48,338,254
Cash and cash equivalents at the end of the period	$ 230,417,851	$ 146,559,580

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

BANK SINOPAC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

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 November 9, 2022.

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

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

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

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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			
Investor	Investee	Main Business	September 30, 2022	December 31, 2021	September 30, 2021	Remark
Bank SinoPac	Bank SinoPac (China) Ltd.	Commercial bank	100	100	100	
	SinoPac Insurance Brokers Ltd.	Insurance brokerage business	100	100	100	

Foreign Currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

Cash and Cash Equivalents

Cash and cash equivalent in financial statements includes cash on hand, demand deposits and investments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. For the purposes of presenting cash flows, the cash and cash equivalent includes cash and cash equivalents in balance sheets, due from the Central Bank and call loans to banks and securities purchased under resell agreements under IAS 7.

Financial Instruments

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

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

Financial assets

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

a. Measurement category

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

   1) Financial asset at FVTPL

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

      Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 43.

   2) Financial assets at amortized cost

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

      a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3) Investments in debt instruments at FVTOCI

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

a) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

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

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

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

c. Derecognition of financial assets

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

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

Financial liabilities and equity instruments

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

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 43.

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

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Banking is provided internally on that basis; or

c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

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

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Modification of financial instruments

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

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

Derivative Financial Instruments

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

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

Repurchase and Reverse Repurchase Transactions

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

Property and Equipment

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

Depreciation on property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

c. Preferential interest on employees’ deposits

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

c. Current tax and deferred tax for the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

d. Linked-tax system

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated Impairment of Discounts and Loans

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

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

6. CASH AND CASH EQUIVALENTS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	$ 6,265,792	$ 6,383,284	$ 6,343,475
Due from other banks	53,637,977	34,935,306	19,973,611
Notes and checks for clearing	1,071,934	4,178,657	890,131
	60,975,703	45,497,247	27,207,217
Less: Allowance for credit losses	(3,859)	(9,393)	(20,949)
Net amount	$ 60,971,844	$ 45,487,854	$ 27,186,268

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

	September 30, 2022	December 31, 2021	September 30, 2021
Call loans to banks	$ 107,503,031	$ 120,027,269	$ 49,492,730
Trade finance advance - interbank	12,219,234	8,727,495	9,252,864
Deposit reserve - checking accounts	29,054,125	36,110,430	22,432,580
Due from the Central Bank - interbank settlement funds	6,042,794	6,000,477	6,000,991
Deposit reserve - demand accounts	41,961,282	38,955,034	40,187,490
Deposit reserve - foreign currencies	634,951	553,791	557,305
Deposit - other	5,632,722	7,262,753	7,961,440
	203,048,139	217,637,249	135,885,400
Less: Allowance for credit losses	(3,431)	(18,497)	(26,078)
Net amount	$ 203,044,708	$ 217,618,752	$ 135,859,322

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

Under the relevant provisions issued by the People's Bank of China, Bank SinoPac (China) showed deposit reserves in proportion on the basis of deposit account balances at the end of the months.

Please refer to Note 41 for due from the Central Bank and call loans to banks as pledged or mortgaged assets.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets mandatorily classified as at fair value through profit or loss			
Government bonds	$ 8,543,545	$ 19,499,020	$ 30,311,405
Corporate bonds	7,181,953	1,532,353	1,385,788
Commercial paper	5,090,908	2,698,706	3,247,999
Certificates of deposits	1,112,024	2,782,335	1,698,830
Bank debentures	568,622	814,147	708,263
Treasury bills	-	-	2,998,008
Currency swap contracts	43,687,816	3,860,432	3,819,255
Interest rate swap contracts	7,822,297	2,394,029	2,451,265
Forward contracts	1,939,594	421,640	406,660
Option contracts	1,349,159	341,514	371,804
Others	1,068,966	742,165	542,651
	78,364,884	35,086,341	47,941,928

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets designated at fair value through profit or loss			
Corporate bonds	$ 4,392,104	$ 8,874,520	$ 9,903,460
Government bonds	-	1,087,292	2,001,690
Bank debentures	-	-	180,929
	4,392,104	9,961,812	12,086,079
	$ 82,756,988	$ 45,048,153	$ 60,028,007
Held-for-trading financial liabilities			
Currency swap contracts	$ 40,200,527	$ 4,459,470	$ 3,937,652
Interest rate swap contracts	4,400,385	1,611,721	1,703,054
Option contracts	2,548,570	485,890	594,952
Forward contracts	2,168,531	507,685	458,411
Others	1,077,381	635,573	502,920
	50,395,394	7,700,339	7,196,989
Financial liabilities designated at fair value through profit or loss			
Bank debentures	1,829,803	1,543,747	1,536,491
	1,829,803	1,543,747	1,536,491
	$ 52,225,197	$ 9,244,086	$ 8,733,480

(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. As of September 30, 2022 the par value of investments in debt instruments at financial assets at fair value through profit or loss under repurchase agreements were $158,738. (December 31, 2021 and September 30, 2021: None)

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

	September 30, 2022	December 31, 2021	September 30, 2021
Difference between carrying amount and the amount due on maturity			
Fair value	$ 1,829,803	$ 1,543,747	$ 1,536,491
Amount due on maturity	(1,860,461)	(1,552,780)	(1,562,633)
	$ (30,658)	$ (9,033)	$ (26,142)

	Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the period	
For the three months ended September 30, 2022	$ 10,199
For the three months ended September 30, 2021	$ (1,750)
For the nine months ended September 30, 2022	$ 43,655
For the nine months ended September 30, 2021	$ (2,097)
Accumulated amount of change	
As of September 30, 2022	$ (42,227)
As of December 31, 2021	$ (85,882)
As of September 30, 2021	$ (84,440)

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.

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

	Contract Amount		
	September 30, 2022	December 31, 2021	September 30, 2021
Currency swap contracts	$ 1,973,334,206	$ 1,132,763,757	$ 1,046,899,712
Interest rate swap contracts	722,727,603	639,448,805	683,045,830
Option contracts	185,128,321	30,012,720	24,412,210
Forward contracts	120,303,994	74,694,290	64,988,355
Assets swap contracts	6,522,278	1,313,081	1,115,870
Hybrid FX swap structured instruments	6,299,901	5,838,295	6,028,032
Cross-currency swap contracts	5,075,772	6,270,641	7,740,280
Equity-linked swap contracts	3,331,808	2,269,657	2,050,882
Futures contracts	3,147,678	2,974,507	5,751,388

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2022	December 31, 2021	September 30, 2021
Equity instruments at fair value through other comprehensive income	$ 18,342,572	$ 15,299,410	$ 12,269,807
Debt instruments at fair value through other comprehensive income	273,590,675	365,469,656	329,859,736
	$ 291,933,247	$ 380,769,066	$ 342,129,543

a. Equity instruments at fair value through other comprehensive income

	September 30, 2022	December 31, 2021	September 30, 2021
Stock	$ 14,633,564	$ 12,137,078	$ 9,901,485
Real estate investment trust beneficiary securities	3,709,008	3,162,332	2,368,322
	$ 18,342,572	$ 15,299,410	$ 12,269,807

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

Due to management the risk of investment position, the Group sold the stocks at fair value of $3,074,593 and $4,537,188 and transferred the net gain of $263,662 and $570,544 from other equity to retained earnings for the nine months ended September 30, 2022 and 2021, respectively. The gain was transferred from other equity to retained earnings.

b. Debt instrument at fair value through other comprehensive income

	September 30, 2022	December 31, 2021	September 30, 2021
Bank debentures	$ 88,183,640	$ 83,514,922	$ 80,283,577
Certificates of deposits	52,590,955	123,177,595	106,442,325
Commercial paper	42,157,542	76,584,814	60,576,628
Corporate bonds	39,938,831	38,341,354	41,291,646
Government bonds	30,921,995	27,144,246	27,514,030
Asset-based securities	15,937,261	12,321,296	9,107,851
Others	3,860,451	4,385,429	4,643,679
	$ 273,590,675	$ 365,469,656	$ 329,859,736

1) Loss allowance of debt instruments at fair value through other comprehensive income were $48,884, $47,558 and $49,873 on September 30, 2022, December 31, 2021 and September 30, 2021, respectively. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 44.

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

3) As of September 30, 2022, December 31, 2021 and September 30, 2021, the par value of debt instruments at FVTOCI under repurchase agreements were $22,206,716, $5,633,600 and $5,261,067, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
Government bonds	$ 62,729,921	$ 55,754,680	$ 56,221,084
Certificates of deposits	55,384,447	48,763,448	46,524,326
Bank debentures	51,665,516	35,908,206	31,218,904
Asset-based securities	39,997,748	12,379,342	13,441,898
Corporate bonds	12,717,083	12,727,316	12,761,651
Others	2,099,706	1,728,307	1,383,720
	224,594,421	167,261,299	161,551,583
Less: Loss allowance	(16,463)	(13,314)	(12,128)
Net amount	$ 224,577,958	$ 167,247,985	$ 161,539,455

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

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

c. As of September 30, 2022 and September 30, 2021, the par value of investments in debt instruments at amortized cost under repurchase agreements were $1,852,964 and $63,000, respectively. (December 31, 2021: None)

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial papers	$ 24,838,828	$ 35,734,209	$ 36,486,322
Government bonds	19,570,715	5,801,254	6,249,785
Corporate bonds	2,454,397	2,529,746	2,250,946
Bank debentures	2,128,740	1,045,848	1,375,507
Negotiable certificates of deposits	1,220,411	1,010,467	2,000,049
	$ 50,213,091	$ 46,121,524	$ 48,362,609
Agreed-upon resell amount	$ 50,310,876	$ 46,139,385	$ 48,373,665
Par value	$ 53,856,050	$ 47,337,338	$ 49,435,815
Expiry	February 2023	May 2022	February 2022

As of September 30, 2022, December 31, 2021 and September 30, 2021, the par value of securities purchased under resell agreements under repurchase agreements were $25,173,273, $7,034,258 and $8,055,840, respectively.

12. RECEIVABLES, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Credit card receivable	$ 19,529,875	$ 20,472,061	$ 19,820,373
Accounts receivable - factoring	17,136,306	14,253,265	12,435,335
Interest and revenue receivables	5,468,781	4,216,929	3,751,278
Accounts receivable - forfaiting	4,895,579	10,030,050	10,884,621
Acceptances	4,822,743	5,322,788	4,851,914
Accounts and notes receivables	4,619,265	3,065,080	1,401,734
Trust administration fee revenue receivable	802,981	694,755	723,634
Others	852,945	965,108	607,407
	58,128,475	59,020,036	54,476,296
Less: Allowance for credit losses	(704,432)	(765,641)	(769,996)
Less: Premium or discount on receivables	(6)	(34)	(17)
Net amount	$ 57,424,037	$ 58,254,361	$ 53,706,283

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

	For the Nine Months Ended September 30	
	2022	2021
Balance, January 1	$ 765,641	$ 735,517
Provision	6,524	181,277
Write-off	(96,036)	(138,269)
Effect of exchange rate changes	28,303	(8,529)
Balance, September 30	$ 704,432	$ 769,996

Please refer to Note 44 for the analysis of receivable impairment loss. The Group received payments for loans previously written-off $120,738 and $120,340 for the nine months ended September 30, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

13. DISCOUNTS AND LOANS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Export negotiation	$ 1,254,180	$ 848,190	$ 1,516,179
Discounts and overdrafts	36,653	59,445	178,232
Accounts receivable - financing	1,899,396	2,636,695	2,352,461
Short-term loans	144,695,098	120,308,773	160,743,739
Secured short-term loans	89,949,687	106,073,662	103,113,339
Medium-term loans	278,548,032	239,960,546	257,997,862
Secured medium-term loans	203,356,166	166,326,272	161,780,212
Long-term loans	14,018,073	10,487,473	9,608,738
Secured long-term loans	573,402,098	552,730,175	539,927,227
Non-performing loans transferred from loans	1,553,854	1,201,033	1,621,471
	1,308,713,237	1,200,632,264	1,238,839,460
Less: Allowance for credit losses	(17,560,571)	(15,547,927)	(15,716,021)
Less: Premium or discount on discounts and loans	(323,262)	(392,116)	(415,868)
Net amount	$ 1,290,829,404	$ 1,184,692,221	$ 1,222,707,571

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 from April 30, 2022 and December 31, 2021.

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

	For the Nine Months Ended September 30	
	2022	2021
Balance, January 1	$ 15,547,927	$ 15,001,444
Provision	2,496,466	1,938,698
Write-off	(881,371)	(1,147,549)
Effect of exchange rate changes	397,549	(76,572)
Balance, September 30	$ 17,560,571	$ 15,716,021

The Group received payments for loans previously written-off $257,357 and $321,973 for the nine months ended September 30, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

14. OTHER FINANCIAL ASSETS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Purchase of the PEM Group's instruments	$ 4,691,110	$ 4,091,191	$ 4,117,065
Bank deposits not belonging to cash and cash equivalent	2,237,285	1,957,091	3,019,618
Others	44,095	48,700	46,112
	6,972,490	6,096,982	7,182,795
Less: Allowance for credit loss	(1,503)	(4,577)	(1,943)
Less: Accumulated impairment	(2,416,877)	(2,150,110)	(2,176,030)
Net amount	$ 4,554,110	$ 3,942,295	$ 5,004,822

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 September 30, 2022, a reserve of US$76,128 thousand (NT$2,416,877) had been set aside to cover the accumulated impairment losses. The Bank has recognized reversal of impairment loss of $45,232 and $29,611 for PEM Group for the nine months ended September 30, 2022 and 2021.

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

	For the Nine Months Ended September 30	
	2022	2021
Balance, January 1	$ 4,577	$ 1,681
Provision	4,155	9,218
Write-off	(7,482)	(8,917)
Effect of exchange rate changes	253	(39)
Balance, September 30	$ 1,503	$ 1,943

The Group received payments for loans previously written-off $12,342 and $8,237 for the nine months ended September 30, 2022 and 2021, respectively, which were recognized as deduction of provision expenses.

15. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the nine months ended September 30, 2022 and 2021 are summarized as follows:

	For the Nine Months Ended September 30, 2022							
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment and Construction in Progress	Total
Cost								
Balance, January 1	$ 5,589,458	$ 5,912,033	$ 2,314,546	$ 1,065	$ 1,548,939	$ 1,430,141	$ 379,259	$ 17,175,441
Addition	-	45,130	203,098	-	89,802	33,758	265,179	636,967
Deduction	-	(8,186)	(36,609)	-	(32,703)	(34,994)	-	(112,492)
Reclassifications	3,135	57,303	101,532	-	24,537	35,538	(369,366)	(147,321)
Effect of exchange rate changes	-	10,595	25,467	148	4,495	10,605	527	51,837
Balance, September 30	5,592,593	6,016,875	2,608,034	1,213	1,635,070	1,475,048	275,599	17,604,432
Accumulated depreciation								
Balance, January 1	61	3,491,982	1,435,837	1,065	1,156,234	1,241,785	-	7,326,964
Depreciation	18	116,257	238,935	-	73,150	43,024	-	471,384
Deduction	-	(8,131)	(33,860)	-	(31,663)	(34,959)	-	(108,613)
Reclassifications	-	6,962	-	-	-	455	-	7,417
Effect of exchange rate changes	-	1,740	20,188	148	3,027	9,114	-	34,217
Balance, September 30	79	3,608,810	1,661,100	1,213	1,200,748	1,259,419	-	7,731,369
Net amount								
Balance, September 30	$ 5,592,514	$ 2,408,065	$ 946,934	$ -	$ 434,322	$ 215,629	$ 275,599	$ 9,873,063

	For the Nine Months Ended September 30, 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	-	34,817	146,190	-	68,006	29,451	355,792	634,256
Deduction	-	-	(62,511)	-	(51,156)	(82,000)	-	(195,667)
Reclassifications	(9,023)	(759)	14,976	-	6,925	-	(211,044)	(198,925)
Effect of exchange rate changes	-	(5,851)	(5,462)	(30)	(787)	(2,998)	(258)	(15,386)
Balance, September 30	5,589,458	5,884,986	2,274,874	1,073	1,512,151	1,479,756	360,591	17,102,889
Accumulated depreciation								
Balance, January 1	37	3,348,169	1,264,956	1,103	1,151,426	1,334,449	-	7,100,140
Depreciation	18	109,848	215,709	-	62,736	41,938	-	430,249
Deduction	-	-	(60,305)	-	(50,213)	(81,875)	-	(192,393)
Reclassifications	-	(3,452)	(2,754)	-	-	-	-	(6,206)
Effect of exchange rate changes	-	(731)	(4,426)	(30)	(651)	(2,626)	-	(8,464)
Balance, September 30	55	3,453,834	1,413,180	1,073	1,163,298	1,291,886	-	7,323,326
Net amount								
Balance, September 30	$ 5,589,403	$ 2,431,152	$ 861,694	$ -	$ 348,853	$ 187,870	$ 360,591	$ 9,779,563

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 September 30, 2022, December 31, 2021 and September 30, 2021 were $1,288, $1,524 and $1,628.

16. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount			
Land	$ 28	$ 64	$ 79
Buildings	2,627,511	2,493,587	2,513,100
Machinery and computer equipment	118,561	142,075	150,472
Transportation equipment	12,066	19,493	20,097
Other equipment	2,472	2,822	2,802
Decommissioning restoration costs	24,029	22,024	17,461
	$ 2,784,667	$ 2,680,065	$ 2,704,011

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets	$ 125,747	$ 382,519	$ 593,168	$ 904,388
Depreciation charge for right-of-use assets				
Land	$ 12	$ 346	$ 36	$ 1,042
Buildings	165,090	163,246	492,040	486,020
Machinery and computer equipment	8,420	8,386	25,219	25,160
Transportation equipment	2,841	2,871	8,900	8,195
Other equipment	246	212	760	514
Decommissioning restoration costs	2,020	1,510	5,738	4,634
	$ 178,629	$ 176,571	$ 532,693	$ 525,565

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount	$ 2,837,296	$ 2,697,037	$ 2,714,095

Range of discount rates for lease liabilities were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.0212%	0.1404%-1.0212%	0.1404%-2.6329%
Buildings	0.1553%-4.8096%	0.1553%-4.8096%	0.1553%-4.8096%
Machinery and computer equipment	0.5754%-2.3588%	0.5754%-1.0768%	0.5754%-1.0768%
Transportation equipment	0.3804%-5.5000%	0.3804%-5.5000%	0.3804%-5.5000%
Other equipment	0.3410%-3.4512%	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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Expenses relating to short-term leases	$ 4,750	$ 3,536	$ 14,381	$ 10,853
Expenses relating to low-value asset leases	$ 10,268	$ 10,454	$ 30,403	$ 30,139
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 1,060	$ 1,592	$ 3,186	$ 7,007
Total cash outflow for leases	$ (204,741)	$ (192,123)	$ (599,042)	$ (615,797)

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 Nine Months Ended September 30, 2022		
	Land	**Buildings**	**Total**
Cost			
Balance, January 1	$ 785,118	$ 603,570	$ 1,388,688
Addition	-	1,563	1,563
Deduction	-	-	-
Reclassifications	(3,135)	(9,312)	(12,447)
Balance, September 30	781,983	595,821	1,377,804

(Continued)

	For the Nine Months Ended September 30, 2022		
	Land	**Buildings**	**Total**
Accumulated depreciation			
Balance, January 1	$ -	$ 336,996	$ 336,996
Depreciation	-	8,752	8,752
Deduction	-	-	-
Reclassifications	-	(6,962)	(6,962)
Balance, September 30	-	338,786	338,786
Net amount			
Balance, September 30	$ 781,983	$ 257,035	$ 1,039,018

(Concluded)

	For the Nine Months Ended September 30, 2021		
	Land	**Buildings**	**Total**
Cost			
Balance, January 1	$ 776,095	$ 592,627	$ 1,368,722
Addition	-	64	64
Deduction	-	-	-
Reclassifications	9,023	10,698	19,721
Balance, September 30	785,118	603,389	1,388,507
Accumulated depreciation			
Balance, January 1	-	321,568	321,568
Depreciation	-	8,958	8,958
Deduction	-	-	-
Reclassifications	-	3,452	3,452
Balance, September 30	-	333,978	333,978
Net amount			
Balance, September 30	$ 785,118	$ 269,411	$ 1,054,529

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 September 30, 2022, December 31, 2021 and September 30, 2021 were $15,307,358, $15,184,279 and $15,184,279, respectively. The fair values, which were based on an internal valuation report instead of an assessment by an independent professional appraiser, were determined assuming unobservable inputs (Level 3).

18. INTANGIBLE ASSETS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Goodwill	$ 876,717	$ 876,717	$ 876,717
Computer software	841,667	740,162	726,258
Others	6,898	6,893	6,900
	$ 1,725,282	$ 1,623,772	$ 1,609,875

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

	Goodwill	Computer Software	Others	Total
2022				
Balance, January 1	$ 876,717	$ 740,162	$ 6,893	$ 1,623,772
Addition	-	124,206	-	124,206
Deduction	-	(505)	-	(505)
Amortization	-	(186,916)	(192)	(187,108)
Reclassifications	-	160,665	-	160,665
Effects of exchange rate changes	-	4,055	197	4,252
Balance, September 30	$ 876,717	$ 841,667	$ 6,898	$ 1,725,282
2021				
Balance, January 1	$ 876,717	$ 618,617	$ 7,204	$ 1,502,538
Addition	-	101,142	-	101,142
Deduction	-	(2,691)	-	(2,691)
Amortization	-	(165,501)	(191)	(165,692)
Reclassifications	-	176,450	-	176,450
Effects of exchange rate changes	-	(1,759)	(113)	(1,872)
Balance, September 30	$ 876,717	$ 726,258	$ 6,900	$ 1,609,875

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 September 30, 2022, December 31, 2021 and September 30, 2021. The impairment tests on goodwill were conducted on October 31, 2021 and 2020. The actual net income for the nine months ended September 30, 2022, for the year ended December 31, 2021 and for the nine months ended September 30, 2021 amounted to $65,720, $94,018 and $94,649, respectively. The expected net income for the years 2022 and 2021 as assessed by the impairment test on goodwill would be $56,787 and $84,069, respectively. The recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been tested for impaired as of September 30, 2022 and 2021.

19. OTHER ASSETS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Guarantee deposits	$ 14,360,097	$ 2,114,121	$ 2,513,262
Prepayment	360,696	200,064	300,203
Temporary payment and suspense accounts	125,949	229,628	131,026
Others	71,442	54,903	51,248
	14,918,184	2,598,716	2,995,739
Less: Allowance for inventory write-down - gold	-	(72)	(273)
Less: Accumulated impairment	(7,935)	(7,935)	(7,935)
Net amount	$ 14,910,249	$ 2,590,709	$ 2,987,531

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	September 30, 2022	December 31, 2021	September 30, 2021
Call loans from banks	$ 84,486,086	$ 58,564,837	$ 64,525,023
Redeposits from Chunghwa Post	10,071,000	10,076,600	10,090,000
Call loans from Central Bank	1,587,378	1,384,478	-
Due to banks	968,459	239,170	98,424
	$ 97,112,923	$ 70,265,085	$ 74,713,447

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Government bonds	$ 19,995,594	$ 5,270,814	$ 5,960,706
Bank debentures	15,120,823	5,941,973	6,042,172
Corporate bonds	10,089,414	1,371,428	1,509,634
Negotiable certificates of deposits	255,484	-	-
	$ 45,461,315	$ 12,584,215	$ 13,512,512
Agreed-upon repurchase price	$ 45,672,813	$ 12,605,234	$ 13,526,562
Par value	$ 49,391,691	$ 12,667,858	$ 13,379,907
Maturity date	July 2023	December 2022	May 2022

22. PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Acceptances payable	$ 4,616,509	$ 5,142,813	$ 4,670,801
Accrued expenses	3,925,319	3,400,465	3,236,526
Accounts payable - factoring	3,477,993	2,807,640	2,107,910
Interests payable	2,840,466	1,590,170	1,438,096
Accounts payable	1,879,345	984,134	1,533,601
Dividends payable to SPH	1,435,025	1,435,025	1,435,025
Notes and checks in clearing	1,071,934	4,178,657	890,131
Others	2,032,088	1,821,802	1,764,788
	$ 21,278,679	$ 21,360,706	$ 17,076,878

23. DEPOSITS AND REMITTANCES

	September 30, 2022	December 31, 2021	September 30, 2021
Checking	$ 10,783,413	$ 13,621,589	$ 10,753,147
Demand	494,204,219	489,387,080	471,250,347
Savings - demand	527,193,511	507,555,116	504,104,651
Time deposits	534,439,484	574,550,785	513,149,612
Negotiable certificates of deposits	2,510,600	427,800	948,800
Savings - time	278,045,143	252,214,965	250,787,239
Inward remittances	1,085,821	1,043,879	1,409,945
Outward remittances	35,037	1,556,260	93,848
Others	30,909	29,829	28,702
	$ 1,848,328,137	$ 1,840,387,303	$ 1,752,526,291

24. BANK DEBENTURES

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

	September 30, 2022	December 31, 2021	September 30, 2021	Maturity Date	Rates
First subordinated bank debentures issued in 2012 (B)	$ -	$ 1,299,947	$ 1,299,929	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)	699,891	699,850	699,837	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,841	1,419,747	1,419,714	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)	149,967	149,950	149,945	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)	2,099,476	2,099,390	2,099,363	2017.02.24-2027.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.90%, interest is paid annually.

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021	Maturity Date	Rates
Third subordinated bank debentures issued in 2017 (A)	$ 199,965	$ 199,950	$ 199,945	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)	539,823	539,796	539,787	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	2,999,911	2,999,660	2,999,581	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)	649,842	649,797	649,783	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)	499,815	499,791	499,783	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	1,999,596	1,999,437	1,999,386	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)	1,199,676	1,199,605	1,199,582	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)	1,799,353	1,799,280	1,799,257	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	2,999,857	2,999,796	2,999,776	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	1,499,637	1,499,503	1,499,459	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)	1,749,461	1,749,359	1,749,325	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)	1,749,330	1,749,260	1,749,237	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	2,999,509	2,999,382	2,999,342	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	1,999,504	1,999,456	1,999,440	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	2,899,628	2,899,532	2,899,501	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	2,599,487	2,599,439	2,599,423	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	2,099,714	2,099,648	2,099,625	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	2,399,547	2,399,508	2,399,494	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	999,778	999,726	999,708	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	999,778	999,732	999,717	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	2,719,545	2,719,455	2,719,425	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	2,299,604	2,299,571	2,299,560	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	3,279,594	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	1,699,448	1,699,405	-	2021.10.28-2031.10.28 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
First subordinated bank debentures issued in 2022	4,999,180	-	-	2022.03.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and four months.	Fixed interest rate of 2.00%, interest is paid annually.
Second senior bank debentures issued in 2022	1,999,633	-	-	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
	$ 56,249,390	$ 50,548,494	$ 45,568,924		

(Concluded)

25. OTHER FINANCIAL LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
Principal of structured products	$ 35,178,033	$ 12,013,819	$ 13,213,798
Cumulative earnings on appropriated loan fund	15,817	28,708	79,637
	$ 35,193,850	$ 12,042,527	$ 13,293,435

26. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
Provision for employee benefits	$ 2,223,940	$ 2,356,032	$ 2,482,462
Provision for financing commitment	220,737	163,168	179,963
Provision for guarantee liabilities	315,414	395,361	370,219
Provision for decommissioning liabilities	115,982	105,919	100,341
Other	9,205	23,836	35,858
	$ 2,885,278	$ 3,044,316	$ 3,168,843

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

	For the Nine Months Ended September 30, 2022		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 163,168	$ 395,361	$ 23,836
(Reversal of) provision	44,329	(81,412)	(17,438)
Effect of exchange rate changes	13,240	1,465	2,807
Balance, September 30	$ 220,737	$ 315,414	$ 9,205

	For the Nine Months Ended September 30, 2021		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	$ 216,315	$ 313,880	$ 15,420
(Reversal of) provision	(34,330)	57,205	20,876
Effect of exchange rate changes	(2,022)	(866)	(438)
Balance, September 30	$ 179,963	$ 370,219	$ 35,858

27. PROVISIONS FOR EMPLOYEE BENEFITS

	September 30, 2022	December 31, 2021	September 30, 2021
Recognized in consolidated balance sheets (payables and provisions)			
Defined contribution plans	$ 43,134	$ 42,597	$ 41,756
Defined benefit plans	1,753,784	1,896,474	2,108,904
Preferential interest on employees' deposits	354,445	340,375	306,853
Others	115,711	119,183	66,705
	$ 2,267,074	$ 2,398,629	$ 2,524,218

Others included long-term incentive compensation plans; deferred service leave and termination benefits. On September 30, 2022, December 31, 2021 and September 30, 2021, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as $81,922, $83,182 and $41,032, respectively, the acquired total embedded value of which were $63,609, $63,609 and $28,224, respectively.

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

	For the Nine Months Ended September 30	
	2022	2021
Operating expenses	$ 71,385	$ 78,136

28. OTHER LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
Guarantee deposits received	$ 2,525,840	$ 1,255,606	$ 1,478,458
Temporary receipt and suspense accounts	660,766	656,896	1,262,847
Advance receipts	170,396	213,132	237,768
Deferred revenue	96,997	114,579	105,460
Others	53,259	51,330	40,809
	$ 3,507,258	$ 2,291,543	$ 3,125,342

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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Current tax				
Current period	$ 782,077	$ 450,329	$ 1,933,028	$ 1,242,315
Adjustments for prior period	530	(4)	(1,670)	4,705
Deferred tax				
Temporary adjustment	(54,200)	(55,567)	90,970	77,243
Income tax expenses recognized in profit or loss	$ 728,407	$ 394,758	$ 2,022,328	$ 1,324,263

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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Deferred tax				
Adjustments of current period				
Exchange difference on translating foreign operations	$ (16,321)	$ 714	$ (58,180)	$ 30,950
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(13,867)	(14,377)	25,069	(2,569)
Income tax recognized in other comprehensive income	$ (30,188)	$ (13,663)	$ (33,111)	$ 28,381

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

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

30. EQUITY

a. Common stock

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

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

On May 20, 2022, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 343,665 thousand common shares with earnings reallocated as capital at a par value of NT$10 each, increasing the share capital issued and fully paid to $90,325,841. The above transaction was approved by authorities and set September 13, 2022 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, 2022	$ (643,875)	$ 2,903,884	$ (493,889)	$ (85,882)	$ 1,680,238
Exchange differences					
Exchange differences on translation of foreign operations	290,900	-	-	-	290,900
Related income tax	(58,180)	-	-	-	(58,180)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(4,254,561)	(14,293,473)	-	(18,548,034)
Adjustment for loss allowance of debt instruments	-	-	1,325	-	1,325
Current disposal	-	-	38,911	-	38,911
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(263,662)	-	-	(263,662)
Related income tax	-	-	25,069	-	25,069
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	43,655	43,655
Balance September 30, 2022	$ (411,155)	$ (1,614,339)	$ (14,722,057)	$ (42,227)	$ (16,789,778)

	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	(154,749)	-	-	-	(154,749)
Related income tax	30,950	-	-	-	30,950
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	811,694	(1,466,520)	-	(654,826)
Adjustment for loss allowance of debt instruments	-	-	(11,579)	-	(11,579)
Current disposal	-	-	(755,563)	-	(755,563)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(570,544)	.-	-	(570,544)
Related income tax	-	-	(2,569)	-	(2,569)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(2,097)	(2,097)
Balance September 30, 2021	$ (705,963)	$ 2,102,282	$ 1,144,987	$ (84,440)	$ 2,456,866

d. Earnings distribution and dividend policy

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

1) Deducted any deficit of prior years;

2) Paid all outstanding taxes;

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

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

5) Allocated shareholders' dividends.

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

The Bank appropriates or reverses a special reserve in accordance with Rule No. 1090150022 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". If there's a net deduction of other equity accumulated in the previous period, the Bank should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period, if there's still a shortage, the Bank should appropriate special reserve which is from the current net income after tax and the current unappropriated retained earning not included in the current net income after tax. Distributions can be made out of any subsequent reversal of the debit to other equity items.

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

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

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

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

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

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

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

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

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

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

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

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

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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest income				
Loans	$ 8,252,861	$ 5,434,819	$ 20,580,178	$ 15,841,256
Security investments	2,456,353	1,429,585	5,901,343	4,413,902
Due from the Central Bank and call loans to banks	972,835	159,124	1,526,726	452,319
Credit card revolving interest rate income	124,112	124,496	370,027	385,255
Others	385,162	138,976	745,164	415,034
	12,191,323	7,287,000	29,123,438	21,507,766
Interest expenses				
Deposits	(4,133,254)	(1,702,289)	(8,269,884)	(5,137,397)
Call loans from banks	(499,913)	(83,171)	(851,767)	(299,538)
Bank debentures	(223,032)	(185,685)	(635,569)	(584,838)
Interest expense of structured products	(200,362)	(85,828)	(399,678)	(241,882)
Others	(245,002)	(29,742)	(410,828)	(112,785)
	(5,301,563)	(2,086,715)	(10,567,726)	(6,376,440)
Net amount	$ 6,889,760	$ 5,200,285	$ 18,555,712	$ 15,131,326

32. SERVICE FEE INCOME, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Service fee income				
Insurance services	$ 430,204	$ 685,111	$ 2,361,560	$ 2,229,609
Loan services	410,794	408,363	1,824,115	1,330,192
Trust and related services	537,898	622,880	1,762,508	2,129,834
Credit card services	184,787	157,744	501,432	472,648
Others	337,750	273,299	1,011,802	843,336
	1,901,433	2,147,397	7,461,417	7,005,619
Service fee expense				
Credit card services	(180,165)	(148,557)	(493,454)	(431,108)
Interbank services	(85,298)	(56,108)	(244,746)	(176,436)
Trust services	(42,285)	(40,815)	(124,689)	(121,908)
Foreign exchange transaction	(15,792)	(8,172)	(36,442)	(27,012)
Others	(111,471)	(90,647)	(291,041)	(288,561)
	(435,011)	(344,299)	(1,190,372)	(1,045,025)
Net amount	$ 1,466,422	$ 1,803,098	$ 6,271,045	$ 5,960,594

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss				
Government bonds	$ (179,850)	$ 27,709	$ (542,010)	$ (43,105)
Corporate bonds	(166,205)	25,191	(773,927)	113,378
Interest rate swap contracts	443,302	243,231	1,348,995	1,144,742
Future contracts	30,456	(2,714)	508,324	(220,938)
Currency swap contracts and hybrid FX swap structured instruments	106,744	49,298	111,727	159,470
Forward contracts	86,314	36,862	(29,188)	(104,493)
Option contracts	(592,546)	14,834	(549,935)	138,392
Others	44,070	29,660	128,304	115,278
	(227,715)	424,071	202,290	1,302,724
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss				
Corporate bonds	(104,793)	(45,330)	(941,932)	(23,936)
Interest rate swap contracts	715,082	(96,441)	2,486,296	(815,544)
Future contracts	47,667	(11,391)	121,189	111,997
Forward contracts	(309,133)	61,998	(162,171)	(16,751)
Option contracts	309,329	(9,147)	(598,923)	(89,158)
Others	24,552	(285,102)	(45,800)	(252,453)
	682,704	(385,413)	858,659	(1,085,845)

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest income	$ 112,375	$ 111,761	$ 308,996	$ 234,451
Dividend income	784	632	1,025	813
	$ 568,148	$ 151,051	$ 1,370,970	$ 452,143

(Concluded)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Dividends revenue				
Holding at the end of the reporting period	$ 767,483	$ 405,105	$ 1,171,040	$ 585,306
Disposed in the reporting period	9,322	93,998	9,322	103,505
Gain or loss from disposal of debt instruments	(153,026)	371,023	(38,911)	755,563
	$ 623,779	$ 870,126	$ 1,141,451	$ 1,444,374

35. NET OTHER REVENUE OTHER THAN INTEREST INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income	$ 20,880	$ 22,613	$ 64,176	$ 68,157
Operating assets rental income	6,640	7,561	19,993	21,030
Others	114	27,054	23,242	35,057
	$ 27,634	$ 57,228	$ 107,411	$ 124,244

36. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Salaries and wages	$ 2,447,016	$ 2,123,405	$ 7,034,443	$ 6,189,002
Labor insurance and national health insurance	139,920	136,784	474,374	450,514
Pension costs	77,856	78,804	238,938	239,909
Others	245,420	195,179	668,039	571,414
	$ 2,910,212	$ 2,534,172	$ 8,415,794	$ 7,450,839

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 $70,706 and $51,975 as employees' compensation and $25,215 and $17,339 as remuneration of directors for the nine months ended September 30, 2022 and 2021.

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

The board of directors approved $70,000 as employees' compensation and $27,000 as remuneration of directors on January 21, 2022 and February 25, 2022, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash. The Bank's board of directors had reported the remuneration of employees and directors in 2021 on behalf of the shareholder on May 20, 2022.

The 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. The Group recognized reversal of cash-settled share-based employee benefits expense $1,268 and recognized cash-settled share-based employee benefits expense $2,259 on September 30, 2022 and 2021, respectively.

37. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Depreciation expense				
Land improvements	$ 6	$ 6	$ 18	$ 18
Buildings	42,618	40,085	125,009	118,806
Machinery and computer equipment	82,772	73,879	238,935	215,709
Other equipment	25,012	21,387	73,150	62,736
Leasehold improvements	15,230	13,951	43,024	41,938
Right-of-use assets	178,629	176,571	532,693	525,565
	344,267	325,879	1,012,829	964,772
Amortization expense	66,600	56,417	187,108	165,692
	$ 410,867	$ 382,296	$ 1,199,937	$ 1,130,464

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Taxation and fees	$ 426,129	$ 319,385	$ 1,160,905	$ 945,668
Professional advisory	129,884	120,424	405,762	340,864
Automated equipment	137,692	118,278	391,609	352,340
Marketing	124,436	77,809	320,934	238,825
Insurance	112,814	98,098	320,621	286,140
Location fee	104,338	102,419	294,856	295,415
Communications expense	74,456	74,679	239,677	227,816
Others	132,847	161,263	403,971	405,552
	$ 1,242,596	$ 1,072,355	$ 3,538,335	$ 3,092,620

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.

Dollar Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic EPS	$ 0.51	$ 0.35	$ 1.34	$ 1.00

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

Net income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net income for calculating basic EPS	$ 4,577,543	$ 3,127,645	$ 12,077,781	$ 9,032,165

Shares

Shares in Thousands

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The weighted-average number of common stock outstanding in the computation of basic EPS	9,032,584	9,032,584	9,032,584	9,032,584

When calculating the EPS for the comparative period, the 2022 EPS was retrospectively adjusted for the effects of the bonus stock issuance on September 13, 2022. Thus, the basic EPS for the three months ended September 30, 2021 and for the nine months ended September 30, 2021 decrease from NT$0.36 and NT$1.04 to NT$0.35 and NT$1.00, respectively.

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
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 Capital International (HK) Limited	Subsidiary of SPL
SinoPac Leasing (Tainjin) Co., Ltd.	Subsidiary of SPL
SinoPac International Leasing Corporation (SPIL)	Subsidiary of SPL
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)
TransGlobe Life Insurance Inc. (TransGlobe Life)	Affiliate of second-degree-in-laws of SinoPac Futures’s chairman
Taiwan Stock Exchange (TWSE)	Affiliate of the SPH’s general manager (before June 2022)
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	SPH’s corporate director
High Entropy Materials, Inc. (High Entropy Materials)	Affiliate of the SinoPac Venture Capital’s general manager
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of SPH’s corporate director
Sun He Energy Co., Ltd. (Sun He Energy)	SinoPac Venture Capital is the company’s corporate director (before April 2022)
Quanta Computer Inc. (Quanta Computer)	Affiliate of SPH’s director (before July 2022)
Pegatron Corporation (Pegatron)	Affiliate of SPH’s director
Uni-President Development Corp. (Uni-President Development)	Affiliate of the Bank’s director
President Chain Store Corporation (PCSC)	Affiliate of the Bank’s director

(Continued)

Related Party	Relationship with the Group
ScinoPharm Taiwan, Ltd. (ScinoPharm)	Affiliate of the Bank's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of the Bank's director
Yuanta Securities Co., Ltd. (Yuanta Securities)	Affiliate of second-degree-in-laws of the Bank's director
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate of the Bank's manager
Grand Bills Finance Corp. (Grand Bills Finance)	Affiliate of the SPH'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
Yong, Yu-Kang Construction Co., Ltd. (Yong, Yu-Kang Construction)	Affiliate of third-degree kin of the Bank's manager
Froch Enterprise Co., Ltd. (Froch Enterprise)	Affiliate of second-degree-in-laws of the Bank's manager
Hao Yu Co., Ltd. (Hao Yu)	Affiliate of second-degree-in-laws of the Bank's manager
Avision Inc. (Avision)	The Bank holds more than 5% of the capital of charitable trust entrusted assets
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
E Ink Holdings Inc. (E Ink Holdings)	Related party
Hsin-Yi Foundation	Related party
Transyork Technology (Yangzhou) Ltd. (Transyork Technology (Yangzhou))	Related party
YuanHan Material Inc. (YuanHan Material)	Related party
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
Sino Cell Technologies Ltd. (Sino Cell Technologies)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Hoss Investment Inc (Hoss Investment)	Related party
Everterminal Co., Ltd. (Everterminal)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Foundation of Fire Fighting Development	Related party
Dream Universe Limited	Related party

(Continued)

Related Party	Relationship with the Group
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Related party
Transcend Optronics (Yangzhou) Co., Ltd. (Transcend Optronics (Yangzhou))	Related party
YFY Packaging Inc. (YFY Packaging)	Related party
Shen's Art Printing Co., Ltd.	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Foongtone Technology Co., Ltd. (Foongtone Technology)	Related party
Yuen Fong Yu Consumer Products Co., Ltd. (Yuen Fong Yu Consumer Products)	Related party
Tech Smart Logistics Ltd.	Related party
Willpower Industries Limited	Related party
Fidelis IT Solutions Co., Ltd. (Fidelis IT Solutions)	Related party
Yuen Foong Shop Co., Ltd. (Yuen Foong Shop)	Related party
YFY Biotech Co., Ltd. (YFY Biotech)	Related party
Others	The Group's directors, supervisors, managers and their relatives, department chiefs, investments accounted for using the equity method and their subsidiaries, and investees of SPH's other subsidiaries, etc.

(Concluded)

b. Significant transactions with related parties

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

2022

	September 30		For the Nine Months Ended September 30
	Ending Balance	**Interest (%)**	**Interest Income**
Call loans to banks			
Hua Nan Bank	$ 1,506,960	0.16-7	$ 7,264
Grand Bills Finance	-	0.59	68

2021

	December 31	
	Ending Balance	**Interest (%)**
Call loans to banks		
Hua Nan Bank	$ 553,791	0.025-2.2

	September 30		For the Nine Months Ended September 30
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	$ -	0.025-2	$ 1,213

2) Derivative financial instruments

	September 30, 2022				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	$ 675,000	2020.8.3-2024.8.12	$ (4,392)	Financial liabilities at fair value through profit or loss	$ 6,947
Hua Nan Bank	9,672,373	2020.11.13-2032.3.16	392,605	Financial assets at fair value through profit or loss	468,245
TAIFEX	3,150,000	2022.7.27-2027.8.11	11,698	Financial assets at fair value through profit or loss	11,698
TAIFEX	2,000,000	2022.7.27-2023.7.27	(974)	Financial liabilities at fair value through profit or loss	974
Forward contracts					
TransGlobe Life	793,689	2022.6.20-2022.12.6	43,648	Financial assets at fair value through profit or loss	43,648
TransGlobe Life	3,342,984	2022.3.16-2023.6.16	(254,264)	Financial liabilities at fair value through profit or loss	254,264
Currency swap contract					
Hua Nan Bank	1,904,853	2021.11.11-2023.10.5	136,907	Financial assets at fair value through profit or loss	135,868
Hua Nan Bank	4,127,182	2022.1.5-2023.4.20	(373,225)	Financial liabilities at fair value through profit or loss	373,225
TransGlobe Life	11,111,643	2021.1.21-2023.1.13	601,809	Financial assets at fair value through profit or loss	567,670
TransGlobe Life	996,328	2022.8.22-2023.1.10	(2,270)	Financial liabilities at fair value through profit or loss	2,270

	December 31, 2021			
	Contract (Notional) Amount	Contract Period	Account	Balance
Interest rate swap contracts				
SinoPac Securities	$ 500,000	2020.3.9-2022.3.9	Financial assets at fair value through profit or loss	$ 160
SinoPac Securities	675,000	2020.8.3-2024.8.12	Financial liabilities at fair value through profit or loss	2,555
Hua Nan Bank	8,898,000	2020.11.13-2031.11.4	Financial assets at fair value through profit or loss	89,414
Currency swap contracts				
SinoPac Securities	956,800	2021.9.9-2022.5.12	Financial assets at fair value through profit or loss	9,116
Hua Nan Bank	830,687	2021.10.5-2022.7.15	Financial assets at fair value through profit or loss	10,704
Hua Nan Bank	553,791	2021.11.11-2023.9.28	Financial liabilities at fair value through profit or loss	1,039

	September 30, 2021				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	$ 500,000	2020.3.9-2022.3.9	$ (414)	Financial assets at fair value through profit or loss	$ 290
SinoPac Securities	675,000	2020.8.3-2024.8.12	326	Financial liabilities at fair value through profit or loss	973
Hua Nan Bank	9,401,369	2020.10.13-2031.9.10	29,538	Financial assets at fair value through profit or loss	39,787
Hua Nan Bank	500,000	2020.10.21-2030.10.21	(1,864)	Financial liabilities at fair value through profit or loss	204
Currency swap contracts					
SinoPac Securities	1,061,180	2021.8.9-2022.3.14	8,102	Financial assets at fair value through profit or loss	8,102
SPL	33,060	2021.4.13-2021.12.27	(634)	Financial liabilities at fair value through profit or loss	634

3) Securities purchased under resell agreements

2022

	September 30		For the Nine Months Ended September 30
	Face Amount	Carrying Amount	Interest Income
Others	$ -	$ -	$ 14

2021

	September 30		For the Nine Months Ended September 30
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities	$ 139,326	$ 124,561	$ 2,394
Others	-	-	10

4) Receivables and payables

	September 30, 2022	December 31, 2021	September 30, 2021
Receivables			
Others	$ 246,141	$ 290,078	$ 275,520
Payables			
Others	$ 21,622	$ 16,869	$ 17,662
Cash dividends payable to SPH	$ 1,435,025	$ 1,435,025	$ 1,435,025

5) Current income tax assets and liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Receivables from adopting the linked-tax system	$ 1,055,020	$ 1,055,020	$ 1,055,020
Payables from adopting the linked-tax system	$ 1,109,643	$ 586,906	$ 625,670

6) Loans

	For the Nine Months Ended September 30, 2022			
	Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
Loans	$ 10,353,440	$ 11,643,622	0-10.64	$ 103,058

Category	September 30, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	237	$ 395,202	$ 365,462	V	-	None	Yes
Household mortgage loans	1,136	7,162,748	6,893,690	V	-	Real estate	Yes
Others:							
	SPL	400,000	300,000	V	-	Real estate	Yes
	Froch Enterprise	248,808	-	V	-	None, Note 1	Yes
	Uni-President Development	130,000	-	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	55,509	V	-	Real estate	Yes
	Kim Great	43,566	41,388	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,047	V	-	Real estate	Yes
	Hotai Investment	2,406	1,788	V	-	Vehicle	Yes
	Zetai Investment	1,225	963	V	-	Vehicle	Yes
	Yong, Yu-Kang Construction	131	-	V	-	Certificates of deposit	Yes
	Others	3,161,215	2,687,593	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	4,085,672	3,094,288				
	Total	$ 11,643,622	$ 10,353,440				

	For the Year Ended December 31, 2021		
	Ending Balance	Highest Balance	Interest/ Fee Rates (%)
Loans	$ 9,702,175	$ 11,726,148	0-12.900

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 and vehicle	Yes
	Others subtotal	4,532,054	2,912,368				
	Total	$ 11,726,148	$ 9,702,175				

	For the Nine Months Ended September 30, 2021			
	Ending Balance	**Highest Balance**	**Interest/ Fee Rates (%)**	**Interest Income**
Loans	$ 9,688,267	$ 11,446,534	0-12.9	$ 92,270

Category	September 30, 2021						
	Account Volume or Name of Related Party	**Highest Balance**	**Ending Balance**	**Normal**	**Overdue**	**Type of Collaterals**	**Is the Transaction at Arm's Length Commercial Term**
Employees' consumer loans	277	$ 472,756	$ 441,323	V	-	None	Yes
Household mortgage loans	1,115	6,598,627	6,296,654	V	-	Real estate	Yes
Others:							
	SPL	970,000	-	V	-	Real estate	Yes
	Jhong Cing Investment	59,051	59,051	V	-	Real estate	Yes
	Evercast Precision	49,674	43,026	V	-	Real estate	Yes
	Kim Great	46,474	44,298	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	7,904	V	-	Real estate	Yes
	Hotai Investment	3,231	2,613	V	-	Vehicle	Yes
	Zetai Investment	1,400	1,312	V	-	Vehicle	Yes
	Others	3,200,179	2,792,086	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	4,375,151	2,950,290				
	Total	$ 11,446,534	$ 9,688,267				

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

September 30, 2022

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

December 31, 2021

None.

September 30, 2021

None.

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

8) Financial assets at fair value through other comprehensive income

	September 30, 2022	December 31, 2021	September 30, 2021
Equity instrument			
TAIFEX	$ 328,640	$ 410,315	$ 391,006
PCSC	215,830	-	-
Quanta Computer	-	311,563	254,975
Others	21,134	19,659	19,169

9) Other financial assets

The Bank had interest revenue from call loans to security corporations for the nine months ended September 30, 2021 was $33.

10) Property and equipment

In the nine months ended September 30, 2022 and 2021, the Bank purchased property and equipment from its related parties for a total price of $23,076 and $27,080, respectively, recognized as property and equipment.

The Bank leased other equipment from its related parties, due to the date, September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amount were $59, $67 and $69, respectively.

11) Intangible assets

In the nine months ended September 30, 2022 and 2021, the Bank purchased computer software from its related parties in the amount of $19,606 and $16,216, respectively, recognized as intangible assets.

12) Other assets

	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments			
Others	$ 4,403	$ 4,708	$ 4,811
Guarantee deposits			
SinoPac Futures	74,396	50,998	238,042
Others	8,426	8,684	8,603

The Bank signed an agreement with other related parties for the purchase. The Bank paid $19,270 and $39,073 for the nine months ended September 30, 2022 and 2021, which were recorded as prepayments (other assets) or other operating expenses.

The amount of undiscounted guarantee deposits from lease contract were $12,703, $12,903 and $12,903 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

The amount of interest revenue through above guarantee for the nine months ended September 30, 2022 and 2021 were $2 and $28, respectively.

13) Notes and bonds transaction

	For the Nine Months Ended September 30, 2022	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities	$ -	$ 7,000,000

	For the Nine Months Ended September 30, 2021	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities	$ -	$ 5,420,000
Hua Nan Bank	-	5,003,395

14) Deposits from the Central Bank and banks

2022

	September 30		For the Nine Months Ended September 30
	Ending Balance	Interest Rates (%)	Interest Expense
Hua Nan Bank	$ 1,809,610	0.11-3.21	$ 8,524

2021

	December 31	
	Ending Balance	Interest Rates (%)
Hua Nan Bank	$ 913,755	0.09-1.30

	September 30		For the Nine Months Ended September 30
	Ending Balance	Interest Rates (%)	Interest Expense
Hua Nan Bank	$ 3,566,752	0.09-1.30	$ 1,244

15) Deposits

2022

September 30		For the Nine Months Ended September 30
Ending Balance	Interest Rates (%)	Interest Expense
$ 34,278,846	0-13	$ 155,117

	Ending Balance	Interest Rate (%)
TransGlobe Life Insurance Inc.	$ 8,551,041	0.20-0.33
SinoPac Securities	6,660,873	0-4.02
ScinoPharm Taiwan, Ltd.	1,480,652	0.08-1.315
E Ink Holdings	1,156,468	0.001-1.315
Hsin-Yi Foundation	856,475	0.01-1.9
SinoPac Securities (Asia)	586,945	0-1.45
GUC	567,203	0.001-1.01
Transyork Technology (Yangzhou)	463,620	0.05-3.1
TAIFEX	400,000	0.285-1.135
YuanHan Material	365,555	0.001-1.315
Taigen Biotechnology	320,260	0-3.25
Hsin Yi Recreation	285,594	0.2-2
China Color Printing	275,477	0.28-1.315
SinoPac Securities Venture Capital	261,198	0.28
YFY Biotech Management	194,591	0-1.135
YFY Investment	178,685	0.05-2.1
SINO CELL TECHNOLOGIES LTD.	177,692	0-0.33
SinoPac Securities Investment Service	169,676	0-1.315
Yong Hsin Yi Enterprise	156,905	0.28-2.68
SPIL	143,325	0.35-2.025
Effion Enertech	132,261	0.28-0.88
Shin Yuan Investment	119,553	0.001-2.95
SPL	119,316	0-0.33
Hoss Capital	113,307	0.2-1.1
SinoPac Futures	106,627	0.001-1.135
EVERTERMINAL CO., LTD.	100,160	0.28-0.865
Others	10,335,387	0-13
	$ 34,278,846	

2021

	December 31	
	Ending Balance	Interest Rates (%)
	$ 68,509,961	0-13

	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	

2021

	September 30		For the Nine Months Ended September 30
	Ending Balance	**Interest Rates (%)**	**Interest Expense**
	$ 54,221,544	0-13	$ 209,575

	Ending Balance	**Interest Rate (%)**
Quanta Computer	$ 15,200,088	0-0.76
SinoPac Securities	9,052,596	0-0.8
Pegatron	4,568,920	0.03-0.76
SinoPac Securities (Asia)	2,912,267	0-0.9
Shin Foong Specialty And Applied Materials	1,566,815	0.03-0.38
Nuvoton Technology	1,350,000	0.08-0.63
E Ink Holdings	1,150,266	0.001-0.815
Hsin-Yi Foundation	991,106	0.01-2.3
Yuen Fong Yu Consumer Products	864,721	0-0.03
Foundation of Fire Fighting Development	732,900	0-0.84
Taigen Biotechnology	534,608	0-0.815
YuanHan Material	466,907	0.001-0.815
Tech Smart Logistics Ltd.	439,907	0.03
Dream Universe Limited	339,671	0.05
Hsin Yi Recreation	303,791	0.03-1.7
TWSE	300,441	0.03-0.76
Rich Optronics (Yangzhou)	299,922	0.05
Taiwan Riken Industrial	289,032	0-2.55
Sun He Energy	275,154	0.03
China Color Printing	270,708	0.03-0.815
Transyork Technology (Yangzhou)	256,573	0.05-1.15
Transcend Optronics (Yangzhou)	252,694	0.35-1.0
SinoPac Venture Capital	214,750	0.03-0.2
YFY Biotech Management	211,661	0-0.76
TAIFEX	200,001	0.03-0.76
SinoPac Securities Investment Service	183,770	0-0.815
SinoPac Capital International (HK) Limited	168,232	0-0.15
SPH	159,949	0-0.03
SPL	149,688	0.02-0.2
Shin Yuan Investment	146,556	0.001-0.57
High Entropy Materials	143,300	0.03
Yong Hsin Yi Enterprise	141,672	0.03-0.815
SinoPac Securities Venture Capital	134,063	0.03
SinoPac Leasing (Tainjin) Co., Ltd.	130,592	0.35-2.025
Effion Enertech	127,114	0.03-0.38
SinoPac Capital (Asia)	113,749	0-0.18
Willpower Industries Limited	113,528	0.03-0.2
Hoss Capital	113,323	0.03-0.2
Fidelis IT Solutions	107,216	0.03-0.38
Others	9,243,293	0-13
	$ 54,221,544	

16) Bank debentures

The Bank's bank debentures issued for the nine months ended September 30, 2022 and 2021 were underwritten by SinoPac Securities who were paid $1,000 and $910 commission fee, respectively (recognized as discount of bank debentures).

The Bank paid interest of bank debentures to related parties for the nine months ended September 30, 2022 and 2021 were $23,493 and $15,660, respectively.

17) Other liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Guarantee deposits received	$ 10,803	$ 11,727	$ 10,791
Advance receipts	7	12	6

18) Revenues and expenses

	For the Nine Months Ended September 30	
	2022	2021
Lease contracts - guarantee deposits interest revenue	$ 246	$ 238
Lease contracts - interest expenses	23,028	24,700
Commissions and fee revenues	111,298	52,010
Commissions and fee expenses	60,571	49,585
Realized gains on financial assets at fair value through other comprehensive income	25,847	35,070
Net other revenue other than interest income	9,273	8,643
Lease contracts - depreciation expenses	79,899	80,133
Other general and administrative expenses	167,881	149,085

19) Operating lease

<u>The Group as a lessee</u>

	September 30, 2022	December 31, 2021	September 30, 2021
Lease contracts - right of use, net			
SPL	$ 582,325	$ 626,145	$ 640,878
Chunghwa Telecom	74,570	108,126	119,312
Others	10,929	13,451	14,291
Lease contracts - lease liability			
SPL	618,110	653,091	664,633
Chunghwa Telecom	75,815	109,522	120,702
Others	10,983	13,479	14,308

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 Nine Months Ended September 30 2022	2021	Lease Term	Receiving Frequency
SinoPac Securities	$ 23,698	$ 23,932	November 2025	Rentals received monthly
SinoPac Securities Investment Trust	7,269	7,431	July 2024	Rentals received monthly
SPL	4,876	4,838	July 2026	Rentals received monthly
Yuen Foong Shop	3,267	3,269	January 2023	Rentals received monthly
YFY Biotech	2,547	2,547	October 2025	Rentals received monthly
Others	5,071	4,747	December 2026	Rentals received monthly

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

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

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

20) Others

In order to fulfill corporate social responsibility, the Bank and SinoPac Securities contributed $25,500 and $4,500 respectively, with the total amount of $30,000, to set up the 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 Nine Months Ended September 30 2022	2021
Short-term employee benefits	$ 98,034	$ 78,282
Post-employment benefits	1,838	14,378
	$ 99,872	$ 92,660

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	September 30, 2022	December 31, 2021	September 30, 2021	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	2,444,572	Note 2
Investment in debt instruments at amortized cost	Certificates of deposits	8,158,738	8,138,448	8,139,326	Note 3
Investment in debt instruments at amortized cost	Government bonds	1,526,012	1,609,325	1,561,899	Note 4
Discounts and loans	Loans	17,508,571	12,975,007	12,403,095	Note 5
Other financial assets	Certificates of deposits	-	-	2,588,244	Note 6

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

Note 2: Pledged with repurchase agreement.

Note 3: Pledged in accordance with the Central Bank for foreign-exchange, with the Mega Bank for USD foreign-exchange settlement and with requirements of the California Department of Financial Institutions.

Note 4: Guarantees of dealing and underwriting business, a trust reserve fund, guarantees of bills financial service, reserve for payment of VISA international card, pledged to court as collaterals for filing provisional seizure and disposition and Hong Kong branch's clearing system of real-time gross settlement.

Note 5: Pledged in accordance with the Federal Reserve Bank under the discount window program.

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 September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Trust assets	$ 738,468,975	$ 631,453,936	$ 588,217,818
Securities under custody	222,026,680	214,851,201	187,832,133
Agent for government bonds	87,531,600	89,466,800	99,918,000
Receipts under custody	24,613,356	27,306,635	25,045,371
Agent for marketable securities under custody	9,195,380	5,885,170	4,097,010
Guarantee notes payable	8,783,438	8,752,948	11,290,870
Appointment of investment	6,525,144	4,533,851	4,764,799
Goods under custody	1,077,117	1,215,393	1,218,883

As of September 30, 2022, in addition to abovementioned unrecognized commitments, the Bank and SinoPac Securities had applied for tax concessions to Ministry of Finance regarding their technical support service expenditure relating to the financial transaction system, and had jointly signed to the system manufacturer the letter of indemnity of which the total compensation is not more than US$1,300 thousand to obtain the proxy of the manufacturer thereof to apply for foresaid tax concession. The compensation distributable to the Bank is US$867 thousand and to SinoPac Securities is US$433 thousand. The deadline for compensation guarantee period is December 31, 2027.

In order to continue the cooperation with National Cheng Kung University on the research about practical application of artificial intelligence and accelerate the digital transformation, the Bank continued to sign a three-year with the total budget of $80,000 enterprise and industry cooperation and donation agreement effective from July 1, 2020 through June 30, 2023. As of September 30, 2022, the Bank recognized operating expense in the amount of $68,000.

b. The Group entered into contracts to buy computers and office equipment were for $772,360 and $880,025 of which $496,761 and $519,434 had not been paid as of September 30, 2022 and 2021.

c. Contingent liabilities and contingencies

1) The Securities and Futures Investors Protection Center (SFIPC) filed a lawsuit against the Bank and SinoPac Leasing Corporation’s (SPL) subsidiary, Grand Capital International Limited (renamed as SinoPac Capital International Limited on October 4, 2018, liquidated), on the ground that Procomp Informatics Ltd. (Procomp) deposited US$10,000 thousand in the Bank’s Shisung Branch (formerly Sungshan Branch) and placed a restriction on the use of this deposit as a condition for a short-term loan to Addie International Limited granted by SPL and for allegedly helping Yeh, Sue-Fei and Procomp do irregular trading. But at the same time, Procomp used the restricted deposit for fictitious sale transactions. Later, when problems on Procomp’s account arose, the Bank and SPL demanded compensation, which was taken from Procomp’s account, resulting in damage to Procomp. The Bank was suspected of misleading investors by concealing the restricted status of Procomp’s deposit and window dressing Procomp’s financial statements. On behalf of investors, the SFIPC filed a lawsuit against the Bank, SPL and all other parties related to Procomp jointly. The amount of the claim was $4,207,212 in total.

   Both the courts of the first instance and the second instance ruled in favor of the Bank and SPL. The court believes that the Bank and SinoPac Leasing are not liable for the damage of Procomp as they do not hold rights and obligations to the edition, approval, recognition and announcement of Procomp’s financial statements and the Bank and SinoPac Leasing did not conspire with Procomp to concealing the restricted status of Procomp.
   However, the SFIPC decided to file an appeal on January 20, 2016. The Supreme Court reversed the declared judgment on July 26, 2017 and remanded the case to Taiwan High Court. The case is still under process. The SFIPC reduced their declaration to $4,161,366, and once again reduced their declaration to $4,161,219.

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

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

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

43. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

a. The definition of the hierarchy:

1) Level 1

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

a) All financial instruments in the market are homogeneous;

b) Willing buyers and sellers exist in the market all the time;

c) The public can access the price information easily.

2) Level 2

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

a) Quoted prices from the similar products in the active market. This means the fair value can be derived from the current trading prices of similar products. It is also noted that whether they are similar products should be judged by the characteristics and trading rules. The fair value valuation in this circumstance may make some adjustment due to time lags, trading rule's differences, related parties' prices, and the correlation of price between itself and the similar instruments.

b) Quoted prices for identical or similar financial instruments in inactive markets.

c) When marking-to-model, the input of model in this level should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be attained from market and can reflect the expectation of market participants.

d) Inputs which can be derived from other observable prices or whose correlation can be verified through other observable market data.

3) Level 3

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

b. Financial instrument measured at fair value

1) Hierarchy information of fair value of financial instruments

Financial Instruments Measured at Fair Value	September 30, 2022			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	$ 6,292	$ 6,292	$ -	$ -
Bonds	16,294,120	9,176,267	7,117,853	-
Others	6,208,306	-	6,208,306	-
Financial assets designated at fair value through profit or loss				
Bonds	4,392,104	4,392,104	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	18,342,572	15,120,735	2,021,297	1,200,540
Debt instruments at FVTOCI				
Bonds	162,858,414	78,753,290	82,994,515	1,110,609
Certificates of deposits and others	110,732,261	566,568	110,165,693	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,829,803	-	1,829,803	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	55,856,166	66,605	52,889,639	2,899,922
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	50,395,394	12,627	48,648,273	1,734,494

Financial Instruments Measured at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	$ 147,365	$ 147,365	$ -	$ -
Bonds	21,845,520	20,502,418	1,343,102	-
Others	5,481,849	-	5,481,849	-
Financial assets designated at fair value through profit or loss				
Bonds	9,961,812	9,961,812	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	15,299,410	12,617,198	1,281,565	1,400,647
Debt instruments at FVTOCI				
Bonds	153,301,380	76,116,304	76,216,426	968,650
Certificates of deposits and others	212,168,276	244,036	211,498,147	426,093
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,543,747	-	1,543,747	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	7,611,607	2,354	7,160,077	449,176
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	7,700,339	67,489	6,875,310	757,540

Financial Instruments Measured at Fair Value	September 30, 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	$ 58,474	$ 58,474	$ -	$ -
Bonds	32,405,456	30,251,007	2,154,449	-
Others	7,944,837	-	7,944,837	-
Financial assets designated at fair value through profit or loss				
Bonds	12,086,079	12,086,079	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	12,269,807	9,650,420	1,285,161	1,334,226
Debt instruments at FVTOCI				
Bonds	153,655,016	72,905,546	78,939,204	1,810,266
Certificates of deposits and others	176,204,720	-	175,775,297	429,423
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	1,536,491	-	1,536,491	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	7,533,161	9,045	7,184,291	339,825
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	7,196,989	46,646	6,519,893	630,450

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

For the nine months ended September 30, 2021, the Group transferred part of the government bonds and corporate bonds 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

For the Nine Months Ended September 30, 2022									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold (Note)	Transfer Out of Level 3		
Non-derivative financial instruments									
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	$ 1,400,647	$ -	$ (200,098)	$ -	$ -	$ (9)	$ -	$ -	$ 1,200,540
Debt instruments at FVTOCI	1,394,743	-	(97)	-	-	(450,775)	-	166,738	1,110,609
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	449,176	2,450,746	-	-	-	-	-	-	2,899,922

For the Nine Months Ended September 30, 2021									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Non-derivative financial instruments									
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	$ 1,200,430	$ -	$ 133,796	$ -	$ -	$ -	$ -	$ -	$ 1,334,226
Debt instruments at FVTOCI	1,838,716	-	13,400	429,376	-	-	-	(41,803)	2,239,689
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	277,946	61,879	-	-	-	-	-	-	339,825

For the nine months ended September 30, 2022 and 2021, the gains on valuation included in net income with assets still held were gain $2,867,018 and $89,540, respectively.

For the nine months ended September 30, 2022 and 2021, the gains or losses on valuation included in other comprehensive income with assets still held were loss $200,195 and gain $147,196, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Nine Months Ended September 30, 2022								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 757,540	$ 976,954	$ -	$ -	$ -	$ -	$ -	$ 1,734,494

For the Nine Months Ended September 30, 2021								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	$ 881,535	$ (251,085)	$ -	$ -	$ -	$ -	$ -	$ 630,450

For the nine months ended September 30, 2022 and 2021, the gains or losses on valuation results included in net income from liabilities still held were loss $1,393,188 and gain $225,289, 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:

September 30, 2022

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
Derivative financial instruments					
Financial instruments at fair value through profit or loss					
Hybrid FX swap structured instruments	$ 448,194	$ 447,952	Sellers' quote	(Note 1)	-
Others	2,451,728	1,286,542	Sellers' quote	(Notes 1 and 2)	-
	$ 2,899,922	$ 1,734,494			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	$ 1,200,540	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 1,110,609	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-

December 31, 2021

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
Derivative financial instruments					
Financial instruments at fair value through profit or loss					
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					
Stock	$ 1,400,647	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 968,650	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	426,093	-	Sellers' quote	(Note 2)	-
	$ 1,394,743	$ -			

September 30, 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	$ 270,524	$ 270,362	Sellers' quote	(Note 1)	-
Others	69,301	360,088	Sellers' quote	(Notes 1 and 2)	-
	$ 339,825	$ 630,450			
Non-derivative financial instruments					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	$ 1,334,226	$ -	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	0%-30%
Debt instruments at FVTOCI					
Bonds	$ 1,810,266	$ -	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-
Certificates of deposits	429,423	-	Sellers' quote	(Note 2)	-
	$ 2,239,689	$ -			

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

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

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

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

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

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

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

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

September 30, 2022

Item	Changes in the Fair Value Reflected in Current Profit or Loss	
	Unfavorable Change	**Favorable Change**
Asset		
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	$ (35,943)	$ 35,943

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

September 30, 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	$ (43,312)	$ 43,312

c. Financial instruments not carried at fair value

1) Fair value information of financial instruments

Financial instruments not carried at fair value excluding the table below are reasonably close to their fair value, therefore no additional disclosure, for example: Cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, discounts and loans, some other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, payables, deposits and remittances and other financial liabilities.

	September 30, 2022	
Items	**Carrying Amount**	**Fair Value**
Investments in debt instruments at amortized cost	$ 224,577,958	$ 211,942,610
Bank debentures	56,249,390	55,498,757

	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

	September 30, 2021	
Items	**Carrying Amount**	**Fair Value**
Investments in debt instruments at amortized cost	$ 161,539,455	$ 164,582,918
Bank debentures	45,568,924	46,358,195

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	September 30, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments in debt instruments at amortized cost	$ 211,942,610	$ 42,100,243	$ 169,842,367	$ -
Bank debentures	55,498,757	-	29,743,757	25,755,000

Assets and Liabilities Item	December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments in debt instruments at amortized cost	$ 168,491,938	$ 57,339,540	$ 111,152,398	$ -
Bank debentures	51,262,612	-	30,557,612	20,705,000

Assets and Liabilities Item	September 30, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments in debt instruments at amortized cost	$ 164,582,918	$ 52,532,489	$ 112,050,429	$ -
Bank debentures	46,358,195	-	28,965,995	17,392,200

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

   a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, due to the Central Bank and banks, securities sold under repurchase agreements, payables and other financial liabilities approximate their fair value because of the short maturity or the similarity of the carrying amount and future price.

   b) Discounts and loans (including non-performing loans): The Group usually uses base rate (floating rate) as loan rate because it can reflect market rate. Thus, using its carrying amount to consider the probability of repossession and estimate its fair value is reasonable. Long-term loans with fixed rate should estimate its fair value by its discounted value of expected cash flow. Because this kind of loans is not significant in this item, using its carrying amount to consider the probability of repossession and estimate its fair value should be reasonable.

   c) The investments in debt instruments at amortized cost: Debt instruments investments at amortized cost with quoted price in an active market are using market price as fair value; debt instruments investments at amortized cost with no quoted price in an active market are estimated by valuation methods or opponent's price.

   d) Deposits and remittances: Considering banking industry's characteristic, since deposits have one-year maturity and measured by market rate (market value), using carrying value to assess fair value is reasonable. For deposits with three-year maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.

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

44. FINANCIAL RISK MANAGEMENT

a. Overview

   The Group documents the risk management policies, including overall operating strategies and risks control philosophy. The Group's overall risk management policies are to minimize the possibility of potential unfavorable factors. The board of directors approves the documentation of overall risk management policies and specific risk management policies; including credit risk, liquidity risk, market risk, operational risk, derivative instruments transactions and managements. The board of directors reviews the policies regularly, and reviews the operation to make sure the Group's policies are executed properly.

b. Risk management framework

   The board of directors is the top risk supervisor of the Group. The board not only reviewed risk management policies and rules but also authorized management to be in charge of daily risk management work. The Bank has set up a risk management committee under the chairman of the Board to be responsible for the services above; the Bank has also set up a credit committee 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 and retail banking through statistic methods, professional judgment and clients’ information. Every model should be reviewed regularly to examine whether the calculations match to the actual conditions or not, then the Group will adjust parameters to optimize the results.

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

b) Investment business

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

a) Quantitative indicators

Principal or interest is overdue for more than three months.

b) Qualitative indicators

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

i. The main debtor has been chased, or the collateral has been disposed of.

ii. The main debtor has not paid short-term advance to the Group.

iii. The debtor applies for debt negotiation, debt extension and debt restructuring, etc. due to financial difficulties.

iv. Other situation with objective evidence of impairment.

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

i. The issuer probably cannot repay the principal or interest on the bond maturity date.

ii. It could be objectively judged that the issuer will not be able to repay the principal and interest of the bond on time before maturity.

iii. Probability that the debtor will enter into bankruptcy or undergo financial reorganization.

iv. The issuer encounters bankruptcy or being reorganized or taken over due to financial difficulties before bond maturity.

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

6) Write-off policy

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

a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.

b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed the bank's reimbursable amount.

c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to the Bank.

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

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

7) Amendment to financial asset contract cash flows

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

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

a) Risk of breaching the contract on the reporting date (based on revised contract terms).

b) The risk of default in the original recognition (based on the original unmodified contract terms).

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

8) Measurement of expected credit losses

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

The Group provides allowance for 12-month expected credit losses when financial instruments did not have a significant increase in credit risk since the initial recognition. Financial instruments are provided with allowance for full-lifetime expected credit losses when there is significant increase in credit risk or credit impairment since the initial recognition.

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

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

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

9) Forward-looking information considerations

a) Credit assets

The Bank takes forward-looking information into account when determining whether the credit risk of the credit assets has increased significantly since the initial recognition and measures the expected credit losses. The impact of COVID-19 was also considered in the forward-looking information. The Bank uses historical data and expert judgments to analyze and identify the economic factors that affect the credit risk and expected credit losses of various asset groups, such as GDP and unemployment rate. The Bank obtains quarterly historical data and forecast information of the relevant economic factors from international financial organizations (such as the International Monetary Fund (IMF)) and Directorate General of Budget, Accounting and Statistics, Executive Yuan. This forecast information contains the best estimate of the economic situation in the next five years.

The relevant economic factors and their impact on PD differ among different credit business. The Bank classifies credit product types as:

i. Enterprise, sovereignty, and bank credit exposure.
ii. Home Mortgage Loan credit exposure.
iii. Qualified cycling retail credit exposure.
iv. Other retail credit exposure.

With reference to the Basel Capital Accord IRB method, the correlation coefficient of various types of credit products and risk category is calculated and forward-looking information is used to adjust the default probability.

b) Investment business

For the debt instrument investment measured at amortized cost and measured at fair value through other comprehensive income, one of the indicators of significant increase in credit risk is the quantified change in the external rating class announced by the international credit rating agencies, and the measurement of expected credit losses is based on the information of the default ratings and default loss rates regularly announced by external rating agencies and international credit rating agencies. As international credit rating agencies have considered forward-looking information in assessing credit ratings, the Bank’s assessment of forward-looking information is appropriate, and is included in the Bank’s assessment of expected credit losses.

c) Bank SinoPac (China)

Bank SinoPac (China) identifies the key indicator of credit risk and expected credit losses for various asset portfolios through historical data analysis. By combining industry best practices and internal judgment of bank, Bank SinoPac (China) incorporates the GDP year-on-year indicator and RMB incremental loan volume announced by the People's Bank of China as the credit supply index into the model, and calculates the actual default probability of forward-looking results through the calculation of the corresponding macroscopic factor forecast value.

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

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

Off-Balance Sheet Items	The Maximum Credit Exposure		
	September 30, 2022	**December 31, 2021**	**September 30, 2021**
Undrawn credit card commitments	$ 220,600,133	$ 207,556,077	$ 205,067,877
Undrawn loan commitments	45,012,703	45,812,543	46,542,716
Guarantees	32,259,664	39,866,757	36,954,788
Standby letter of credit	9,294,689	8,218,744	10,132,067

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	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Private enterprise	$ 634,459,337	48.48	$ 550,733,915	45.87	$ 575,065,526	46.42
Public enterprise	14,463,970	1.10	7,512,132	0.63	8,502,889	0.69
Government sponsored enterprise and business	4,000,000	0.31	13,993,648	1.16	42,006,298	3.39
Nonprofit organization	193,378	0.01	272,106	0.02	292,487	0.02
Private	642,940,144	49.13	615,447,654	51.26	599,902,223	48.42
Financial institutions	12,656,408	0.97	12,672,809	1.06	13,070,037	1.06
Total	$ 1,308,713,237	100.00	$ 1,200,632,264	100.00	$ 1,238,839,460	100.00

b) By region

Regions	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Domestic	$ 1,038,917,254	79.39	$ 963,997,152	80.29	$ 995,190,290	80.33
Asia	145,048,532	11.08	129,603,731	10.80	130,776,165	10.56
North America	89,092,795	6.81	70,626,160	5.88	75,097,188	6.06
Others	35,654,656	2.72	36,405,221	3.03	37,775,817	3.05
Total	$ 1,308,713,237	100.00	$ 1,200,632,264	100.00	$ 1,238,839,460	100.00

c) By collateral

Collaterals	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Credit	$ 425,481,094	32.51	$ 356,979,492	29.73	$ 414,942,185	33.49
Secured						
Stocks	3,073,105	0.23	5,357,079	0.45	5,458,972	0.44
Bonds	10,589,579	0.81	15,402,440	1.28	14,396,111	1.16
Real estate	789,943,203	60.36	742,323,649	61.83	723,920,615	58.44
Movable collaterals	53,014,297	4.05	51,539,989	4.29	50,359,586	4.07
Guarantees	15,378,801	1.18	16,436,132	1.37	17,437,413	1.41
Others	11,233,158	0.86	12,593,483	1.05	12,324,578	0.99
Total	$ 1,308,713,237	100.00	$ 1,200,632,264	100.00	$ 1,238,839,460	100.00

d) Credit risk exposure rating

September 30, 2022	Principal				Allowance				
	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	$ 680,488,807	$ 190,752	$ 3,837,636	$ 684,517,195	$ 1,642,274	$ 47,840	$ 523,094	$ 6,971,789	$ 9,184,997
Consumer banking	619,023,558	4,054,508	1,117,976	624,196,042	111,860	168,443	177,074	7,918,197	8,375,574
Receivables									
Credit card receivable	18,607,716	227,257	694,902	19,529,875	3,497	4,634	23,584	139,882	171,597
Accounts receivable - factoring (Note 1)	13,658,313	-	-	13,658,313	16,185	-	-	203,423	219,608
Other receivable (Note 2)	21,168,717	28,342	265,235	21,462,294	19,958	1,428	207,705	84,136	313,227
Debt instruments at fair value through other comprehensive income	273,590,675	-	-	273,590,675	48,884	-	-	-	48,884
Investment in debt instruments at amortized cost	224,594,421	-	-	224,594,421	16,463	-	-	-	16,463

December 31, 2021	Principal				Allowance				
	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 Months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	$ 593,948,243	$ 1,298,095	$ 5,365,365	$ 600,611,703	$ 1,504,195	$ 338,389	$ 830,166	$ 4,787,285	$ 7,460,035
Consumer banking	594,790,808	4,056,995	1,172,758	600,020,561	246,812	224,353	197,957	7,418,770	8,087,892
Receivables									
Credit card receivable	19,517,643	211,180	743,238	20,472,061	9,112	8,463	24,993	158,942	201,510
Accounts receivable - factoring (Note 1)	11,445,625	-	-	11,445,625	11,562	-	-	169,288	180,850
Other receivable (Note 2)	24,016,441	21,937	256,332	24,294,710	26,820	1,955	204,577	149,929	383,281
Debt instruments at fair value through other comprehensive income	365,469,656	-	-	365,469,656	47,558	-	-	-	47,558
Investment in debt instruments at amortized cost	167,261,299	-	-	167,261,299	13,314	-	-	-	13,314

September 30, 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	$ 647,866,262	$ 1,672,199	$ 4,871,784	$ 654,410,245	$ 2,023,202	$ 450,807	$ 947,511	$ 4,448,293	$ 7,869,813
Consumer banking	579,114,001	4,158,184	1,157,030	584,429,215	137,194	245,929	194,384	7,268,701	7,846,208
Receivables									
Credit card receivable	18,843,766	211,739	764,868	19,820,373	5,207	6,476	26,917	163,033	201,633
Accounts receivable - factoring (Note 1)	10,327,425	-	-	10,327,425	12,264	-	-	142,453	154,717
Other receivable (Note 2)	21,948,377	22,028	250,183	22,220,588	31,340	1,810	203,042	177,454	413,646
Debt instruments at fair value through other comprehensive income	329,859,736	-	-	329,859,736	49,873	-	-	-	49,873
Investment in debt instruments at amortized cost	161,551,583	-	-	161,551,583	12,128	-	-	-	12,128

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 Nine Months Ended September 30, 2022	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-Impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	$ 1,751,007	$ 562,742	$ 1,028,123	$ 3,341,872	$ 12,206,055	$ 15,547,927
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(9,259)	560,932	(27,802)	523,871	-	523,871
From conversion to credit-impaired financial assets	(904)	(313,913)	259,202	(55,615)	-	(55,615)
To 12-month ECL	4,849	(457,011)	(80,009)	(532,171)	-	(532,171)
Derecognizing financial assets during the current period	(1,998,417)	(137,103)	(349,981)	(2,485,501)	-	(2,485,501)
Purchased or originated new financial assets	1,936,159	6,077	95,068	2,037,304	-	2,037,304
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	2,658,785	2,658,785
Write-off	-	-	(667,675)	(667,675)	(213,696)	(881,371)
Changes in model/risk parameters	(26,662)	(5,642)	(25,028)	(57,332)	-	(57,332)
Effect of exchange rate changes and others	97,361	201	468,270	565,832	238,842	804,674
Balance, September 30	$ 1,754,134	$ 216,283	$ 700,168	$ 2,670,585	$ 14,889,986	$ 17,560,571

For the Nine Months Ended September 30, 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	(11,787)	961,927	(26,860)	923,280	-	923,280
From conversion to credit-impaired financial assets	(4,548)	(402,812)	746,597	339,237	-	339,237
To 12-month ECL	3,325	(685,231)	(9,370)	(691,276)	-	(691,276)
Derecognizing financial assets during the current period	(2,388,023)	(209,947)	(654,239)	(3,252,209)	-	(3,252,209)
Purchased or originated new financial assets	2,415,752	25,766	397,318	2,838,836	-	2,838,836
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	1,164,207	1,164,207
Write-off	-	-	(945,594)	(945,594)	(201,955)	(1,147,549)
Changes in model/risk parameters	(21,129)	(23,529)	(37,518)	(82,176)	-	(82,176)
Effect of exchange rate changes and others	(25,944)	(2,640)	672,258	643,674	(21,447)	622,227
Balance, September 30	$ 2,160,396	$ 696,736	$ 1,141,895	$ 3,999,027	$ 11,716,994	$ 15,716,021

Changes in allowance for receivable

For the Nine Months Ended September 30, 2022	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	$ 47,494	$ 10,418	$ 229,570	$ 287,482	$ 478,159	$ 765,641
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(1,128)	13,402	(3,255)	9,019	-	9,019
From conversion to credit-impaired financial assets	(8)	(9,930)	44,588	34,650	-	34,650
To 12-month ECL	67	(2,478)	(151)	(2,562)	-	(2,562)
Derecognizing financial assets during the current period	(29,989)	(5,471)	(8,099)	(43,559)	-	(43,559)
Purchased or originated new financial assets	22,150	10	1,115	23,275	-	23,275
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(17,699)	(17,699)
Write-off	(1)	(198)	(39,824)	(40,023)	(56,013)	(96,036)
Changes in model/risk parameters	(217)	(254)	(1,002)	(1,473)	-	(1,473)
Effect of exchange rate changes and others	1,272	563	8,347	10,182	22,994	33,176
Balance, September 30	$ 39,640	$ 6,062	$ 231,289	$ 276,991	$ 427,441	$ 704,432

For the Nine Months Ended September 30, 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	(191)	17,224	(4,010)	13,023	-	13,023
From conversion to credit-impaired financial assets	(14)	(16,246)	52,054	35,794	-	35,794
To 12-month ECL	39	(2,628)	(37)	(2,626)	-	(2,626)
Derecognizing financial assets during the current period	(48,051)	(3,877)	(12,610)	(64,538)	-	(64,538)
Purchased or originated new financial assets	42,535	11	1,776	44,322	-	44,322
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	148,781	148,781
Write-off	(2)	(536)	(77,184)	(77,722)	(60,547)	(138,269)
Changes in model/risk parameters	2,504	(502)	(2,496)	(494)	-	(494)
Effect of exchange rate changes and others	(2,018)	1,249	2,778	2,009	(3,523)	(1,514)
Balance, September 30	$ 48,811	$ 8,286	$ 229,959	$ 287,056	$ 482,940	$ 769,996

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 Nine Months Ended September 30, 2022	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 47,558	$ -	$ -	$ 47,558
Purchased new debt instrument	13,594	-	-	13,594
Derecognized	(10,477)	-	-	(10,477)
Model/risk parameters changes	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	2,025	-	-	2,025
Balance September 30	$ 48,884	$ -	$ -	$ 48,884

For the Nine Months Ended September 30, 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	13,685	-	-	13,685
Derecognized	(16,395)	-	-	(16,395)
Model/risk parameters changes	(6,147)	-	-	(6,147)
Effect of exchange rate changes and others	(2,722)	-	-	(2,722)
Balance September 30	$ 49,873	$ -	$ -	$ 49,873

Change in allowance for debt instrument at amortized cost

For the Nine Months Ended September 30, 2022	Credit Rating 12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	Total
Balance January 1	$ 13,314	$ -	$ -	$ 13,314
Purchased new debt instrument	3,567	-	-	3,567
Derecognized	(40)	-	-	(40)
Model/risk parameters changes	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	670	-	-	670
Balance September 30	$ 16,463	$ -	$ -	$ 16,463

For the Nine Months Ended September 30, 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	1,614	-	-	1,614
Derecognized	(186)	-	-	(186)
Model/risk parameters changes	(786)	-	-	(786)
Effect of exchange rate changes and others	(405)	-	-	(405)
Balance September 30	$ 12,128	$ -	$ -	$ 12,128

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 September 30, 2022, December 31, 2021 and September 30, 2021, the amount of discounts and loans were $4,955,612, $6,538,123 and $6,028,814, with a provision for loss allowance of $700,168, $1,028,123 and $1,141,895 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to $3,111,470, $3,721,432 and $3,557,835.

c) The contracted amount of financial assets that have been written off and still have recourse activities

The contracted amount of financial assets that have been written off by the Bank and still have recourse activities are $48,883,634, $47,391,803 and $47,057,806 on September 30, 2022, December 31, 2021 and September 30, 2021.

14) Management policies of collaterals assumed

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

There are no assumed collaterals of the Group as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

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

a) Overdue loans and receivables

Date			September 30, 2022				
Items			**Nonperforming Loan (NPL) (Note 1)**	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate loan	Secured		$ 556,175	$ 270,099,182	0.21%	$ 3,623,290	651.47%
	Unsecured		704,925	374,953,119	0.19%	5,007,030	710.29%
Consumer loan	Mortgage (Note 4)		164,565	346,365,854	0.05%	5,251,612	3,191.21%
	Cash card		-	2,181	-	285	-
	Micro credit (Note 5)		83,845	30,363,359	0.28%	526,092	627.46%
	Others (Note 6)	Secured	260,083	245,493,936	0.11%	2,574,711	989.96%
		Unsecured	2,335	1,970,712	0.12%	22,874	979.61%
Total			1,771,928	1,269,248,343	0.14%	17,005,894	959.74%
			Overdue Receivables	**Accounts Receivables**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			23,094	19,529,875	0.12%	171,597	743.04%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	16,105,657	-	203,581	-

Date			September 30, 2021				
Items			**Nonperforming Loan (NPL) (Note 1)**	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate loan	Secured		$ 493,291	$ 244,665,196	0.20%	$ 3,071,758	622.71%
	Unsecured		976,199	374,922,858	0.26%	4,334,442	444.01%
Consumer loan	Mortgage (Note 4)		164,668	323,535,646	0.05%	4,932,517	2,995.43%
	Cash card		-	3,118	-	349	-
	Micro credit (Note 5)		75,585	26,428,230	0.29%	412,997	546.40%
	Others (Note 6)	Secured	322,788	232,230,033	0.14%	2,476,565	767.24%
		Unsecured	1,341	2,232,188	0.06%	23,780	1,773.30%
Total			2,033,872	1,204,017,269	0.17%	15,252,408	749.92%
			Overdue Receivables	**Accounts Receivables**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			24,548	19,820,373	0.12%	201,633	821.38%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	11,747,623	-	144,332	-

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	**September 30, 2022**		**September 30, 2021**	
Items	**Excluded NPL**	**Excluded Overdue Receivables**	**Excluded NPL**	**Excluded Overdue Receivables**
As a result of debt negotiation and loan agreement (Note 1)	$ 344	$ 18,146	$ 605	$ 26,320
As a result of consumer debt clearance (Note 2)	16,423	577,742	17,651	627,188
Total	$ 16,767	$ 595,888	$ 18,256	$ 653,508

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	September 30, 2022		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (finance container leasing)	$ 10,864,845	8.24
2	B Group (real estate development activities)	7,507,462	5.69
3	C Group (other holding companies)	6,875,351	5.21
4	D Group (real estate development activities)	6,294,840	4.77
5	E Group (other holding companies)	5,853,346	4.44
6	F Group (metal casting)	5,635,045	4.27
7	G Group (department store)	4,703,461	3.57
8	H Group (real estate development activities)	3,888,000	2.95
9	I Group (manufacture of computer, peripheral equipment and software wholesale activities)	3,277,028	2.49
10	J Company (real estate development activities)	3,005,000	2.28

Year	September 30, 2021		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (manufacture of computers)	$ 11,713,901	8.29
2	B Group (other holding companies)	9,332,746	6.61
3	C Group (manufacture of other computer peripheral equipment)	5,879,568	4.16
4	D Group (real estate development activities)	5,784,090	4.09
5	E Group (real estate development activities)	5,495,128	3.89
6	F Group (metal casting)	5,209,272	3.69
7	G Company (other metalworking activities)	5,000,000	3.54
8	H Group (other telecommunications industry)	4,163,687	2.95
9	I Group (real estate development activities)	3,753,000	2.66
10	J Group (television broadcasting)	3,730,000	2.64

Note 1: Ranking of top 10 groups (excluding government or state - owned enterprises) whose total credit consists of loans. If the borrower is a member of any of the above groups, the total amount of credits of the entire group must be listed and disclosed by code and line of industry. If the borrower is the group enterprise, for the risk exposure maximum, the line of industry must be disclosed. The line of industry must be classified and filled to the industry name of sub-category which is based on the industry classification standard of Department of Budget, Accounting and Statistics.

Note 2: Groups were those as defined in Articles 6 of the Supplementary Provision to the Taiwan Stock Exchange Corporation’s Rules for Review of Securities Listings Law.

Note 3: Total credit is the sum of all loans (including import and export bills negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and non-performing loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantee deposit issued.

d. Liquidity risk management

1) Definition of liquidity risk

Liquidity is the Bank's ability to provide sufficient funding for asset growth and matured liabilities. Liquidity risk means the risk banks cannot obtain sufficient fund with reasonable cost and correct timing, and then suffer losses on earnings or capital.

The measures of enhancing cash liquidity are holding sufficient cash and highly liquid able securities, adjusting maturities differences, savings absorption or arranging borrowings, etc.

a) Strategies

The Bank established a sound liquidity risk managing system based on business' scale and characteristic, assets and liabilities' structure, funding strategies and diversity of funding sources to ensure it would have sufficient funding for obligations in normal or worst scenario.

b) Risk measurement

The Bank uses quantitative analysis to manage liquidity risk. Cash flow deficit and liquidity management goals are used as measure instruments to report monthly the analysis results to the assets and liabilities managing committee.

Stress testing is done to ensure the Bank would have sufficient funding for asset growth and matured liabilities despite any internal operating problems or adverse changes in the financial environment.

c) Risk monitoring

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

The Bank has formed a crisis management team to handle any liquidity crisis. The general manager is the team convener, and the managers of the financial obligation department and the risk management department are the team members. The general manager can also assign the managers of related departments to join the team, depending on the situation. Members' rights and responsibilities are listed in "Bank SinoPac's Operational Crisis Response Measures".

2) Maturity analysis of non-derivative financial liabilities

Cash outflow analyses of non-derivative financial liabilities of the Bank and Bank SinoPac (China) are summarized in the following tables. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

<u>The Bank</u>

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 32,037,800	$ 30,900,957	$ 30,886,632	$ 1,332,976	$ -	$ 95,158,365
Financial liabilities at fair value through profit or loss	-	-	-	1,860,461	-	1,860,461
Securities sold under repurchase agreements	28,983,742	13,573,641	2,226,939	888,491	-	45,672,813
Payables	4,563,808	395,628	3,368,383	117,652	2,374,069	10,819,540
Deposits and remittances	1,177,221,773	207,178,851	186,259,270	212,182,613	26,289,047	1,809,131,554
Bank debentures	9,471	3,204,823	189,422	428,046	55,750,057	59,581,819

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 20,417,174	$ 21,968,226	$ 23,693,468	$ 1,892,287	$ -	$ 67,971,155
Due to the Central Bank and banks	17	33	52	205,035	-	205,137
Financial liabilities at fair value through profit or loss	-	-	1,552,780	-	-	1,552,780
Securities sold under repurchase agreements	7,007,206	1,149,222	340,576	1,254,871	-	9,751,875
Payables	9,535,074	551,491	162,803	190,045	2,045,652	12,485,065
Deposits and remittances	1,149,858,340	221,648,785	179,558,818	223,373,681	24,540,743	1,798,980,367
Bank debentures	70,147	118,252	205,367	4,739,867	48,834,266	53,967,899

September 30, 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	$ 31,869,126	$ 20,210,961	$ 15,613,095	$ 4,728,328	$ -	$ 72,421,510
Due to the Central Bank and banks	14	29	130,305	45,913	-	176,261
Financial liabilities at fair value through profit or loss	-	-	-	1,562,633	-	1,562,633
Securities sold under repurchase agreements	8,672,629	928,440	1,068,660	340,481	-	11,010,210
Payables	4,077,412	781,739	2,711,669	118,811	2,021,316	9,710,947
Deposits and remittances	1,099,830,510	194,237,716	195,558,305	197,825,672	26,418,131	1,713,870,334
Bank debentures	4,340	113,915	171,297	1,709,594	46,693,934	48,693,080

Bank SinoPac (China)

(In Thousands of CNY)

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 391	$ 714,729	$ -	$ 200,278	$ 500	$ 915,898
Payables	227,253	201,830	402,182	118,418	-	949,683
Deposits and remittances	5,046,425	2,404,895	1,999,654	940,641	173,230	10,564,845

(In Thousands of CNY)

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

(In Thousands of CNY)

September 30, 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	$ 10,409	$ 66,060	$ 705,185	$ 592,472	$ -	$ 1,374,126
Securities sold under repurchase agreements	583,334	-	-	-	-	583,334
Payables	439,470	235,551	134,596	96,443	-	906,060
Deposits and remittances	4,055,187	2,803,796	1,869,276	564,486	485,033	9,777,778

3) Maturity analysis of financial derivatives

a) Derivative liabilities settled on a net basis

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

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

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

Other derivatives: Stock options and commodity futures.

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

The Bank

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 8,796,695	$ -	$ -	$ -	$ -	$ 8,796,695

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

September 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 2,962,848	$ -	$ -	$ -	$ -	$ 2,962,848

Bank SinoPac (China)

(In Thousands of CNY)

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 43,017	$ -	$ -	$ -	$ -	$ 43,017

(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)

September 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	$ 6,667	$ -	$ -	$ -	$ -	$ 6,667

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

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 756,139,943	$ 638,997,493	$ 327,838,991	$ 195,940,706	$ 10,903,896	$ 1,929,821,029
Cash outflow	755,170,908	637,491,705	328,258,803	196,013,035	10,440,950	1,927,375,401

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

September 30, 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	$ 313,310,166	$ 272,139,412	$ 251,531,721	$ 207,859,764	$ 7,945,387	$ 1,052,786,450
Cash outflow	313,209,825	272,555,143	251,328,046	207,933,646	7,939,125	1,052,965,785

Bank SinoPac (China)

(In Thousands of CNY)

September 30, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 5,976,864	$ 4,424,079	$ 5,584,938	$ 945,035	$ -	$ 16,930,916
Cash outflow	5,873,689	4,393,787	5,465,126	946,397	-	16,678,999

(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)

September 30, 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	$ 4,275,780	$ 7,712,958	$ 725,428	$ -	$ -	$ 12,714,166
Cash outflow	4,285,122	7,741,180	719,644	-	-	12,745,946

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

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	$ 990,563	$ 345,665	$ 774,677	$ 11,157,654	$ 31,295,611	$ 44,564,170
Guarantees	7,356,590	4,346,181	3,596,611	5,177,054	10,666,295	31,142,731
Standby letter of credit	2,037,212	3,644,906	1,276,723	2,238,083	-	9,196,924

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

September 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	$ 325,148	$ 2,595,811	$ 1,799,467	$ 6,214,628	$ 34,925,412	$ 45,860,466
Guarantees	7,419,989	12,264,642	3,204,337	3,747,273	9,990,200	36,626,441
Standby letter of credit	2,075,940	4,661,988	1,553,336	139,499	101,985	8,532,748

Bank SinoPac (China)

(In Thousands of CNY)

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	$ -	$ 100,036	$ -	$ -	$ 204	$ 100,240
Guarantee	49,200	290,835	114,188	322,938	78,014	855,175
Standby letter of credit	-	21,849	-	-	-	21,849

(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)

September 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loans commitments	$ -	$ -	$ 16,305	$ 41,808	$ 100,045	$ 158,158
Guarantee	122,879	134,538	171,528	336,246	176,266	941,457
Standby letter of credit	58,989	129,911	67,001	114,849	-	370,750

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:

September 30, 2022	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	$ 713,788	$ 1,608,751	$ 802,751	$ 3,125,290
Operating lease income (lessor)	89,560	147,027	912	237,499

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

September 30, 2021	Less than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement commitments				
Lease liabilities (lessee)	$ 661,137	$ 1,471,371	$ 809,600	$ 2,942,108
Operating lease income (lessor)	85,101	195,243	2,850	283,194

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)

	September 30, 2022						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,885,665,134	$ 184,572,067	$ 219,435,708	$ 290,212,931	$ 140,285,581	$ 137,778,223	$ 913,380,624
Main capital outflow on maturity	2,260,246,029	86,156,889	175,477,569	365,998,358	299,797,277	440,436,659	892,379,277
Gap	(374,580,895)	98,415,178	43,958,139	(75,785,427)	(159,511,696)	(302,658,436)	21,001,347

	September 30, 2021						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,856,183,904	$ 193,102,775	$ 246,719,490	$ 229,909,911	$ 157,459,636	$ 187,705,753	$ 841,286,339
Main capital outflow on maturity	2,181,838,095	91,869,920	141,363,277	295,293,632	336,557,188	470,228,816	846,525,262
Gap	(325,654,191)	101,232,855	105,356,213	(65,383,721)	(179,097,552)	(282,523,063)	(5,238,923)

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)

	September 30, 2022					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 52,181,739	$ 18,997,834	$ 12,738,003	$ 6,708,654	$ 4,090,636	$ 9,646,612
Main capital outflow on maturity	53,356,157	18,438,924	15,515,842	9,274,934	5,528,956	4,597,501
Gap	(1,174,418)	558,910	(2,777,839)	(2,566,280)	(1,438,320)	5,049,111

(In Thousands of U.S. Dollars)

	September 30, 2021					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 36,589,236	$ 9,555,064	$ 7,782,925	$ 5,778,001	$ 4,873,496	$ 8,599,750
Main capital outflow on maturity	37,562,301	9,746,984	8,668,310	8,160,613	5,958,125	5,028,269
Gap	(973,065)	(191,920)	(885,385)	(2,382,612)	(1,084,629)	3,571,481

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 by petition accordingly. The executive division coordinates with relevant divisions to formulate the plan and submit to president for approval then submit the plan to the asset and liability management committee after implementation.

10) Banking book equity risk management

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

a) Strategies

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

b) Risk measurement

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

c) Risk monitoring

The Bank holding an investment with specific amount of valuation loss should submit the description of the situation and the suggested plan for action, and continue the monitoring of the case.

The Bank regularly assesses the risk of the investment target, checks the extent of the concentration in industries and reports the overview of the investment portfolio to the committee on the management of assets and liabilities.

11) Impact of interest rate benchmark reform

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

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

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

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

Non-derivatives	Book Value	
	Financial Assets	**Financial Liabilities**
USD LIBOR	$ 124,434,089	$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	$124,434,089	$ -

Derivatives	Notional Amount
USD LIBOR	$ 38,864,742
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	$ 38,864,742

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 Nine Months Ended September 30, 2022		
	Average	Maximum	Minimum
Exchange rate risk	20,699	33,786	8,748
Interest rate risk	59,274	186,224	30,050
Equity risk	2,877	6,813	488
Total VaR	62,586	188,654	33,149

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

Note 2: Historical data period: 2022.01.03 - 2022.09.30.

	For the Nine Months Ended September 30, 2021		
	Average	Maximum	Minimum
Exchange rate risk	15,636	39,447	8,547
Interest rate risk	30,241	58,153	19,113
Equity risk	4,590	13,291	-
Total VaR	35,239	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 - 2021.09.30.

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

(In Thousands of CNY)

	For the Nine Months Ended September 30, 2022		
	Average	**Maximum**	**Minimum**
Exchange rate risk	2,725	5,826	1,358
Interest rate risk	144	619	7
Equity risk	-	-	-
Total VaR	761	2,737	324

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

Note 2: Historical data period: 2022.01.01 - 2022.09.30.

(In Thousands of CNY)

	For the Nine Months Ended September 30, 2021		
	Average	**Maximum**	**Minimum**
Exchange rate risk	1,950	4,411	801
Interest rate risk	51	583	14
Equity risk	-	-	-
Total VaR	422	2,068	156

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

Note 2: Historical data period: 2021.01.01 - 2021.09.30.

13) Exchange rate risks

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

	September 30, 2022		
	Foreign Currency (In Thousands)	**Exchange Rate**	**Converted to NTD**
Financial assets			
Monetary items			
USD	$ 18,831,856	31.74755	$ 597,865,290
CNY	16,453,419	4.47457	73,621,975
Nonmonetary items			
USD	417,691	31.74755	13,260,666
Financial liabilities			
Monetary items			
USD	21,481,493	31.74755	681,984,773
CNY	16,626,914	4.47457	74,398,291

	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

	September 30, 2021		
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
Financial assets			
Monetary items			
USD	$ 15,515,158	27.86525	$ 432,333,756
CNY	15,790,341	4.31374	68,115,426
Nonmonetary items			
USD	397,329	27.86525	11,071,672
Financial liabilities			
Monetary items			
USD	19,255,856	27.86525	536,569,241
CNY	14,870,692	4.31374	64,148,299

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

a) Interest rate sensitivity information (New Taiwan dollars)

September 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,141,241,286	$ 17,667,918	$ 78,022,831	$ 114,469,097	$ 1,351,401,132
Interest rate-sensitive liabilities	354,727,027	785,616,498	41,605,380	65,704,589	1,247,653,494
Interest rate-sensitive gap	786,514,259	(767,948,580)	36,417,451	48,764,508	103,747,638
Net worth					142,232,595
Ratio of interest rate-sensitive assets to liabilities (%)					108.32%
Ratio of interest rate-sensitive gap to net worth (%)					72.94%

September 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$1,163,847,216	$ 18,537,752	$ 82,397,065	$ 121,924,715	$1,386,706,748
Interest rate-sensitive liabilities	308,737,626	796,217,050	83,505,277	58,128,677	1,246,588,630
Interest rate-sensitive gap	855,109,590	(777,679,298)	(1,108,212)	63,796,038	140,118,118
Net worth					139,755,844
Ratio of interest rate-sensitive assets to liabilities (%)					111.24%
Ratio of interest rate-sensitive gap to net worth (%)					100.26%

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

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

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

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

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

September 30, 2022

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 12,362,165	$ 862,494	$ 333,662	$ 3,956,530	$ 17,514,851
Interest rate-sensitive liabilities	8,796,331	9,153,987	1,123,294	397,853	19,471,465
Interest rate-sensitive gap	3,565,834	(8,291,493)	(789,632)	3,558,677	(1,956,614)
Net worth					(239,435)
Ratio of interest rate-sensitive assets to liabilities (%)					89.95%
Ratio of interest rate-sensitive gap to net worth (%)					817.18%

September 30, 2021

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 10,312,375	$ 512,794	$ 316,588	$ 2,931,943	$ 14,073,700
Interest rate-sensitive liabilities	6,079,928	9,755,360	1,139,160	86,803	17,061,251
Interest rate-sensitive gap	4,232,447	(9,242,566)	(822,572)	2,845,140	(2,987,551)
Net worth					32,483
Ratio of interest rate-sensitive assets to liabilities (%)					82.49%
Ratio of interest rate-sensitive gap to net worth (%)					(9,197.28%)

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 profit or loss, financial assets at fair value through other comprehensive income or investments in debt instruments at amortized cost within the validity period of the transaction. However, the Group still bear the interest rate risk and credit risk thus, the Group 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	September 30, 2022				
	Transferred Financial Assets - Book Value	**Related Financial Liabilities - Book Value**	**Transferred Financial Assets - Fair Value**	**Related Financial Liabilities - Fair Value**	**Net Position - Fair Value**
Financial assets at fair value through profit or loss					
Transactions under repurchase agreements	$ 133,170	$ 130,231	$ 133,170	$ 130,231	$ 2,939
Financial assets at fair value through other comprehensive income					
Transactions under repurchase agreements	20,598,714	19,896,190	20,598,714	19,896,190	702,524
Investments in debt instruments at amortized cost					
Transactions under repurchase agreements	1,814,457	1,681,953	1,778,631	1,681,953	96,678
Securities purchased under resell agreements					
Transactions under repurchase agreements	22,557,910	23,752,941	22,557,910	23,752,941	(1,195,031)

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	September 30, 2021				
	Transferred Financial Assets - Book Value	**Related Financial Liabilities - Book Value**	**Transferred Financial Assets - Fair Value**	**Related Financial Liabilities - Fair Value**	**Net Position - Fair Value**
Financial assets at fair value through other comprehensive income					
Transactions under repurchase agreements	$ 2,686,370	$ 2,625,460	$ 2,686,370	$ 2,625,460	$ 60,910
Securities purchased under resell agreements					
Transactions under repurchase agreements	7,876,213	8,311,992	7,876,213	8,311,992	(435,779)

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:

September 30, 2022

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet: Financial Instruments (Note)	Related Amount Not Netted on the Balance Sheet: Cash Received as Collaterals	Net Amount
Derivative instruments	$ 53,742,391	$ -	$ 53,742,391	$ 22,154,913	$ 2,450,675	$ 29,136,803
Securities purchased under resell agreements	50,213,091	-	50,213,091	50,213,091	-	-
	$ 103,955,482	$ -	$ 103,955,482	$ 72,368,004	$ 2,450,675	$ 29,136,803

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	$ 50,195,977	$ -	$ 50,195,977	$ 22,154,913	$ 9,858,172	$ 18,182,892
Securities sold under repurchase agreements	45,461,315	-	45,461,315	45,270,013	166,068	25,234
	$ 95,657,292	$ -	$ 95,657,292	$ 67,424,926	$ 10,024,240	$ 18,208,126

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

December 31, 2021

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet: 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.

September 30, 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	$ 7,143,388	$ -	$ 7,143,388	$ 3,983,069	$ 850,068	$ 2,310,251
Securities purchased under resell agreements	48,362,609	-	48,362,609	48,346,371	-	16,238
	$ 55,505,997	$ -	$ 55,505,997	$ 52,329,440	$ 850,068	$ 2,326,489

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	$ 7,073,544	$ -	$ 7,073,544	$ 3,983,069	$ 803,514	$ 2,286,961
Securities sold under repurchase agreements	13,512,512	-	13,512,512	13,416,937	-	95,575
	$ 20,586,056	$ -	$ 20,586,056	$ 17,400,006	$ 803,514	$ 2,382,536

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

45. CAPITAL MANAGEMENT

a. Overview

The Group's capital management goals are as follows:

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

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

b. Capital management procedure

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

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

46. CROSS-SELLING INFORMATION

For the nine months ended September 30, 2022 and 2021, the Bank charged SinoPac Securities for $5,448 and $9,445, respectively, as marketing and opening accounts.

The Bank paid to SinoPac Securities $3,808 and $3,734 for the nine months ended September 30, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Leasing $31 and $272 for the nine months ended September 30, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Leasing $14 and $28 for the nine months ended September 30, 2022 and 2021 for bonus as part of the cross-selling agreement.

The Bank paid to SinoPac Venture Capital $6 for the nine months ended September 30, 2021 for bonus as part of the cross-selling agreement.

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

47. PROFITABILITY

Items		September 30, 2022	September 30, 2021
Return on total assets	Before income tax	0.63%	0.51%
	After income tax	0.54%	0.44%
Return on net worth	Before income tax	10.26%	7.37%
	After income tax	8.78%	6.43%
Profit margin		41.42%	37.99%

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 nine months ended September 30, 2022 and 2021.

48. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

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

b. Information related to subsidiary:

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

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

c. The related information and proportionate share in investees: Not required for disclosure in quarterly report.

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.

49. 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 nine months ended September 30, 2022 and 2021 are without change. The Bank reports the following:

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

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

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

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

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

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Nine Months Ended September 30, 2022						
		Domestic Branches	**Financial Transaction**	**Overseas Branches**	**Others**	**Operating Segments**	**Non-operating Segments**	**Total**
Income (loss)	Net interest revenue	$ 12,394,162	$ (109,070)	$ 2,602,230	$ 1,880,669	$ 16,767,991	$ 1,787,721	$ 18,555,712
	Interest income	15,655,107	12,275	4,385,358	2,926,214	22,978,954	6,144,484	29,123,438
	Revenue amount segments	4,109,514	83,405	(802,626)	(274,030)	3,116,263	(3,116,263)	-
	Interest expenses	(7,370,459)	(204,750)	(980,502)	(771,515)	(9,327,226)	(1,240,500)	(10,567,726)
	Service fee and commissions income, net	5,483,100	(43,678)	561,967	503,498	6,504,887	(233,842)	6,271,045
	Others	370,288	1,376,926	350,977	(30,964)	2,067,227	2,263,789	4,331,016
	Net revenue	18,247,550	1,224,178	3,515,174	2,353,203	25,340,105	3,817,668	29,157,773
	Bad debts expense commitment and guarantee liability provision	(990,095)	-	(601,479)	(38,586)	(1,630,160)	(273,438)	(1,903,598)
	Operating expenses	(9,682,056)	(308,619)	(1,203,652)	(1,773,194)	(12,967,521)	(186,545)	(13,154,066)
	Profit from continuing operations before tax	7,575,399	915,559	1,710,043	541,423	10,742,424	3,357,685	14,100,109
	Income tax expense	(1,070,130)	(129,336)	(241,567)	(106,740)	(1,547,773)	(474,555)	(2,022,328)
	Net income	6,505,269	786,223	1,468,476	434,683	9,194,651	2,883,130	12,077,781

Segment revenues and results

		For the Nine Months Ended September 30, 2021						
		Domestic Branches	**Financial Transaction**	**Overseas Branches**	**Others**	**Operating Segments**	**Non-operating Segments**	**Total**
Income (loss)	Net interest revenue	$ 10,715,458	$ (14,308)	$ 2,345,398	$ 1,746,572	$ 14,793,120	$ 338,206	$ 15,131,326
	Interest income	12,159,443	3,977	2,922,998	2,495,863	17,582,281	3,925,485	21,507,766
	Revenue amount segments	3,111,739	49,525	(213,497)	(201,070)	2,746,697	(2,746,697)	-
	Interest expenses	(4,555,724)	(67,810)	(364,103)	(548,221)	(5,535,858)	(840,582)	(6,376,440)
	Service fee and commissions income, net	5,472,270	(87,271)	362,680	467,234	6,214,913	(254,319)	5,960,594
	Others	198,496	741,698	381,283	(73,222)	1,248,255	1,433,291	2,681,546
	Net revenue	16,386,224	640,119	3,089,361	2,140,584	22,256,288	1,517,178	23,773,466
	Bad debts expense commitment and guarantee liability provision	(678,598)	-	(727,437)	(141,985)	(1,548,020)	(195,095)	(1,743,115)
	Operating expenses	(8,648,438)	(252,546)	(1,021,662)	(1,615,087)	(11,537,733)	(136,190)	(11,673,923)
	Profit from continuing operations before tax	7,059,188	387,573	1,340,262	383,512	9,170,535	1,185,893	10,356,428
	Income tax expense	(895,519)	(49,167)	(170,024)	(59,252)	(1,173,962)	(150,301)	(1,324,263)
	Net income	6,163,669	338,406	1,170,238	324,260	7,996,573	1,035,592	9,032,165

BANK SINOPAC

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE ISSUED CAPITAL
SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Bank SinoPac	SinoPac Financial Holdings Company Limited	The parent company of the Bank	$ 1,055,555 (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 AND SUBSIDIARIES

RELATED PARTIES TRANSACTION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statements Account	Transaction Amount	Transaction Item	Percentage of Consolidated Revenue/Assets (%) (Note 3)
0	Bank SinoPac	Bank SinoPac (China) Ltd.	a	Cash and cash equivalents, net	$ 1,369	Note 4	-
		Bank SinoPac (China) Ltd.	a	Due from the Central Bank and call loans to bank, net	1,587,378	Note 4	0.07
		Bank SinoPac (China) Ltd.	a	Receivables, net	101,511	Note 4	-
		Bank SinoPac (China) Ltd.	a	Deposits from the Central Bank and banks	15,928	Note 4	-
		Bank SinoPac (China) Ltd.	a	Interest income	62,376	Note 4	0.21
		SinoPac Insurance Brokers Ltd.	a	Deposits and remittances	84,344	Note 4	-
1	Bank SinoPac (China) Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	15,928	Note 4	-
		Bank SinoPac	b	Deposits from the Central Bank and banks	1,588,747	Note 4	0.07
		Bank SinoPac	b	Payables	101,511	Note 4	-
		Bank SinoPac	b	Interest expenses	62,376	Note 4	0.21
2	SinoPac Insurance Brokers Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	84,344	Note 4	-

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

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

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

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

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

Note 3: In the computation of percentage of consolidated revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be the balance dividing the consolidated assets if the amount is the amount of income or expense, the accounts percentage will be the amount dividing by the consolidated revenues in the same period.

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

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022	Earnings (Losses) of Investee (Notes 2 and 3)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Notes 2 and 3)	Carrying Value (Notes 2 and 3)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Bank SinoPac (China) Ltd.	Commercial Bank	$ 10,282,108	Investment in Mainland China directly	$ 10,282,108	$ -	$ -	$ 10,282,108	$ 235,677	100	$ 234,629	$ 10,169,401	$ -

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$10,282,108	$10,282,108	$79,110,485

Note 1: The accumulated investment amounts in Mainland China as of September 30, 2022 are US$323,871 thousand and had been authorized by the Investment Commission, MOEA are US$323,871 thousand.

Note 2: Earnings of investee, equity in the earnings and carrying value for the nine months ended September 30, 2022 have been reviewed 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.