

Bank SinoPac and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

BANK SINOPAC

March 11, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Bank SinoPac

Opinion

We have audited the accompanying consolidated financial statements of Bank SinoPac and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and the guidelines issued by the authorities.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2025 is stated as follows:

Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates the impairment of discounts and loans based on the overdue loans classified by loan term and the situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the consolidated financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the year ended December 31, 2025.

Refer to Notes 4, 5 and 44(c) of the accompanying consolidated financial statements for the relevant accounting policies, judgments for estimations, estimation uncertainty and other related disclosures of the estimated impairment of discounts and loans.

Our key audit procedures performed with respect to the above area included the following:

We understood and assessed management's impairment assessment practices, accounting policies and related internal control procedures for discounts and loans and evaluated whether the classification of loan assets complied with the Procedures. In addition, we evaluated whether overdue loans, situation of pledged collateral, and the provision for impairment of discounts and loans complied with the related regulations issued by the authorities. We also evaluated whether the methodology, assumptions and inputs used in the impairment assessment conform to the IFRS 9 impairment model and appropriately reflected the actual outcome. We tested samples of discounts and loans to verify their rationality.

Impairment Assessment of Goodwill

For the accounting policies relating to the impairment assessment of goodwill, please refer to Note 4 to the consolidated financial statements; for significant accounting estimates and judgments applied in the impairment assessment of goodwill, please refer to Note 5 to the consolidated financial statements; and for details of the impairment assessment of goodwill, please refer to Note 19 to the consolidated financial statements.

The assumptions for the recoverable amount of goodwill are based on the future cash flows that are expected to arise from future operating results which are based on professional judgment; therefore, the impairment of goodwill was identified as a key audit matter.

Our key audit procedures performed in respect of the above key audit matter include the following:

1. With respect to the cash flow forecasts, we evaluated the appropriateness of the forecasting methodologies and discount rates used by management and compared them with external information.
2. We considered whether there was a significant difference between the actual operations after the relevant business combination and the expected benefits at the time of acquisition to assess the accuracy of the estimates made by management in the past, and determined that the disclosures in the financial statements were appropriate.

Other Matter

We have also audited the parent company only financial statements of Bank SinoPac as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Notice to Readers

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

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 40)	\$ 22,093,257	1	\$ 35,045,310	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7 and 40)	236,834,955	8	154,822,373	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	64,530,858	2	81,595,772	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 41)	409,311,749	14	367,563,206	13
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 41)	329,314,830	11	309,768,426	11
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 40)	88,776,319	3	91,614,829	3
RECEIVABLES, NET (Notes 4, 12 and 40)	67,771,979	2	72,507,470	3
CURRENT INCOME TAX ASSETS (Notes 4, 30 and 40)	1,213,095	-	1,347,470	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 40 and 41)	1,715,324,331	58	1,603,409,792	58
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	1,527,732	-	24,353,874	1
PROPERTY AND EQUIPMENT, NET (Notes 4, 16 and 40)	10,779,464	-	10,430,179	-
RIGHT-OF-USE ASSETS, NET (Notes 4, 17 and 40)	3,090,363	-	2,909,414	-
INVESTMENT PROPERTY, NET (Notes 4 and 18)	546,498	-	582,893	-
INTANGIBLE ASSETS, NET (Notes 4, 5, 19 and 40)	7,768,217	-	1,776,945	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 30)	2,600,007	-	1,702,479	-
OTHER ASSETS, NET (Notes 20 and 40)	<u>11,192,414</u>	<u>1</u>	<u>11,628,294</u>	<u>1</u>
TOTAL	<u>\$ 2,972,676,068</u>	<u>100</u>	<u>\$ 2,771,058,726</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 21 and 40)	\$ 128,992,340	4	\$ 86,467,488	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	25,508,985	1	37,310,646	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11 and 22)	17,225,952	1	32,913,731	1
PAYABLES (Notes 4, 23, 28, 36 and 40)	31,026,377	1	27,853,227	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 30 and 40)	1,391,770	-	1,351,971	-
DEPOSITS AND REMITTANCES (Notes 24 and 40)	2,442,302,999	82	2,276,481,825	82
BANK DEBENTURES (Notes 4, 25 and 40)	54,933,131	2	53,784,562	2
OTHER FINANCIAL LIABILITIES (Note 26)	58,422,436	2	55,084,085	2
PROVISIONS (Notes 4, 27 and 28)	2,286,171	-	2,374,225	-
LEASE LIABILITIES (Notes 4, 17 and 40)	3,214,210	-	3,022,352	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 30)	1,268,080	-	1,252,319	-
OTHER LIABILITIES (Notes 29 and 40)	<u>3,927,637</u>	<u>-</u>	<u>8,079,604</u>	<u>-</u>
Total liabilities	<u>2,770,500,088</u>	<u>93</u>	<u>2,585,976,035</u>	<u>93</u>
EQUITY				
Equity attributable to owners of parent				
Capital stock				
Common stock	<u>110,735,377</u>	<u>4</u>	<u>103,781,984</u>	<u>4</u>
Capital surplus	<u>15,581,418</u>	<u>-</u>	<u>15,581,418</u>	<u>-</u>
Retained earnings				
Legal reserve	49,706,126	2	43,184,385	2
Special reserve	7,741,501	-	6,289,589	-
Unappropriated earnings	<u>21,401,374</u>	<u>1</u>	<u>23,661,628</u>	<u>1</u>
Total retained earnings	<u>78,849,001</u>	<u>3</u>	<u>73,135,602</u>	<u>3</u>
Other equity	<u>(5,595,575)</u>	<u>-</u>	<u>(7,416,313)</u>	<u>-</u>
Total equity attributable to owners of parent	<u>199,570,221</u>	<u>7</u>	<u>185,082,691</u>	<u>7</u>
Non-controlling interests	<u>2,605,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>202,175,980</u>	<u>7</u>	<u>185,082,691</u>	<u>7</u>
TOTAL	<u>\$ 2,972,676,068</u>	<u>100</u>	<u>\$ 2,771,058,726</u>	<u>100</u>

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	\$ 86,189,058	164	\$ 78,057,744	169	10
INTEREST EXPENSES	<u>(51,797,927)</u>	<u>(99)</u>	<u>(54,062,424)</u>	<u>(117)</u>	(4)
NET INTEREST REVENUE (Notes 4, 32 and 40)	<u>34,391,131</u>	<u>65</u>	<u>23,995,320</u>	<u>52</u>	43
NET REVENUES OTHER THAN INTEREST (Note 4)					
Service fee income, net (Notes 33 and 40)	10,637,783	20	9,192,558	20	16
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 34 and 40)	6,422,604	12	11,766,957	26	(45)
Realized gains on financial assets at fair value through other comprehensive income (Notes 35 and 40)	657,543	2	1,225,872	3	(46)
(Losses) gains arising from derecognition of financial assets measured at amortized cost	(140,708)	-	39,081	-	(460)
Foreign exchange gains (losses)	1,611,688	3	(63,465)	-	2,639
Impairment loss on assets (Notes 9, 10, 15, 19 and 20)	(933,261)	(2)	(253,600)	(1)	268
Net other revenue or expense other than interest income (Note 40)	<u>(83,522)</u>	<u>-</u>	<u>138,928</u>	<u>-</u>	(160)
Net revenues other than interest	<u>18,172,127</u>	<u>35</u>	<u>22,046,331</u>	<u>48</u>	(18)
NET REVENUE	<u>52,563,258</u>	<u>100</u>	<u>46,041,651</u>	<u>100</u>	14
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 15 and 27)	<u>(2,993,551)</u>	<u>(6)</u>	<u>(3,709,128)</u>	<u>(8)</u>	(19)
OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 28, 36 and 40)	(15,404,353)	(29)	(12,661,008)	(28)	22

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Depreciation and amortization expense (Notes 4, 16, 17, 18, 19, and 37)	(2,126,349)	(4)	(1,785,119)	(4)	19
Other general and administrative expenses (Notes 38 and 40)	<u>(8,287,977)</u>	<u>(16)</u>	<u>(6,594,323)</u>	<u>(14)</u>	26
Total operating expenses	<u>(25,818,679)</u>	<u>(49)</u>	<u>(21,040,450)</u>	<u>(46)</u>	23
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	23,751,028	45	21,292,073	46	12
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(4,029,533)</u>	<u>(8)</u>	<u>(3,875,568)</u>	<u>(8)</u>	4
NET INCOME	<u>19,721,495</u>	<u>37</u>	<u>17,416,505</u>	<u>38</u>	13
OTHER COMPREHENSIVE INCOME (Note 4)					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans (Note 28)	39,660	-	363,260	1	(89)
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income (Note 31)	420,427	1	3,123,095	6	(87)
Change on fair value of financial liability attributable to change in credit risk of liability (Notes 8 and 31)	(17)	-	25,640	-	(100)
Income tax related to items that will not be reclassified to profit or loss (Notes 30 and 31)	<u>(8,237)</u>	<u>-</u>	<u>(72,652)</u>	<u>-</u>	(89)
Items that will not be reclassified to profit or loss	<u>451,833</u>	<u>1</u>	<u>3,439,343</u>	<u>7</u>	(87)
Items that will be reclassified to profit or loss:					

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Exchange differences on translation of foreign operations (Note 31)	(726,186)	(1)	348,207	1	(309)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 31)	3,558,315	7	(806,890)	(2)	541
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 30 and 31)	<u>297,630</u>	<u>-</u>	<u>(119,985)</u>	<u>-</u>	348
Items that will be reclassified to profit or loss	<u>3,129,759</u>	<u>6</u>	<u>(578,668)</u>	<u>(1)</u>	641
Other comprehensive income	<u>3,581,592</u>	<u>7</u>	<u>2,860,675</u>	<u>6</u>	25
TOTAL COMPREHENSIVE INCOME	<u>\$ 23,303,087</u>	<u>44</u>	<u>\$ 20,277,180</u>	<u>44</u>	15
NET INCOME ATTRIBUTABLE TO:					
Owners of Parent	\$ 19,526,205	37	\$ 17,416,505	38	12
Non-controlling interests	<u>195,290</u>	<u>1</u>	<u>-</u>	<u>-</u>	-
	<u>\$ 19,721,495</u>	<u>38</u>	<u>\$ 17,416,505</u>	<u>38</u>	13
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of Parent	\$ 23,222,112	44	\$ 20,277,180	44	15
Non-controlling interests	<u>80,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
	<u>\$ 23,303,087</u>	<u>44</u>	<u>\$ 20,277,180</u>	<u>44</u>	15
EARNINGS PER SHARE (Note 39)					
Basic	<u>\$ 1.76</u>		<u>\$ 1.57</u>		

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)

	Equity Attributable to Owners of Parent (Notes 4, 9, 14 and 31)											Non-controlling Interests (Notes 4, 14 and 31)	Total Equity
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Other Equity			Total Equity Attributable to Owners of Parent		
				Special Reserve	Unappropriated Earnings	Total		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			
BALANCE ON JANUARY 1, 2024	\$ 96,992,508	\$ 15,581,418	\$ 38,042,985	\$ 11,031,085	\$ 17,138,000	\$ 66,212,070	\$ (676,646)	\$ (5,235,438)	\$ (42,271)	\$ (5,954,355)	\$ 172,831,641	\$ -	\$ 172,831,641
Appropriation and distribution of retained earnings generated in 2023													
Legal reserve	-	-	5,141,400	-	(5,141,400)	-	-	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(8,026,130)	(8,026,130)	-	-	-	-	(8,026,130)	-	(8,026,130)
Stock dividends - common stock	6,789,476	-	-	-	(6,789,476)	(6,789,476)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,741,496)	4,741,496	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2024	-	-	-	-	17,416,505	17,416,505	-	-	-	-	17,416,505	-	17,416,505
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	290,608	290,608	278,566	2,265,861	25,640	2,570,067	2,860,675	-	2,860,675
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	17,707,113	17,707,113	278,566	2,265,861	25,640	2,570,067	20,277,180	-	20,277,180
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,032,025	4,032,025	-	(4,032,025)	-	(4,032,025)	-	-	-
BALANCE ON December 31, 2024	103,781,984	15,581,418	43,184,385	6,289,589	23,661,628	73,135,602	(398,080)	(7,001,602)	(16,631)	(7,416,313)	185,082,691	-	185,082,691
Appropriation and distribution of retained earnings generated in 2024													
Legal reserve	-	-	6,521,741	-	(6,521,741)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,451,912	(1,451,912)	-	-	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	(8,734,582)	(8,734,582)	-	-	-	-	(8,734,582)	-	(8,734,582)
Stock dividends - common stock	6,953,393	-	-	-	(6,953,393)	(6,953,393)	-	-	-	-	-	-	-
Net income for the year ended December 31, 2025	-	-	-	-	19,526,205	19,526,205	-	-	-	-	19,526,205	195,290	19,721,495
Other comprehensive income (loss) for the years ended December 31, 2025, net of income tax	-	-	-	-	31,728	31,728	(489,193)	4,153,389	(17)	3,664,179	3,695,907	(114,315)	3,581,592
Total comprehensive income (loss) for the years ended December 31, 2025	-	-	-	-	19,557,933	19,557,933	(489,193)	4,153,389	(17)	3,664,179	23,222,112	80,975	23,303,087
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,843,441	1,843,441	-	(1,843,441)	-	(1,843,441)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,524,784	2,524,784
BALANCE ON December 31, 2025	\$ 110,735,377	\$ 15,581,418	\$ 49,706,126	\$ 7,741,501	\$ 21,401,374	\$ 78,849,001	\$ (887,273)	\$ (4,691,654)	\$ (16,648)	\$ (5,595,575)	\$ 199,570,221	\$ 2,605,759	\$ 202,175,980

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 23,751,028	\$ 21,292,073
Adjustments to reconcile profit:		
Depreciation expenses	1,648,305	1,445,110
Amortization expenses	478,044	340,009
Provision for bad debt expense	4,201,274	4,329,044
Interest expenses	51,797,927	54,062,424
Net loss (gain) arising from derecognition of financial assets measured at amortized cost	140,708	(39,081)
Interest income	(86,189,058)	(78,057,744)
Dividend income	(506,728)	(555,382)
Net change in provisions for guarantee liabilities	150,610	30,403
Net change in other provisions	(119,731)	(23,823)
Losses on disposal and retirement of property and equipment	5,246	10,018
Property and equipment transferred to expenses	1,820	-
Gains on disposal of investment properties	-	(14,000)
Losses on disposal of intangible assets	3,794	238
Impairment loss on financial assets	235,292	71,689
Impairment loss on non-financial assets	697,969	181,911
Gains on sale of non-performing loans	(26,893)	-
Other adjustments	(222)	(1,076)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(20,234,193)	(4,634,251)
Decrease (increase) in financial assets at fair value through profit or loss	17,064,914	(1,053,850)
Increase in financial assets at fair value through other comprehensive income	(37,770,242)	(6,929,169)
Increase in investments in debt instruments at amortized cost	(19,492,842)	(6,163,322)
Decrease (increase) in securities purchased under resell agreements	205,938	(204,379)
Decrease (increase) in receivables	5,698,820	(9,814,797)
Increase in discounts and loans	(69,024,556)	(188,583,569)
Decrease (increase) in other financial assets	22,586,341	(19,754,774)
Decrease (increase) in other assets	1,333,685	(1,783,055)
Increase (decrease) in deposits from the Central Bank and banks	32,321,590	(29,240,598)
Decrease in financial liabilities at fair value through profit or loss	(11,801,678)	(4,786,639)
(Decrease) increase in securities sold under repurchase agreements	(15,687,779)	6,740,144
Increase (decrease) in payables	453,448	(2,224,282)
Increase in deposits and remittances	128,790,372	253,096,556
Increase in other financial liabilities	2,312,067	7,230,207
Decrease in provisions for employee benefits	(135,063)	(55,313)
(Decrease) increase in other liabilities	(4,158,648)	572,958
Net cash generated from (used in) operations	28,731,559	(4,516,320)
Interest received	86,473,163	78,040,714
Dividends received	507,781	592,858

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Interest paid	\$ (52,373,286)	\$ (54,245,008)
Income tax paid	<u>(4,098,130)</u>	<u>(4,191,682)</u>
Net cash generated from operating activities	<u>59,241,087</u>	<u>15,680,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash flow from acquisition of subsidiaries (after deduction of cash and cash equivalent balances acquired)	(4,844,705)	-
Acquisition of property and equipment	(1,184,105)	(1,132,511)
Proceeds from disposal of property and equipment	4,017	1,004
Acquisition of intangible assets	(251,451)	(157,072)
Acquisition of right-of-use assets	(534)	(1,925)
Acquisition of investment properties	(1,560)	(6,184)
Disposal of investment properties	-	28,799
Proceeds from sale of non-performing loan	<u>667,040</u>	<u>-</u>
Net cash used in investing activities	<u>(5,611,298)</u>	<u>(1,267,889)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,956,471)	-
Decrease in due to the Central Bank and banks	-	(2,760,676)
Bank debentures issued	4,799,728	1,000,000
Repayment of bank debentures payable	(3,650,000)	(4,050,000)
Proceeds from long-term borrowings	14,033	-
Repayments of lease liabilities	(855,063)	(730,259)
Cash dividends paid	<u>(8,734,582)</u>	<u>(8,026,130)</u>
Net cash used in financing activities	<u>(10,382,355)</u>	<u>(14,567,065)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(489,707)</u>	<u>543,660</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,757,727	389,268
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>202,112,407</u>	<u>201,723,139</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 244,870,134</u>	<u>\$ 202,112,407</u>

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents in consolidated balance sheets	\$ 22,093,257	\$ 35,045,310
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	134,011,491	75,669,139
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>88,765,386</u>	<u>91,397,958</u>
Cash and cash equivalents at the end of the year	<u>\$ 244,870,134</u>	<u>\$ 202,112,407</u>

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

(Concluded)

BANK SINOPAC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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 14(a).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on March 11, 2026.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023
<u>Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”</u>	

- 1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. The Group may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the amendments to above standards and interpretations, which are not expected to have a material impact on their financial position or performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Bank shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Bank shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Bank has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

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

The fair value measurements, which 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 an 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 4.

The details of subsidiaries, shareholding ratios and business activities please refer to Note 14.

Foreign Currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (i.e., 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 arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from 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 cases, the exchange differences are also recognized directly in other comprehensive income. Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose 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. The resulting currency translation differences 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 include 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 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 issuance 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, investments in debt instruments and equity instruments at FVTOCI.

1) Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or 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 mismatch 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 assets are 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 assets 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, trade receivables and discount and loans, are measured at amortized cost, which equals the gross carrying amount determined using 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 debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- b) The contractual terms of the debt instrument 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 as 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, it 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 losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk of 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 ECLs.

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

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 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 the Group are recognized at the proceeds received, net of direct issue costs.

a. Subsequent measurement

Except the following situations, 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 such financial liabilities are either held for trading or are 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 upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch 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 dividends paid on such 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 liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the 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.

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.

Except for freehold land which is not depreciated, depreciation on property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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 initially measured 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 (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) 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 lessee. The lease payments are allocated to 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 the 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 to 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 by 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 lessee's incremental borrowing rate will be used.

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.

Pursuant to the lease agreement, the Group has an obligation, at the end of the respective lease terms, to restore the leased buildings to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation stated on the lease contract.

Intangible Assets

a. Intangible assets acquired separately

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

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

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

Collaterals Assumed

Collaterals assumed are recorded at cost and revalued at the lower of carrying amount or net fair value as of the balance sheet date, if there is sufficient evidence indicating that the net fair market value is lower than the carrying amount of collaterals assumed, the difference after reassessment is accounted for under impairment loss on assets. Gain or loss on disposal of collaterals assumed is recognized in net other revenue other than interest income.

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

The amount recognized as a provision takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. 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 part or all of the expenditures required to settle a provision are expected to be reimbursed from a third party, the reimbursement is almost certain to be received, and the amount can be measured reliably, the reimbursement is recognized as an asset.

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 expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) 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 liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Rereasurement, 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. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Preferential interest on employees' deposits

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

Under Article 30 of the Regulation Governing the Preparation of Financial Reports by Public Bank, if the Bank's preferential deposit interest rate for as stated in the employment contract exceeds the market interest rate, the excess will be subject to IAS 19 "Employee Benefits" upon the employee's retirement. The actuarial valuation assumptions and parameters are based on those announced by authority, if any.

d. Termination benefits

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

Share-based Payment Transaction

a. Equity-settled share-based payment transaction

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

b. Cash-settled share-based payment transaction

For cash-settled share-based payments, a liability is recognized for the goods or 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.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Revenue Recognition

a. Interest income and expense

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

Transaction costs and all other premium or discounts associated with the loans and receivables are adjusted to the carrying amount of the loans and receivables. The calculation of effective interest rate includes transaction costs and all other premium or discounts paid or received by the 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 such as arrangement fee received by lead arranger in syndicated loan. Any income or expense related to subsequent service of loans on materiality basis 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.

The Bank offers rewards to customers under loyalty program, which provide customers with specific rights. The Bank estimates these liabilities as deferred revenue on the basis of the additional fair value of the rewards through receivable consideration of the original sales for the current period. The Bank recognizes revenue only when rewards are redeemed or expired.

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 Expense

Income tax expense represents the sum of the current tax and deferred tax.

a. Current tax

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

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 all 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 such temporary differences 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 liabilities is settled or the assets are 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.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

c. Current tax and deferred tax for the period

Current taxes 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. MATERIAL 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 on 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.

When developing material accounting estimates, the Group considers the possible impact of economic sentiment indicators, inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates and profitability, and the management will continue to review the estimates and underlying assumptions.

Estimated Impairment of Discounts and Loans

The estimate of impairment of discounts and loans is based on assumptions about probability of default and loss given default. In making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward-looking estimates. Details of the key assumptions and inputs used are disclosed in Note 44(c). Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, considering the regulations set forth by the relevant authorities, the Group ensures that the classification and allowance for impairment are in compliance with the requirements of the regulations.

Impairment losses on discounts and loans are shown in Notes 13 and 44(c).

Estimation of Goodwill Impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. In determining fair value, The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS, NET

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 8,478,135	\$ 11,135,306
Due from other banks	12,493,511	22,737,564
Notes and checks for clearing	923,275	900,273
Excess futures margin	<u>200,470</u>	<u>272,610</u>
	22,095,391	35,045,753
Less: Allowance for credit losses	<u>(2,134)</u>	<u>(443)</u>
Net amount	<u>\$ 22,093,257</u>	<u>\$ 35,045,310</u>

The Group assesses the allowance loss of cash and cash equivalents based on the expected credit loss model. As of December 31, 2025 and 2024, considering the historical experience and forward-looking information, the 12-month expected credit loss allowance were \$2,134 and \$443, respectively.

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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Call loans to banks	\$ 74,964,056	\$ 61,192,229
Trade finance advance - interbank	15,818,018	10,026,676
Deposit reserve - checking accounts	61,354,219	14,472,163
Due from the Central Bank - interbank settlement funds	8,000,839	8,000,129
Deposit reserve - demand accounts	61,021,891	54,819,135
Deposit reserve - foreign currencies	629,050	655,813
Deposits - other	<u>15,047,520</u>	<u>5,657,190</u>
	236,835,593	154,823,335
Less: Allowance for credit losses	<u>(638)</u>	<u>(962)</u>
Net amount	<u>\$ 236,834,955</u>	<u>\$ 154,822,373</u>

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 accessed at any time but do not accrue 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.

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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Financial assets mandatorily classified as at fair value through profit or loss		
Government bonds	\$ 14,359,410	\$ 11,060,842
Commercial paper	11,337,495	9,549,483
Corporate bonds	11,166,850	8,474,434
Certificates of deposits	1,787,066	3,818,425
Stocks	930,112	49,078
Fund beneficiary certificates	723,183	-
Bank debentures	470,781	5,701,155
Currency swap contracts	12,642,013	30,638,721
Interest rate swap contracts	8,745,611	10,663,600
Forward exchange contracts	1,454,670	1,046,250
Others	<u>913,667</u>	<u>593,784</u>
	<u>\$ 64,530,858</u>	<u>\$ 81,595,772</u>
Held-for-trading financial liabilities		
Currency swap contracts	\$ 13,516,226	\$ 23,860,904
Interest rate swap contracts	5,053,289	7,693,953
Option contracts	3,601,778	2,812,074
Forward exchange contracts	839,464	586,552
Others	<u>404,239</u>	<u>268,726</u>
	<u>23,414,996</u>	<u>35,222,209</u>
Financial liabilities designated at fair value through profit or loss		
Bank debentures	<u>2,093,989</u>	<u>2,088,437</u>
	<u>2,093,989</u>	<u>2,088,437</u>
Net amount	<u>\$ 25,508,985</u>	<u>\$ 37,310,646</u>

- a. The Group's financial liabilities designated at fair value through profit or loss are specified to eliminate inconsistencies in accounting recognition.
- b. As of December 31, 2025 and 2024 the par value of financial assets at fair value through profit or loss under repurchase agreements were \$2,358,938 and \$1,049,301.
- c. Information on financial liabilities designated at fair value through profit or loss were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Difference between carrying amount and the amount due on maturity		
Fair value	\$ 2,093,989	\$ 2,088,437
Amount due on maturity	<u>(2,103,363)</u>	<u>(2,098,422)</u>
	<u>\$ (9,374)</u>	<u>\$ (9,985)</u>

	Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the year	
For the year ended December 31, 2025	\$ <u>(17)</u>
For the year ended December 31, 2024	\$ <u>25,640</u>
Accumulated amount of change	
As of December 31, 2025	\$ <u>(16,648)</u>
As of December 31, 2024	\$ <u>(16,631)</u>

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

On May 19, 2017, 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 December 31, 2025 and 2024 were as follows:

	December 31	
	2025	2024
Currency swap contracts	\$ 3,594,396,567	\$ 3,074,648,775
Interest rate swap contracts	616,748,438	583,001,296
Option contracts	101,165,571	74,698,140
Forward exchange contracts	100,394,383	88,156,710
Cross-currency swap contracts	10,281,312	15,028,836
Assets swap contracts	8,218,513	6,718,958
Futures contracts	6,622,257	6,145,262
Equity-linked swap contracts	3,727,370	2,139,243

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2025	2024
Equity instruments at fair value through other comprehensive income	\$ 8,818,807	\$ 9,996,079
Debt instruments at fair value through other comprehensive income	<u>400,492,942</u>	<u>357,567,127</u>
	<u>\$ 409,311,749</u>	<u>\$ 367,563,206</u>

a. Equity instruments at fair value through other comprehensive income

	December 31	
	2025	2024
Stock	\$ 8,818,807	\$ 9,980,802
Real estate investment trust beneficiary securities	<u>-</u>	<u>15,277</u>
	<u>\$ 8,818,807</u>	<u>\$ 9,996,079</u>

The Group holds centralized securities exchange market stocks and real estate investment trust beneficiary securities as medium and long-term strategic investments, or based on the investment principles of improving the efficiency of medium and long-term capital utilization and pursuing stable investment performance, based on the disposal principles of acquiring dividend income while balancing profit and risk, and it is not held for trading purpose. Therefore, the equity instruments are designated as at fair value through other comprehensive income.

Due to management the returns and risk of investment position, the Group sold the stocks at fair value of \$4,981,515 and \$14,205,558 and the net gains on disposal were \$1,843,441 and \$4,032,025 for the years ended December 31, 2025 and 2024, respectively. The above gain was transferred from other equity to retained earnings.

b. Debt instrument at fair value through other comprehensive income

	December 31	
	2025	2024
Certificates of deposits	\$ 121,300,705	\$ 104,704,102
Bank debentures	113,530,390	97,201,071
Commercial paper	56,363,196	39,421,159
Corporate bonds	55,689,360	54,676,015
Government bonds	37,245,611	44,138,307
Asset-backed securities	11,392,241	13,878,723
Others	<u>4,971,439</u>	<u>3,547,750</u>
	<u>\$ 400,492,942</u>	<u>\$ 357,567,127</u>

- 1) Please refer to Note 41 for information relating to debt instrument at fair value through other comprehensive income pledged as security.
- 2) Loss allowance of debt instruments at fair value through other comprehensive income were \$62,559 and \$63,784 on December 31, 2025 and 2024, respectively. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 44.
- 3) As of December 31, 2025 and 2024, the par value of debt instruments at FVTOCI under repurchase agreements were \$1,865,831 and \$4,984,179, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Certificates of deposits	\$ 116,210,403	\$ 106,128,953
Bank debentures	78,809,349	60,489,280
Government bonds	66,863,998	70,968,115
Asset-backed securities	35,525,972	40,270,964
Corporate bonds	29,619,228	28,771,159
Others	<u>2,314,683</u>	<u>3,165,899</u>
	329,343,633	309,794,370
Less: Loss allowance	<u>(28,803)</u>	<u>(25,944)</u>
Net amount	<u>\$ 329,314,830</u>	<u>\$ 309,768,426</u>

- a. Please refer to Note 41 for information relating to investments in debt instruments at amortized cost pledged as security.
- b. Credit risk management and information of impairment valuation of investments in debt instruments at amortized cost are shown in Note 44.
- c. As of December 31, 2024, the par value of investments in debt instruments at amortized cost under repurchase agreements was \$2,164,183.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Commercial papers	\$ 49,692,469	\$ 46,155,535
Negotiable certificates of deposits	22,149,674	10,953,459
Government bonds	13,130,678	28,313,828
Bank debentures	2,299,265	2,313,605
Corporate bonds	<u>1,504,233</u>	<u>3,878,402</u>
	<u>\$ 88,776,319</u>	<u>\$ 91,614,829</u>
Agreed-upon resell amount	\$ 88,934,429	\$ 91,877,937
Par value	\$ 90,672,971	\$ 95,431,206
Expiry	May 2026	April 2025

As of December 31, 2025 and 2024, the par value of securities purchased under resell agreements under repurchase agreements were \$13,857,622 and \$27,886,382, respectively.

12. RECEIVABLES, NET

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Credit card receivables	\$ 24,348,970	\$ 22,276,816
Accounts receivable - factoring	12,237,677	11,342,098
Interest and revenue receivables	10,432,550	9,917,767
Acceptances receivable	8,974,310	8,025,709
Accounts receivable - forfeiting	8,184,893	11,547,352
Accounts and notes receivables	1,666,571	7,958,268
Trust administration fee revenue receivable	1,127,801	1,035,119
Others	<u>1,581,174</u>	<u>1,100,890</u>
	68,553,946	73,204,019
Less: Allowance for credit losses	(781,967)	(696,548)
Premium or discount on receivables	<u>-</u>	<u>(1)</u>
Net amount	<u>\$ 67,771,979</u>	<u>\$ 72,507,470</u>

Please refer to Note 44 for the analysis of receivable impairment loss. The Group received payments for loans previously written-off \$182,223 and \$174,332 for the years ended December 31, 2025 and 2024, respectively, which were recognized as deduction of provision expenses.

13. DISCOUNTS AND LOANS, NET

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Export negotiation	\$ 406,045	\$ 474,017
Discounts and overdrafts	29,475	37,590
Accounts receivable - financing	1,407,088	1,136,932
Short-term loans	119,721,594	147,000,449
Secured short-term loans	126,050,291	105,262,816
Medium-term loans	445,337,372	416,521,584
Secured medium-term loans	285,443,307	255,321,854
Long-term loans	29,431,168	26,729,787
Secured long-term loans	731,588,920	671,329,108
Non-performing loans transferred from loans	<u>1,678,956</u>	<u>2,101,369</u>
	1,741,094,216	1,625,915,506
Less: Allowance for credit losses	(25,142,973)	(22,292,318)
Premium or discount on discounts and loans	<u>(626,912)</u>	<u>(213,396)</u>
Net amount	<u>\$ 1,715,324,331</u>	<u>\$ 1,603,409,792</u>

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.

The Group received payments for loans previously written-off in an amount of \$760,102 and \$401,850 for the years ended December 31, 2025 and 2024, respectively, which were recognized as deduction of provision expenses.

14. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			2025	2024
Bank Sinopac	Bank SinoPac (China) Ltd.	Banking	100.00	100.00
Bank Sinopac	SinoPac Insurance Brokers Ltd.	Insurance brokerage	100.00	100.00
Bank Sinopac	Amret Plc.	Microfinance business	80.01	-

- b. Details of subsidiaries that have material non-controlling interests

Investee	Principal Places of Business/Countries of Incorporation of the Associates	Ownership and Voting Interest Held by Non-controlling Interests
		December 31, 2025
Amret Plc.	Cambodia	19.99%

The summarized financial information below represents amounts before intragroup eliminations of the Group's subsidiaries and reflects the impact arising from the acquisition method applied during the acquisition of the subsidiaries:

Amret Plc.

	December 31, 2025
Assets	\$ 61,276,444
Liabilities	<u>(50,982,280)</u>
Equity	<u>\$ 10,294,164</u>
Equity attributable to:	
Owners of parent	\$ 7,688,405
Non-controlling interests	<u>2,605,759</u>
	<u>\$ 10,294,164</u>
	January 15, 2025 to December 31, 2025
Net revenue	<u>\$ 3,658,858</u>
Net income	\$ 1,032,548
Other comprehensive income	<u>(435,653)</u>
	<u>\$ 596,895</u>

(Continued)

	January 15, 2025 to December 31, 2025
Net income attributable to:	
Owners of parent	\$ 837,258
Non-controlling interests	<u>195,290</u>
	<u>\$ 1,032,548</u>
Total comprehensive income attributable to:	
Owners of parent	\$ 515,920
Non-controlling interests	<u>80,975</u>
	<u>\$ 596,895</u>
	(Concluded)

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2025	2024
Purchase of the PEM Group's instruments	\$ 3,735,260	\$ 3,895,904
Prepayments for investments accounted for using the equity method (Note 49)	471,788	14,052,589
Bank deposits not belonging to cash and cash equivalent	-	8,955,160
Others	<u>47,885</u>	<u>50,573</u>
	4,254,933	26,954,226
Less: Allowance for credit losses	(3,318)	(5,994)
Accumulated impairment	<u>(2,723,883)</u>	<u>(2,594,358)</u>
Net amount	<u>\$ 1,527,732</u>	<u>\$ 24,353,874</u>

Bank deposits not belonging to cash and cash equivalent mentioned above included bank deposits over three months, no advance termination, pledged time deposits and restricted bank deposits.

The Bank was delegated by professional investors to sell the PEM Group's investment products amounting to US\$146,000 thousand through private placement. A U.S. Federal Court appointed a receiver for all assets that belonged to, were being managed by, or were in the possession of or control of the PEM Group. To protect the client's interests, the Bank bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, the Bank's board of directors resolved to abide by a court's appointment of a PEM Group receiver to take the PEM Group's insurance policies at the price of approximately US\$40.4 million. On March 7, 2011, the receiver transferred the insurance policies to a trustee established jointly by certain banks to hold insurance policies. And the Bank had submitted to the authorities the results of this policy transfer. As of December 31, 2025, a reserve of US\$86,603 thousand (NT\$2,723,883) had been set aside to cover the accumulated impairment losses. The Bank has reserve of impairment loss of \$230,126 and \$48,601 for PEM Group for the years ended December 31, 2025 and 2024.

The Group received payments for other financial assets previously written-off \$283,294 and \$48,158 for the years ended December 31, 2025 and 2024, respectively, which were recognized as deduction of provision expenses.

16. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the years ended December 31, 2025 and 2024 are summarized as follows:

For the Year Ended December 31, 2025								
	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	\$ 5,827,434	\$ 6,258,752	\$ 2,976,514	\$ 1,266	\$ 1,823,558	\$ 1,565,226	\$ 545,300	\$ 18,998,050
Addition	-	66,780	211,713	7,077	122,228	125,719	650,588	1,184,105
Acquisitions through business combinations	-	-	370,476	107,319	97,754	113,893	-	689,442
Deduction	(141)	(96,415)	(128,618)	(3,879)	(56,253)	(46,425)	-	(331,731)
Reclassifications	21,085	63,816	58,064	-	54,520	116,140	(544,544)	(230,919)
Effect of exchange rate changes	-	2,008	(24,855)	(4,982)	(6,231)	(8,352)	1,541	(40,871)
Balance, December 31	<u>5,848,378</u>	<u>6,294,941</u>	<u>3,463,294</u>	<u>106,801</u>	<u>2,035,576</u>	<u>1,866,201</u>	<u>652,885</u>	<u>20,268,076</u>
Accumulated depreciation								
Balance, January 1	130	3,782,079	2,128,854	1,266	1,329,325	1,326,217	-	8,567,871
Depreciation	23	173,151	330,003	10,694	126,760	90,823	-	731,454
Acquisitions through business combinations	-	-	291,561	65,499	90,512	85,790	-	533,362
Deduction	-	(95,334)	(122,393)	(3,793)	(54,875)	(46,073)	-	(322,468)
Reclassifications	-	14,115	183	-	(315)	-	-	13,983
Effect of exchange rate changes	-	1,155	(21,823)	(3,009)	(5,487)	(6,426)	-	(35,590)
Balance, December 31	<u>153</u>	<u>3,875,166</u>	<u>2,606,385</u>	<u>70,657</u>	<u>1,485,920</u>	<u>1,450,331</u>	<u>-</u>	<u>9,488,612</u>
Net amount								
Balance, December 31	<u>\$ 5,848,225</u>	<u>\$ 2,419,775</u>	<u>\$ 856,909</u>	<u>\$ 36,144</u>	<u>\$ 549,656</u>	<u>\$ 415,870</u>	<u>\$ 652,885</u>	<u>\$ 10,779,464</u>
For the Year Ended December 31, 2024								
	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	\$ 5,639,933	\$ 6,204,293	\$ 2,827,456	\$ 1,180	\$ 1,669,397	\$ 1,502,043	\$ 305,481	\$ 18,149,783
Addition	-	72,725	243,299	-	139,380	34,286	642,821	1,132,511
Deduction	-	(250,667)	(127,090)	-	(34,204)	(15,818)	-	(427,779)
Reclassifications	187,501	219,503	15,766	-	46,202	38,858	(403,955)	103,875
Effect of exchange rate changes	-	12,898	17,083	86	2,783	5,857	953	39,660
Balance, December 31	<u>5,827,434</u>	<u>6,258,752</u>	<u>2,976,514</u>	<u>1,266</u>	<u>1,823,558</u>	<u>1,565,226</u>	<u>545,300</u>	<u>18,998,050</u>
Accumulated depreciation								
Balance, January 1	107	3,790,922	1,914,120	1,180	1,248,535	1,265,070	-	8,219,934
Depreciation	23	159,948	321,635	-	111,962	70,836	-	664,404
Deduction	-	(248,344)	(121,218)	-	(33,213)	(13,982)	-	(416,757)
Reclassifications	-	76,539	209	-	(39)	-	-	76,709
Effect of exchange rate changes	-	3,014	14,108	86	2,080	4,293	-	23,581
Balance, December 31	<u>130</u>	<u>3,782,079</u>	<u>2,128,854</u>	<u>1,266</u>	<u>1,329,325</u>	<u>1,326,217</u>	<u>-</u>	<u>8,567,871</u>
Net amount								
Balance, December 31	<u>\$ 5,827,304</u>	<u>\$ 2,476,673</u>	<u>\$ 847,660</u>	<u>\$ -</u>	<u>\$ 494,233</u>	<u>\$ 239,009</u>	<u>\$ 545,300</u>	<u>\$ 10,430,179</u>

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	2-15 years
Transportation equipment	2-7 years
Other equipment	2-15 years
Leasehold improvements	1.58-15 years

The amounts of other equipment rented out as of December 31, 2025 and 2024 were \$663 and \$809, respectively.

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2025	2024
<u>Carrying amount</u>		
Land	\$ 68	\$ 267
Buildings	2,996,842	2,806,704
Machinery and computer equipment	18,140	42,805
Transportation equipment	20,493	30,189
Other equipment	1,963	1,769
Decommissioning restoration costs	<u>52,857</u>	<u>27,680</u>
	<u>\$ 3,090,363</u>	<u>\$ 2,909,414</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 666,718</u>	<u>\$ 1,160,182</u>
Depreciation charge for right-of-use assets		
Land	\$ 131	\$ 118
Buildings	846,975	715,337
Machinery and computer equipment	35,491	33,709
Transportation equipment	14,145	14,099
Other equipment	976	978
Decommissioning restoration costs	<u>11,369</u>	<u>8,561</u>
	<u>\$ 909,087</u>	<u>\$ 772,802</u>

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount	<u>\$ 3,214,210</u>	<u>\$ 3,022,352</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2025	2024
Land	4.7390%	2.1233%-4.7390%
Buildings	0.5754%-8.9800%	0.4376%-5.1952%
Machinery and computer equipment	0.5754%-2.3588%	0.5754%-2.3588%
Transportation equipment	1.5739%-5.6000%	1.0399%-5.6000%
Other equipment	0.5754%-4.3787%	0.5754%-4.3787%

c. Material lease-in activities and terms

The Group leases certain buildings for use as business locations, offices and employee's dormitories with lease terms of 1 year to 20.1 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

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	\$ 20,817	\$ 15,280
Expenses relating to low-value asset leases	\$ 45,734	\$ 45,579
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 5,251	\$ 6,140
Total cash outflow for leases	\$ (1,043,812)	\$ (872,373)

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.

The Group had no lease agreements that were committed but not yet commenced as of December 31, 2025.

18. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	For the Year Ended December 31, 2025		
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1	\$ 437,381	\$ 363,079	\$ 800,460
Addition	-	1,560	1,560
Reclassifications	(21,085)	(23,089)	(44,174)
Balance, December 31	<u>416,296</u>	<u>341,550</u>	<u>757,846</u>
<u>Accumulated depreciation</u>			
Balance, January 1	-	217,567	217,567
Depreciation	-	7,764	7,764
Reclassifications	-	(13,983)	(13,983)
Balance, December 31	<u>-</u>	<u>211,348</u>	<u>211,348</u>
<u>Net amount</u>			
Balance, December 31	<u>\$ 416,296</u>	<u>\$ 130,202</u>	<u>\$ 546,498</u>

	For the Year Ended December 31, 2024		
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1	\$ 636,385	\$ 508,181	\$ 1,144,566
Addition	-	6,184	6,184
Deduction	(11,502)	(10,310)	(21,812)
Reclassifications	<u>(187,502)</u>	<u>(140,976)</u>	<u>(328,478)</u>
Balance, December 31	<u>437,381</u>	<u>363,079</u>	<u>800,460</u>
<u>Accumulated depreciation</u>			
Balance, January 1	-	293,215	293,215
Depreciation	-	7,904	7,904
Deduction	-	(7,013)	(7,013)
Reclassifications	<u>-</u>	<u>(76,539)</u>	<u>(76,539)</u>
Balance, December 31	<u>-</u>	<u>217,567</u>	<u>217,567</u>
<u>Net amount</u>			
Balance, December 31	<u>\$ 437,381</u>	<u>\$ 145,512</u>	<u>\$ 582,893</u>

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

<u>Category</u>	<u>Useful Lives</u>
Buildings	30-60 years

The aforementioned investment properties of the Group are held for the purpose of generating rental income, capital appreciation, or both, and are transferred from property and equipment either in full or pro-rata based on the leased portion of their carrying amounts. As of December 31, 2025 and 2024, the fair values of these investment properties were \$2,414,099 and \$2,467,812, respectively. These fair values were based on the Group's internal valuation reports instead of assessments by independent professional appraisers, and were measured using Level 3 inputs.

Investment properties are leased out under operating leases with terms of 1 to 7 years. The lease contracts contain contingent rent clauses with annual rent adjustments based on a fixed ratio.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2025	2024
Year 1	\$ 54,835	\$ 57,723
Year 2	37,649	48,118
Year 3	31,894	32,179
Year 4	16,086	26,869
Year 5	5,012	10,890
Year 6 onwards	<u>113</u>	<u>319</u>
	<u>\$ 145,589</u>	<u>\$ 176,098</u>

19. INTANGIBLE ASSETS, NET

	December 31	
	2025	2024
Goodwill	\$ 3,716,096	\$ 697,087
Computer software	1,291,387	1,073,031
Licenses	2,012,960	-
Core Deposits	697,866	-
Others	<u>49,908</u>	<u>6,827</u>
	<u>\$ 7,768,217</u>	<u>\$ 1,776,945</u>

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

	Goodwill	Computer Software	Licenses	Core Deposits	Others	Total
Balance, January 1	\$ 697,087	\$ 1,073,031	\$ -	\$ -	\$ 6,827	\$ 1,776,945
Addition	-	219,842	-	-	31,609	251,451
Acquisitions through business combinations	3,915,014	156,523	2,110,550	781,563	22,737	6,986,387
Deduction	-	(3,716)	-	-	(78)	(3,794)
Amortization	-	(428,868)	-	(47,060)	(2,116)	(478,044)
Impairment loss	(697,087)	-	-	-	-	(697,087)
Reclassifications	-	281,495	-	-	(8,222)	273,273
Effect of exchange rate changes	<u>(198,918)</u>	<u>(6,920)</u>	<u>(97,590)</u>	<u>(36,637)</u>	<u>(849)</u>	<u>(340,914)</u>
Balance, December 31	<u>\$ 3,716,096</u>	<u>\$ 1,291,387</u>	<u>\$ 2,012,960</u>	<u>\$ 697,866</u>	<u>\$ 49,908</u>	<u>\$ 7,768,217</u>
Balance, January 1	\$ 876,717	\$ 1,026,481	\$ -	\$ -	\$ 6,852	\$ 1,910,050
Addition	-	157,072	-	-	-	157,072
Deduction	-	(238)	-	-	-	(238)
Amortization	-	(339,769)	-	-	(240)	(340,009)
Impairment loss	(179,630)	-	-	-	-	(179,630)
Reclassifications	-	224,773	-	-	-	224,773
Effects of exchange rate changes	<u>-</u>	<u>4,712</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>4,927</u>
Balance, December 31	<u>\$ 697,087</u>	<u>\$ 1,073,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,827</u>	<u>\$ 1,776,945</u>

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

<u>Item</u>	<u>Years</u>
Computer software	2-10.58 years
Core deposits	15 years

Goodwill arising from the Bank's cash merger with SinoPac Card Services, which was treated as a reorganization of SPH, was fully impaired over the years, and no related balance remained as of December 31, 2025, while goodwill of \$3,716,096 from the acquisition of Amret Plc. in January 2025 (Note 49), and was translated at the exchange rate on the balance sheet date.

In assessing whether goodwill is impaired, the Bank considers the credit card department and Amret Plc. as a cash-generating unit and estimates their recoverable amounts based on value in use. The Bank uses the actual profitability and business cycles of the credit card department and Amret Plc. to make key assumptions for forecasting future cash flows, which are then used to calculate value in use. Under the going concern assumption, the Bank projected the net cash flows to be generated from the investee's operating activities over the next 5 years and estimated the terminal value for periods beyond 5 years. The value in use is calculated by discounting these amounts using the weighted average cost of capital.

Goodwill in each period is tested for impairment annually, with the most recent testing conducted on October 31, 2025 and 2024. The estimated profit growth rate of the credit card department was lower than expected. The recoverable amount of the cash-generating unit - credit card group, calculated at a discount rate of 7.6% and 8.2%, respectively as of the testing date, was less than the book value of the assessed item. Therefore, an impairment loss of \$697,087 and \$179,630 was recognized in 2025 and 2024.

20. OTHER ASSETS, NET

	December 31	
	2025	2024
Guarantee deposits	\$ 10,160,592	\$ 10,580,458
Prepayment	443,511	345,244
Collateral assumed	376,924	392,960
Temporary payment and suspense accounts	158,100	252,042
Others	<u>67,997</u>	<u>71,437</u>
	11,207,124	11,642,141
Less: Accumulated impairment	<u>(14,710)</u>	<u>(13,847)</u>
Net amount	<u>\$ 11,192,414</u>	<u>\$ 11,628,294</u>

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2025	2024
Call loans from banks	\$ 117,141,735	\$ 73,832,450
Deposits transferred from Chunghwa Post Co., Ltd.	10,015,300	10,026,300
Due from Central Bank	1,572,625	1,639,533
Deposits from banks	<u>262,680</u>	<u>969,205</u>
	<u>\$ 128,992,340</u>	<u>\$ 86,467,488</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2025	2024
Government bonds	\$ 14,465,952	\$ 24,618,243
Bank debentures	1,954,454	512,607
Corporate bonds	<u>805,546</u>	<u>7,782,881</u>
	<u>\$ 17,225,952</u>	<u>\$ 32,913,731</u>
Agreed-upon repurchase price	\$ 17,308,620	\$ 33,121,387
Par value	\$ 18,082,391	\$ 36,084,045
Maturity date	June 2026	February 2025

23. PAYABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Acceptances payable	\$ 8,974,310	\$ 8,025,709
Interest payable	7,441,192	6,836,003
Accrued expenses	5,966,349	5,189,099
Accounts payable - factoring	2,288,034	1,779,853
Dividends payable to SPH	1,435,025	1,435,025
Accounts payable	1,259,412	1,048,873
Notes and checks in clearing	923,275	900,273
Others	<u>2,738,780</u>	<u>2,638,392</u>
	<u>\$ 31,026,377</u>	<u>\$ 27,853,227</u>

24. DEPOSITS AND REMITTANCES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Checking	\$ 13,987,322	\$ 13,703,662
Demand	589,081,664	555,603,991
Savings - demand	670,417,017	588,469,909
Time deposits	748,562,192	757,900,789
Negotiable certificates of deposits	31,956,717	5,778,003
Savings - time	387,295,988	354,239,638
Remittances outstanding	932,247	715,515
Remittances under custody	36,744	36,845
Others	<u>33,108</u>	<u>33,473</u>
	<u>\$ 2,442,302,999</u>	<u>\$ 2,276,481,825</u>

25. BANK DEBENTURES

Details of the Group's issuances are as follows:

	<u>December 31</u>		<u>Maturity Date</u>	<u>Rates</u>
	<u>2025</u>	<u>2024</u>		
First subordinated bank debentures issued in 2017 (B)	\$ 2,099,857	\$ 2,099,737	2017.02.24-2027.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.90%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (B)	539,942	539,905	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	3,000,000	3,000,000	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)	-	649,979	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)	499,920	499,887	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	2,000,000	2,000,000	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.

(Continued)

	December 31		Maturity Date	Rates
	2025	2024		
Second subordinated bank debentures issued in 2019 (A)	\$ 1,199,992	\$ 1,199,894	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)	1,799,678	1,799,576	2019.01.25-2029.01.25 Principal is repayable on maturity date.	Fixed interest rate of 1.55%, interest is paid annually.
Fourth subordinated bank debentures issued in 2019	1,500,000	1,500,000	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)	1,749,909	1,749,769	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)	1,749,639	1,749,543	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	3,000,000	2,999,893	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	1,999,715	1,999,650	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	2,900,000	2,899,931	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	2,599,697	2,599,632	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	2,100,000	2,099,921	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	2,399,726	2,399,671	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	-	999,939	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	999,976	999,915	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	2,719,948	2,719,822	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	2,299,749	2,299,704	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	3,279,923	3,279,820	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	1,699,642	1,699,582	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	4,999,750	4,999,570	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	1,999,895	1,999,813	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
First senior bank debentures issued in 2023	-	1,999,784	2023.09.14-2025.09.14 Principal is repayable on maturity date.	Fixed interest rate of 1.48%, interest is paid annually.
First senior bank debentures issued in 2024	999,840	999,625	2024.09.26-2026.09.26 Principal is repayable on maturity date.	Fixed interest rate of 1.73%, interest is paid annually.
First senior bank debentures issued in 2025	999,543	-	2025.09.17-2028.09.17 Principal is repayable on maturity date.	Fixed interest rate of 1.72%, interest is paid annually.
Second subordinated bank debentures issued in 2025	1,999,995	-	2025.12.23-2035.12.23 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
First bank debentures issued in 2025	<u>1,796,795</u>	<u>-</u>	2025.08.29-2028.08.29 Principal is repayable on maturity date.	Fixed interest rate of 2.18%, interest is paid annually.
	<u>\$ 54,933,131</u>	<u>\$ 53,784,562</u>		

(Concluded)

26. OTHER FINANCIAL LIABILITIES

	<u>December 31</u>	
	2025	2024
Principal of structured products	\$ 57,329,479	\$ 55,035,616
Short-term borrowings	1,012,251	-
Cumulative earnings on appropriated loan fund	66,673	48,469
Long-term borrowings	<u>14,033</u>	<u>-</u>
	<u>\$ 58,422,436</u>	<u>\$ 55,084,085</u>

Short-term Borrowings

	<u>December 31</u>	
	2025	2024
Credit borrowings	<u>\$ 1,012,251</u>	<u>\$ -</u>
Maturity date	2026.2-2030.4	-
Interest rate range	6.63%-11.05%	-

Long-term Borrowings

	<u>December 31</u>	
	2025	2024
Credit borrowings	<u>\$ 14,033</u>	<u>\$ -</u>
Maturity date	2027.2	-
Interest rate range	10.76%	-

As of December 31, 2025, Amret Plc. had part of its borrowings exceeding 12 months that failed to meet the financial ratios required by its loan agreements, thus reclassifying long-term borrowings of \$289,363 to short-term borrowings.

27. PROVISIONS

	<u>December 31</u>	
	2025	2024
Provision for employee benefits	\$ 1,520,104	\$ 1,675,417
Provision for financing commitment	94,557	216,901
Provision for guarantee liabilities	484,608	332,656
Provision for decommissioning liabilities	175,754	139,303
Other	<u>11,148</u>	<u>9,948</u>
	<u>\$ 2,286,171</u>	<u>\$ 2,374,225</u>

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

	For the Year Ended December 31, 2025		
	Provision for Financing Commitments	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	\$ 216,901	\$ 332,656	\$ 9,948
Provision (reversal of provision)	(120,953)	150,610	1,418
Effect of exchange rate changes and others	<u>(1,391)</u>	<u>1,342</u>	<u>(218)</u>
Balance, December 31	<u>\$ 94,557</u>	<u>\$ 484,608</u>	<u>\$ 11,148</u>

	For the Year Ended December 31, 2024		
	Provision for Financing Commitments	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	\$ 235,001	\$ 302,018	\$ 10,835
Provision (reversal of provision)	(23,974)	30,403	(1,430)
Effect of exchange rate changes and others	<u>5,874</u>	<u>235</u>	<u>543</u>
Balance, December 31	<u>\$ 216,901</u>	<u>\$ 332,656</u>	<u>\$ 9,948</u>

28. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2025	2024
Recognized in consolidated balance sheets (payables and provisions)		
Defined contribution plans	\$ 61,963	\$ 58,476
Defined benefit plans	840,224	1,068,938
Preferential interest on employees' deposits	410,317	387,210
Others	<u>269,563</u>	<u>219,269</u>
	<u>\$ 1,582,067</u>	<u>\$ 1,733,893</u>

a. Defined contribution plans

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

Overseas branches and overseas subsidiaries' defined contribution plans are in accordance with local regulations.

The total expenses recognized for the years ended December 31, 2025 and 2024 of \$359,047 and \$333,346, respectively, represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

For the Bank employees who adopt for defined benefit plans regulated by the Labor Standards Act, the retirement benefits are paid to employees as follow: (i) a lump sum payment equal to two base units for each year of service; (ii) that each year of service exceeding 15 years is entitled to only one base unit of wage; and (iii) that the maximum payment is for up to 45 base units. Any fraction of a year that is equal to six months or more is counted as one year of service, and any fraction of a year that is less than six months is counted as half a year of service.

Pension contributions are deposited in the Trust department of Bank of Taiwan and Bank SinoPac in the Organization of Supervisory Committee of Business Entities' Labor Retirement Reserve's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund deposited in the Trust department of Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 4,102,462	\$ 4,302,330
Fair value of plan assets	<u>(3,262,238)</u>	<u>(3,233,392)</u>
Net defined benefit liability	<u>\$ 840,224</u>	<u>\$ 1,068,938</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2024	<u>\$ 4,740,546</u>	<u>\$ (3,129,913)</u>	<u>\$ 1,610,633</u>
Service cost			
Current service cost	25,725	-	25,725
Net interest expense (income)	<u>55,501</u>	<u>(37,356)</u>	<u>18,145</u>
Recognized in (profit) or loss	<u>81,226</u>	<u>(37,356)</u>	<u>43,870</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(255,844)	(255,844)
Actuarial (gain) loss - changes in financial assumptions	(149,242)	-	(149,242)
Actuarial (gain) loss - changes in demographic assumptions	66	-	66
Actuarial (gain) loss - experience adjustments	<u>38,655</u>	<u>-</u>	<u>38,655</u>
Recognized in other comprehensive income	<u>(110,521)</u>	<u>(255,844)</u>	<u>(366,365)</u>
Contributions from the employer	-	(219,200)	(219,200)
Benefits paid	<u>(408,921)</u>	<u>408,921</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 4,302,330</u>	<u>\$ (3,233,392)</u>	<u>\$ 1,068,938</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2025	\$ 4,302,330	\$ (3,233,392)	\$ 1,068,938
Service cost			
Current service cost	17,077	-	17,077
Net interest expense (income)	<u>67,192</u>	<u>(51,624)</u>	<u>15,568</u>
Recognized in (profit) or loss	<u>84,269</u>	<u>(51,624)</u>	<u>32,645</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(206,044)	(206,044)
Actuarial (gain) loss - changes in financial assumptions	80,627	-	80,627
Actuarial (gain) loss - changes in demographic assumptions	62	-	62
Actuarial (gain) loss - experience adjustments	<u>76,683</u>	<u>-</u>	<u>76,683</u>
Recognized in other comprehensive income	<u>157,372</u>	<u>(206,044)</u>	<u>(48,672)</u>
Contributions from the employer	-	<u>(212,687)</u>	<u>(212,687)</u>
Benefits paid	<u>(441,509)</u>	<u>441,509</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 4,102,462</u>	<u>\$ (3,262,238)</u>	<u>\$ 840,224</u> (Concluded)

The plan assets' actual returns were \$257,668 and \$293,200 for the years ended December 31, 2025 and 2024.

Through the defined benefit plans under the Labor Standards Act, the Bank is exposed to the following risks:

- 1) Investment risk: Bureau of Labor Funds, Ministry of Labor invests plan assets in domestic and foreign securities, debt securities, bank deposits, etc. through self-utilization and entrusted management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate	1.35%	1.60%
Expected rate of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (80,631)</u>	<u>\$ (89,701)</u>
0.25% decrease	<u>\$ 82,978</u>	<u>\$ 92,435</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 81,429</u>	<u>\$ 90,936</u>
0.25% decrease	<u>\$ (79,548)</u>	<u>\$ (88,712)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
The expected contributions to the plan for the next year	<u>\$ 183,980</u>	<u>\$ 191,964</u>
The average duration of the defined benefit obligation	8 years	8 years

c. Preferential interest on employees' deposits

The Bank offers preferential interest on employees' deposits to both current and retired employees.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate	4.00%	4.00%
Expected interest rate on preferential interest on employees' deposits		
Manager	7.72%	7.72%
Staff	13.00%	13.00%
Normal deposit interest rate	1.72%	1.72%
Return on deposits	2.00%	2.00%
Excess preferential interest		
Manager	4.00%	4.00%
Staff	9.28%	9.28%
The probability of preferential interest on employees' deposits is canceled within ten years	50.00%	50.00%

The amounts included in the consolidated balance sheets arising from the Bank's obligation in respect of its preferential interest on employee's deposits were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 410,317	\$ 387,210
Fair value of plan assets	<u>-</u>	<u>-</u>
Net defined benefit liability	<u>\$ 410,317</u>	<u>\$ 387,210</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2024	\$ 366,026	\$ -	\$ 366,026
Service cost			
Past service cost	37,982	-	37,982
Interest expense	<u>8,518</u>	<u>-</u>	<u>8,518</u>
Recognized in (profit) or loss	<u>46,500</u>	<u>-</u>	<u>46,500</u>
Remeasurement			
Actuarial (gain) loss - experience adjustments	7,561	-	7,561
Actuarial (gain) loss - changes in assumptions	<u>(4,456)</u>	<u>-</u>	<u>(4,456)</u>
Recognized in other comprehensive income	<u>3,105</u>	<u>-</u>	<u>3,105</u>
Benefits paid	<u>(28,421)</u>	<u>-</u>	<u>(28,421)</u>
Balance at December 31, 2024	<u>\$ 387,210</u>	<u>\$ -</u>	<u>\$ 387,210</u>
Balance at January 1, 2025	<u>\$ 387,210</u>	<u>\$ -</u>	<u>\$ 387,210</u>
Service cost			
Past service cost	35,276	-	35,276
Interest expense	<u>9,002</u>	<u>-</u>	<u>9,002</u>
Recognized in (profit) or loss	<u>44,278</u>	<u>-</u>	<u>44,278</u>
Remeasurement			
Actuarial (gain) loss - experience adjustments	<u>9,012</u>	<u>-</u>	<u>9,012</u>
Recognized in other comprehensive income	<u>9,012</u>	<u>-</u>	<u>9,012</u>
Benefits paid	<u>(30,183)</u>	<u>-</u>	<u>(30,183)</u>
Balance at December 31, 2025	<u>\$ 410,317</u>	<u>\$ -</u>	<u>\$ 410,317</u>

d. Other

Others included long-term incentive compensation plans, deferred service leave and termination benefits. For the years ended December 31, 2025 and 2024, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$196,601 and \$181,639, respectively, the acquired total embedded value of which were \$157,175 and \$135,945, respectively.

29. OTHER LIABILITIES

	December 31	
	2025	2024
Guarantee deposits received	\$ 2,566,305	\$ 6,617,842
Temporary receipt and suspense accounts	776,681	736,396
Advance receipts	428,424	559,308
Deferred revenue	116,822	109,762
Others	<u>39,405</u>	<u>56,296</u>
	<u>\$ 3,927,637</u>	<u>\$ 8,079,604</u>

30. INCOME TAX

Under Article 49 of the Financial Holding Company Act and related directives issued by the Ministry of Finance, a financial holding company and its domestic subsidiaries that held over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings. Thus, SPH adopted the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries since 2003.

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
Current period	\$ 4,219,042	\$ 3,842,843
Income tax on unappropriated earnings	-	96,125
Adjustments for prior years	(8,263)	(140)
Others	<u>45,018</u>	<u>41,030</u>
	4,255,797	3,979,858
Deferred tax		
Temporary adjustment	<u>(226,264)</u>	<u>(104,290)</u>
Income tax expenses recognized in profit or loss	<u>\$ 4,029,533</u>	<u>\$ 3,875,568</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before tax	<u>\$ 23,751,028</u>	<u>\$ 21,292,073</u>
Income tax expense calculated at the statutory rate (20%)	\$ 4,750,206	\$ 4,258,415
Tax effect of adjusting items:		
Effect number of difference tax rates in several other operating subsidiaries	18,807	15,828
Adjustments for prior years' tax	(8,263)	(140)
Tax-exempt income	(122,091)	(105,990)
		(Continued)

	For the Year Ended December 31	
	2025	2024
Permanent difference	\$ (874,634)	\$ (474,311)
Income tax on unappropriated earnings	-	96,125
Others	<u>265,508</u>	<u>85,641</u>
Income tax expense recognized in profit or loss	<u>\$ 4,029,533</u>	<u>\$ 3,875,568</u>

(Concluded)

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
Adjustments of current period		
Defined benefit plans remeasurement	\$ (7,932)	\$ (72,652)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	175,027	(50,344)
Exchange differences on translation of foreign operations	<u>122,298</u>	<u>(69,641)</u>
Income tax recognized in other comprehensive income	<u>\$ 289,393</u>	<u>\$ (192,637)</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
<u>Current tax assets</u>		
Receivables from adopting the linked-tax system	\$ 1,055,020	\$ 1,055,020
Others	<u>158,075</u>	<u>292,450</u>
	<u>\$ 1,213,095</u>	<u>\$ 1,347,470</u>
<u>Current tax liabilities</u>		
Payables from adopting the linked-tax system	\$ 1,021,367	\$ 950,625
Subsidiary tax payable	115,019	36,794
Others	<u>255,384</u>	<u>364,552</u>
	<u>\$ 1,391,770</u>	<u>\$ 1,351,971</u>

d. Deferred tax assets and liabilities

	December 31	
	2025	2024
<u>Deferred tax assets</u>		
Allowance for doubtful accounts	\$ 1,421,928	\$ 1,152,874
Provision for defined benefit	258,583	278,549
Exchange differences on translation of foreign operations	223,879	101,581
Unrealized losses on foreign exchange and derivative instruments	200,023	-
Others	<u>495,594</u>	<u>169,475</u>
	<u>\$ 2,600,007</u>	<u>\$ 1,702,479</u>
<u>Deferred tax liabilities</u>		
Land value increment tax	\$ 587,038	\$ 587,038
Investments accounted for using the equity method	487,823	278,166
Unrealized gains on foreign exchange and derivative instruments	21,681	253,236
Others	<u>171,538</u>	<u>133,879</u>
	<u>\$ 1,268,080</u>	<u>\$ 1,252,319</u>

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

	For the Year Ended December 31	
	2025	2024
Allowance for doubtful accounts	\$ (23,538)	\$ (139,170)
Provision for defined benefit	20,546	22,809
Investments accounted for using the equity method	209,352	44,537
Unrealized gains or losses on foreign exchange and derivative instruments	(431,899)	(677)
Others	<u>(725)</u>	<u>(31,789)</u>
	<u>\$ (226,264)</u>	<u>\$ (104,290)</u>

The Bank did not have unused loss carryforwards as of December 31, 2025.

e. The Bank's tax returns through 2019 have been assessed by the tax authorities.

f. Pillar Two Income Tax Legislation

The government of Vietnam and Hong Kong, where Ho Chi Minh City branch, Hong Kong branch and SinoPac Insurance Brokers Ltd. is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024 and 2025, are respectively. The Group will continue to assess the impact of the Pillar Two Income Tax Act on its future financial performance.

31. EQUITY

a. Common stock

The Bank's authorized capital is \$140,000,000. And the Bank issued 14,000,000 thousand common stock with par value of NT\$10. The authorized capital can be issued in installments upon approval of the board of directors.

On May 23, 2025, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 695,339 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 \$110,735,377. The capital increase was approved by the authorities and record date was set as August 15, 2025.

On May 24, 2024, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to issue 678,948 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 \$103,781,984. The capital increase was approved by the authorities and record date was set as August 28, 2024.

b. Capital surplus

	December 31	
	2025	2024
Share premium	\$ 7,335,205	\$ 7,335,205
Donated surplus	83	83
Consolidation premium	8,076,524	8,076,524
Share-based payment	167,956	167,956
Others	<u>1,650</u>	<u>1,650</u>
	<u>\$ 15,581,418</u>	<u>\$ 15,581,418</u>

The premium from shares issued in excess of par (share premium from issuance of common stock, shares premium from issuance of common stock for combination and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Bank has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year).

The board of directors of the parent company of the Bank, SPH, approved historical capital increase and retained 10% of shares for subscription by the Group's employees. The criteria for the employee entitlement to the employee share options were in accordance with IFRS 2 "Share-based Payment". Under IFRS 2 share options granted by a parent company to a subsidiary's employees should be treated as equity-settled share-based payments that match the service provided by employees and are recognized as equity increase due to parent's contribution. The Bank's capital surplus - share-based payment may only be used to offset a deficit.

c. Special reserve

Under Order No. 10010000440 (repealed on April 24, 2023, replaced by No. 11202709871 issued by the FSC), issued by the FSC on March 23, 2011, the trading loss provision recognized before December 31, 2010 is transferred to special reserve.

Under Order No. 1090150022 issued by the FSC on March 31, 2021, for the net deduction of other equity for the current period, the same amount of special surplus reserve shall be set aside from the net profit after tax for the current period plus the amount of items other than the net profit after tax for the current period included in the undistributed surplus for the current period. If there is still an insufficient amount, withdraw from the undistributed surplus of the previous period; for the net deduction of other equity accumulated in the previous period, the same amount of special surplus reserve will be withdrawn from the undistributed surplus of the previous period. If there is still a shortfall, the net profit after tax for the current period will be added to the current period's net profit after tax. The amount of items other than net profit included in the undistributed surplus of the current period shall be set aside, and the dividend policy shall be clearly stipulated in the company's articles of association. If the company has set aside a special surplus reserve in accordance with the foregoing provisions, the amount that has been set aside shall be consistent with the foregoing provisions and shall set aside a special surplus. The difference between the amount of the reserve and the amount of the reserve shall be set aside as a special surplus reserve. If there is a subsequent reversal of the net deduction of other equity items, the reversal of part of the reversal of the special surplus reserve distribution surplus shall be made.

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.

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. If there's a net deduction of other equity accumulated in the previous period, the Bank should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period, if there's still a shortage, the Bank should appropriate special reserve which is from the current net income after tax and the current unappropriated retained earning not included in the current net income after tax.

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

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

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

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

Under the 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 appropriation of earnings for 2023 has been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 24, 2024. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 5,141,400	
Reversal of special reserve	(4,741,496)	
Cash dividends	8,026,130	\$ 0.8275
Stock dividends	6,789,476	0.7

The appropriation of earnings for 2024 has been proposed by the Bank's board of directors (on behalf of the shareholder's meeting) on May 23, 2025. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 6,521,741	
special reserve	1,451,912	
Cash dividends	8,734,582	\$ 0.84162798
Stock dividends	6,953,393	0.67

The appropriation of earnings for 2025 has been proposed by the Bank's board of directors on March 11, 2026. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 6,420,412	
Reversal of special reserve	(1,824,765)	
Cash dividends	8,396,483	\$ 0.75824749
Stock dividends	8,409,244	0.7594

The board of directors approved the 2025 appropriation of earnings on March 11, 2026, that will be resolved by shareholder's resolution (on behalf of the shareholder's meeting) in 2026.

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.

e. Other equity items

	Exchange Differences on Translation of The Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Changes in The Fair Value Attributable to Changes in The Credit Risk of Financial Liabilities	Total
		Equity Instruments	Debt Instruments		
Balance January 1, 2025	\$ (398,080)	\$ 3,247,431	\$ (10,249,033)	\$ (16,631)	\$ (7,416,313)
Exchange differences					
Exchange differences on translation of foreign operations	(611,491)	-	-	-	(611,491)
Related income tax	122,298	-	-	-	122,298
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	420,047	3,726,786	-	4,146,833
Adjustment for loss allowance of debt instruments	-	-	(258)	-	(258)
Current disposal	-	-	(168,213)	-	(168,213)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(1,843,441)	-	-	(1,843,441)
Related income tax	-	(305)	175,332	-	175,027
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(17)	(17)
Balance December 31, 2025	<u>\$ (887,273)</u>	<u>\$ 1,823,732</u>	<u>\$ (6,515,386)</u>	<u>\$ (16,648)</u>	<u>\$ (5,595,575)</u>
	Exchange Differences on Translation of The Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Changes in The Fair Value Attributable to Changes in The Credit Risk of Financial Liabilities	Total
		Equity Instruments	Debt Instruments		
Balance January 1, 2024	\$ (676,646)	\$ 4,156,361	\$ (9,391,799)	\$ (42,271)	\$ (5,954,355)
Exchange differences					
Exchange differences on translation of foreign operations	348,207	-	-	-	348,207
Related income tax	(69,641)	-	-	-	(69,641)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	3,123,095	(156,685)	-	2,966,410
Adjustment for loss allowance of debt instruments	-	-	24,719	-	24,719
Current disposal	-	-	(674,924)	-	(674,924)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(4,032,025)	-	-	(4,032,025)
Related income tax	-	-	(50,344)	-	(50,344)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	25,640	25,640
Balance December 31, 2024	<u>\$ (398,080)</u>	<u>\$ 3,247,431</u>	<u>\$ (10,249,033)</u>	<u>\$ (16,631)</u>	<u>\$ (7,416,313)</u>

f. Non-controlling interests

	For the Year Ended December 31, 2025
Balance on January 1	\$ -
Increase in non-controlling interests	2,524,784
Attributable to non-controlling interests:	
Share of profit for the period	195,290
Exchange differences on translation of foreign operations	(114,695)
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	<u>380</u>
Balance on December 31	<u>\$ 2,605,759</u>

32. NET INTEREST REVENUE

	For the Year Ended December 31	
	2025	2024
Interest income		
Loans	\$ 60,078,229	\$ 51,976,315
Investment in Securities	17,768,810	17,444,677
Due from the Central Bank and call loans to banks	4,915,361	4,502,989
Securities purchased under resell agreements	1,575,222	1,991,587
Credit card revolving interest rate income	604,700	582,428
Others	<u>1,246,736</u>	<u>1,559,748</u>
	<u>86,189,058</u>	<u>78,057,744</u>
Interest expenses		
Deposits	(43,573,827)	(44,386,971)
Call loans from banks	(3,434,069)	(4,086,678)
Structured products	(2,278,748)	(2,659,167)
Securities sold under repurchase agreements	(983,957)	(1,532,869)
Bank debentures	(851,888)	(860,755)
Others	<u>(675,438)</u>	<u>(535,984)</u>
	<u>(51,797,927)</u>	<u>(54,062,424)</u>
Net amount	<u>\$ 34,391,131</u>	<u>\$ 23,995,320</u>

33. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2025	2024
Service fee income		
Trust and related services	\$ 3,576,468	\$ 3,567,717
Insurance services	3,427,033	2,432,010
Loan services	2,929,571	2,750,295
Credit card services	1,331,078	932,250
Others	<u>2,155,634</u>	<u>1,777,277</u>
	<u>13,419,784</u>	<u>11,459,549</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
Service fee expenses		
Credit card services	\$ (1,232,366)	\$ (979,018)
Interbank services	(430,029)	(404,496)
Trust services	(245,671)	(245,823)
Proxy services	(93,261)	(101,120)
Others	<u>(780,674)</u>	<u>(536,534)</u>
	<u>(2,782,001)</u>	<u>(2,266,991)</u>
Net amount	<u>\$ 10,637,783</u>	<u>\$ 9,192,558</u>

(Concluded)

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

	For the Year Ended December 31	
	2025	2024
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Certificates of deposits	\$ 68,401	\$ 132,744
Currency swap contracts	5,724,995	6,734,200
Option contracts	252,198	159,891
Interest rate swap contracts	117,557	344,648
Futures contracts	(105,633)	61,456
Forward exchange contracts	(334,147)	1,911,649
Others	<u>465,467</u>	<u>209,874</u>
	<u>6,188,838</u>	<u>9,554,462</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Bank debentures	(89,849)	(129,974)
Interest rate swap contracts	816,240	1,181,916
Forward exchange contracts	157,623	1,319,063
Option contracts	78,521	(750,699)
Currency swap contracts	(1,718,908)	(302,756)
Others	<u>(3,030)</u>	<u>13,730</u>
	<u>(759,403)</u>	<u>1,331,280</u>
Interest income	975,771	876,781
Dividend income	<u>17,398</u>	<u>4,434</u>
	<u>\$ 6,422,604</u>	<u>\$ 11,766,957</u>

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

	For the Year Ended December 31	
	2025	2024
Dividend income		
Holding at the end of the reporting period	\$ 418,459	\$ 471,387
Disposed in the reporting period	70,871	79,561
Gain or loss on disposal of debt instruments	<u>168,213</u>	<u>674,924</u>
	<u>\$ 657,543</u>	<u>\$ 1,225,872</u>

36. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits expenses - salaries and bonuses	\$ 12,897,872	\$ 10,511,133
Short-term employee benefits expenses - others	1,965,910	1,613,507
Post-employment benefits expenses	435,971	423,716
Long-term employee benefits expenses	104,089	111,783
Termination benefits	<u>511</u>	<u>869</u>
	<u>\$ 15,404,353</u>	<u>\$ 12,661,008</u>

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 \$117,000 and \$110,000 as employees' compensation and \$48,000 and \$43,000 as remuneration of directors for the years ended December 31, 2025 and 2024.

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 amounts.

The board of directors approved \$117,000 as employees' compensation and \$48,000 as remuneration of directors on January 30, 2026 and March 2, 2026, respectively. These amounts were the same as those recognized in the financial statements and will be paid entirely in cash.

The board of directors approved \$110,000 as employees' compensation and \$43,000 as remuneration of directors on January 17, 2025 and February 21, 2025, respectively. These amounts were the same as those recognized in the financial statements and will be paid entirely in cash.

The Bank's board of directors had reported the remuneration of employees and directors in 2024 on behalf of the shareholder on May 23, 2025.

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, the parent company, has set up a long-term incentive compensation plan, which defers the payment of performance bonus to the Group's high-level managers, and links the performance bonuses to the future value of SPH's stock and long-term performance indicators. The Bank expects to use virtual shares and future stock price to calculate the compensation, which will be paid in cash. The Group recognizes the compensation as cash-settled share-based employee benefits expenses.

37. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2025	2024
Depreciation expense		
Land improvements	\$ 23	\$ 23
Buildings	180,915	167,852
Machinery and computer equipment	330,003	321,635
Transportation and transportation equipment	10,694	-
Other equipment	126,760	111,962
Leasehold improvements	90,823	70,836
Right-of-use assets	<u>909,087</u>	<u>772,802</u>
	1,648,305	1,445,110
Amortization expense	<u>478,044</u>	<u>340,009</u>
	<u>\$ 2,126,349</u>	<u>\$ 1,785,119</u>

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2025	2024
Taxation and fees	\$ 2,657,214	\$ 2,403,041
Marketing	1,507,341	761,145
Automated equipment	1,038,879	789,371
Professional advisory	607,542	581,278
Premises expenses	556,874	453,858
Insurance	525,701	485,222
Communications expense	416,870	357,779
Others	<u>977,556</u>	<u>762,629</u>
	<u>\$ 8,287,977</u>	<u>\$ 6,594,323</u>

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 Year Ended December 31	
	2025	2024
Basic EPS	<u>\$ 1.76</u>	<u>\$ 1.57</u>

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

Net income

	<u>For the Year Ended December 31</u>	
	2025	2024
Net income for calculating basic EPS	<u>\$ 19,526,205</u>	<u>\$ 17,416,505</u>

Shares

	<u>For the Year Ended December 31</u>	
	2025	2024
The weighted-average number of common stock outstanding in the computation of basic EPS	<u>11,073,538</u>	<u>11,073,538</u>

The impact of the bonus shares distributed on August 15, 2025 has been retrospectively adjusted in the calculation of earnings per share for the year ended December 31, 2024. After the adjustment, basic earnings per share for the year ended December 31, 2024 decreased from NT\$1.68 to NT\$1.57.

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

<u>Related Party</u>	<u>Relationship with the Group</u>
SinoPac Financial Holdings Company Limited (SPH)	Parent company of the Bank
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SPH
SinoPac Securities Investment Trust Co., Ltd. (SinoPac Securities Investment Trust)	Subsidiary of SPH
SinoPac Venture Capital Corporation (SinoPac Venture Capital)	Subsidiary of SPH
SinoPac Leasing Corporation (SPL)	Subsidiary of SPH
King's Town Bank Co., Ltd. (KTB)	Subsidiary of SPH
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))	Subsidiary of SinoPac Securities
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
SinoPac Capital International (HK) Limited (SinoPac Capital International (HK))	Subsidiary of SPL
Kings Town Bank International Lease Corporation (KTB Leasing)	Subsidiary of KTB

(Continued)

Related Party	Relationship with the Group
SinoPac Foundation	Affiliate of SPH's chairman
Taiwan Creative Industry Development Co., Ltd. (Taiwan Creative Industry)	Affiliate of SinoPac Venture Capital's general manager
Global Unichip Corp. (GUC)	Affiliate of SPH's chairman's spouse
Hsinex International Corp. (Hsinex International)	SPH's corporate director
Xing Yuan Co., Ltd. (Xing Yuan)	SPH's corporate director
E Ink Holdings Inc. (E Ink Holdings)	Affiliate of SPH's director
Hsin-Yi Foundation	Affiliate of the Bank's director
China Color Printing Co., Ltd. (China Color Printing)	Affiliate of the Bank's director
Yuen Foong Yu Biotech Co., Ltd. (Yuen Foong Yu Biotech)	Affiliate of the Bank's director
Fu Hua Development Enterprise Co., Ltd. (Fu Hua Development)	Affiliate of the Bank's director
China Airlines Co., Ltd. (China Airlines)	Affiliate of the Bank's director (before July 2025)
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of the Bank's director (before July 2025)
Apex International Co., Ltd. (Cayman Islands)	Affiliate of the Bank's director
Transyork Technology Yangzhou Ltd. (Transyork Technology Yangzhou)	Affiliate of the Bank's director's spouse
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Affiliate of the Bank's director's spouse
E Ink Technology B.V.	Affiliate of the Bank's director's spouse
New Field E-Paper Co., Ltd. (NFE)	Affiliate of the Bank's director's spouse
Transcend Optronics (Yangzhou) Co., Ltd. (Transcend Optronics (Yangzhou))	Affiliate of the Bank's director's spouse
Foongtone Technology Co., Ltd. (Foongtone Technology)	Affiliate of the Bank's director's spouse
Taigen Biotechnology Co., Ltd. (Taigen Biotechnology)	Affiliate of first-degree kin of the Bank's director
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Affiliate of first-degree kin of the Bank's director
He Ze Yi Enterprise Co., Ltd. (He Ze Yi Enterprise)	Affiliate of first-degree kin of the Bank's director
Ting-Fong Investment Corporation, Ltd. (Ting-Fong Investment)	Affiliate of SinoPac Securities' director
Taiwan Glass Industry Corp.	Affiliate of SinoPac Securities' director
Teinco Technology Co., Ltd. (Teinco Technology)	Affiliate of SPL's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
IBF Securities Co., Ltd. (IBFS)	Affiliate of KTB's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate 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
Kinpo Electronics, Inc. (Kinpo Electronics)	Affiliate of second-degree-in-laws of the Bank's manager
TransGlobe Life Insurance Inc. (TGL)	Related party (before June 2025)
YFY International B.V. (YFY International)	Related party
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party

(Continued)

Related Party	Relationship with the Group
ScinoPharm Taiwan, Ltd. (ScinoPharm Taiwan)	Related party (before May 2025)
YFY Inc. (YFY)	Related party
Beautone Co., Ltd. (Beautone)	Related party
HOSS CAPITAL INC. (Hoss Inv.)	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) Cash and cash equivalents

	December 31	
	2025	2024
Excess future margin		
Others	\$ 55,853	\$ 88,884

The amount of interest revenue from the collateral deposit for futures and options transactions with related parties for the years ended December 31, 2025 and 2024 was \$212 and \$546, respectively.

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

	For the Year Ended December 31, 2025		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	\$ 300,000	2.00-9.70	\$ 62,201
	For the Year Ended December 31, 2024		
	Ending Balance	Interest (%)	Interest Income
Call loans to banks			
Hua Nan Bank	\$ 1,152,784	0.25-5.53	\$ 76,826

3) Financial assets at fair value through profit or loss

	December 31	
	2025	2024
Corporate bonds		
Others	\$ 25,079	-
Future margin-own funds		
SinoPac Futures	190,320	9,691

4) Derivative financial instruments

December 31, 2025					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts Hua Nan Bank	\$ 11,959,375	2020.11.13- 2035.11.19	\$ (80,169)	Financial assets at fair value through profit or loss	\$ 680,190
Forward exchange contracts YFY International	613,324	2025.8.14- 2026.11.5	9,208	Financial assets at fair value through profit or loss	9,208
YFY	157,263	2025.11.3- 2026.11.5	2,116	Financial assets at fair value through profit or loss	2,116
December 31, 2024					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Currency swap contracts Hua Nan Bank	\$ 4,426,738	2024.4.24- 2025.5.9	\$ 165,667	Financial assets at fair value through profit or loss	\$ 165,667
Hua Nan Bank	655,813	2024.9.13- 2025.5.19	(22,034)	Financial liabilities at fair value through profit or loss	22,034
TGL	15,083,699	2024.8.21- 2025.9.30	419,715	Financial assets at fair value through profit or loss	419,715
Interest rate swap contracts Hua Nan Bank	11,054,783	2020.11.13- 2034.10.16	315,680	Financial assets at fair value through profit or loss	767,018
Hua Nan Bank	22,388	2022.7.27- 2025.7.28	(99)	Financial liabilities at fair value through profit or loss	20
Forward exchange contracts TGL	473,863	2024.11.21- 2025.2.25	14,113	Financial assets at fair value through profit or loss	14,113
YFY International	639,418	2024.1.9- 2025.11.5	(23,905)	Financial liabilities at fair value through profit or loss	23,905
YFY	163,953	2024.11.1- 2025.11.5	(5,085)	Financial liabilities at fair value through profit or loss	5,085

5) Securities purchased under resell agreements

	December 31, 2024		For the Year Ended December 31, 2024
	Face Amount	Carrying Amount	Interest Income
Others	\$ -	\$ -	\$ 744

6) Receivables and payables

	December 31	
	2025	2024
Receivables		
Others	<u>\$ 295,646</u>	<u>\$ 273,144</u>
Payables		
Others	<u>\$ 34,298</u>	<u>\$ 26,432</u>
Dividends payable to SPH		
SPH	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>

7) Current income tax assets and liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Receivables from adopting the linked-tax system	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>
Payables from adopting the linked-tax system	<u>\$ 1,021,367</u>	<u>\$ 950,625</u>

8) Loans

<u>For the Year Ended December 31, 2025</u>			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 13,991,789</u>	<u>\$ 15,457,005</u>	0.7-13.80	<u>\$ 296,520</u>

Category	December 31, 2025						
	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	177	\$ 360,010	\$ 335,834	V	-	Real estate and vehicle	None
Household mortgage loans	1,234	9,112,140	8,707,429	V	-	Real estate	None
Others:							
	SPL	660,000	310,000	V	-	Real estate	None
	KTB Leasing	400,000	400,000		-	None, Note 1	None
	Kinpo Electronics, Inc.	381,667	314,359	V	-	None, Note 1	None
	Teinco Technology	161,169	151,407	V	-	Machinery and equipment	None
	Cayman Islands	71,800	45,000		-	Marketable securities	None
	Jhong Cing Investment	47,613	43,999	V	-	Real estate	None
	Hao-Xin-Di	5,101	4,206	V	-	Real estate	None
	Others	4,257,505	3,679,555	V	-	Real estate and vehicle	None
	Others subtotal	5,984,855	4,948,526				
	Total	<u>\$ 15,457,005</u>	<u>\$ 13,991,789</u>				

<u>For the Year Ended December 31, 2024</u>			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 12,225,131</u>	<u>\$ 13,139,902</u>	0-12.9	<u>\$ 253,433</u>

Category	December 31, 2024						Is the Transaction at Arm's Length Commercial Term
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	
Employees' consumer loans	183	\$ 276,731	\$ 243,666	V	-	Real estate and vehicle	None
Household mortgage loans	1,194	8,345,379	7,954,156	V	-	Real estate	None
Others:							
	SPL	460,000	460,000	V	-	Real estate	None
	Kinpo Electronics, Inc.	365,000	365,000	V	-	None, Note 1	None
	Teinco Technology	131,026	128,586	V	-	Machinery and equipment	None
	Jhong Cing Investment	51,147	47,613	V	-	Real estate	None
	Hao-Xin-Di	5,975	5,100	V	-	Real estate	None
	Hotai Investment	756	-	V	-	Vehicle	None
	Zetai Investment	525	175	V	-	Vehicle	None
	Others	3,503,363	3,020,835	V	-	Real estate	None
	Others subtotal	4,517,792	4,027,309				
	Total	\$ 13,139,902	\$ 12,225,131				

Note 1: Non-related party of the Bank at the loan's signing date.

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

9) Financial assets at fair value through other comprehensive income

	December 31	
	2025	2024
Equity instruments		
Others	\$ 42,167	\$ 32,830

10) Property and equipment

For the years ended December 31, 2025 and 2024, the Bank purchased property and equipment from its related parties for a total price of \$20,655 and \$12,984, respectively, recognized as machinery and computer equipment and prepayments for equipment.

11) Intangible assets

For the years ended December 31, 2025 and 2024, the Bank purchased computer software from its related parties in the amount of \$28,181 and \$33,623, respectively.

12) Other assets

	December 31	
	2025	2024
Prepayments		
Others	\$ 3,482	\$ 3,989
Guarantee deposits		
Others	10,782	10,486

The Bank signed an agreement with other related parties for the purchase. The Bank paid \$65,115 and \$33,858 for the years ended December 31, 2025 and 2024, respectively, which were recorded as prepayments (other assets) or other general and administrative expenses.

The amount of undiscounted guarantee deposits from lease contract was \$14,563 as of December 31, 2025 and 2024.

13) Notes and bonds transaction

	For the Year Ended December 31, 2025	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
KTB	\$ 712,486	\$ -
SinoPac Securities	-	1,800,000
SinoPac Securities (Asia)	-	111,278
Others	-	33,313

	For the Year Ended December 31, 2024	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities	\$ -	\$ 600,000

14) Deposits from the Central Bank and banks

	December 31, 2025		For the Year Ended December 31, 2025
	Ending Balance	Interest Rates (%)	Interest Expense
Others	\$ -	1-1.68	\$ 3,067

	December 31, 2024		For the Year Ended December 31, 2024
	Ending Balance	Interest Rates (%)	Interest Expense
Others	\$ -	0.1-5.7	\$ 25,743

15) Deposits

	December 31, 2025		For the Year Ended December 31, 2025
	Ending Balance	Interest Rates (%)	Interest Expense
	<u>\$ 28,657,257</u>	0-13	<u>\$ 490,627</u>
		Ending Balance	Interest Rates (%)
SinoPac Securities	\$ 9,810,210		0-1.635
E Ink Holdings	1,654,091		0-1.69
SinoPac Securities (Asia)	1,243,932		0-0.9
Hsin-Yi Foundation	765,794		0.01-3.83
E Ink Technology B.V.	638,306		0.15-3.9
Transcend Optronics (Yangzhou)	395,946		0.15-1.35
China Color Printing	311,688		0.35-4
Hsinex International	297,128		0.03-4.4
Taigen Biotechnology	180,474		0-1.635
SinoPac Securities Investment Service	178,675		0-4.2
GUC	175,118		0.01-1.635
SinoPac Securities Venture Capital	160,285		0.655
Xing Yuan	148,799		0.13-4.4
Beautone	143,033		0-4.05
He Ze Yi Enterprise	132,683		0.655-1.365
Hoss Capital Inc.	130,147		0.03-0.655
Yong Hsin Yi Enterprise	128,356		0.35-4.4
SPL	122,897		0-0.655
Taiwan Creative Industry	115,397		0.655
Fu Hua Development	113,685		0.655-1.69
Foongtone Technology	112,208		0-1.69
Ting-Fong Investment	109,482		0-1.69
IBF Securities Co., Ltd. (IBFS)	101,795		0.655-1.635
Others	<u>11,487,128</u>		0-13
	<u>\$ 28,657,257</u>		
	December 31, 2024		For the Year Ended December 31, 2024
	Ending Balance	Interest Rates (%)	Interest Expense
	<u>\$ 30,291,738</u>	0-13	<u>\$ 616,339</u>

	Ending Balance	Interest Rates (%)
SinoPac Securities	\$ 7,610,191	0-2
TGL	4,110,320	0.05-0.7
China Airlines	1,475,579	4.79-5.04
E Ink Holdings	1,180,023	0-1.69
SinoPac Securities (Asia)	1,109,623	0-0.9
Hsin-Yi Foundation	696,393	0.01-4.55
New Field E-Paper	545,678	0.655-0.7
Rich Optronics (Yangzhou)	521,425	0.05-4.65
GUC	492,412	0.002-1.635
Hsinex International	396,691	0.05-5.15
Taiwan Glass	384,139	0.655-4.81
China Color Printing	297,921	0.655-1.69
Transyork Technology Yangzhou	289,684	0.05-6
ScinoPharm Taiwan	232,183	0.545-1.69
E Ink Technology B.V.	191,920	0.4-0.7
Taigen Biotechnology	186,168	0-4.75
SinoPac Securities Investment Service	150,696	0-1.69
Xing Yuan	138,899	0.002-5.35
Taiwan Creative Industry	135,395	0.655
Ting-Fong Investment	133,330	0-0.655
SinoPac Securities Venture Capital	132,296	0.655
Yong Hsin Yi Enterprise	128,923	0.655-5.35
Fu Hua Development	113,285	0.655-1.69
SPL	105,525	0-0.7
SinoPac Capital International (HK)	100,203	0-0.7
Others	<u>9,432,836</u>	0-13
	<u>\$ 30,291,738</u>	

16) Bank debentures

Bank debentures issued by the Bank for the years ended December 31, 2025 and 2024 were underwritten by SinoPac Securities, with expenses of \$250 and \$150, respectively. (recognized as deduction of bank debentures.)

The Bank paid interest of bank debentures to related parties for the years ended December 31, 2025 and 2024 were \$10,881 and \$60,520, respectively.

17) Other liabilities

	<u>December 31</u>	
	2025	2024
Guarantee deposits received	\$ 5,655	\$ 5,509
Advance receipts	120	-

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), SinoPac Insurance Brokers and Amret Plc., the terms are similar to those transacted with unrelated parties.

c. Compensation of management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 394,393	\$ 378,000
Share-based payment	78,228	87,896
Post-employment benefits	<u>26,724</u>	<u>16,070</u>
	<u>\$ 499,345</u>	<u>\$ 481,966</u>

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

41. PLEDGED OR MORTGAGED ASSETS

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

Restricted Assets	Object	December 31		Purposes
		2025	2024	
Financial assets at fair value through other comprehensive income	Bank debentures	\$ 1,349,796	\$ -	Note 1
Investment in debt instruments at amortized cost	Certificates of deposits	8,198,666	5,163,953	Note 2
Investment in debt instruments at amortized cost	Government bonds	1,791,512	1,790,090	Note 3
Discounts and loans	Loans	13,178,482	16,035,522	Note 4

Note 1: Pledged with repurchase agreement.

Note 2: Pledged in accordance with the Central Bank for foreign-exchange, with the Mega Bank for USD foreign-exchange settlement, Collateral for Overdraft Agreement and with requirements of the California Department of Financial Institutions.

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

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

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In addition to those disclosed in other notes, significant unrecognized commitments of the Group as of December 31, 2025 and 2024 were as follows:

	December 31	
	2025	2024
Trust assets	\$ 1,160,965,587	\$ 1,180,493,282
Securities under custody	267,473,868	247,536,347
Agent for government bonds	91,871,700	93,566,100
Receipts under custody	33,550,262	27,654,652
Appointment of investment	14,397,663	11,665,043
Agent for short-term notes and bills under custody	12,111,630	10,439,050
Guarantee notes payable	9,122,263	6,038,053
Guarantee notes received	8,031,200	10,428,700
Consignment underwriting of securities	5,630,000	1,920,000
Goods under custody	3,324,659	1,502,459
Entrusted loans	144,758	654,347

As of December 31, 2025, 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 or the later date between this and the effective tax refund application deadline. Subsequently, in line with the Bank's independent system usage, the Bank will sign a separate letter of indemnity with the manufacturer, establishing a maximum indemnity cap of US\$1,300 thousand, with the guarantee period extending to December 31, 2037 or the later of the effective tax refund application deadlines. Both letters of indemnity remain valid per their respective terms, with the bank's total indemnity liability capped at US\$1,300 thousand.

In order to continue the practical application and deepening cooperation of the artificial intelligence research with National Cheng Kung University to accelerate the digital transformation, the board of directors of the Bank continued to sign the third phase of the agreement with a total budget of \$30,000 for enterprise and industry cooperation and a donation agreement effective from July 1, 2023 through June 30, 2026 in May 2023. As of December 31, 2025, the Bank recognized operating expenses in the amount of \$27,500.

To cultivate leaders with a global perspective on political and economic affairs and a deep understanding of international financial trends, the Bank has entered into a donation agreement with National Taiwan University. This donation will sponsor the academic and research development of School of Political Science and Economics. In July 2024, the Bank's board of directors resolved that the agreement would be renewed annually for following ten years, spanning from August 1, 2024, to July 31, 2033, with a total budget of \$80,000 and \$25,000 allocated for the year ended December 31, 2025.

- b. The Group entered into contracts to buy computers and office equipment were for \$2,049,815 and \$1,697,273 of which \$1,371,770 and \$1,151,974 had not been paid as of December 31, 2025 and 2024.

43. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

a. The definition of the hierarchy:

1) Level 1

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

- a) All financial instruments in the market are homogeneous;
- b) Willing buyers and sellers exist in the market all the time;
- c) The public can access the price information easily.

2) Level 2

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

- a) Quoted prices from the similar products in the active market. This means the fair value can be derived from the current trading prices of similar products. It is also noted that whether they are similar products should be judged by the characteristics and trading rules. The fair value valuation in this circumstance may make some adjustment due to time lags, trading rule's differences, related parties' prices, and the correlation of price between itself and the similar instruments.
- b) Quoted prices for identical or similar financial instruments in inactive markets.
- c) When marking-to-model, the input of model in this level should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be attained from market and can reflect the expectation of market participants.
- d) Inputs which can be derived from other observable prices or whose correlation can be verified through other observable market data.

3) Level 3

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

b. Financial instrument measured at fair value

1) Hierarchy information of fair value of financial instruments

Financial Instruments Measured at Fair Value	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 930,112	\$ 930,112	\$ -	\$ -
Bonds	25,997,041	13,589,713	12,407,328	-
Others	13,847,623	723,183	13,124,440	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	8,818,807	6,923,817	-	1,894,990
Debt instruments at FVTOCI				
Bonds	209,497,432	113,820,020	95,677,412	-
Certificates of deposits and others	190,995,510	-	190,995,510	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss				
	2,093,989	-	2,093,989	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
	23,756,082	244,185	20,256,228	3,255,669
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities				
	23,414,996	-	22,010,066	1,404,930

Financial Instruments Measured at Fair Value	December 31, 2024			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 49,078	\$ 41,505	\$ -	\$ 7,573
Bonds	25,236,431	13,666,414	11,570,017	-
Others	13,372,501	-	13,372,501	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	9,996,079	8,513,576	15,277	1,467,226
Debt instruments at FVTOCI				
Bonds	199,536,957	117,208,954	81,180,904	1,147,099
Certificates of deposits and others	158,030,170	143,093	157,887,077	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss				
	2,088,437	-	2,088,437	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
	42,937,762	52,184	37,824,933	5,060,645
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities				
	35,222,209	-	32,045,434	3,176,775

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 exchange contracts, 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 exchange 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 approach, income approach and asset approach. 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 is adopted for derivative contracts trading in other than exchange markets, over-the-counter and reflects the non-performance risk of the counterparty on fair value.

Debit valuation adjustment is adopted for derivative contracts trading in other than exchange markets, over-the-counter and reflects the non-performance risk of the Group on fair value.

The Group calculated debit and credit valuation adjustment based on models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying Exposure at Default (EAD).

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

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

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

4) Transfer between Level 1 and Level 2

For the year ended December 31, 2025, the Group transferred part of the government bonds, Corporate bonds and bank debentures were \$13,265,034 from Level 1 to Level 2 because the Group determined these investments were not in an active market.

For the year ended December 31, 2024, the Group transferred part of the government bonds and bank debentures were \$961,104 from Level 1 to Level 2 because the Group determined these investments were not in an active market.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

Items	Beginning Balance	For the Year Ended December 31, 2025						Effects of Changes in Exchange Rate	Ending Balance
		Gains (Losses) on Valuation		Increase		Decrease			
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	\$ 7,573	\$ (1,257)	\$ -	\$ -	\$ -	\$ (5,629)	\$ -	\$ (687)	\$ -
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	1,467,226	-	426,978	786	-	-	-	-	1,894,990
Debt instruments at FVTOCI	1,147,099	-	-	-	-	(1,100,287)	-	(46,812)	-
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	5,060,645	(1,804,976)	-	-	-	-	-	-	3,255,669

Items	Beginning Balance	For the Year Ended December 31, 2024						Effects of Changes in Exchange Rate	Ending Balance
		Gains (Losses) on Valuation		Increase		Decrease			
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	\$ 466,776	\$ 10,170	\$ -	\$ -	\$ -	\$ (479,343)	\$ -	\$ 9,970	\$ 7,573
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	1,097,711	-	369,515	-	-	-	-	-	1,467,226
Debt instruments at FVTOCI	1,075,799	-	-	-	-	-	-	71,300	1,147,099
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	2,739,729	2,320,916	-	-	-	-	-	-	5,060,645

Note: Acquired through corporate merger.

For the years ended December 31, 2025 and 2024, the gain or loss on valuation included in net income with assets still held were loss \$789,378 and the gain \$2,539,616, respectively.

For the years ended December 31, 2025 and 2024, the gains on valuation included in other comprehensive income with assets still held were \$426,978 and \$369,515, respectively.

b) Reconciliation of Level 3 items of financial liabilities

Items	Beginning Balance	For the Year Ended December 31, 2025						Effects of Changes in Exchange Rate	Ending Balance
		Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease				
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3			
<u>Derivative financial instruments</u>									
Financial liabilities at fair value through profit or loss									
Held-for-trading financial liabilities	\$ 3,176,775	\$ (1,771,845)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,404,930

Items	Beginning Balance	For the Year Ended December 31, 2024						Effects of Changes in Exchange Rate	Ending Balance
		Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease				
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3			
<u>Derivative financial instruments</u>									
Financial liabilities at fair value through profit or loss									
Held-for-trading financial liabilities	\$ 1,644,439	\$ 1,532,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,176,775

For the years ended December 31, 2025 and 2024, the gain or loss on valuation included in net income from liabilities still held were gain \$806,929 and the loss \$1,717,944, respectively.

6) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement

Quantitative information about the significant unobservable inputs is set out below:

December 31, 2025

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Interest rate swap contracts	\$ 3,027,408	\$ 1,176,787	Sellers' quote	(Notes 1 and 2)	-
Others	<u>228,261</u>	<u>228,143</u>	Sellers' quote	(Note 1)	-
	<u>\$ 3,255,669</u>	<u>\$ 1,404,930</u>			
<u>Non-derivative financial instruments</u>					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stocks	<u>\$ 1,894,990</u>	<u>\$ -</u>	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	10%-30%

December 31, 2024

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Interest rate swap contracts	\$ 4,704,133	\$ 2,820,455	Sellers' quote	(Notes 1 and 2)	-
Others	<u>356,512</u>	<u>356,320</u>	Sellers' quote	(Note 1)	-
	<u>\$ 5,060,645</u>	<u>\$ 3,176,775</u>			
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stocks	<u>\$ 7,573</u>	<u>\$ -</u>	Market approach	Discount factor of liquidity	10%-30%
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stocks	<u>\$ 1,467,226</u>	<u>\$ -</u>	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	10%-30%
Debt instruments at FVTOCI					
Bonds	<u>\$ 1,147,099</u>	<u>\$ -</u>	Taipei Exchange's quote or Bloomberg's quote	(Note 3)	-

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

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

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

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

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

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

8) The sensitivity analysis of reasonable, possible and alternative hypothesis for the 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 net income or other comprehensive income is as follows:

December 31, 2024

Item	Changes in the Fair Value Reflected in Other Comprehensive Income	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (36,572)</u>	<u>\$ 36,572</u>

c. Financial instruments not carried at fair value

1) Fair value information of financial instruments

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

Items	December 31, 2025	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 329,314,830	\$ 324,061,660
Bank debentures	54,933,131	54,644,810

Items	December 31, 2024	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 309,768,426	\$ 299,752,862
Bank debentures	53,784,562	53,176,871

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 324,061,660	\$ 73,624,840	\$ 250,395,417	\$ 41,403
Bank debentures	54,644,810	1,999,992	26,889,818	25,755,000

Assets and Liabilities Item	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 299,752,862	\$ 89,099,342	\$ 210,653,520	\$ -
Bank debentures	53,176,871	982,980	26,438,891	25,755,000

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

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, some of other financial assets, deposits from the Central Bank and banks, 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, market risk, operational risk, liquidity risk, interest rate risk, reputation risk, legal risk, regulatory compliance risk, strategy risk, climate risk. The board of directors reviews the policies regularly and reviews the operation to make sure the Group's policies are executed properly.

b. Risk management framework

The board of directors is the top risk supervisor of the Group. The board not only reviewed risk management policies and rules but also authorized management to be in charge of daily risk management work. The Bank has set up a risk management committee under the chairman of the Board to be responsible for the services above; the Bank has also set up a credit committee. The credit committee helps the board of directors approve cases over general manager's authority and cases related to credit risk investment under the board's authorization, reporting to the board of directors on a regular basis.

The Bank complies with the sustainability policies of the competent authorities and SPH, establishing climate risk and opportunity-related regulations. The regulations outline the governance framework and management mechanisms for climate risk and opportunity, including the responsibilities of the board of directors, executives and three lines of defense.

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

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

c. Credit risk

1) Sources and definitions of credit risk

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

2) Policies and strategies

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

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

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

Credit risk management procedures and measurements are as follows:

a) Loan business (includes loan commitment and guarantee)

Loan business classification and qualities are as follows:

i. Classification

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

Bank SinoPac (China) Ltd. strictly follows the "Guidance for the Risk-Based Loan Categorization" established by the China Banking Regulatory Commission. It divides its loans into five categories based on a debtor's ability to repay the full principal and interest on time. The five categories are normal, special mention, substandard, doubtful, and loss. The last three categories are considered non-performing loans; Amret Plc, in accordance with local regulatory requirements in Cambodia, classifies financial assets as short-term or long-term based on whether the original contractual term exceeds one year. The classification follows a five-category credit rating system, with each category based on different overdue day standards.

ii. Credit quality level

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

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

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

For retail banking customers applying for mortgage, personal loan, and credit card products, credit risk rating models are used to segment the credit risk of customers, incorporating risk measurement into portfolio management. The expected loss rate is calculated using quantitative data, serving as the basis for credit approval and limit control. For other products, customer credit risk is assessed on a case-by-case basis.

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 at non-investment level should be reviewed individually. Normal customers' credit exposure positions should be controlled by approved derivative instrument credit line and condition based on normal credit procedure.

3) Credit risk hedge or mitigation policies

a) Collateral

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

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

b) Credit risk limits and credit risk concentration control

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

c) Agreement of net settlement

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

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

a) Loan business

The Group assess the change in the risk of default of various credit assets during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the main consideration is reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information), key indicators include:

i. Quantitative indicators

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

ii. Qualitative indicators

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

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

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

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

b) Investment business

The Group adopts the change in external credit rating scales determined by international credit rating agencies as one of the quantitative indicators to measure whether the credit risk is significantly increased for debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The credit risk is considered to have significantly increased if the instrument's credit rating falls from an investment grade to a non-investment grade, or if there is a downgrade within non-investment grade categories. The measurement of expected credit loss is based on the PD and LGD information of the rating.

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 a loan approval document annotated as a relief case, or where an agreement for the transfer of the debt management unit has been established 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's disposal of existing financial asset and recording of new financial asset at fair value.

If the modification of the contractual cash flows of financial asset does not result in derecognition of asset, the 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 PD for the next 12 months and for the period of existence, and includes LGD, and 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 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) considers prospective information when calculating expected credit losses, frameworks a prospective information forecast performance of model to ensure prospective factor and frameworks a conduction model transfer prospective factor to expected credit losses, conducts prospective adjustment about parameter correlation of expected credit losses, evaluates model and evaluates prospective information influence.

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

natural disasters and other events) or major adjustments to relevant policies, relevant forward-looking information shall be updated in a timely manner.

d) Amret Plc.

Amret Plc. calculates expected credit losses based on historical data analysis combined with forward-looking information to identify economic variables that influence credit risk. The probability of default incorporates various economic indicators, including the Cambodia Securities Exchange Index, Consumer Price Index, the growth rate of private consumption expenditure in GDP, and exchange rates. Forecasts of future economic conditions are developed under three different scenarios: Baseline, upside, and downside. The effect of varying levels of these economic variables on the probability of default is assessed under each scenario, and the expected credit loss is determined by applying probability-weighted outcomes across the three scenarios.

Loss given default is estimated through a cure period analysis, which takes into account post-default cash recoveries and collateral values to determine the final loss amount after default.

10) The maximum credit exposure of the financial instruments held of the Group.

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

Off-Balance Sheet Items	The Maximum Credit Exposure	
	December 31, 2025	December 31, 2024
Undrawn credit card commitments	\$ 260,425,887	\$ 239,483,290
Undrawn loan commitments	72,331,718	73,938,498
Guarantees	53,817,747	33,587,181
Standby letter of credit	3,363,935	3,407,492

The Group 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 counterparty or several counterparties, which engaged in similar business activities, had similar economic characteristics and abilities to execute contracts, the credit risk concentration arises.

Credit risk concentrations can arise in the Group's assets, liabilities or off-balance sheet items through the execution or processing of transactions (either product or service) or through a combination of exposures across these broad categories. It includes credit, due from the banks and call loan to banks, investment, receivables and derivatives. The Group maintains a diversified portfolio to limit its exposure to any geographic region, country or individual creditor and monitor its exposures continually. The Group's most significant concentrations of credit risk are summarized by industry, region and collateral as follows:

a) By industry

Industries	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Private enterprise	\$ 841,334,477	48.32	\$ 796,845,692	49.01
Public enterprise	6,039,424	0.35	18,647,498	1.15
Government sponsored enterprise and business	2,422,599	0.14	20,000,000	1.23
Nonprofit organization	485,393	0.03	347,744	0.02
Private	867,886,083	49.85	770,310,022	47.38
Financial institutions	22,926,240	1.31	19,764,550	1.21
Total	\$ 1,741,094,216	100.00	\$ 1,625,915,506	100.00

b) By region

Regions	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Domestic	\$ 1,341,878,495	77.07	\$ 1,311,181,873	80.64
Asia	214,107,499	12.30	149,093,297	9.17
North America	74,432,555	4.27	74,131,107	4.56
Others	110,675,667	6.36	91,509,229	5.63
Total	\$ 1,741,094,216	100.00	\$ 1,625,915,506	100.00

c) By collateral

Collaterals	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Credit Secured	\$ 590,744,934	33.93	\$ 578,009,415	35.55
Stocks	8,901,246	0.51	4,859,374	0.30
Bonds	14,919,328	0.86	12,749,190	0.78
Real estate	1,011,997,169	58.12	932,720,540	57.37
Movable collaterals	75,122,024	4.32	65,798,176	4.05
Guarantees	15,833,889	0.91	15,119,976	0.93
Others	23,575,626	1.35	16,658,835	1.02
Total	\$ 1,741,094,216	100.00	\$ 1,625,915,506	100.00

d) Credit risk exposure rating

December 31, 2025	Principal				Allowance			The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	Stage 1 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		
Discounts and loans									
Corporate banking	\$ 890,092,508	\$ 3,017,022	\$ 6,165,046	\$ 899,274,576	\$ 1,792,387	\$ 683,006	\$ 1,188,443	\$ 9,447,234	\$ 13,111,070
Consumer banking	830,432,764	6,730,381	4,656,495	841,819,640	686,839	406,273	1,359,790	9,579,001	12,031,903
Receivables									
Credit card receivable	23,382,032	266,379	700,559	24,348,970	4,843	6,432	24,035	126,233	161,543
Accounts receivable - factoring (Note 1)	9,949,643	-	-	9,949,643	1,605	-	-	144,807	146,412
Other receivables	31,527,340	94,022	345,937	31,967,299	17,218	10,799	282,632	163,363	474,012
Other financial assets (Note 2)	295	127	10,531	10,953	-	-	3,318	-	3,318
Debt instruments at fair value through other comprehensive income	400,492,942	-	-	400,492,942	62,559	-	-	-	62,559
Investment in debt instruments at amortized cost	329,343,633	-	-	329,343,633	28,803	-	-	-	28,803

December 31, 2024	Principal				Allowance			The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	Stage 1 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		
Discounts and loans									
Corporate banking	\$ 872,069,058	\$ 1,090,439	\$ 6,508,943	\$ 879,668,440	\$ 2,277,810	\$ 427,801	\$ 1,061,818	\$ 8,326,908	\$ 12,094,337
Consumer banking	739,894,599	4,678,511	1,673,956	746,247,066	296,357	316,443	342,276	9,242,905	10,197,981
Receivables									
Credit card receivable	21,358,845	300,220	617,751	22,276,816	5,687	9,748	26,279	108,497	150,211
Accounts receivable - factoring (Note 1)	9,562,245	-	-	9,562,245	6,150	-	-	134,088	140,238
Other receivables	39,260,640	66,680	257,785	39,585,105	18,374	7,215	195,292	185,218	406,099
Other financial assets (Note 2)	773	90	13,444	14,307	-	-	5,994	-	5,994
Debt instruments at fair value through other comprehensive income	357,567,127	-	-	357,567,127	63,784	-	-	-	63,784
Investment in debt instruments at amortized cost	309,794,370	-	-	309,794,370	25,944	-	-	-	25,944

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

Note 2: The amounts of other financial assets include short advances and non-performing receivables transferred other than loans.

12) The allowance for loss of the Group

Change in allowance for discounts and loans

For the Year Ended December 31, 2025	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	\$ 2,574,167	\$ 744,244	\$ 1,404,094	\$ 4,722,505	\$ 17,569,813	\$ 22,292,318
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(127,135)	2,474,889	(38,054)	2,309,700	-	2,309,700
From conversion to credit-impaired financial assets	(67,772)	(983,820)	1,325,940	274,348	-	274,348
To 12-month ECL	162,858	(647,179)	(113,048)	(597,369)	-	(597,369)
Derecognizing financial assets during the current period	(3,509,348)	(1,007,374)	(716,699)	(5,233,421)	-	(5,233,421)
Purchased or originated new financial assets	3,056,955	120,231	1,304,890	4,482,076	-	4,482,076
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	2,139,699	2,139,699
Write-off	-	-	(2,363,861)	(2,363,861)	(603,625)	(2,967,486)
Changes in model/risk parameters	(36,407)	(20,425)	(9,397)	(66,229)	-	(66,229)
Effects of exchange rate changes and others	425,908	408,713	1,754,368	2,588,989	(79,652)	2,509,337
Balance, December 31	<u>\$ 2,479,226</u>	<u>\$ 1,089,279</u>	<u>\$ 2,548,233</u>	<u>\$ 6,116,738</u>	<u>\$ 19,026,235</u>	<u>\$ 25,142,973</u>

For the Year Ended December 31, 2024	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	\$ 2,133,204	\$ 682,399	\$ 700,573	\$ 3,516,176	\$ 15,739,985	\$ 19,256,161
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(291,210)	2,192,731	(109,161)	1,792,360	-	1,792,360
From conversion to credit-impaired financial assets	(1,626)	(1,571,482)	1,822,892	249,784	-	249,784
To 12-month ECL	4,981	(393,754)	(307)	(389,080)	-	(389,080)
Derecognizing financial assets during the current period	(2,035,409)	(170,579)	(265,660)	(2,471,648)	-	(2,471,648)
Purchased or originated new financial assets	2,844,542	24,276	57,463	2,926,281	-	2,926,281
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	1,973,939	1,973,939
Write-off	-	-	(911,563)	(911,563)	(245,233)	(1,156,796)
Changes in model/risk parameters	(136,714)	(42,443)	(37,793)	(216,950)	-	(216,950)
Effects of exchange rate changes and others	56,399	23,096	147,650	227,145	101,122	328,267
Balance, December 31	<u>\$ 2,574,167</u>	<u>\$ 744,244</u>	<u>\$ 1,404,094</u>	<u>\$ 4,722,505</u>	<u>\$ 17,569,813</u>	<u>\$ 22,292,318</u>

Changes in allowance for receivables

For the Year Ended December 31, 2025	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	\$ 30,211	\$ 16,963	\$ 227,565	\$ 274,739	\$ 427,803	\$ 702,542
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(2,553)	31,698	(7,200)	21,945	-	21,945
From conversion to credit-impaired financial assets	(573)	(28,503)	137,368	108,292	-	108,292
To 12-month ECL	1,379	(7,022)	(1,788)	(7,431)	-	(7,431)
Derecognizing financial assets during the current period	(34,171)	(4,851)	(73,009)	(112,031)	-	(112,031)
Purchased or originated new financial assets	26,017	1,681	16,166	43,864	-	43,864
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	157,972	157,972
Write-off	(2)	(1,502)	(100,554)	(102,058)	(152,331)	(254,389)
Changes in model/risk parameters	(445)	(439)	(756)	(1,640)	-	(1,640)
Effects of exchange rate changes and others	<u>3,803</u>	<u>9,206</u>	<u>112,193</u>	<u>125,202</u>	<u>959</u>	<u>126,161</u>
Balance, December 31	<u>\$ 23,666</u>	<u>\$ 17,231</u>	<u>\$ 309,985</u>	<u>\$ 350,882</u>	<u>\$ 434,403</u>	<u>\$ 785,285</u>

For the Year Ended December 31, 2024	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	\$ 34,046	\$ 10,600	\$ 275,488	\$ 320,134	\$ 422,781	\$ 742,915
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(4,387)	38,937	(8,376)	26,174	-	26,174
From conversion to credit-impaired financial assets	(17)	(38,706)	186,653	147,930	-	147,930
To 12-month ECL	72	(4,334)	(189)	(4,451)	-	(4,451)
Derecognizing financial assets during the current period	(23,777)	(2,120)	(29,985)	(55,882)	-	(55,882)
Purchased or originated new financial assets	21,383	46	16,126	37,555	-	37,555
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	155,184	155,184
Write-off	-	(1,875)	(222,094)	(223,969)	(159,507)	(383,476)
Changes in model/risk parameters	1,905	4,867	(856)	5,916	-	5,916
Effects of exchange rate changes and others	<u>986</u>	<u>9,548</u>	<u>10,798</u>	<u>21,332</u>	<u>9,345</u>	<u>30,677</u>
Balance, December 31	<u>\$ 30,211</u>	<u>\$ 16,963</u>	<u>\$ 227,565</u>	<u>\$ 274,739</u>	<u>\$ 427,803</u>	<u>\$ 702,542</u>

Note: The amounts of receivable include receivable and other financial assets are shown in Note 44,c.11)d).

Changes in allowance for debt instruments at fair value through other comprehensive income

For the Year Ended December 31, 2025	Credit Rating			Total
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	
Balance January 1	\$ 63,784	\$ -	\$ -	\$ 63,784
Purchased new debt instruments	20,499	-	-	20,499
Derecognized	(15,641)	-	-	(15,641)
Model/risk parameters changes	(5,456)	-	-	(5,456)
Effect of exchange rate changes and others	<u>(627)</u>	<u>-</u>	<u>-</u>	<u>(627)</u>
Balance December 31	<u>\$ 62,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,559</u>

For the Year Ended December 31, 2024	Credit Rating			Total
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	
Balance January 1	\$ 39,066	\$ -	\$ -	\$ 39,066
Purchased new debt instruments	18,070	-	-	18,070
Derecognized	(11,340)	-	-	(11,340)
Model/risk parameters changes	16,690	-	-	16,690
Effect of exchange rate changes and others	<u>1,298</u>	<u>-</u>	<u>-</u>	<u>1,298</u>
Balance December 31	<u>\$ 63,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,784</u>

Changes in allowance for debt instruments at amortized cost

For the Year Ended December 31, 2025	Credit Rating			Total
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	
Balance January 1	\$ 25,944	\$ -	\$ -	\$ 25,944
Purchased new debt instruments	7,709	-	-	7,709
Derecognized	(1,616)	-	-	(1,616)
Model/risk parameters changes	(3,999)	-	-	(3,999)
Effect of exchange rate changes and others	<u>765</u>	<u>-</u>	<u>-</u>	<u>765</u>
Balance December 31	<u>\$ 28,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,803</u>

For the Year Ended December 31, 2024	Credit Rating			Total
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	
Balance January 1	\$ 23,807	\$ -	\$ -	\$ 23,807
Purchased new debt instruments	2,391	-	-	2,391
Derecognized	(2,733)	-	-	(2,733)
Model/risk parameters changes	8,637	-	-	8,637
Effects of exchange rate changes and others	<u>(6,158)</u>	<u>-</u>	<u>-</u>	<u>(6,158)</u>
Balance December 31	<u>\$ 25,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,944</u>

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 to be able to reduce the credit limit, shorten the loan repayment deadline or treat all of them as due, so as to reduce the credit risk.

Other collateral for non-loan business depends on the nature of the financial instrument. Only asset-based securities and other similar financial instruments are secured by a group of asset-pooled financial instruments.

There was no material change in the collateral policy of the Bank, and there was no significant change in the overall collateral quality on the balance sheet date.

b) Amount of collateral for impaired financial assets

The Group closely observes the value of the collateral of the financial instruments and considers adequacy of the allowance for the credit-impaired financial assets. On December 31, 2025 and 2024, the amount of discounts and loans were \$10,821,541 and \$8,182,899, with a provision for loss allowance of \$2,548,233 and \$1,404,094 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposit etc., which reduced the potential loss, amounted to \$6,815,475 and \$3,782,778.

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 \$49,210,665 and \$49,729,252 on December 31, 2025 and 2024.

14) Management policies of collaterals assumed

The nature of the collateral of the Bank as of December 31, 2025 and 2024 is real estate. The detailed information is shown in Note 20.

Collaterals assumed are classified as other assets. According to the provisions of the Banking Act, the collateral accepted by the bank shall be disposed of within four years from the date of acquisition. The limit does not apply if approved by the competent authority.

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

a) Overdue loans and receivables

Date		December 31, 2025					
Items		Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loan	Secured	\$ 595,248	\$ 354,594,878	0.17%	\$ 4,950,637	831.69%	
	Unsecured	274,311	509,961,232	0.05%	7,638,823	2,784.73%	
Consumer loan	Mortgage (Note 4)	440,230	380,207,593	0.12%	5,760,955	1,308.62%	
	Cash card	-	516	-	79	-	
	Micro credit (Note 5)	216,864	57,641,030	0.38%	1,168,048	538.61%	
	Others (Note 6)	Secured	437,635	345,731,629	0.13%	3,574,396	816.75%
		Unsecured	847	331,479	0.26%	4,203	496.22%
Total		1,965,135	1,648,468,357	0.12%	23,097,141	1,175.35%	
		Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	
Credit card		34,189	24,348,970	0.14%	161,543	472.50%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	12,227,710	-	146,231	-	

Date		December 31, 2024					
Items		Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loan	Secured	\$ 1,287,752	\$ 335,815,251	0.38%	\$ 4,404,257	342.01%	
	Unsecured	359,716	507,630,646	0.07%	6,856,972	1,906.22%	
Consumer loan	Mortgage (Note 4)	261,328	396,644,905	0.07%	6,003,700	2,297.38%	
	Cash card	-	844	-	146	-	
	Micro credit (Note 5)	254,941	53,714,095	0.47%	1,135,349	445.34%	
	Others (Note 6)	Secured	387,183	292,537,156	0.13%	3,048,638	787.39%
		Unsecured	436	626,219	0.07%	7,932	1,819.27%
Total		2,551,356	1,586,969,116	0.16%	21,456,994	841.00%	
		Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	
Credit card		35,404	22,276,816	0.16%	150,211	424.28%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	11,154,354	-	135,536	-	

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

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

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

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

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

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

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

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

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

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

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

b) Excluded NPLs and excluded overdue receivables

Date	December 31, 2025		December 31, 2024	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ -	\$ 3,364	\$ 146	\$ 5,985
As a result of consumer debt clearance (Note 2)	47,296	493,308	25,657	485,495
Total	\$ 47,296	\$ 496,672	\$ 25,803	\$ 491,480

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreement is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs, pre-mediation and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

c) Concentration of credit extensions

Year	December 31, 2025		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (financial leasing)	\$ 13,624,262	6.83
2	B Group (real estate development activities)	8,988,267	4.50
3	C Group (real estate development activities)	8,717,856	4.37
4	D Group (refrigeration, air-conditioning, and plumbing engineering)	8,168,195	4.09
5	E Group (real estate development activities)	8,154,867	4.09
6	F Group (metal casting)	5,925,645	2.97
7	G Group (real estate development activities)	5,925,501	2.97
8	H Group (real estate development activities)	5,507,780	2.76
9	I Group (department store)	5,427,619	2.72
10	J Company (real estate development activities)	3,490,400	1.75

Year	December 31, 2024		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (finance leasing)	\$ 13,187,553	7.13
2	B Group (real estate development activities)	9,534,468	5.15
3	C Group (real estate development activities)	8,275,467	4.47
4	D Company (other metalworking activities)	7,000,000	3.78
5	E Group (real estate broking activities)	6,787,144	3.67
6	F Group (real estate development activities)	6,765,238	3.66
7	G Group (metal casting)	5,552,014	3.00
8	H Group (real estate development activities)	5,498,260	2.97
9	I Group (department store)	5,073,019	2.74
10	J Group (real estate development activities)	3,673,400	1.98

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 Group are summarized in the following tables. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

The Bank

December 31, 2025	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	\$ 72,319,645	\$ 27,386,548	\$ 16,941,503	\$ 7,130,151	\$ -	\$ 123,777,847
Financial liabilities at fair value through profit or loss	-	-	2,103,363	-	-	2,103,363
Securities sold under repurchase agreements	15,023,890	934,049	-	-	-	15,957,939
Payables	9,533,847	501,857	115,468	212,221	2,060,063	12,423,456
Deposits and remittances	1,477,497,727	325,782,047	251,411,862	256,566,246	24,386,252	2,335,644,134
Bank debentures	1,206,227	171,011	1,119,986	15,534,324	36,648,658	54,680,206
Lease liabilities	83,735	116,942	188,697	348,134	2,125,084	2,862,592

December 31, 2024	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	\$ 36,905,263	\$ 27,810,230	\$ 6,759,213	\$ 7,138,287	\$ -	\$ 78,612,993
Financial liabilities at fair value through profit or loss	-	-	2,098,422	-	-	2,098,422
Securities sold under repurchase agreements	30,248,771	2,872,616	-	-	-	33,121,387
Payables	8,739,361	680,471	188,183	175,577	1,976,923	11,760,515
Deposits and remittances	1,406,484,871	360,543,519	197,492,197	239,431,726	23,605,544	2,227,557,857
Bank debentures	2,931	156,750	758,289	11,403,226	43,121,096	55,442,292
Lease liabilities	75,045	115,254	183,956	355,078	2,402,757	3,132,090

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2025	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 295,553	\$ 363,206	\$ -	\$ -	\$ -	\$ 658,759
Payables	1,222,335	203,229	531,814	-	-	1,957,378
Deposits and remittances	7,047,177	2,398,653	5,871,184	1,763,819	-	17,080,833
Lease liabilities	1,404	2,658	8,163	3,254	-	15,479

(In Thousands of CNY)

December 31, 2024	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 1,634,300	\$ -	\$ 302,332	\$ -	\$ -	\$ 1,936,632
Payables	966,813	205,602	525,576	-	-	1,697,991
Deposits and remittances	5,694,562	2,354,561	3,635,762	2,607,812	-	14,292,697
Lease liabilities	1,421	2,647	9,756	12,976	-	26,800

Amret Plc.

(In Thousands of USD)

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 20,380	\$ 27,020	\$ 11,225	\$ 71,088	\$ 8,969	\$ 138,682
Payables	284	-	-	-	-	284
Deposits and remittances	533,395	108,335	175,853	427,179	246,597	1,491,359
Short-term borrowings	249	5,401	22,251	8,842	-	36,743
Long-term borrowings	-	-	-	-	471	471
Lease liabilities	355	696	1,006	1,943	15,736	19,736

3) Maturity analysis of financial derivatives

a) Derivative liabilities settled on a net basis

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

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

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

Other derivatives: Stock options and commodity futures.

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

The Bank

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 9,574,657	\$ -	\$ -	\$ -	\$ -	\$ 9,574,657

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 10,921,533	\$ -	\$ -	\$ -	\$ -	\$ 10,921,533

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2025	Within 1 month	1-3 Months	3 Months-1 Year	1 Year to 5 Years	Over 5 Years	Total
Financial liabilities at fair value through profit or loss	\$ 25,843	\$ -	\$ -	\$ -	\$ -	\$ 25,843

(In Thousands of CNY)

December 31, 2024	Within 1 month	1-3 Months	3 Months-1 Year	1 Year to 5 Years	Over 5 Years	Total
Financial liabilities at fair value through profit or loss	\$ 21,655	\$ -	\$ -	\$ -	\$ -	\$ 21,655

b) Derivatives settled on a gross basis

Gross settled derivatives of the Bank and Bank SinoPac (China) include:

Foreign exchange derivatives: Foreign exchange forwards, foreign exchange swaps, cross currency swaps and gross settled foreign exchange options.

Among which, foreign exchange forwards, foreign exchange swaps, and cross currency swaps are organized into the corresponding time periods based on the cash flow indicated on the contracts, and therefore the amount disclosed will not correspond to the relevant items in the consolidated balance sheet; the gross settled foreign exchange options, as a position reserved for the purpose of transaction, the Bank and Bank SinoPac (China) are able to adjust the position at any time, and therefore the cash inflow and outflow of such are expressed at their fair values, and they are placed in the most recent time period alongside the derivative liabilities settled on a net basis.

The Bank

December 31, 2025	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	\$ 2,667,685,561	\$ 436,122,414	\$ 147,799,086	\$ 92,395,680	\$ 11,489,013	\$ 3,355,491,754
Cash outflow	2,669,581,298	435,483,151	147,509,553	91,335,898	11,123,891	3,355,033,791

December 31, 2024	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	\$ 1,500,768,590	\$ 719,544,055	\$ 363,993,451	\$ 265,899,534	\$ 10,239,383	\$ 2,860,445,013
Cash outflow	1,497,766,880	717,758,582	362,355,013	264,006,078	10,203,127	2,852,089,680

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2025	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	\$ 12,869,700	\$ 6,722,606	\$ 18,551,747	\$ 62,527	\$ -	\$ 38,206,580
Cash outflow	12,866,409	6,723,004	18,550,768	418,833	-	38,559,014

(In Thousands of CNY)

December 31, 2024	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	\$ 7,030,750	\$ 7,252,461	\$ 26,025,025	\$ 186,476	\$ -	\$ 40,494,712
Cash outflow	6,991,146	7,214,523	25,957,864	183,639	-	40,347,172

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 Group that assume full amount are available or require to execute at the earliest time. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

The Bank

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 201,995	\$ 1,276,252	\$ 9,135,128	\$ 8,596,367	\$ 52,298,900	\$ 71,508,642
Guarantees	6,099,448	5,312,560	3,724,469	5,790,713	32,015,715	52,942,905
Standby letter of credit	737,302	1,094,798	505,821	114,233	192,691	2,644,845

December 31, 2024	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 1,689,516	\$ 3,946,021	\$ 5,077,100	\$ 11,459,358	\$ 50,832,702	\$ 73,004,697
Guarantees	5,031,383	4,552,341	3,088,803	5,267,866	15,175,798	33,116,191
Standby letter of credit	1,231,357	1,810,455	96,777	8,262	-	3,146,851

Bank SinoPac (China)

(In Thousands of CNY)

December 31, 2025	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ -	\$ 78	\$ 100,000	\$ 20,995	\$ -	\$ 121,073
Guarantees	5,943	235,422	264,311	53,579	-	559,255
Standby letter of credit	4,364	155,458	-	-	-	159,822

(In Thousands of CNY)

December 31, 2024	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ 792	\$ -	\$ 147,073	\$ 60,685	\$ -	\$ 208,550
Guarantees	28,753	28,390	253,902	7,710	-	318,755
Standby letter of credit	43,374	12,996	1,840	-	-	58,210

Amret Plc.

(In Thousands of USD)

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ -	\$ -	\$ -	\$ 7	\$ 18,412	\$ 18,412

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

a) Maturity analysis of assets and liabilities of the Bank (New Taiwan dollars)

	December 31, 2025						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,292,454,486	\$ 270,646,553	\$ 295,807,411	\$ 256,810,869	\$ 136,627,236	\$ 165,755,235	\$ 1,166,807,182
Main capital outflow on maturity	2,727,892,181	121,976,591	218,234,950	399,266,969	375,755,881	470,584,564	1,142,073,226
Gap	(435,437,695)	148,669,962	77,572,461	(142,456,100)	(239,128,645)	(304,829,329)	24,733,956

	December 31, 2024						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,136,264,497	\$ 225,386,785	\$ 215,236,542	\$ 253,862,651	\$ 140,715,648	\$ 196,039,798	\$ 1,105,023,073
Main capital outflow on maturity	2,541,581,618	99,295,324	188,096,545	414,438,339	348,554,078	463,746,346	1,027,450,986
Gap	(405,317,121)	126,091,461	27,139,997	(160,575,688)	(207,838,430)	(267,706,548)	77,572,087

Note: The amounts shown in this table are the Bank's position denominated in NTD.

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

(In Thousands of U.S. Dollars)

	December 31, 2025					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 75,187,050	\$ 49,051,927	\$ 9,615,766	\$ 3,801,760	\$ 2,866,077	\$ 9,851,520
Main capital outflow on maturity	76,588,310	50,369,937	12,053,458	5,148,224	3,807,947	5,208,744
Gap	(1,401,260)	(1,318,010)	(2,437,692)	(1,346,464)	(941,870)	4,642,776

(In Thousands of U.S. Dollars)

	December 31, 2024					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 65,212,657	\$ 28,632,662	\$ 13,786,901	\$ 7,043,788	\$ 5,627,649	\$ 10,121,657
Main capital outflow on maturity	66,195,648	29,393,872	17,228,124	8,374,635	6,192,895	5,006,122
Gap	(982,991)	(761,210)	(3,441,223)	(1,330,847)	(565,246)	5,115,535

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, 11).
- 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 $\pm 15\%$ and change in exchange rate $\pm 3\%$) and serious scenario (change in interest rate ± 200 bp, change in securities $\pm 30\%$ and change in exchange rate $\pm 6\%$) and reports the stress test results to the board of directors.

6) Trading book interest rate risk management

a) Definitions

Interest rate risk refers to a decrease in earnings and value of financial instruments due to adverse interest rate fluctuations. Major instruments with interest rate risk include securities and derivative instruments.

b) Procedures

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, 11).
- 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 exchange 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, 11).
- 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, 11).
- ii. Exposure positions are measured daily to measure the impact of equity risk on investment portfolio value due from equity risk.

9) Banking book interest rate risk management

Banking book interest rate risk refers to the impact of the banking book due to adverse interest rate changes and causes the current or potential risks to the Bank's economic value (the present value of future cash flows from assets, liabilities and off-balance sheet) and earnings.

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

a) Strategies

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

b) Risk measurement

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

c) Risk monitoring

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

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

10) Banking book equity risk management

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

a) Strategies

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

b) Risk measurement

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

c) Risk monitoring

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

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

11) Market risk measurement technique

Value at Risk (VaR)

The Bank uses the Risk Manager system and stress testing to measure its investment portfolio risk and uses several hypotheses about market conditions to measure market risk and expected maximum loss of holding positions. The Bank's board of directors has set a VaR limit. The VaR is controlled daily by the market risk management sector and is a widely used risk measure of the risk of loss on a specific portfolio of financial assets.

VaR is the statistical estimate of the potential loss of holding positions due to unfavorable market conditions. For the Bank, VaR refers to a fall in value of its holding position in a day, with a 99% confidence level. The Bank uses VaR and the Monte Carlo simulation method to derive quantitative measures for the market risks of the holding positions under normal conditions. The calculated result is used to test and monitor the validity of parameters and hypotheses periodically. However, the use of the VaR cannot prevent loss caused by huge unfavorable changes in market conditions.

The Bank considers the expected maximum loss, target profit, and operating strategy in setting the VaR, which is proposed by the market risk management sector and approved by the board of directors.

The Bank's trading book VaR overview.

	For the Year Ended December 31, 2025		
	Average	Maximum	Minimum
Exchange rate risk	32,711	103,804	15,302
Interest rate risk	55,889	100,373	39,678
Equity risk	4,341	10,972	-
Total VaR	68,446	163,466	44,215

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

Note 2: Historical data period: 2025.01.02-2025.12.31.

	For the Year Ended December 31, 2024		
	Average	Maximum	Minimum
Exchange rate risk	22,601	41,984	12,822
Interest rate risk	49,230	89,837	27,470
Equity risk	8,211	32,321	484
Total VaR	55,894	100,373	35,867

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

Note 2: Historical data period: 2024.01.02-2024.12.31.

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

(In Thousands of CNY)

	For the Year Ended December 31, 2025		
	Average	Maximum	Minimum
Exchange rate risk	1,054	2,654	318
Interest rate risk	295	1,307	30
Equity risk	-	-	-
Total VaR	942	2,432	386

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

Note 2: Historical data period: 2025.01.01-2025.12.31.

(In Thousands of CNY)

	For the Year Ended December 31, 2024		
	Average	Maximum	Minimum
Exchange rate risk	687	2,224	172
Interest rate risk	168	774	494
Equity risk	-	-	-
Total VaR	494	1,213	151

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

Note 2: Historical data period: 2024.01.01-2024.12.31.

12) Exchange rate risks

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

	December 31, 2025		
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,328,462	31.45250	\$ 513,570,951
CNY	15,168,083	4.49932	68,246,059
AUD	5,793,909	21.02575	121,821,282
Nonmonetary items			
USD	481,869	31.45250	15,155,985
CNY	2,383,489	4.49932	10,724,080
<u>Financial liabilities</u>			
Monetary items			
USD	23,406,776	31.45250	736,201,622
CNY	15,818,290	4.49932	71,171,549
AUD	639,998	21.02575	13,456,438

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,457,710	32.79065	\$ 539,659,008
CNY	16,371,180	4.47758	73,303,268
AUD	5,020,096	20.39217	102,370,651
Nonmonetary items			
USD	39,693	32.79065	1,301,559
CNY	2,397,053	4.47758	10,732,996
<u>Financial liabilities</u>			
Monetary items			
USD	24,216,752	32.79065	794,083,039
CNY	14,828,715	4.47758	66,396,758
AUD	820,924	20.39217	16,740,422

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

a) Interest rate sensitivity information (New Taiwan dollars)

December 31, 2025

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,596,060,272	\$ 46,044,969	\$ 114,988,804	\$ 130,484,823	\$ 1,887,578,868
Interest rate-sensitive liabilities	543,969,854	1,030,435,569	90,948,970	48,949,214	1,714,303,607
Interest rate-sensitive gap	1,052,090,418	(984,390,600)	24,039,834	81,535,609	173,275,261
Net worth					202,692,663
Ratio of interest rate-sensitive assets to liabilities (%)					110.11%
Ratio of interest rate-sensitive gap to net worth (%)					85.49%

December 31, 2024

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,503,627,018	\$ 33,388,862	\$ 122,227,506	\$ 125,085,162	\$ 1,784,328,548
Interest rate-sensitive liabilities	487,724,830	895,157,436	73,994,999	61,644,676	1,518,521,941
Interest rate-sensitive gap	1,015,902,188	(861,768,574)	48,232,507	63,440,486	265,806,607
Net worth					191,526,222
Ratio of interest rate-sensitive assets to liabilities (%)					117.50%
Ratio of interest rate-sensitive gap to net worth (%)					138.78%

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

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

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

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

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

December 31, 2025

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 9,591,373	\$ 1,028,413	\$ 489,061	\$ 4,065,546	\$ 15,174,393
Interest rate-sensitive liabilities	10,190,863	9,395,730	904,604	1,097,940	21,589,137
Interest rate-sensitive gap	(599,490)	(8,367,317)	(415,543)	2,967,606	(6,414,744)
Net worth					(86,077)
Ratio of interest rate-sensitive assets to liabilities (%)					70.29%
Ratio of interest rate-sensitive gap to net worth (%)					7,452.33%

December 31, 2024

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 9,076,077	\$ 718,762	\$ 416,785	\$ 4,452,073	\$ 14,663,697
Interest rate-sensitive liabilities	11,900,648	8,880,112	829,374	883,873	22,494,007
Interest rate-sensitive gap	(2,824,571)	(8,161,350)	(412,589)	3,568,200	(7,830,310)
Net worth					(154,491)
Ratio of interest rate-sensitive assets to liabilities (%)					65.19%
Ratio of interest rate-sensitive gap to net worth (%)					5,068.46%

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).

14) 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 and investments in debt instruments at amortized cost within the validity period of the transaction. However, the Group still bears the interest rate risk and credit risk thus, the Group does not derecognize it. The analysis of financial assets and related liabilities that did not completely meet the derecognizing condition is shown in the following table:

Category of Financial Asset	December 31, 2025				
	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount	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	\$ 2,375,758	\$ 2,365,358	\$ 2,375,758	\$ 2,365,358	\$ 10,400
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	351,396	351,346	351,396	351,346	50
Securities purchased under resell agreements Transactions under repurchase agreements	16,883,124	13,159,452	16,883,124	13,159,452	3,723,672

Category of Financial Asset	December 31, 2024				
	Transferred Financial Assets - Carrying Amount	Related Financial Liabilities - Carrying Amount	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	\$ 1,032,155	\$ 1,023,736	\$ 1,032,155	\$ 1,023,736	\$ 8,419
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	4,638,366	4,418,662	4,638,366	4,418,662	219,704
Investments in debt instruments at amortized cost Transactions under repurchase agreements	2,108,540	1,917,742	1,976,113	1,917,742	58,371
Securities purchased under resell agreements Transactions under repurchase agreements	25,085,629	25,553,591	25,085,629	25,553,591	(467,962)

15) Offsetting of financial assets and financial liabilities

The Group did not hold financial instruments covered by Section 42 of the IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the balance sheet.

The Group engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both the Group and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other one may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

December 31, 2025

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 21,202,557	\$ -	\$ 21,202,557	\$ 13,058,200	\$ 1,106,389	\$ 7,037,968
Securities purchased under resell agreements	<u>88,776,319</u>	<u>-</u>	<u>88,776,319</u>	<u>88,763,484</u>	<u>-</u>	<u>12,835</u>
	<u>\$ 109,978,876</u>	<u>\$ -</u>	<u>\$ 109,978,876</u>	<u>\$ 101,821,684</u>	<u>\$ 1,106,389</u>	<u>\$ 7,050,803</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 22,886,501	\$ -	\$ 22,886,501	\$ 13,058,200	\$ 5,877,553	\$ 3,950,748
Securities sold under repurchase agreements	<u>17,225,952</u>	<u>-</u>	<u>17,225,952</u>	<u>17,213,233</u>	<u>-</u>	<u>12,719</u>
	<u>\$ 40,112,453</u>	<u>\$ -</u>	<u>\$ 40,112,453</u>	<u>\$ 30,271,433</u>	<u>\$ 5,877,553</u>	<u>\$ 3,963,467</u>

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

December 31, 2024

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 39,009,187	\$ -	\$ 39,009,187	\$ 21,428,469	\$ 5,838,485	\$ 11,742,233
Securities purchased under resell agreements	<u>91,614,829</u>	<u>-</u>	<u>91,614,829</u>	<u>91,602,778</u>	<u>11,291</u>	<u>760</u>
	<u>\$ 130,624,016</u>	<u>\$ -</u>	<u>\$ 130,624,016</u>	<u>\$ 113,031,247</u>	<u>\$ 5,849,776</u>	<u>\$ 11,742,993</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 34,797,790	\$ -	\$ 34,797,790	\$ 21,428,469	\$ 8,627,210	\$ 4,742,111
Securities sold under repurchase agreements	<u>32,913,731</u>	<u>-</u>	<u>32,913,731</u>	<u>32,849,866</u>	<u>58,482</u>	<u>5,383</u>
	<u>\$ 67,711,521</u>	<u>\$ -</u>	<u>\$ 67,711,521</u>	<u>\$ 54,278,335</u>	<u>\$ 8,685,692</u>	<u>\$ 4,747,494</u>

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

45. CAPITAL MANAGEMENT

a. Overview

The Group's capital management goals are as follows:

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

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

b. Capital management procedure

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

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

c. Statement of capital adequacy

Analysis Items		Year	December 31, 2025		December 31, 2024		
			Standalone	Consolidation	Standalone	Consolidation	
Eligible capital	Common stock equity		\$ 187,029,229	\$ 186,805,900	\$ 176,211,070	\$ 176,070,163	
	Other Tier 1 capital		25,500,000	25,909,980	25,500,000	25,500,000	
	Tier 2 capital		35,346,502	36,776,509	36,818,929	37,442,539	
	Eligible capital		247,875,731	249,492,389	238,529,999	239,012,702	
Risk-weighted assets	Credit risk	Standardized approach	1,471,840,415	1,555,163,185	1,442,132,087	1,492,020,912	
		Internal rating - based approach	-	-	-	-	
		Securitization	-	-	-	-	
	Operational risk	Basic indicator approach	-	-	102,322,547	104,453,795	
		Standardized approach/ alternative standardized approach	47,639,820	53,002,682	-	-	
		Advanced measurement approach	-	-	-	-	
	Market risk	Standardized approach	21,798,396	32,008,051	36,209,435	47,298,335	
		Internal model approach	-	-	-	-	
	Total risk-weighted assets			1,541,278,631	1,640,173,918	1,580,664,069	1,643,773,042
	Capital adequacy ratio			16.08%	15.21%	15.09%	14.54%
Common stock equity risk - based capital ratio			12.13%	11.39%	11.15%	10.71%	
Tier 1 risk - based capital ratio			13.79%	12.97%	12.76%	12.26%	
Leverage ratio			7.20%	6.84%	7.07%	6.80%	

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

Note 2: The Bank shall disclose the capital adequacy ratio for the current and previous years in annual financial reports. For semiannual financial report, the Bank shall disclose the capital adequacy ratio for the current period, previous period, and previous year-end.

Note 3: The formula is as follows:

$$1) \text{ Eligible capital} = \text{Common stock equity} + \text{Other Tier 1 capital} + \text{Tier 2 capital}.$$

- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.
- 3) Ratio of capital adequacy = Eligible capital ÷ Total risk-weighted assets.
- 4) Common stock equity risk-based capital ratio = Common stock equity ÷ Total risk-weighted assets.
- 5) Tier 1 risk - based capital ratio = (Common stock equity + Other Tier 1 capital) ÷ Total risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Total exposure risk.

Note 4: In accordance with Financial Supervisory Commission Guideline No. 09900146911, gains from the sale of idle assets are not to be included in the Bank's capital adequacy ratio calculation until disposed outside the Group.

46. CROSS-SELLING INFORMATION

The Bank charged SinoPac Securities for \$11,567 and \$11,210, respectively, for the years ended December 31, 2025 and 2024 for bonus as opening accounts as part of the cross-selling agreement.

The Bank paid to SinoPac Securities \$5,513 and \$5,526, respectively, for the years ended December 31, 2025 and 2024 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Leasing for \$30 and \$71, respectively, for the years ended December 31, 2025 and 2024 for bonus as part of the cross-selling agreement.

The Bank charged SinoPac Venture Capital for \$100, for the years ended December 31, 2025 for bonus as part of the cross-selling agreement.

For other transactions between SPH and its subsidiaries, please refer to Note 40 and Table 4.

47. PROFITABILITY

Items		December 31, 2025	December 31, 2024
Return on total assets	Before income tax	0.83%	0.80%
	After income tax	0.69%	0.66%
Return on net worth	Before income tax	12.27%	11.90%
	After income tax	10.19%	9.73%
Profit margin		37.52%	37.83%

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. (including non-controlling interests)

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2025 and 2024.

48. TRUST BUSINESS UNDER THE TRUST LAW

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

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

Balance Sheets of Trust Accounts December 31, 2025 and 2024

	December 31			
	2025	%	2024	%
<u>Trust assets</u>				
Bank deposits	\$ 13,890,423	1	\$ 14,499,908	1
Bonds	49,648,227	4	48,326,159	4
Stocks	28,628,283	3	25,875,883	2
Funds	143,380,622	12	136,358,655	12
Securities lent	520,662	-	816,399	-
Receivables	520,065	-	516,420	-
Prepayments	21,633	-	15,327	-
Real estate				
Land	37,223,497	3	34,175,283	3
Buildings	167,852	-	168,719	-
Construction in progress	28,909,381	3	23,296,735	2
Securities under custody	858,123,475	74	896,448,055	76
Total trust assets	\$ 1,161,034,120	100	\$ 1,180,497,543	100
<u>Trust liabilities</u>				
Payables	\$ 97,168	-	\$ 4,334	-
Payable on securities under custody	858,123,475	74	896,448,055	76
Trust capital	299,907,034	26	281,535,120	24
Reserves and cumulative earnings				
Net income	923,037	-	1,125,905	-
Cumulative earnings	2,517,047	-	2,218,058	-
Deferred amount	(517,068)	-	(826,916)	-
Appropriations	(16,573)	-	(7,013)	-
Total trust liabilities	\$ 1,161,034,120	100	\$ 1,180,497,543	100

Note: As of December 31, 2025 and 2024, the Bank's Offshore Banking Unit invested in foreign securities under specific purpose trust accounts amounting to \$5,332,281 and \$5,209,234, respectively. As of December 31, 2025 and 2024, the Bank's Offshore Banking Unit invested in domestic securities under specific purpose trust accounts amounting to \$520,750 and \$1,092,534, respectively.

Income Statements of Trust Account
Years Ended December 31, 2025 and 2024

	Years Ended December 31			
	2025	%	2024	%
Trust income				
Interest income	\$ 100,427	8	\$ 82,308	6
Borrowed securities income	12,957	1	16,381	1
Cash dividends	909,366	68	1,015,652	71
Gains from beneficial certificates	34,289	3	38,505	3
Realized investment income	78,379	6	118,258	8
Unrealized investment income	173,588	13	141,111	10
Charitable trust - donation revenue	19,143	1	21,143	1
Other revenue	<u>3</u>	<u>-</u>	<u>5,920</u>	<u>-</u>
Total trust income	<u>1,328,152</u>	<u>100</u>	<u>1,439,278</u>	<u>100</u>
Trust expense				
Trust administrative expenses	17,716	1	13,396	1
Tax expenses	150	-	81	-
Interest expense	-	-	18	-
Charitable trust - donation expense	20,455	2	8,201	1
Realized investment loss	116,348	9	99,799	7
Unrealized investment loss	245,360	18	190,885	13
Other expense	<u>1,153</u>	<u>-</u>	<u>2,099</u>	<u>-</u>
Total trust expense	<u>401,182</u>	<u>30</u>	<u>314,479</u>	<u>22</u>
Income before income tax	926,970	70	1,124,799	78
Income equalization or for the period	(3,933)	-	1,106	-
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income after income tax	<u>\$ 923,037</u>	<u>70</u>	<u>\$ 1,125,905</u>	<u>78</u>

Trust Properties of Trust Accounts
December 31, 2025 and 2024

Investment Portfolio	December 31	
	2025	2024
Bank deposits	\$ 13,890,423	\$ 14,499,908
Bonds	49,648,227	48,326,159
Stocks	28,628,283	25,875,883
Funds	143,380,622	136,358,655
Securities lent	520,662	816,399
Real estate		
Land	37,223,497	34,175,283
Buildings	167,852	168,719
Construction in progress	28,909,381	23,296,735
Securities under custody	<u>858,123,475</u>	<u>896,448,055</u>
Total	<u>\$ 1,160,492,422</u>	<u>\$ 1,179,965,796</u>

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

49. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Amret Plc.	Microfinance business	January 14, 2025	80.01	<u>\$ 14,019,448</u>

In order to expand its presence in Southeast Asia, the Bank's board of directors, on behalf of the shareholders' meeting, resolved to acquire 100% equity of Amret Plc., a microfinance institution in Cambodia, with the intention to execute the acquisition in phases. The case was approved by the Financial Supervisory Commission and the Ministry of Economic Affairs in June and November 2024 respectively. On January 14, 2025, the Bank's obtained approval from the Cambodian authorities to transfer 80.01% of Amret's shareholding. Amret Plc. has been included in the Bank's consolidated financial statements since the acquisition date (the date of shares transferred). Based on the purchase price calculation under the first-phase share purchase agreement and the subsequent ancillary agreements, the estimated purchase consideration for the Bank's acquisition of equity was US\$424,555 thousand (NT\$14,019,448).

b. Consideration transferred

The bank initially deposited the purchase price of US\$428,555 thousand into an escrow account in accordance with the share purchase agreement. As of December 31, 2025, it had paid US\$413,555 thousand of the consideration pursuant to the agreement. The remaining US\$15,000 thousand, consisting of indemnity holdback (recognized under other financial assets - prepayments for investments), will be released from the escrow account upon fulfillment of the conditions stipulated in the agreement. The final purchase consideration was confirmed by both the buyer and the seller, and in accordance with the share purchase agreement and its ancillary arrangements, the purchase price was adjusted to US\$424,555 thousand. Acquisition-related costs are excluded from the purchase consideration and recognized as expenses in the period of acquisition.

c. Assets acquired and liabilities assumed on the acquisition date

	Amret Plc.
Assets	
Cash and cash equivalents, net	\$ 2,790,686
Due from the Central Bank and call loans to banks, net	9,804,272
Receivables, net	565,578
Current income tax assets	890,121
Discounts and loans, net	47,445,481
Intangible assets, net	3,071,374
Deferred income tax assets	484,539
Other	765,227
Liabilities	
Deposits from the Central Bank and banks	(10,203,262)
Payables	(2,345,300)
Deposits and remittances	(37,030,802)
Other financial liabilities	(2,968,723)
Deferred income tax liabilities	(105,590)
Other	(534,383)
	<u>\$ 12,629,218</u>

The Discounts and loans acquired from Amret Plc. through this business combination transaction have a fair value of \$47,445,481 and a gross contractual amount of \$49,543,278. The best estimates of uncollectible contractual cash flows as of the acquisition date is \$2,097,797.

d. Non-controlling interests

The non-controlling interests of Amret Plc. is measured at the identifiable assets on the acquisition date.

e. Goodwill arising from acquisitions

	Amret Plc.
Consideration transferred	\$ 14,019,448
Plus: Non-controlling interests	2,524,784
Less: Fair value of identifiable net assets acquired	<u>(12,629,218)</u>
Goodwill arising from acquisitions	<u>\$ 3,915,014</u>

The goodwill arising from the acquisition of Amret Plc. primarily stems from the control premium.

f. Net cash outflow on the acquisition of subsidiaries

	Amret Plc.
Consideration paid in cash	\$ 14,019,448
Less: Balance of cash and cash equivalents which complies with IAS 7 on the acquisition date	<u>(9,174,743)</u>
	<u>\$ 4,844,705</u>

g. Impact of business combinations on the operating results

The financial operating results of Amret Plc. since the acquisition dates, are as follows:

	January 15 to December 31, 2025
Net revenues	<u>\$ 3,658,858</u>
Net income	<u>\$ 1,032,548</u>

If the business combination had occurred at the beginning of the fiscal year of the acquisition date, the pro forma net income and pro forma net profit for the period from January 1 to December 31, 2025, for the Group would have been \$52,680,727 and \$19,418,127, respectively. These amounts do not reflect the actual revenues and operating results that would have been generated by the consolidated entity had the business combination been completed at the beginning of the acquisition year, and should not be used as a basis for forecasting future operating results.

50. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Acquired and disposed of investment at costs or prices of at least NT\$300 million or 10% of the issued capital	Table 1
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 2
6	Trading information - sales of non-performing loans	Table 3
7	Financial asset securitization	None
8	Related parties transaction	Table 4
9	Other significant transactions which may affect the decisions of financial report users	None

b. Information related to subsidiary:

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

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

- c. The related information and proportionate share in investees: Table 5.
- d. Information on incorporate branches and investment in Mainland China: Table 6.
- e. Information of major shareholders: Due to The Bank is not listed on the Exchange and OTC Banking, not required for disclosure.

51. OPERATING SEGMENT INFORMATION

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

The accounting standards and policies apply to all the business segments in accordance with IFRS 8 “Operating Segments”. The Bank’s operating segments for the years ended December 31, 2025 and 2024 are without change. The Bank reports the following:

Domestic Channels - Corporate: Engaged in corporate lending and accounts receivable purchase, among other related services.

Domestic Channels - Retail: Engaged in financial management, trust services, and consumer finance, among other related services.

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 departments: Units other than the aforementioned departments.

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

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Year Ended December 31, 2025					Total
		Domestic Channels - Corporate	Domestic Channels - Retail	Financial Transaction	Overseas Branches	Other departments	
Income (loss)	Net interest revenue	\$ 12,902,731	\$ 11,731,819	\$ (553,020)	\$ 4,421,445	\$ 5,888,156	\$ 34,391,131
	Interest income	23,704,662	16,694,347	42,637	15,627,643	30,119,769	86,189,058
	Revenue amount segments	6,466,621	12,822,253	1,533,837	(4,823,683)	(15,999,028)	-
	Interest expenses	(17,268,552)	(17,784,781)	(2,129,494)	(6,382,515)	(8,232,585)	(51,797,927)
	Service fee and commissions income net	2,647,543	6,219,952	(127,727)	1,299,863	598,152	10,637,783
	Others	357,728	745,747	2,832,045	354,148	3,244,676	7,534,344
	Net revenue	15,908,002	18,697,518	2,151,298	6,075,456	9,730,984	52,563,258
	Bad debts expense, commitment and guarantee liability	(1,354,735)	(108,573)	-	(346,757)	(1,183,486)	(2,993,551)
	Operating expenses	(4,225,288)	(12,694,917)	(656,424)	(2,355,385)	(5,886,665)	(25,818,679)
	Profit from continuing operations before tax	10,327,979	5,894,028	1,494,874	3,373,314	2,660,833	23,751,028
	Income tax expense						(4,029,533)
Net income						19,721,495	

Area segment

	For the Year Ended December 31, 2025			
	Taiwan	America	Asia	Total
Net revenue	\$ 41,014,275	\$ 1,513,791	\$ 10,035,192	\$ 52,563,258

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Year Ended December 31, 2024					Total
		Domestic Channels - Corporate	Domestic Channels - Retail	Financial Transaction	Overseas Branches	Other departments	
Income (loss)	Net interest revenue	\$ 11,806,170	\$ 11,744,525	\$ (873,566)	\$ 4,021,042	\$ (2,702,851)	\$ 23,995,320
	Interest income	22,511,895	15,718,396	(2,175)	16,594,452	23,235,176	78,057,744
	Revenue amount segments	9,665,546	14,182,186	1,246,670	(5,513,175)	(19,581,227)	-
	Interest expenses	(20,371,271)	(18,156,057)	(2,118,061)	(7,060,235)	(6,356,800)	(54,062,424)
	Service fee and commissions income net	2,318,596	5,365,178	(76,939)	1,051,046	534,677	9,192,558
	Others	140,932	567,965	3,310,673	835,214	7,998,989	12,853,773
	Net revenue	14,265,698	17,677,668	2,360,168	5,907,302	5,830,815	46,041,651
	Bad debts expense, commitment and guarantee liability	(1,927,096)	(397,147)	-	(676,231)	(708,654)	(3,709,128)
	Operating expenses	(3,834,522)	(11,640,866)	(559,117)	(2,057,540)	(2,948,405)	(21,040,450)
	Profit from continuing operations before tax	8,504,080	5,639,655	1,801,051	3,173,531	2,173,756	21,292,073
	Income tax expense						(3,875,568)
Net income						17,416,505	

Area segment

	For the Year Ended December 31, 2024			
	Taiwan	America	Asia	Total
Net revenue	\$ 37,237,921	\$ 1,507,174	\$ 7,296,556	\$ 46,041,651

BANK SINOPAC AND SUBSIDIARIES

**ACQUIRED AND DISPOSED OF INVESTMENT AT COST OR PRICES OF AT LEAST NTS300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars or Thousands Shares)**

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units	Amount (Notes 2 and 3)	Units	Amount	Carrying Value	Gain (Loss) on Disposal	Units	Amount (Note 2)
Bank SinoPac	Amret Plc.	Investments accounted for using the equity method	(Note 1)	None	-	\$ -	71	\$ 14,144,601	-	\$ -	\$ -	\$ -	71	\$ 14,144,601

Note 1: The transaction counterparties are Advans (Advans S.A. SICAR), Botta (Botta PLC.), FMO (NEDERLANDSE FINANCIERINGS - MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V.), IFC (INTERNATIONAL FINANCE CORPORATION) and LFP (La Fayette Participations SAS).

Note 2: It includes an acquisition cost of \$14,019,448, the share of subsidiary profits recognized using the equity method of \$781,569, and an decrease in other equity attributable to the equity holders of the parent company of \$656,416.

Note 3: The consolidated financial report has been fully offset.

BANK SINOPAC AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS300 MILLION OR 10% OF THE ISSUED CAPITAL

DECEMBER 31, 2025

(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	\$ 1,055,034 (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

**SALES OF NON-PERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

1. Summary of selling non-performing loans

Trade Date	Counterparty	Loans Composition	Carrying Amount (Note 1)	Selling Price	Gain (Loss) on Disposal	Terms	Relationship with the Company
2025.11.06	Deutsche Bank AG, London Branch	Unsecured syndicated corporate loan claims	\$ 640,147	\$ 667,040	\$ 26,893	None	None

Note 1: The carrying amount equals the amount of the original loan minus the allowance for bad debts.

2. Sales of non-performing loans exceeding NT\$1 billion in a single batch (excluding sale to related parties):

Disposal Date	Counterparty	Loans Composition	Loan Amount (Note 2)	Carrying Amount	Allocation of the Selling Price (Note 3)
2025.11.06	Deutsche Bank AG, London Branch	Unsecured syndicated corporate loan claims	\$1,087,799	\$640,147	\$667,040

Note 2: The claim amount represents the amount recoverable by the buyer from the debtor, including the outstanding balance of the non-performing loans disposed of.

Note 3: The allocation of the selling price is based on the Bank's assessment of the recoverable value of each category of claims at the time the claims are sold, and the total selling price is allocated accordingly.

BANK SINOPAC AND SUBSIDIARIES

RELATED PARTIES TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(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	\$ 1,391	Note 4	-
		Bank SinoPac (China) Ltd.	a	Receivables, net	105,357	Note 4	-
		Bank SinoPac (China) Ltd.	a	Deposits from the Central Bank and banks	24,726	Note 4	-
		SinoPac Insurance Brokers Ltd.	a	Deposits and remittances	69,069	Note 4	-
		Amret Plc.	a	Discounts and loans, net	936,650	Note 4	0.03
		Amret Plc.	a	Interest income	35,566	Note 4	0.07
		Amret Plc.	a	Service fee income, net (service income)	14,006	Note 4	0.03
1	Bank SinoPac (China) Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	24,726	Note 4	-
		Bank SinoPac	b	Deposits from the Central Bank and banks	1,391	Note 4	-
		Bank SinoPac	b	Payables	105,357	Note 4	-
2	SinoPac Insurance Brokers Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	8,461	Note 4	-
		Bank SinoPac	b	Other financial assets, net	60,608	Note 4	-
3	Amret Plc.	Bank SinoPac	b	Deposits from the Central Bank and banks	936,650	Note 4	0.03
		Bank SinoPac	b	Interest expenses	35,566	Note 4	0.07
		Bank SinoPac	b	Net other revenue other than interest income	14,006	Note 4	0.03

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

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

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

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

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

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

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

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTED ENTERPRISES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars or Thousands Shares)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Gains (Losses)	Consolidated Investment				Note
						Shares	Imitated Shares	Total		
								Shares	Percentage of Ownership (%)	
<u>Financial related enterprise</u> Bank SinoPac (China) Ltd.	China	Commercial bank	100.00	\$ 10,724,237	\$ 271,786	-	-	-	100.00	Subsidiary and Note 1
SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage business	100.00	68,224	(6,567)	100	-	100	100.00	Subsidiary and Note 1
Amret Plc.	Cambodia	Microfinance business	80.01	14,144,601	781,569	71	-	71	80.01	Subsidiary and Note 1
Taipei Foreign Exchange Inc.	Taiwan	Foreign exchange market maker	3.43	42,167	6,052	680	-	680	3.43	Note 2
Taiwan Futures Exchange	Taiwan	Futures exchange and settlement	1.07	697,566	16,710	15,041	-	15,041	2.08	Note 2
Fuh Hwa Securities Investment Trust Co., Ltd.	Taiwan	Securities investment trust and consultant	4.63	383,225	83,382	2,779	-	2,779	4.63	Note 2
Financial Information Service Co., Ltd.	Taiwan	Planning and developing the information system of across banking institution and managing the information web system	2.48	455,654	45,372	18,485	-	18,485	2.48	Note 2
Taiwan Asset Management Corporation	Taiwan	Evaluating, auctioning, and managing for financial institutions' loan	0.28	17,040	1,950	3,000	-	3,000	0.28	Note 2
Taiwan Financial Asset Service Co.	Taiwan	Auction	5.88	110,800	2,100	10,000	-	10,000	5.88	Note 2
Sunny Asset Management Corp.	Taiwan	Purchasing for financial institutions' loan assets	1.42	777	100	85	-	85	1.42	Note 2
Taiwan Depository and Clearing Co.	Taiwan	Computerizing book-entry operation for securities	0.08	66,937	1,937	9,310	-	9,310	0.92	Note 2
Taiwan Mobile Payment Corporation	Taiwan	Promoting E-commerce and developing E-billing	1.00	2,220	-	600	-	600	1.00	Note 2
<u>Nonfinancial related enterprise</u> Taiwan Television Enterprise, Ltd.	Taiwan	Wireless television company	4.84	115,640	10,180	13,696	-	13,696	4.88	Note 2
Victor Taichung Machinery Works Co., Ltd.	Taiwan	Manufacturer and seller of tool machine, plastic machine and other precise equipment	0.08	2,179	16	0.16	-	0.16	0.08	Note 2

Note 1: Foreign-currency amounts were translated at the exchange rate on the balance sheet date, except for foreign-currency-denominated income and expenses, which were translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2025.

Note 2: Investment gains are dividend income.

Note 3: Above shares are in thousands of shares.

BANK SINOPAC AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(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, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net income (Loss) of Investee (Notes 2 and 3)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Notes 2 and 3)	Carrying Amount (Notes 2 and 3)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Bank SinoPac (China) Ltd.	Commercial bank	\$ 10,186,550	a	\$ 10,186,550	\$ -	\$ -	\$ 10,186,550	\$ 271,756	100	\$ 271,786	\$ 10,724,237	\$ -

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$10,186,550 (US\$323,871)	\$10,186,550 (US\$323,871)	\$119,742,133

Note 1: The three ways of investment in this form are shown as below:

- a. Investment in Mainland China directly.
- b. Reinvests in the Mainland through third-country companies.
- c. Others.

Note 2: Earnings of investee, equity in the earnings and carrying value for the year ended December 31, 2025 have been audited by independent certified public accountants.

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