

Bank SinoPac and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2026 and 2025 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholder
Bank SinoPac

Introduction

We have reviewed the accompanying consolidated balance sheets of Bank SinoPac and its subsidiaries (collectively referred to as the “Group”) as of March 31, 2026 and 2025 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended March 31, 2026 and 2025 and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authority, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at March 31, 2026 and 2025, and of its consolidated financial performance for the three months ended March 31, 2026 and 2025, as well as its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authority, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 40)	\$ 31,241,254	1	\$ 22,093,257	1	\$ 24,342,179	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7 and 40)	246,483,538	8	236,834,955	8	201,501,306	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	84,975,869	3	64,530,858	2	72,005,449	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 41)	402,807,010	13	409,311,749	14	386,292,189	14
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 41)	332,311,036	11	329,314,830	11	317,742,510	11
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	50,684,006	2	88,776,319	3	66,561,500	2
RECEIVABLES, NET (Notes 4, 12 and 40)	69,762,357	2	67,771,979	2	76,595,685	3
CURRENT INCOME TAX ASSETS (Notes 4, 30 and 40)	1,374,258	-	1,213,095	-	1,445,144	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 40 and 41)	1,802,770,151	59	1,715,324,331	58	1,701,822,080	59
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	1,590,283	-	1,527,732	-	6,460,329	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 16 and 40)	10,798,345	-	10,779,464	-	10,551,835	-
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	3,053,640	-	3,090,363	-	3,283,781	-
INVESTMENT PROPERTY, NET (Notes 4 and 18)	533,370	-	546,498	-	580,958	-
INTANGIBLE ASSETS, NET (Notes 4, 5, 19 and 40)	7,883,652	-	7,768,217	-	8,222,702	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 30)	2,193,831	-	2,600,007	-	2,358,124	-
OTHER ASSETS, NET (Notes 20 and 40)	<u>10,832,235</u>	<u>1</u>	<u>11,192,414</u>	<u>1</u>	<u>8,388,144</u>	<u>-</u>
TOTAL	<u>\$ 3,059,294,835</u>	<u>100</u>	<u>\$ 2,972,676,068</u>	<u>100</u>	<u>\$ 2,888,153,915</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 21 and 40)	\$ 116,271,907	4	\$ 128,992,340	4	\$ 124,305,281	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	28,822,362	1	25,508,985	1	23,329,935	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11 and 22)	39,008,858	1	17,225,952	1	54,316,833	2
PAYABLES (Notes 4, 23, 28, 36 and 40)	30,631,661	1	31,026,377	1	27,059,230	1
CURRENT INCOME TAX LIABILITIES (Notes 4, 30 and 40)	2,067,514	-	1,391,770	-	2,599,904	-
DEPOSITS AND REMITTANCES (Notes 24 and 40)	2,493,445,429	82	2,442,302,999	82	2,337,304,962	81
BANK DEBENTURES (Notes 4 and 25)	53,784,835	2	54,933,131	2	53,785,193	2
OTHER FINANCIAL LIABILITIES (Note 26)	72,543,518	2	58,422,436	2	59,387,784	2
PROVISIONS (Notes 4, 27 and 28)	2,306,803	-	2,286,171	-	2,251,426	-
LEASE LIABILITIES (Notes 4, 17 and 40)	3,173,285	-	3,214,210	-	3,399,150	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 30)	1,662,324	-	1,268,080	-	1,219,672	-
OTHER LIABILITIES (Notes 29 and 40)	<u>7,320,118</u>	<u>-</u>	<u>3,927,637</u>	<u>-</u>	<u>4,832,287</u>	<u>-</u>
Total liabilities	<u>2,851,038,614</u>	<u>93</u>	<u>2,770,500,088</u>	<u>93</u>	<u>2,693,791,657</u>	<u>93</u>
EQUITY						
Equity attributable to owners of parent						
Capital stock						
Common stock	<u>110,735,377</u>	<u>4</u>	<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>	<u>15,581,418</u>	<u>-</u>
Retained earnings						
Legal reserve	49,706,126	2	49,706,126	2	43,184,385	2
Special reserve	7,741,501	-	7,741,501	-	6,289,589	-
Unappropriated earnings	<u>29,336,173</u>	<u>1</u>	<u>21,401,374</u>	<u>1</u>	<u>31,401,582</u>	<u>1</u>
Total retained earnings	<u>86,783,800</u>	<u>3</u>	<u>78,849,001</u>	<u>3</u>	<u>80,875,556</u>	<u>3</u>
Other equity	<u>(7,537,835)</u>	<u>-</u>	<u>(5,595,575)</u>	<u>-</u>	<u>(7,924,233)</u>	<u>-</u>
Total equity attributable to owners of parent	<u>205,562,760</u>	<u>7</u>	<u>199,570,221</u>	<u>7</u>	<u>192,314,725</u>	<u>7</u>
Non-controlling interests	<u>2,693,461</u>	<u>-</u>	<u>2,605,759</u>	<u>-</u>	<u>2,047,533</u>	<u>-</u>
Total equity	<u>208,256,221</u>	<u>7</u>	<u>202,175,980</u>	<u>7</u>	<u>194,362,258</u>	<u>7</u>
TOTAL	<u>\$ 3,059,294,835</u>	<u>100</u>	<u>\$ 2,972,676,068</u>	<u>100</u>	<u>\$ 2,888,153,915</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 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
INTEREST INCOME	\$ 21,936,505	129	\$ 21,511,171	146
INTEREST EXPENSES	<u>(12,082,560)</u>	<u>(71)</u>	<u>(13,637,412)</u>	<u>(93)</u>
NET INTEREST REVENUE (Notes 4, 32 and 40)	<u>9,853,945</u>	<u>58</u>	<u>7,873,759</u>	<u>53</u>
NET REVENUES OTHER THAN INTEREST (Note 4)				
Service fee income, net (Notes 33 and 40)	4,463,155	26	4,204,507	29
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 34 and 40)	2,332,341	14	2,269,352	15
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	99,364	1	241,609	2
Gains (losses) arising from derecognition of financial assets measured at amortized cost	7,783	-	(177,923)	(1)
Foreign exchange gains	219,935	1	356,904	2
Reversal of impairment loss (impairment loss) on assets (Notes 9, 10, 15, 19 and 20)	36,282	-	(35,035)	-
Net other revenue other than interest income (Note 40)	<u>57,015</u>	<u>-</u>	<u>11,626</u>	<u>-</u>
Net revenues other than interest	<u>7,215,875</u>	<u>42</u>	<u>6,871,040</u>	<u>47</u>
NET REVENUE	<u>17,069,820</u>	<u>100</u>	<u>14,744,799</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 15 and 27)	<u>(924,535)</u>	<u>(6)</u>	<u>(760,923)</u>	<u>(5)</u>
OPERATING EXPENSES				
Employee benefits expenses (Notes 4, 28, 36 and 40)	(4,811,177)	(28)	(4,213,076)	(29)
Depreciation and amortization expense (Notes 4, 16 17, 18, 19 and 37)	(558,288)	(3)	(511,717)	(4)
Other general and administrative expenses (Notes 38 and 40)	<u>(1,850,306)</u>	<u>(11)</u>	<u>(1,805,305)</u>	<u>(12)</u>
Total operating expenses	<u>(7,219,771)</u>	<u>(42)</u>	<u>(6,530,098)</u>	<u>(45)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	8,925,514	52	7,453,778	50
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(1,504,297)</u>	<u>(9)</u>	<u>(1,189,476)</u>	<u>(8)</u>
NET INCOME	<u>7,421,217</u>	<u>43</u>	<u>6,264,302</u>	<u>42</u>

(Continued)

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified to profit or loss:				
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income (Note 31)	\$ 155,047	1	\$ (81,031)	(1)
Change on fair value of financial liability attributable to change in credit risk of liability (Notes 8 and 31)	(1,640)	-	(1,186)	-
Income tax related to items that will not be reclassified to profit or loss (Notes 30 and 31)	-	-	(305)	-
Items that will not be reclassified to profit or loss	<u>153,407</u>	<u>1</u>	<u>(82,522)</u>	<u>(1)</u>
Items that will be reclassified to profit or loss:				
Exchange differences on translation of foreign operations (Note 31)	596,274	3	327,674	2
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 31)	(1,909,557)	(11)	716,310	5
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 30 and 31)	(181,100)	(1)	80,420	1
Items that will be reclassified to profit or loss	<u>(1,494,383)</u>	<u>(9)</u>	<u>1,124,404</u>	<u>8</u>
Other comprehensive income	<u>(1,340,976)</u>	<u>(8)</u>	<u>1,041,882</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,080,241</u>	<u>36</u>	<u>\$ 7,306,184</u>	<u>50</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of Parent	\$ 7,378,170	43	\$ 6,203,798	42
Non-controlling interests	<u>43,047</u>	<u>-</u>	<u>60,504</u>	<u>-</u>
	<u>\$ 7,421,217</u>	<u>43</u>	<u>\$ 6,264,302</u>	<u>42</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of Parent	\$ 5,992,539	35	\$ 7,232,034	49
Non-controlling interests	<u>87,702</u>	<u>1</u>	<u>74,150</u>	<u>1</u>
	<u>\$ 6,080,241</u>	<u>36</u>	<u>\$ 7,306,184</u>	<u>50</u>
EARNINGS PER SHARE (Note 39)				
Basic	<u>\$ 0.67</u>		<u>\$ 0.56</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)												Total Equity
	Capital Stock Common Stock	Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity			Total Equity Attributable to Owners of Parent	Non-controlling Interests (Notes 4, 14 and 31)	
			Legal Reserve	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 AT JANUARY 1, 2025	\$ 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
Net income for the three months ended March 31, 2025	-	-	-	-	6,203,798	6,203,798	-	-	-	-	6,203,798	60,504	6,264,302
Other comprehensive income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	-	251,527	777,895	(1,186)	1,028,236	1,028,236	13,646	1,041,882
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	6,203,798	6,203,798	251,527	777,895	(1,186)	1,028,236	7,232,034	74,150	7,306,184
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,536,156	1,536,156	-	(1,536,156)	-	(1,536,156)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,973,383	1,973,383
BALANCE AT MARCH 31, 2025	<u>\$ 103,781,984</u>	<u>\$ 15,581,418</u>	<u>\$ 43,184,385</u>	<u>\$ 6,289,589</u>	<u>\$ 31,401,582</u>	<u>\$ 80,875,556</u>	<u>\$ (146,553)</u>	<u>\$ (7,759,863)</u>	<u>\$ (17,817)</u>	<u>\$ (7,924,233)</u>	<u>\$ 192,314,725</u>	<u>\$ 2,047,533</u>	<u>\$ 194,362,258</u>
BALANCE AT JANUARY 1, 2026	\$ 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
Net income for the three months ended March 31, 2026	-	-	-	-	7,378,170	7,378,170	-	-	-	-	7,378,170	43,047	7,421,217
Other comprehensive income for the three months ended March 31, 2026, net of income tax	-	-	-	-	-	-	441,295	(1,825,286)	(1,640)	(1,385,631)	(1,385,631)	44,655	(1,340,976)
Total comprehensive income for the three months ended March 31, 2026	-	-	-	-	7,378,170	7,378,170	441,295	(1,825,286)	(1,640)	(1,385,631)	5,992,539	87,702	6,080,241
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	556,629	556,629	-	(556,629)	-	(556,629)	-	-	-
BALANCE AT MARCH 31, 2026	<u>\$ 110,735,377</u>	<u>\$ 15,581,418</u>	<u>\$ 49,706,126</u>	<u>\$ 7,741,501</u>	<u>\$ 29,336,173</u>	<u>\$ 86,783,800</u>	<u>\$ (445,978)</u>	<u>\$ (7,073,569)</u>	<u>\$ (18,288)</u>	<u>\$ (7,537,835)</u>	<u>\$ 205,562,760</u>	<u>\$ 2,693,461</u>	<u>\$ 208,256,221</u>

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 8,925,514	\$ 7,453,778
Adjustments to reconcile profit:		
Depreciation expenses	427,319	412,190
Amortization expenses	130,969	99,527
Provision for bad debt expense	1,099,887	1,276,965
Interest expenses	12,082,560	13,637,412
Net (gain) loss arising from derecognition of financial assets measured at amortized cost	(7,783)	177,923
Interest income	(21,936,505)	(21,511,171)
Dividend income	(58,141)	(24,252)
Net change in provisions for guarantee liabilities	58,715	23,404
Net change in other provisions	23,219	(106,223)
Loss on disposal and retirement of property and equipment	1,732	746
Loss of disposal of intangible assets	80	-
(Reversal of impairment loss) impairment loss on financial assets	(36,282)	34,846
Impairment loss on non-financial assets	-	189
Loss on lease modification	164	7
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(5,244,693)	(193,305)
(Increase) decrease in financial assets at fair value through profit or loss	(20,445,011)	9,590,323
(Increase) decrease in financial assets at fair value through other comprehensive income	4,750,670	(18,094,910)
(Increase) decrease in investments in debt instruments at amortized cost	(2,983,477)	(7,960,609)
(Increase) decrease in securities purchased under resell agreements	9,949	208,112
(Increase) decrease in receivables	(2,277,897)	(4,211,643)
(Increase) decrease in discounts and loans	(88,628,705)	(52,519,366)
(Increase) decrease in other financial assets	(27,260)	17,863,788
(Increase) decrease in other assets	399,886	4,162,650
Increase (decrease) in deposits from the Central Bank and banks	(12,720,433)	27,634,531
Increase (decrease) in financial liabilities at fair value through profit or loss	3,311,737	(13,981,897)
Increase (decrease) in securities sold under repurchase agreements	21,782,906	21,403,102
Increase (decrease) in payables	101,719	(2,362,154)
Increase (decrease) in deposits and remittances	51,142,430	23,792,335
Increase (decrease) in other financial liabilities	14,261,468	1,843,838
Increase (decrease) in provisions for employee benefits	(74,781)	(68,804)
Increase (decrease) in other liabilities	<u>3,392,481</u>	<u>(3,253,998)</u>
Net cash (used in) generated from operations	(32,537,563)	5,327,334
Interest received	21,373,968	21,573,297

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BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025
Dividends received	\$ 20,072	\$ 27,940
Interest paid	(11,728,683)	(13,797,351)
Income tax paid	<u>(365,450)</u>	<u>(193,854)</u>
Net cash (used in) generated from operating activities	<u>(23,237,656)</u>	<u>12,937,366</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash flow from acquisition of subsidiaries (after deduction of cash and cash equivalent balances acquired)	-	(4,781,964)
Acquisition of property and equipment	(256,739)	(215,333)
Proceeds from disposal of property and equipment	512	160
Acquisition of intangible assets	(59,047)	(57,206)
Acquisition of right-of-use assets	(5,803)	(428)
Acquisition of investment properties	<u>(865)</u>	<u>(41)</u>
Net cash used in investing activities	<u>(321,942)</u>	<u>(5,054,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(140,469)	(508,861)
Repayment of bank debentures payable	(1,200,000)	-
Repayments of lease liabilities	<u>(223,567)</u>	<u>(209,039)</u>
Net cash used in financing activities	<u>(1,564,036)</u>	<u>(717,900)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>592,777</u>	<u>375,548</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,530,857)	7,540,202
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>244,870,134</u>	<u>202,112,407</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 220,339,277</u>	<u>\$ 209,652,609</u>

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BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (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 March 31, 2026 and 2025:

	<u>March 31</u>	
	<u>2026</u>	<u>2025</u>
Cash and cash equivalents in consolidated balance sheets	\$ 31,241,254	\$ 24,342,179
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	138,415,001	118,757,689
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>50,683,022</u>	<u>66,552,741</u>
Cash and cash equivalents at the end of the period	<u>\$ 220,339,277</u>	<u>\$ 209,652,609</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 THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION

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

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

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

For the information on consolidated entities, please refer to Note 14(a).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on May 8, 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)

The initial application of the amended IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. 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 Group 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 Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group 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 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 IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in the consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of Preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e., its subsidiaries). Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Bank.

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

The 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 arise from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

Cash and Cash Equivalents

Cash and cash equivalent in financial statements includes cash on hand, demand deposits and investments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. For the purposes of presenting cash flows, the cash and cash equivalent 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 entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

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

a. Measurement category

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

1) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified 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.

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

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, 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 financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

4) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate equity instruments which are neither held for trading nor contingent consideration recognized by an acquirer in a business combination as at FVTOCI.

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

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

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

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

Based on the above Regulations, the minimum allowance for credit losses and provision for losses on guarantees for assets that are normal excluding claims against the ROC government agencies that require special mentioned, assets that are substandard, assets with doubtful collectability, and assets on which there is loss were 1%, 2%, 10%, 50% and 100%, respectively of outstanding. In addition, under the 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 for 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 the 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 be designated as at FVTPL upon initial recognition under the following circumstances:

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

- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Banking is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

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

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Modification of financial instruments

When the cash flows of the financial instrument is renegotiated or 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 the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group separately assesses the classification of each element as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred and then classifies each element as a finance lease or an operating lease on the basis of the assessment. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

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 life that are acquired separately are initially measured at cost and subsequently recognized at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful life 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 is expected to benefit from the synergies of the combination.

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

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

Collaterals Assumed

Collaterals assumed are recorded at cost and revalued at the lower of 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 expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

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

c. Preferential interest on employees' deposits

The Bank offers preferential interest rate to its current employees 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 merchandise and 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, less 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.

Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws in each tax jurisdiction of the 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 liability is settled or the asset is 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 tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

d. Linked-tax system

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

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

5. 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).

Estimated Impairment of Goodwill

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

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 8,684,279	\$ 8,478,135	\$ 8,313,517
Due from other banks	20,869,518	12,493,511	14,862,723
Notes and checks for clearing	816,290	923,275	928,834
Excess futures margin	<u>874,516</u>	<u>200,470</u>	<u>241,189</u>
	31,244,603	22,095,391	24,346,263
Less: Allowance for credit losses	<u>(3,349)</u>	<u>(2,134)</u>	<u>(4,084)</u>
Net amount	<u>\$ 31,241,254</u>	<u>\$ 22,093,257</u>	<u>\$ 24,342,179</u>

The Group assesses the allowance loss of cash and cash equivalents based on the expected credit loss model. As of March 31, 2026, December 31, 2025 and March 31, 2025, considering the historical experience and forward-looking information, the 12-month expected credit loss allowance were \$3,349, \$2,134 and \$4,084, respectively.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Call loans to banks	\$ 73,108,916	\$ 74,964,056	\$ 71,241,082
Trade finance advance - interbank	17,627,898	15,818,018	9,681,102
Deposit reserve - checking accounts	68,320,757	61,354,219	39,159,820
Due from the Central Bank - interbank settlement funds	8,000,557	8,000,839	8,015,625
Deposit reserve - demand accounts	64,353,897	61,021,891	56,470,973
Deposit reserve - foreign currencies	639,716	629,050	663,786
Deposits - other	<u>14,432,055</u>	<u>15,047,520</u>	<u>16,308,515</u>
	246,483,796	236,835,593	201,540,903
Less: Allowance for credit losses	<u>(258)</u>	<u>(638)</u>	<u>(39,597)</u>
Net amount	<u>\$ 246,483,538</u>	<u>\$ 236,834,955</u>	<u>\$ 201,501,306</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

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets mandatorily classified as at fair value through profit or loss			
Government bonds	\$ 14,969,900	\$ 14,359,410	\$ 12,504,479
Commercial paper	12,840,424	11,337,495	10,969,145
Corporate bonds	10,325,246	11,166,850	9,588,721
Stocks	5,917,419	930,112	29,231
Certificates of deposits	3,678,940	1,787,066	4,981,611
Fund beneficiary certificates	1,391,814	723,183	-
Bank debentures	1,135,039	470,781	6,919,347
Currency swap contracts	17,963,883	12,642,013	16,223,019
Interest rate swap contracts	12,533,813	8,745,611	9,274,085
Forward exchange contracts	1,499,610	1,454,670	635,135
Futures margin-own funds	1,222,026	244,185	24,470
Option contracts	933,887	255,077	486,603
Others	<u>563,868</u>	<u>414,405</u>	<u>369,603</u>
	<u>\$ 84,975,869</u>	<u>\$ 64,530,858</u>	<u>\$ 72,005,449</u>
Held-for-trading financial liabilities			
Currency swap contracts	\$ 12,270,454	\$ 13,516,226	\$ 11,717,559
Interest rate swap contracts	7,435,563	5,053,289	6,015,570
Option contracts	5,392,702	3,601,778	2,817,749
Forward exchange contracts	1,014,593	839,464	274,830
Others	<u>556,152</u>	<u>404,239</u>	<u>367,175</u>
	<u>26,669,464</u>	<u>23,414,996</u>	<u>21,192,883</u>
Financial liabilities designated at fair value through profit or loss			
Bank debentures	<u>2,152,898</u>	<u>2,093,989</u>	<u>2,137,052</u>
	<u>2,152,898</u>	<u>2,093,989</u>	<u>2,137,052</u>
Net amount	<u>\$ 28,822,362</u>	<u>\$ 25,508,985</u>	<u>\$ 23,329,935</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 March 31, 2026, December 31, 2025 and March 31, 2025 the par value of financial assets at fair value through profit or loss under repurchase agreements were \$2,878,722, \$2,358,938 and \$3,096,562.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Difference between carrying amount and the amount due on maturity			
Fair value	\$ 2,152,898	\$ 2,093,989	\$ 2,137,052
Amount due on maturity	<u>(2,139,027)</u>	<u>(2,103,363)</u>	<u>(2,123,934)</u>
	<u>\$ 13,871</u>	<u>\$ (9,374)</u>	<u>\$ 13,118</u>
			Changes in Fair Value Attributable to Changes in Credit Risk
Change in amount during the period			
For the three months ended March 31, 2026			<u>\$ (1,640)</u>
For the three months ended March 31, 2025			<u>\$ (1,186)</u>
Accumulated amount of change			
As of March 31, 2026			<u>\$ (18,288)</u>
As of December 31, 2025			<u>\$ (16,648)</u>
As of March 31, 2025			<u>\$ (17,817)</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 March 31, 2026, December 31, 2025 and March 31, 2025 were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Currency swap contracts	\$ 3,369,534,567	\$ 3,594,396,567	\$ 3,864,956,470
Interest rate swap contracts	697,076,477	616,748,438	575,343,002
Option contracts	245,706,553	101,165,571	111,213,161
Forward exchange contracts	99,773,946	100,394,383	68,399,813
Futures contracts	13,324,396	6,622,257	7,109,128
Assets swap contracts	7,831,891	8,218,513	7,513,565
Cross-currency swap contracts	6,233,943	10,281,312	18,852,304
Equity-linked swap contracts	5,606,001	3,727,370	3,576,448

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2026	December 31, 2025	March 31, 2025
Equity instruments at fair value through other comprehensive income	\$ 9,053,316	\$ 8,818,807	\$ 6,637,417
Debt instruments at fair value through other comprehensive income	<u>393,753,694</u>	<u>400,492,942</u>	<u>379,654,772</u>
	<u>\$ 402,807,010</u>	<u>\$ 409,311,749</u>	<u>\$ 386,292,189</u>

a. Equity instruments at fair value through other comprehensive income

	March 31, 2026	December 31, 2025	March 31, 2025
Stock	<u>\$ 9,053,316</u>	<u>\$ 8,818,807</u>	<u>\$ 6,637,417</u>

The Group holds centralized securities exchange market stocks 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 risk of investment position, the Group sold the stocks at fair value of \$1,171,198 and \$4,119,891 and the net gains on disposal were \$556,629 and \$1,536,156 for the three months ended March 31, 2026 and 2025, respectively. The above gain was transferred from other equity to retained earnings.

For the three months ended March 31, 2026, fair value gains recognized in other comprehensive income were \$61,555 attributable to investments derecognized during the reporting period and \$93,492 attributable to investments still held at the end of the reporting period.

b. Debt instrument at fair value through other comprehensive income

	March 31, 2026	December 31, 2025	March 31, 2025
Certificates of deposits	\$ 111,753,061	\$ 121,300,705	\$ 124,836,765
Bank debentures	112,524,318	113,530,390	99,556,307
Corporate bonds	56,955,497	55,689,360	59,014,026
Commercial paper	47,300,280	56,363,196	37,355,874
Government bonds	35,995,080	37,245,611	41,197,955
Asset-backed securities	11,275,629	11,392,241	14,083,988
Others	<u>17,949,829</u>	<u>4,971,439</u>	<u>3,609,857</u>
	<u>\$ 393,753,694</u>	<u>\$ 400,492,942</u>	<u>\$ 379,654,772</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 \$62,888, \$62,559 and \$66,488 on March 31, 2026, December 31, 2025 and March 31, 2025, respectively. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 44.
- 3) As of March 31, 2026, December 31, 2025 and March 31, 2025, the par value of debt instruments at FVTOCI under repurchase agreements were \$21,211,253, \$1,865,831 and \$20,249,456, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Certificates of deposits	\$ 117,283,127	\$ 116,210,403	\$ 104,059,266
Bank debentures	82,156,894	78,809,349	70,527,041
Government bonds	66,292,792	66,863,998	70,635,645
Asset-backed securities	35,445,752	35,525,972	40,042,610
Corporate bonds	29,050,696	29,619,228	29,877,923
Others	<u>2,111,955</u>	<u>2,314,683</u>	<u>2,630,556</u>
	332,341,216	329,343,633	317,773,041
Less: Loss allowance	<u>(30,180)</u>	<u>(28,803)</u>	<u>(30,531)</u>
Net amount	<u>\$ 332,311,036</u>	<u>\$ 329,314,830</u>	<u>\$ 317,742,510</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 March 31, 2025, the par value of investments in debt instruments at amortized cost under repurchase agreements was \$17,779,476.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Commercial papers	\$ 20,505,631	\$ 49,692,469	\$ 39,554,834
Negotiable certificates of deposits	11,720,981	22,149,674	10,477,088
Government bonds	11,165,838	13,130,678	14,097,493
Bank debentures	5,931,126	2,295,679	821,225
Corporate bonds	<u>1,360,430</u>	<u>1,507,819</u>	<u>1,610,860</u>
	<u>\$ 50,684,006</u>	<u>\$ 88,776,319</u>	<u>\$ 66,561,500</u>
Agreed-upon resell amount	\$ 50,789,322	\$ 88,934,429	\$ 66,678,097
Par value	52,563,940	90,672,971	68,683,805
Expiry	June 2026	May 2026	June 2025

As of March 31, 2026, December 31, 2025 and March 31, 2025, the par value of securities purchased under resell agreements under repurchase agreements were \$16,306,082, \$13,857,622 and \$16,612,721, respectively.

12. RECEIVABLES, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Credit card receivables	\$ 23,759,216	\$ 24,348,970	\$ 23,225,038
Interest and revenue receivables	10,321,990	10,432,550	9,917,191
Accounts and notes receivables	9,927,243	1,666,571	17,827,358
Accounts receivable - factoring	9,457,006	12,237,677	8,957,341
Acceptances receivable	8,124,302	8,974,310	7,407,604
Accounts receivable - forfaiting	5,905,951	8,184,893	7,703,939
Trust administration fee revenue receivable	1,494,017	1,127,801	1,174,219
Others	<u>1,539,326</u>	<u>1,581,174</u>	<u>1,086,585</u>
	70,529,051	68,553,946	77,299,275
Less: Allowance for credit losses	<u>(766,694)</u>	<u>(781,967)</u>	<u>(703,590)</u>
Net amount	<u>\$ 69,762,357</u>	<u>\$ 67,771,979</u>	<u>\$ 76,595,685</u>

Please refer to Note 44 for the analysis of receivable impairment loss. The Group received payments for loans previously written-off \$40,409 and \$48,937 for the three months ended March 31, 2026 and 2025, respectively, which were recognized as deduction of provision expenses.

13. DISCOUNTS AND LOANS, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Export negotiation	\$ 435,760	\$ 406,045	\$ 662,559
Discounts and overdrafts	473,377	29,475	35,185
Accounts receivable - financing	1,062,648	1,407,088	1,329,754
Short-term loans	152,831,965	119,721,594	152,760,047
Secured short-term loans	135,388,009	126,050,291	116,472,522
Medium-term loans	461,651,024	445,337,372	438,657,444
Secured medium-term loans	294,930,306	285,443,307	284,625,009
Long-term loans	36,792,529	29,431,168	29,027,070
Secured long-term loans	743,990,374	731,588,920	701,777,173
Non-performing loans transferred from loans	<u>1,667,023</u>	<u>1,678,956</u>	<u>2,495,213</u>
	1,829,223,015	1,741,094,216	1,727,841,976
Less: Allowance for credit losses	(25,841,940)	(25,142,973)	(25,301,856)
Premium or discount on discounts and loans	<u>(610,924)</u>	<u>(626,912)</u>	<u>(718,040)</u>
Net amount	<u>\$ 1,802,770,151</u>	<u>\$ 1,715,324,331</u>	<u>\$ 1,701,822,080</u>

The Group received payments for loans previously written-off in an amount of \$213,461 and \$167,305 for the three months ended March 31, 2026 and 2025, respectively, which were recognized as deduction of provision expenses.

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.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2026	December 31, 2025	March 31, 2025
Bank Sinopac	Bank SinoPac (China) Ltd.	Banking	100.00	100.00	100.00
Bank Sinopac	SinoPac Insurance Brokers Ltd.	Insurance brokerage	100.00	100.00	100.00
Bank Sinopac	Amret Plc.	Microfinance business	80.01	80.01	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		
		March 31, 2026	December 31, 2025	March 31, 2025
Amret Plc.	Cambodia	19.99%	19.99%	19.99%

The summarized financial information below represents amounts before intragroup eliminations of the Group's subsidiaries:

Amret Plc.

	March 31, 2026	December 31, 2025	March 31, 2025
Assets	\$ 63,491,015	\$ 61,276,444	\$ 67,344,743
Liabilities	<u>(52,789,669)</u>	<u>(50,982,280)</u>	<u>(57,102,780)</u>
Equity	<u>\$ 10,701,346</u>	<u>\$ 10,294,164</u>	<u>\$ 10,241,963</u>
Equity attributable to:			
Owners of parent	\$ 8,561,974	\$ 8,236,194	\$ 8,194,430
Non-controlling interests	<u>2,139,372</u>	<u>2,057,970</u>	<u>2,047,533</u>
	<u>\$ 10,701,346</u>	<u>\$ 10,294,164</u>	<u>\$ 10,241,963</u>
		January 1, 2026 to	January 15, 2025 to
		March 31, 2026	March 31, 2025
Net revenue		<u>\$ 1,075,267</u>	<u>\$ 888,090</u>
Net income		\$ 230,114	\$ 302,645
Other comprehensive income		<u>177,069</u>	<u>68,258</u>
		<u>\$ 407,183</u>	<u>\$ 370,903</u>
Net income attributable to:			
Owners of parent		\$ 184,110	\$ 242,141
Non-controlling interests		<u>46,004</u>	<u>60,504</u>
		<u>\$ 230,114</u>	<u>\$ 302,645</u>

(Continued)

	January 1, 2026 to March 31, 2026	January 15, 2025 to March 31, 2025
Total comprehensive income attributable to:		
Owners of parent	\$ 325,781	\$ 296,753
Non-controlling interests	<u>81,402</u>	<u>74,150</u>
	<u>\$ 407,183</u>	<u>\$ 370,903</u>
		(Concluded)

15. OTHER FINANCIAL ASSETS, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Purchase of the PEM Group's instruments	\$ 3,798,853	\$ 3,735,260	\$ 3,943,067
Prepayments for investments accounted for using the equity method (Note 48)	479,787	471,788	557,314
Bank deposits not belonging to cash and cash equivalent	-	-	4,570,130
Others	<u>47,831</u>	<u>47,885</u>	<u>50,257</u>
	<u>4,326,471</u>	<u>4,254,933</u>	<u>9,120,768</u>
Less: Allowance for credit losses	(2,917)	(3,318)	(5,914)
Accumulated impairment	<u>(2,733,271)</u>	<u>(2,723,883)</u>	<u>(2,654,525)</u>
Net amount	<u>\$ 1,590,283</u>	<u>\$ 1,527,732</u>	<u>\$ 6,460,329</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 March 31, 2026, a reserve of US\$85,453 thousand (NT\$2,733,271) had been set aside to cover the accumulated impairment losses. The Bank has reserve of impairment loss of \$36,798 and reversal of impairment loss of \$28,627 for PEM Group for the three months ended March 31, 2026 and 2025.

The Group received payments for other financial assets previously written-off \$3,435 and \$204,076 for the three months ended March 31, 2026 and 2025, respectively, which were recognized as deduction of provision expenses.

16. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the three months ended March 31, 2026 and 2025 are summarized as follows:

For the Three Months Ended March 31, 2026								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Prepayments for Equipment and Construction in Progress	Total
<u>Cost</u>								
Balance, January 1	\$ 5,848,378	\$ 6,294,941	\$ 3,463,294	\$ 106,801	\$ 2,035,576	\$ 1,866,201	\$ 652,885	\$ 20,268,076
Addition	-	44,713	49,385	-	21,236	16,857	124,548	256,739
Deduction	-	(1,850)	(29,413)	-	(26,175)	(2,742)	-	(60,180)
Reclassifications	8,198	56,220	21,884	-	19,238	22,998	(183,647)	(55,109)
Effect of exchange rate changes	-	11,402	12,385	1,801	2,228	3,587	1,324	32,727
Balance, March 31	<u>5,856,576</u>	<u>6,405,426</u>	<u>3,517,535</u>	<u>108,602</u>	<u>2,052,103</u>	<u>1,906,901</u>	<u>595,110</u>	<u>20,442,253</u>
<u>Accumulated depreciation</u>								
Balance, January 1	153	3,875,166	2,606,385	70,657	1,485,920	1,450,331	-	9,488,612
Depreciation	6	45,030	80,386	2,695	33,762	28,515	-	190,394
Deduction	-	(1,765)	(27,920)	-	(25,874)	(2,377)	-	(57,936)
Reclassifications	-	3,947	-	-	-	-	-	3,947
Effect of exchange rate changes	-	3,627	9,213	1,219	2,035	2,797	-	18,891
Balance, March 31	<u>159</u>	<u>3,926,005</u>	<u>2,668,064</u>	<u>74,571</u>	<u>1,495,843</u>	<u>1,479,266</u>	<u>-</u>	<u>9,643,908</u>
<u>Net amount</u>								
Balance, March 31	<u>\$ 5,856,417</u>	<u>\$ 2,479,421</u>	<u>\$ 849,471</u>	<u>\$ 34,031</u>	<u>\$ 556,260</u>	<u>\$ 427,635</u>	<u>\$ 595,110</u>	<u>\$ 10,798,345</u>
For the Three Months Ended March 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
<u>Cost</u>								
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	-	26,033	39,997	5,627	25,467	35,059	83,150	215,333
Acquisitions through business combinations	-	-	370,476	107,319	97,754	113,893	-	689,442
Deduction	(141)	(61,962)	(6,421)	-	(9,422)	(1,006)	-	(78,952)
Reclassifications	-	21,297	14,715	-	19,944	33,764	(159,890)	(70,170)
Effect of exchange rate changes	-	8,160	6,973	757	1,188	2,080	383	19,541
Balance, March 31	<u>5,827,293</u>	<u>6,252,280</u>	<u>3,402,254</u>	<u>114,969</u>	<u>1,958,489</u>	<u>1,749,016</u>	<u>468,943</u>	<u>19,773,244</u>
<u>Accumulated depreciation</u>								
Balance, January 1	130	3,782,079	2,128,854	1,266	1,329,325	1,326,217	-	8,567,871
Depreciation	6	42,914	89,414	2,463	31,497	21,323	-	187,617
Acquisitions through business combinations	-	-	291,561	65,499	90,512	85,790	-	533,362
Deduction	-	(61,477)	(6,344)	-	(9,227)	(998)	-	(78,046)
Reclassifications	-	137	191	-	(328)	-	-	-
Effect of exchange rate changes	-	2,264	5,314	459	1,037	1,531	-	10,605
Balance, March 31	<u>136</u>	<u>3,765,917</u>	<u>2,508,990</u>	<u>69,687</u>	<u>1,442,816</u>	<u>1,433,863</u>	<u>-</u>	<u>9,221,409</u>
<u>Net amount</u>								
Balance, March 31	<u>\$ 5,827,157</u>	<u>\$ 2,486,363</u>	<u>\$ 893,264</u>	<u>\$ 45,282</u>	<u>\$ 515,673</u>	<u>\$ 315,153</u>	<u>\$ 468,943</u>	<u>\$ 10,551,835</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 net amounts of other equipment rented out as of March 31, 2026, December 31, 2025 and March 31, 2025, were \$629, \$663 and \$771, respectively.

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Carrying amount</u>			
Land	\$ 39	\$ 68	\$ 232
Buildings	2,962,907	2,996,842	3,173,972
Machinery and computer equipment	9,809	18,140	45,712
Transportation equipment	19,514	20,493	28,621
Other equipment	1,731	1,963	2,409
Decommissioning restoration costs	<u>59,640</u>	<u>52,857</u>	<u>32,835</u>
	<u>\$ 3,053,640</u>	<u>\$ 3,090,363</u>	<u>\$ 3,283,781</u>

	<u>For the Three Months Ended March 31</u>	
	2026	2025
Additions to right-of-use assets	<u>\$ 188,478</u>	<u>\$ 87,631</u>
Depreciation charge for right-of-use assets		
Land	\$ 29	\$ 36
Buildings	218,033	207,405
Machinery and computer equipment	8,989	8,621
Transportation equipment	3,544	3,588
Other equipment	235	248
Decommissioning restoration costs	<u>4,255</u>	<u>2,699</u>
	<u>\$ 235,085</u>	<u>\$ 222,597</u>

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount	<u>\$ 3,173,285</u>	<u>\$ 3,214,210</u>	<u>\$ 3,399,150</u>

Range of discount rates for lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	4.7390%	4.7390%	2.1233%-4.7390%
Buildings	0.5754%-8.9800%	0.5754%-8.9800%	0.4376%-8.9800%
Machinery and computer equipment	0.5754%-2.3588%	0.5754%-2.3588%	0.5754%-2.3588%
Transportation equipment	1.5739%-5.6000%	1.5739%-5.6000%	1.0399%-5.6000%
Other equipment	0.6621%-4.3787%	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 Three Months Ended March 31	
	2026	2025
Expenses relating to short-term leases	\$ 5,429	\$ 4,980
Expenses relating to low-value asset leases	\$ 11,656	\$ 11,605
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,089	\$ 1,401
Total cash outflow for leases	\$ (276,540)	\$ (256,283)

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 March 31, 2026.

18. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	For the Three Months Ended March 31, 2026		
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1	\$ 416,296	\$ 341,550	\$ 757,846
Addition	-	865	865
Reclassifications	(8,198)	(7,902)	(16,100)
Balance, March 31	<u>408,098</u>	<u>334,513</u>	<u>742,611</u>
<u>Accumulated depreciation</u>			
Balance, January 1	-	211,348	211,348
Depreciation	-	1,840	1,840
Reclassifications	-	(3,947)	(3,947)
Balance, March 31	<u>-</u>	<u>209,241</u>	<u>209,241</u>
<u>Net amount</u>			
Balance, March 31	<u>\$ 408,098</u>	<u>\$ 125,272</u>	<u>\$ 533,370</u>

	For the Three Months Ended March 31, 2025		
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1	\$ 437,381	\$ 363,079	\$ 800,460
Additions	<u>-</u>	<u>41</u>	<u>41</u>
Balance, March 31	<u>437,381</u>	<u>363,120</u>	<u>800,501</u>
<u>Accumulated depreciation</u>			
Balance, January 1	-	217,567	217,567
Depreciation	<u>-</u>	<u>1,976</u>	<u>1,976</u>
Balance, March 31	<u>-</u>	<u>219,543</u>	<u>219,543</u>
<u>Net amount</u>			
Balance, March 31	<u>\$ 437,381</u>	<u>\$ 143,577</u>	<u>\$ 580,958</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 March 31, 2026, December 31, 2025 and March 31, 2025, the fair values of these investment properties were \$2,392,373, \$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:

	March 31, 2026	December 31, 2025	March 31, 2025
Year 1	\$ 49,823	\$ 54,835	\$ 55,844
Year 2	35,621	37,649	43,654
Year 3	27,912	31,894	30,930
Year 4	12,092	16,086	23,427
Year 5	3,512	5,012	7,334
Year 6 onwards	<u>-</u>	<u>113</u>	<u>199</u>
	<u>\$ 128,960</u>	<u>\$ 145,589</u>	<u>\$ 161,388</u>

19. INTANGIBLE ASSETS, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Goodwill and acquisitions through business combinations	\$ 6,523,261	\$ 6,426,922	\$ 6,971,510
Computer software	1,301,807	1,291,387	1,237,144
Others	<u>58,584</u>	<u>49,908</u>	<u>14,048</u>
	<u>\$ 7,883,652</u>	<u>\$ 7,768,217</u>	<u>\$ 8,222,702</u>

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

	Goodwill and Intangible Assets Acquired in Business Combinations	Computer Software	Others	Total
<u>2026</u>				
Balance, January 1	\$ 6,426,922	\$ 1,291,387	\$ 49,908	\$ 7,768,217
Addition	-	50,730	8,317	59,047
Deduction	-	(80)	-	(80)
Amortization	(12,497)	(117,911)	(561)	(130,969)
Reclassifications	-	71,209	-	71,209
Effect of exchange rate changes	<u>108,836</u>	<u>6,472</u>	<u>920</u>	<u>116,228</u>
Balance, March 31	<u>\$ 6,523,261</u>	<u>\$ 1,301,807</u>	<u>\$ 58,584</u>	<u>\$ 7,883,652</u>
<u>2025</u>				
Balance, January 1	\$ 697,087	\$ 1,073,031	\$ 6,827	\$ 1,776,945
Addition	-	56,345	861	57,206
Acquisitions through business combinations	6,234,354	133,175	6,248	6,373,777
Amortization	-	(99,461)	(66)	(99,527)
Reclassifications	-	70,170	-	70,170
Effects of exchange rate changes	<u>40,069</u>	<u>3,884</u>	<u>178</u>	<u>44,131</u>
Balance, March 31	<u>\$ 6,971,510</u>	<u>\$ 1,237,144</u>	<u>\$ 14,048</u>	<u>\$ 8,222,702</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

As of March 31, 2026, goodwill and intangible assets acquired in business combinations arose from the acquisition of Amret Plc. in January 2025 (Note 48). The components include goodwill, licenses, and core deposits, with carrying amounts of \$3,779,105, \$2,047,091, and \$697,065, respectively, translated at the exchange rate on the balance sheet date. Due to organizational restructuring in June 2009, the Bank recognized goodwill arising from the merger with SinoPac Credit Card, which was transferred from SinoPac Financial Holdings in exchange for cash consideration. After recognizing impairment losses over the years, no related balance remained as of December 31, 2025.

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. 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% as of the testing date, was less than the book value of the assessed item. Therefore, an impairment loss of \$697,087 was recognized in 2025.

20. OTHER ASSETS, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits	\$ 9,193,282	\$ 10,160,592	\$ 7,118,276
Prepayment	1,034,467	443,511	630,323
Collateral assumed	383,315	376,924	397,738
Temporary payment and suspense accounts	168,573	158,100	183,278
Others	<u>67,310</u>	<u>67,997</u>	<u>72,670</u>
	10,846,947	11,207,124	8,402,285
Less: Accumulated impairment	<u>(14,712)</u>	<u>(14,710)</u>	<u>(14,141)</u>
Net amount	<u>\$ 10,832,235</u>	<u>\$ 11,192,414</u>	<u>\$ 8,388,144</u>

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2026	December 31, 2025	March 31, 2025
Call loans from banks	\$ 104,267,889	\$ 117,141,735	\$ 111,420,542
Deposits transferred from Chunghwa Post Co., Ltd.	10,013,200	10,015,300	10,023,300
Due from Central Bank	1,599,290	1,572,625	1,659,465
Deposits from banks	<u>391,528</u>	<u>262,680</u>	<u>1,201,974</u>
	<u>\$ 116,271,907</u>	<u>\$ 128,992,340</u>	<u>\$ 124,305,281</u>

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Bank debentures	\$ 20,176,775	\$ 1,954,454	\$ 33,259,446
Government bonds	17,672,110	14,465,952	15,846,399
Corporate bonds	<u>1,159,973</u>	<u>805,546</u>	<u>5,210,988</u>
	<u>\$ 39,008,858</u>	<u>\$ 17,225,952</u>	<u>\$ 54,316,833</u>
Agreed-upon repurchase price	\$ 39,167,710	\$ 17,308,620	\$ 54,546,848
Par value	\$ 40,396,057	\$ 18,082,391	\$ 57,738,215
Maturity date	August 2026	June 2026	July 2025

23. PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Acceptances payable	\$ 8,124,302	\$ 8,974,310	\$ 7,407,604
Interest payable	7,794,765	7,441,192	7,854,822
Accrued expenses	3,709,196	5,966,349	3,164,940
Accounts payable	2,501,031	1,259,412	765,766
Accounts payable - factoring	1,997,208	2,288,034	1,744,802
Securities purchased payable	1,734,781	271,353	647,449
Dividends payable to SPH	1,435,025	1,435,025	1,435,025
Notes and checks in clearing	816,290	923,275	928,834
Others	<u>2,519,063</u>	<u>2,467,427</u>	<u>3,109,988</u>
	<u>\$ 30,631,661</u>	<u>\$ 31,026,377</u>	<u>\$ 27,059,230</u>

24. DEPOSITS AND REMITTANCES

	March 31, 2026	December 31, 2025	March 31, 2025
Checking	\$ 12,823,449	\$ 13,987,322	\$ 12,968,465
Demand	615,395,669	589,081,664	548,623,030
Savings - demand	686,390,931	670,417,017	609,012,361
Time deposits	775,277,259	748,562,192	773,797,793
Negotiable certificates of deposits	11,163,378	31,956,717	25,749,685
Savings - time	391,247,648	387,295,988	366,052,660
Remittances outstanding	1,005,158	932,247	1,009,984
Remittances under custody	108,766	36,744	57,457
Others	<u>33,171</u>	<u>33,108</u>	<u>33,527</u>
	<u>\$ 2,493,445,429</u>	<u>\$ 2,442,302,999</u>	<u>\$ 2,337,304,962</u>

25. BANK DEBENTURES

Details of the Group's issuances are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025	Issue Period	Rates
First subordinated bank debentures issued in 2017 (B)	\$ 2,099,889	\$ 2,099,857	\$ 2,099,768	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)	539,952	539,942	539,914	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	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)	-	-	649,994	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)	499,929	499,920	499,895	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	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.
Second subordinated bank debentures issued in 2019 (A)	-	1,199,992	1,199,919	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)	1,799,704	1,799,678	1,799,602	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	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)	1,749,944	1,749,909	1,749,804	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)	1,749,663	1,749,639	1,749,567	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	3,000,000	2,999,938	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	1,999,732	1,999,715	1,999,667	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	2,900,000	2,899,965	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	2,599,713	2,599,697	2,599,648	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	2,100,000	2,099,944	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	2,399,740	2,399,726	2,399,684	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	-	-	999,957	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	999,991	999,976	999,930	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	2,719,979	2,719,948	2,719,852	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	2,299,760	2,299,749	2,299,715	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	3,279,949	3,279,923	3,279,845	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	1,699,657	1,699,642	1,699,597	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	4,999,797	4,999,750	4,999,616	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	1,999,915	1,999,895	1,999,834	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	-	-	1,999,860	2023.09.14-2025.09.14 Principal is repayable on maturity date.	Fixed interest rate of 1.48%, interest is paid annually.

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025	Issue Period	Rates
First senior bank debentures issued in 2024	\$ 999,893	\$ 999,840	\$ 999,678	2024.09.26-2026.09.26	Fixed interest rate of 1.73%, interest is paid annually.
First senior bank debentures issued in 2025	999,583	999,543	-	2025.09.17-2028.09.17	Fixed interest rate of 1.72%, interest is paid annually.
Second subordinated bank debentures issued in 2025	1,999,654	1,999,995	-	2025.12.23-2035.12.23	Fixed interest rate of 2.05%, interest is paid annually.
First bank debentures issued in 2025	<u>1,848,391</u>	<u>1,796,795</u>	<u>-</u>	2025.08.29-2028.08.29	Fixed interest rate of 2.18%, interest is paid annually.
	<u>\$ 53,784,835</u>	<u>\$ 54,933,131</u>	<u>\$ 53,785,193</u>		

(Concluded)

26. OTHER FINANCIAL LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Principal of structured products	\$ 71,592,927	\$ 57,329,479	\$ 56,879,954
Short-term borrowings	885,898	1,012,251	2,459,861
Cumulative earnings on appropriated loan fund	64,693	66,673	47,969
Long-term borrowings	<u>-</u>	<u>14,033</u>	<u>-</u>
	<u>\$ 72,543,518</u>	<u>\$58,422,436</u>	<u>\$ 59,387,784</u>

Short-term Borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Credit borrowings	<u>\$ 885,898</u>	<u>\$ 1,012,251</u>	<u>\$ 2,459,861</u>
Maturity date	2026.4-2030.4	2026.2-2030.4	2025.6-2030.4
Interest rate range	6.63%-11.05%	6.63%-11.05%	7.09%-11.05%

Long-term Borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Credit borrowings	<u>\$ -</u>	<u>\$ 14,033</u>	<u>\$ -</u>
Maturity date	-	2027.2	-
Interest rate range	-	10.76%	-

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 \$292,887, \$289,363, and \$1,346,932, respectively, as of March 31, 2026, December 31, 2025 and March 31, 2025, to short-term borrowings.

27. PROVISIONS

	March 31, 2026	December 31, 2025	March 31, 2025
Provision for employee benefits	\$ 1,445,323	\$ 1,520,104	\$ 1,626,023
Provision for financing commitment	122,124	94,557	110,612
Provision for guarantee liabilities	545,167	484,608	356,535
Provision for decommissioning liabilities	187,784	175,754	147,797
Other	<u>6,405</u>	<u>11,148</u>	<u>10,459</u>
	<u>\$ 2,306,803</u>	<u>\$ 2,286,171</u>	<u>\$ 2,251,426</u>

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

	<u>For the Three Months Ended March 31, 2026</u>		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	\$ 94,557	\$ 484,608	\$ 11,148
Provision (reversal of provision)	26,972	58,715	(4,897)
Effect of exchange rate changes and others	<u>595</u>	<u>1,844</u>	<u>154</u>
Balance, March 31	<u>\$ 122,124</u>	<u>\$ 545,167</u>	<u>\$ 6,405</u>

	<u>For the Three Months Ended March 31, 2025</u>		
	Provision for Financing Commitment	Provision for Guarantee Liabilities	Other Provision
Balance, January 1	\$ 216,901	\$ 332,656	\$ 9,948
Provision (reversal of provision)	(107,422)	23,404	399
Effect of exchange rate changes and others	<u>1,133</u>	<u>475</u>	<u>112</u>
Balance, March 31	<u>\$ 110,612</u>	<u>\$ 356,535</u>	<u>\$ 10,459</u>

28. PROVISIONS FOR EMPLOYEE BENEFITS

	March 31, 2026	December 31, 2025	March 31, 2025
Recognized in consolidated balance sheets (payables and provisions)			
Defined contribution plans	\$ 67,027	\$ 61,963	\$ 60,240
Defined benefit plans	769,990	840,224	999,325
Preferential interest on employees' deposits	413,645	410,317	390,512
Others	<u>261,688</u>	<u>269,563</u>	<u>236,186</u>
	<u>\$ 1,512,350</u>	<u>\$ 1,582,067</u>	<u>\$ 1,686,263</u>

Others included long-term incentive plans, deferred service leave, and termination benefits. As of March 31, 2026, December 31, 2025, and March 31, 2025, the liabilities recognized for cash-settled share-based payment arrangements under the long-term incentive plans were \$200,682, \$196,601, and \$186,082, respectively, of which the total intrinsic value of vested awards was \$157,175, \$157,175, and \$135,945, respectively.

Pension expenses related to defined benefit plans and the employee's preferential interest rate deposits plans were recognized in the following items for each period based on the actuarial valuations as of December 31, 2025 and 2024, respectively:

	For the Three Months Ended March 31	
	2026	2025
Operating expenses	\$ 16,405	\$ 18,778

29. OTHER LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits received	\$ 5,905,751	\$ 2,566,305	\$ 3,328,572
Temporary receipt and suspense accounts	880,355	776,681	810,562
Advance receipts	361,382	428,424	544,041
Deferred revenue	135,869	116,822	106,705
Others	<u>36,761</u>	<u>39,405</u>	<u>42,407</u>
	<u>\$ 7,320,118</u>	<u>\$ 3,927,637</u>	<u>\$ 4,832,287</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 Three Months Ended March 31	
	2026	2025
Current tax		
Current period	\$ 861,730	\$ 1,402,044
Adjustments for prior period	640	(3,504)
Others	12,736	14,679
Deferred tax		
Temporary adjustment	<u>629,191</u>	<u>(223,743)</u>
Income tax expenses recognized in profit or loss	<u>\$ 1,504,297</u>	<u>\$ 1,189,476</u>

Due to the uncertainty of the earnings distribution in the 2026 shareholder's meeting, the potential consequence of imposing 5% income tax on unappropriated earnings could not be decided reliably.

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

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2026	2025
<u>Deferred tax</u>		
Adjustments of current period		
Exchange differences on translation of foreign operations	\$ (110,324)	\$ (62,882)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>(70,776)</u>	<u>142,997</u>
Income tax recognized in other comprehensive income	<u>\$ (181,100)</u>	<u>\$ 80,115</u>

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

d. 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 January 1, 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.

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
Share premium	\$ 7,335,205	\$ 7,335,205	\$ 7,335,205
Donated surplus	83	83	83
Consolidation premium	8,076,524	8,076,524	8,076,524
Share-based payment	167,956	167,956	167,956
Others	<u>1,650</u>	<u>1,650</u>	<u>1,650</u>
	<u>\$ 15,581,418</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 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 Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Balance January 1, 2026	\$ (887,273)	\$ 1,823,732	\$ (6,515,386)	\$ (16,648)	\$ (5,595,575)
Exchange differences					
Exchange differences on translation of foreign operations	551,619	-	-	-	551,619
Related income tax	(110,324)	-	-	-	(110,324)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	155,047	(1,840,739)	-	(1,685,692)
Adjustment for loss allowance of debt instruments	-	-	329	-	329
Current disposal	-	-	(69,147)	-	(69,147)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(556,629)	-	-	(556,629)
Related income tax	-	-	(70,776)	-	(70,776)
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(1,640)	(1,640)
Balance March 31, 2026	<u>\$ (445,978)</u>	<u>\$ 1,422,150</u>	<u>\$ (8,495,719)</u>	<u>\$ (18,288)</u>	<u>\$ (7,537,835)</u>
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	314,409	-	-	-	314,409
Related income tax	(62,882)	-	-	-	(62,882)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(81,412)	930,962	-	849,550
Adjustment for loss allowance of debt instruments	-	-	2,704	-	2,704
Current disposal	-	-	(217,356)	-	(217,356)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(1,536,156)	-	-	(1,536,156)
Related income tax	-	(305)	143,302	-	142,997
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(1,186)	(1,186)
Balance March 31, 2025	<u>\$ (146,553)</u>	<u>\$ 1,629,558</u>	<u>\$ (9,389,421)</u>	<u>\$ (17,817)</u>	<u>\$ (7,924,233)</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2026	2025
Balance on January 1	\$ 2,605,759	\$ -
Increase in non-controlling interests	-	1,973,383
Attributable to non-controlling interests:		
Share of profit for the period	43,047	60,504
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	44,655	13,265
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	-	381
Balance on March 31	<u>\$ 2,693,461</u>	<u>\$ 2,047,533</u>

32. NET INTEREST REVENUE

	For the Three Months Ended March 31	
	2026	2025
Interest income		
Loans	\$ 15,325,112	\$ 14,996,041
Investment in Securities	4,593,810	4,427,016
Due from the Central Bank and call loans to banks	1,177,973	1,150,282
Securities purchased under resell agreements	363,433	426,851
Credit card revolving interest rate income	151,538	151,116
Others	<u>324,639</u>	<u>359,865</u>
	<u>21,936,505</u>	<u>21,511,171</u>
Interest expenses		
Deposits	(10,020,142)	(11,369,463)
Call loans from banks	(920,149)	(1,009,214)
Structured products	(592,107)	(541,891)
Bank debentures	(219,812)	(209,227)
Securities sold under repurchase agreements	(209,787)	(315,325)
Others	<u>(120,563)</u>	<u>(192,292)</u>
	<u>(12,082,560)</u>	<u>(13,637,412)</u>
Net amount	<u>\$ 9,853,945</u>	<u>\$ 7,873,759</u>

33. SERVICE FEE INCOME, NET

	For the Three Months Ended March 31	
	2026	2025
Service fee income		
Insurance services	\$ 1,742,009	\$ 1,744,858
Trust and related services	1,259,916	1,080,354
Loan services	1,211,185	1,122,857
Credit card services	347,046	312,588
Others	<u>650,775</u>	<u>581,428</u>
	<u>5,210,931</u>	<u>4,842,085</u>
Service fee expenses		
Credit card services	(338,030)	(292,505)
Interbank services	(115,548)	(105,012)
Trust services	(64,244)	(66,168)
Proxy services	(23,529)	(23,496)
Others	<u>(206,425)</u>	<u>(150,397)</u>
	<u>(747,776)</u>	<u>(637,578)</u>
Net amount	<u>\$ 4,463,155</u>	<u>\$ 4,204,507</u>

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

	For the Three Months Ended March 31	
	2026	2025
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss		
Corporate bonds	\$ 132,496	\$ (637)
Stocks	118,399	(11,052)
Forward exchange contracts	287,773	312,911
Currency swap contracts	195,806	1,439,233
Futures contracts	(456,882)	(44,113)
Others	<u>259,716</u>	<u>119,098</u>
	<u>537,308</u>	<u>1,815,440</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
Stocks	142,102	1,292
Government bonds	(168,620)	27,837
Interest rate swap contracts	1,365,916	262,544
Currency swap contracts	269,955	(223,166)
Futures contracts	247,546	15,930
Option contracts	(110,566)	259,397
Forward exchange contracts	(136,937)	(100,347)
Others	<u>(99,179)</u>	<u>(38,265)</u>
	<u>1,510,217</u>	<u>205,222</u>
Interest income	256,911	248,690
Dividend income	27,924	-
Interest expenses	<u>(19)</u>	<u>-</u>
	<u>\$ 2,332,341</u>	<u>\$ 2,269,352</u>

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

	For the Three Months Ended March 31	
	2026	2025
Dividend income		
Holding at the end of the reporting period	\$ 30,217	\$ 8,621
Disposed in the reporting period	-	15,631
Gain or loss on disposal of debt instruments	<u>69,147</u>	<u>217,357</u>
	<u>\$ 99,364</u>	<u>\$ 241,609</u>

36. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits expenses - salaries and bonuses	\$ 4,102,900	\$ 3,539,328
Short-term employee benefits expenses - others	585,133	558,379
Post-employment benefits expenses	117,170	109,203
Long-term employee benefits expenses	5,831	6,151
Termination benefits	<u>143</u>	<u>15</u>
	<u>\$ 4,811,177</u>	<u>\$ 4,213,076</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 \$44,073 and \$36,592 as employees' compensation and \$17,846 and \$14,781 as remuneration of directors for the three months ended March 31, 2026 and 2025.

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.

To balance short-term and long-term incentives, the parent company, SPH, has established a long-term incentive plan for the Group's senior executives, under which performance bonuses are deferred and linked to the future stock value of SPH and long-term performance indicators. The Bank measures the compensation based on phantom shares and future stock prices, to be settled in cash, and recognizes the compensation cost as cash-settled share-based payment transactions as part of long-term employee benefit expenses.

37. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended March 31	
	2026	2025
Depreciation expense		
Land improvements	\$ 6	\$ 6
Buildings	46,870	44,890
Machinery and computer equipment	80,386	89,414
Other equipment	33,762	31,497
Transportation and transportation equipment	2,695	2,463
Leasehold improvements	28,515	21,323
Right-of-use assets	<u>235,085</u>	<u>222,597</u>
	<u>427,319</u>	<u>412,190</u>
Amortization expense	<u>130,969</u>	<u>99,527</u>
	<u>\$ 558,288</u>	<u>\$ 511,717</u>

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31	
	2026	2025
Taxation and fees	\$ 697,462	\$ 664,549
Automated equipment	244,350	210,695
Marketing	199,446	224,598
Professional advisory	146,267	132,364
Insurance	134,147	132,061
Location fees	131,971	122,578
Communications expense	91,679	103,418
Others	<u>204,984</u>	<u>215,042</u>
	<u>\$ 1,850,306</u>	<u>\$ 1,805,305</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.

	Dollars Per Share	
	For the Three Months Ended March 31	
	2026	2025
Basic EPS	<u>\$ 0.67</u>	<u>\$ 0.56</u>

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

Net income

	For the Three Months Ended March 31	
	2026	2025
Net income for calculating basic EPS	<u>\$ 7,378,170</u>	<u>\$ 6,203,798</u>

Shares

	Shares in Thousands	
	For the Three Months Ended March 31	
	2026	2025
The weighted-average number of common stock outstanding in the computation of basic EPS	<u>11,073,538</u>	<u>11,073,538</u>

40. RELATED-PARTY TRANSACTIONS

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

a. Related parties and their relationships with the Group

Related Party	Relationship with the Group
SinoPac Financial Holdings Company Limited (SPH)	Parent company of the Bank
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SPH
SinoPac 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
SinoPac Securities Investment Service Corporation (SinoPac Securities Investment Service)	Subsidiary of SinoPac Securities

(Continued)

Related Party	Relationship with the Group
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
SinoPac International Leasing Corporation (SPIL)	Subsidiary of SPL
Kings Town Bank International Lease Corporation (KTB Leasing)	Subsidiary of KTB (before January 2026)
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
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
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
Yuanhan Materials Inc. (YuanHan Materials)	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
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

(Continued)

Related Party	Relationship with the Group
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
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
MCR INVESTMENT INC. (MCR 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

	March 31, 2026	December 31, 2025	March 31, 2025
Excess future margin SinoPac Futures	\$ 703,011	\$ 55,853	\$ 77,271

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

2026

	March 31		For the Three Months Ended March 31
	Ending Balance	Interest (%)	Interest Income
Call loans to banks Hua Nan Bank	\$ 2,803,899	2.8-17.0	\$ 34,545

2025

	December 31		
	Ending Balance	Interest (%)	
Call loans to banks Hua Nan Bank	\$ 300,000	2.0-9.7	

	March 31		For the Three Months Ended March 31
	Ending Balance	Interest (%)	Interest Income
Call loans to banks Hua Nan Bank	\$ 1,327,572	3-5.2	\$ 12,078

3) Financial assets at fair value through profit or loss

	March 31, 2026	December 31, 2025	March 31, 2025
Corporate bonds			
Others	\$ -	\$ 25,079	\$ -
Future margin-own funds			
SinoPac Futures	1,146,707	190,320	2,986

4) Derivative financial instruments

	March 31, 2026				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
Hua Nan Bank	\$ 10,449,477	2020.11.13- 2036.3.25	\$ 109,181	Financial assets at fair value through profit or loss	\$ 786,886
Forward exchange contracts					
YFY International	623,723	2025.8.14- 2026.11.5	10,251	Financial assets at fair value through profit or loss	15,117
YFY	159,929	2025.11.3- 2026.11.5	1,644	Financial assets at fair value through profit or loss	3,759
	December 31, 2025				
	Contract (Notional) Amount	Contract Period	Account	Balance	
Interest rate swap contracts					
Hua Nan Bank	\$ 11,959,375	2020.11.13- 2035.11.19	Financial assets at fair value through profit or loss	\$ 680,190	
Forward exchange contracts					
YFY International	613,324	2025.8.14- 2026.11.5	Financial assets at fair value through profit or loss	9,208	
YFY	157,263	2025.11.3- 2026.11.5	Financial assets at fair value through profit or loss	2,116	
	March 31, 2025				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Currency swap contracts					
Hua Nan Bank	\$ 1,161,626	2024.4.25- 2025.5.9	\$ 22,418	Financial assets at fair value through profit or loss	\$ 66,199
Hua Nan Bank	663,786	2024.9.13- 2025.5.19	(12,807)	Financial liabilities at fair value through profit or loss	34,841
TGL	12,943,827	2024.9.26- 2025.6.5	220,845	Financial assets at fair value through profit or loss	485,790
Interest rate swap contracts					
Hua Nan Bank	11,057,449	2020.11.13- 2034.10.16	(124,993)	Financial assets at fair value through profit or loss	641,932
Hua Nan Bank	22,851	2022.7.27- 2025.7.28	(52)	Financial liabilities at fair value through profit or loss	72
Forward exchange contracts					
TGL	326,901	2025.3.19- 2025.5.9	3,694	Financial assets at fair value through profit or loss	3,694
TGL	331,893	2025.2.6- 2025.5.12	(974)	Financial liabilities at fair value through profit or loss	974
YFY International	149,352	2025.1.9- 2026.1.13	1,594	Financial assets at fair value through profit or loss	1,594
YFY International	497,840	2024.8.12- 2025.11.5	2,931	Financial liabilities at fair value through profit or loss	14,427
YFY	165,947	2024.11.1- 2025.11.5	983	Financial liabilities at fair value through profit or loss	4,102

5) Receivables and payables

	March 31, 2026	December 31, 2025	March 31, 2025
Receivables			
Others	<u>\$ 296,158</u>	<u>\$ 295,646</u>	<u>\$ 256,105</u>
Payables			
Others	<u>\$ 83,981</u>	<u>\$ 34,298</u>	<u>\$ 46,460</u>
Dividends payable to SPH			
SPH	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>

6) Current income tax assets and liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Receivables from adopting the linked-tax system	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>
Payables from adopting the linked-tax system	<u>\$ 1,635,904</u>	<u>\$ 1,021,367</u>	<u>\$ 2,045,962</u>

7) Loans

For the Three Months Ended March 31, 2026

Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 13,969,449</u>	<u>\$ 14,481,855</u>	0-13.8	<u>\$ 72,542</u>

Category	March 31, 2026						
	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	165	\$ 330,084	\$ 320,143	V	-	Real estate and vehicle	None
Household mortgage loans	1,239	9,150,004	8,987,651	V	-	Real estate	None
Others:							
	Kinpo Electronics, Inc.	314,359	314,359	V	-	None, Note 1	None
	SPL	310,000	310,000	V	-	Real estate	None
	Teinco Technology	151,407	148,891	V	-	Machinery and equipment	None
	Cayman Islands	45,000	45,000	V	-	Certificates of deposit	None
	Jhong Cing Investment	43,999	43,078	V	-	Real estate	None
	Hao-Xin-Di	4,206	3,979	V	-	Real estate	None
	Others	4,132,796	3,796,348	V	-	Real estate and vehicle	None
	Others subtotal	5,001,767	4,661,655				
	Total	\$ 14,481,855	\$ 13,969,449				

December 31, 2025

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						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	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	V	-	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	V	-	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	\$ 15,457,005	\$ 13,991,789				

For the Three Months Ended March 31, 2025

Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
<u>\$ 12,775,499</u>	<u>\$ 13,418,282</u>	0-12.9	<u>\$ 65,169</u>

Category	March 31, 2025						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	182	\$ 316,108	\$ 308,217	V	-	Real estate and vehicle	None
Household mortgage loans	1,205	8,353,185	8,155,647	V	-	Real estate	None
Others:							
	SPL	660,000	660,000	V	-	Real estate	None
	Kinpo Electronics, Inc.	365,000	365,000	V	-	None, Note 1	None
	Teinco Technology	128,585	126,145	V	-	Machinery and equipment	None
	Jhong Cing Investment	47,613	46,714	V	-	Real estate	None
	Hao-Xin-Di	5,100	4,879	V	-	Real estate	None
	Zetai Investment	175	87	V	-	Vehicle	None
	Others	3,542,516	3,108,810	V	-	Real estate	None
	Others subtotal	4,748,989	4,311,635				
	Total	\$ 13,418,282	\$ 12,775,499				

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.

8) Financial assets at fair value through other comprehensive income

	March 31, 2026	December 31, 2025	March 31, 2025
Equity instruments			
Others	\$ 41,602	\$ 42,167	\$ 39,188

9) Property and equipment

In the three months ended March 31, 2026 and 2025, the Bank purchased property and equipment from its related parties for a total price of \$161 and \$1,666, respectively, recognized as machinery and computer equipment, construction in progress and prepayments for equipment.

10) Intangible assets

In the three months ended March 31, 2026 and 2025, the Bank purchased computer software from its related parties in the amount of \$6,967 and \$9,291, respectively.

11) Other assets

	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments			
Others	\$ 3,355	\$ 3,482	\$ 3,862
Guarantee deposits			
Others	10,908	10,782	10,642

The Bank signed an agreement with other related parties for the purchase. The Bank paid \$19,408 and \$11,810 for the three months ended March 31, 2026 and 2025, 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 March 31, 2026, December 31, 2025 and March 31, 2025.

12) Notes and bonds transaction

	For the Three Months Ended March 31, 2026	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
SinoPac Securities (Asia)	\$ -	\$ 319,702
Others	-	25,000
	For the Three Months Ended March 31, 2025	
	Purchase of Notes and Bonds	Sell of Notes and Bonds
Others	\$ -	\$ 10,991

13) Deposits from the Central Bank and banks

2026

	March 31		For the Three Months Ended March 31
	Ending Balance	Interest Rates (%)	Interest Expense
Hua Nan Bank	\$ 159,929	0.8-6.5	\$ 122

2025

	<u>March 31</u>		For the Three Months Ended March 31
	Ending Balance	Interest Rates (%)	Interest Expense
Others	\$ -	1.8-4.3	\$ 725

14) Deposits

2026

	<u>March 31</u>		For the Three Months Ended March 31
	Ending Balance	Interest Rates (%)	Interest Expense
	<u>\$ 41,984,632</u>	0-13	<u>\$ 159,720</u>
		Ending Balance	Interest Rates (%)
SinoPac Securities	\$ 18,338,311		0-1.635
E Ink Holdings	3,649,724		0-1.69
Transcend Optronics (Yangzhou)	1,969,204		1.3
SinoPac Securities (Asia)	1,415,496		0-0.9
IBF Securities Co., Ltd. (IBFS)	1,399,633		0.655-1.635
Hsin-Yi Foundation	753,320		0.01-3.83
GUC	634,104		0.03-1.635
Hsinex International	326,373		0.03-3.8
China Color Printing	311,080		0.35-4
YuanHan Materials	295,277		0.03-1.69
Taigen Biotechnology	187,145		0-1.635
Xing Yuan	169,442		0.28-3.8
SinoPac Securities Investment Service	157,997		0-3.73
SinoPac Futures Corporation	152,875		0.01-0.9
Beautone	137,226		0-3.7
He Ze Yi Enterprise	133,108		0.655-1.365
SPIL	131,961		0.15-0.95
Yong Hsin Yi Enterprise	131,703		0.35-3.9
Taiwan Creative Industry	130,054		0.655
Ting-Fong Investment	119,873		0-1.69
Fu Hua Development	116,078		0.655-1.69
MCR Inv.	112,634		0.35-0.655
Jhong Cing Investment	108,621		0.03-1.635
Others	<u>11,103,393</u>		0-13
	<u>\$ 41,984,632</u>		

2025

	December 31	
	Ending Balance	Interest Rates (%)
	<u>\$ 28,657,257</u>	0-13
	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>	
	March 31	For the Three Months Ended March 31
	Ending Balance	Interest Rates (%)
	<u>\$ 27,510,978</u>	0-13
		<u>\$ 120,370</u>

	Ending Balance	Interest Rates (%)
SinoPac Securities	\$ 6,052,778	0-1.9
TGL	4,297,915	0.03-0.7
E Ink Holdings	1,550,025	0-1.69
SinoPac Securities (Asia)	813,296	0-0.9
Hsin-Yi Foundation	681,673	0.01-4.55
Taiwan Glass	550,568	0.655-4.52
Hsinex International	398,465	0.03-5
Rich Optronics (Yangzhou)	317,018	0.05-4.65
China Color Printing	297,077	0.655-1.69
Transyork Technology Yangzhou	295,252	0.05-6
YuanHan Materials	277,036	0.01-1.69
GUC	215,585	0.01-1.635
Taigen Biotechnology	212,962	0-4.45
E Ink Technology B.V.	191,777	0.25-0.7
Beautone	147,742	0-4.4
Xing Yuan	144,303	0.13-4.6
SinoPac Capital International (HK)	138,713	0-0.7
Ting-Fong Investment	135,940	0-0.655
ScinoPharm Taiwan	132,468	0.655-1.69
Yong Hsin Yi Enterprise	131,900	0.655-4.6
Taiwan Creative Industry	131,615	0.655
SinoPac Securities Venture Capital	126,123	0.655
SinoPac Futures Corporation	125,704	0.01-0.85
SinoPac Securities Investment Service	115,098	0-1.69
Fu Hua Development	113,756	0.655-1.69
Others	<u>9,916,189</u>	0-13
	<u>\$ 27,510,978</u>	

15) Other liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits received	\$ 8,219	\$ 5,655	\$ 5,497
Advance receipts	102	120	6

16) Revenues and expenses

	For the Three Months Ended March 31	
	2026	2025
Lease contracts - guarantee deposits interest revenue	\$ 120	\$ 116
Lease contracts - interest expenses	6,088	7,560
Commissions and fee revenues	29,485	51,933
Commissions and fee expenses	17,154	20,051
Net other revenue other than interest income	2,443	2,200
Donation - SinoPac Foundation	27,000	27,000
Other general and administrative expenses	34,052	45,948

17) Operating lease

The Group as a lessee

	March 31, 2026	December 31, 2025	March 31, 2025
Lease liabilities			
SPL	\$ 512,987	\$ 525,309	\$ 543,189
Chunghwa Telecom	-	-	226,544
Others	10,775	11,660	14,291

a) Guarantee deposits, please refer to Note 40,b.11.

b) The guarantee deposits interest revenue, lease interest expense and other lease expense (recognized as other general and administrative expense), please refer to Note 40,b.16.

The Group as a lessor

Lessee	<u>Rental Income</u>		Lease Term	Receiving Frequency
	<u>For the Three Months Ended March 31</u>			
	2026	2025		
SinoPac Securities	\$ 3,582	\$ 3,582	November 2030	Rentals received monthly
SinoPac Securities Investment Trust	2,383	2,483	December 2029	Rentals received monthly
Yuen Foong Yu Biotech	849	849	October 2030	Rentals received monthly
SinoPac Venture Capital	623	623	July 2028	Rentals received monthly
Others	471	471	January 2027	Rentals received monthly

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

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

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

c. Compensation of management personnel

	<u>For the Three Months Ended March 31</u>	
	2026	2025
Short-term employee benefits	\$ 27,633	\$ 31,565
Share-based payment	2,934	5,402
Post-employment benefits	<u>11,712</u>	<u>775</u>
	<u>\$ 42,279</u>	<u>\$ 37,742</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	March 31, 2026	December 31, 2025	March 31, 2025	Purposes
Financial assets at fair value through other comprehensive income	Bank debentures	\$ 3,702,256	\$ 1,349,796	\$ -	Note 1
Investment in debt instruments at amortized cost	Certificates of deposits	8,202,235	8,198,666	5,169,266	Note 2
Investment in debt instruments at amortized cost	Government bonds	2,620,311	1,791,512	1,898,109	Note 3
Discounts and loans	Loans	13,847,494	13,178,482	14,395,354	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, 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, clearing guarantees for derivative, guarantees of bills financial service, reserve for payment of VISA international card, pledged to court as collaterals for filing provisional seizure and disposition and Hong Kong branch's clearing system of real-time gross settlement.

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

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those disclosed in other notes, significant unrecognized commitments of the Group as of March 31, 2026, December 31, 2025 and March 31, 2025 were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Trust assets	\$ 1,209,544,878	\$ 1,160,965,587	\$ 1,211,467,885
Securities under custody	254,143,198	267,473,868	240,849,128
Agent for government bonds	98,265,900	91,871,700	92,701,700
Receipts under custody	35,351,782	33,550,262	28,367,072
Appointment of investment	16,103,090	14,397,663	13,527,308
Agent for short-term notes and bills under custody	11,154,670	12,111,630	11,857,510
Consignment underwriting of securities	10,550,000	5,630,000	9,867,572
Guarantee notes payable	9,588,566	9,122,263	6,037,947
Guarantee notes received	7,948,462	8,031,200	10,556,739
Goods under custody	4,218,131	3,324,659	1,905,404
Entrusted loans	150,003	144,758	810,906

As of March 31, 2026, 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 March 31, 2026, the Bank recognized operating expenses in the amount of \$30,000.

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 March 31, 2026.

- b. The Group entered into contracts to buy computers and office equipment were for \$2,095,577 and \$1,583,881 of which \$1,466,474 and \$1,107,781 had not been paid as of March 31, 2026 and 2025.

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	March 31, 2026			
	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	\$ 5,917,418	\$ 5,917,418	\$ -	\$ -
Bonds	26,430,185	12,885,152	13,545,033	-
Others	17,911,240	1,391,814	16,519,426	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	9,053,316	7,075,812	-	1,977,504
Debt instruments at FVTOCI				
Bonds	208,567,726	111,524,281	97,043,445	-
Certificates of deposits and others	185,185,968	-	185,185,968	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	2,152,898	-	2,152,898	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	34,717,026	1,222,026	28,670,668	4,824,332
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	26,669,464	-	23,975,291	2,694,173

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	March 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	\$ 29,231	\$ 19,067	\$ -	\$ 10,164
Bonds	29,012,547	16,822,418	12,190,129	-
Others	15,951,960	-	15,951,960	-
Financial assets at fair value through other comprehensive income				
Equity instruments at FVTOCI				
Stocks and others	6,637,417	5,268,718	-	1,368,699
Debt instruments at FVTOCI				
Bonds	203,350,070	116,098,598	86,084,584	1,166,888
Certificates of deposits and others	176,304,702	146,011	176,158,691	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	2,137,052	-	2,137,052	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	27,011,711	24,470	22,384,045	4,603,196
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	21,192,883	-	18,598,940	2,593,943

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 - 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 three months ended March 31, 2026, the Group transferred part of the government bonds and corporate bonds were \$2,276,651 from Level 1 to Level 2 because the Group determined these investments were not in an active market.

For the three months ended March 31, 2025, the Group transferred part of the government bonds, corporate bonds and bank debentures were \$12,775,816 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 Three Months Ended March 31, 2026						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 other comprehensive income									
Equity instruments at FVTOCI	\$ 1,894,990	\$ -	\$ 82,500	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 1,977,504
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	3,255,669	1,568,663	-	-	-	-	-	-	4,824,332

For the Three Months Ended March 31, 2025									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Non-derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	\$ 7,573	\$ 2,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95	\$ 10,164
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI	1,467,226	-	(99,357)	830	-	-	-	-	1,368,699
Debt instruments at FVTOCI	1,147,099	-	5,843	-	-	-	-	13,946	1,166,888
Derivative financial instruments									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	5,060,645	(457,449)	-	-	-	-	-	-	4,603,196

Note: Acquired through corporate merger.

For the three months ended March 31, 2026 and 2025, the gain or loss on valuation included in net income with assets still held were gain \$1,577,978 and the loss \$160,169, respectively.

For the three months ended March 31, 2026 and 2025, the gain or loss on valuation included in other comprehensive income with assets still held were gain \$82,500 and loss \$93,514, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Three Months Ended March 31, 2026								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 1,404,930	\$ 1,289,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,694,173

For the Three Months Ended March 31, 2025								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
Derivative financial instruments								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 3,176,775	\$ (582,832)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,593,943

For the three months ended March 31, 2026 and 2025, the gain or loss on valuation included in net income from liabilities still held were loss \$1,429,540 and the gain \$307,361, 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:

March 31, 2026

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	\$ 4,291,917	\$ 2,318,345	Sellers' quote	(Notes 1 and 2)	-
Others	<u>532,415</u>	<u>375,828</u>	Sellers' quote	(Note 1)	-
	<u>\$ 4,824,332</u>	<u>\$ 2,694,173</u>			
<u>Non-derivative financial instruments</u>					
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stocks	<u>\$ 1,977,504</u>	<u>\$ -</u>	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	10%-30%

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%

March 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	\$ 4,293,670	\$ 2,284,583	Sellers' quote	(Notes 1 and 2)	-
Others	<u>309,526</u>	<u>309,360</u>	Sellers' quote	(Note 1)	-
	<u>\$ 4,603,196</u>	<u>\$ 2,593,943</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>\$ 10,164</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>\$ 1,368,699</u>	<u>\$ -</u>	Market approach or market value with liquidity valuation discount	Discount factor of liquidity	10%-30%
Debt instruments at FVTOCI					
Bonds	<u>\$ 1,166,888</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:

March 31, 2025

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>\$ (26,115)</u>	<u>\$ 26,115</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	March 31, 2026	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 332,311,036	\$ 325,362,280
Bank debentures	53,784,835	53,542,674
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	March 31, 2025	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 317,742,510	\$ 309,244,306
Bank debentures	53,785,193	53,214,340

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 325,362,280	\$ 72,354,599	\$ 252,965,375	\$ 42,306
Bank debentures	53,542,674	-	27,787,674	25,755,000

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	March 31, 2025			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 309,244,306	\$ 81,838,606	\$ 227,402,381	\$ 3,319
Bank debentures	53,214,340	986,007	26,473,333	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		
	March 31, 2026	December 31, 2025	March 31, 2025
Undrawn credit card commitments	\$ 264,363,181	\$ 260,425,887	\$ 250,585,000
Undrawn loan commitments	77,939,241	72,331,718	72,092,485
Guarantees	54,117,561	53,817,747	35,819,818
Standby letter of credit	3,818,961	3,363,935	4,293,450

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	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 906,524,036	49.56	\$ 841,334,477	48.32	\$ 831,842,742	48.14
Public enterprise	7,397,718	0.40	6,039,424	0.35	17,117,609	0.99
Government sponsored enterprise and business	2,417,146	0.13	2,422,599	0.14	21,200,000	1.23
Nonprofit organization	671,114	0.04	485,393	0.03	411,913	0.03
Private	883,328,190	48.29	867,886,083	49.85	836,184,355	48.39
Financial institutions	28,884,811	1.58	22,926,240	1.31	21,085,357	1.22
Total	\$ 1,829,223,015	100.00	\$ 1,741,094,216	100.00	\$ 1,727,841,976	100.00

b) By region

Regions	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,403,102,047	76.70	\$ 1,341,878,495	77.07	\$ 1,336,384,326	77.34
Asia	225,860,402	12.35	214,107,499	12.30	210,019,229	12.15
North America	85,213,312	4.66	74,432,555	4.27	81,991,342	4.75
Others	115,047,254	6.29	110,675,667	6.36	99,447,079	5.76
Total	\$ 1,829,223,015	100.00	\$ 1,741,094,216	100.00	\$ 1,727,841,976	100.00

c) By collateral

Collaterals	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	%	Amount	%	Amount	%
Credit Secured	\$ 646,884,278	35.36	\$ 590,744,934	33.93	\$ 612,710,862	35.46
Stocks	9,525,099	0.52	8,901,246	0.51	6,235,131	0.36
Bonds	20,470,932	1.12	14,919,328	0.86	13,708,730	0.79
Real estate	1,032,458,159	56.44	1,011,997,169	58.12	990,252,730	57.31
Movable collaterals	75,912,974	4.15	75,122,024	4.32	70,381,761	4.07
Guarantees	19,273,561	1.06	15,833,889	0.91	14,973,017	0.87
Others	24,698,012	1.35	23,575,626	1.35	19,579,745	1.14
Total	\$ 1,829,223,015	100.00	\$ 1,741,094,216	100.00	\$ 1,727,841,976	100.00

d) Credit risk exposure rating

March 31, 2026	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	\$ 961,444,050	\$ 3,895,170	\$ 7,872,175	\$ 973,211,395	\$ 1,922,129	\$ 996,740	\$ 1,344,397	\$ 9,451,902	\$ 13,715,168
Consumer banking	844,633,819	6,746,183	4,631,618	856,011,620	712,261	401,976	1,311,884	9,700,651	12,126,772
Receivables									
Credit card receivable	22,795,276	275,776	688,164	23,759,216	4,695	6,691	25,140	125,231	161,757
Accounts receivable - factoring (Note 1)	7,459,798	-	-	7,459,798	2,090	-	-	110,404	112,494
Other receivables	36,791,352	72,843	448,634	37,312,829	17,455	8,692	354,297	111,999	492,443
Other financial assets (Note 2)	194	151	9,421	9,766	-	-	2,917	-	2,917
Debt instruments at fair value through other comprehensive income	393,753,694	-	-	393,753,694	62,888	-	-	-	62,888
Investment in debt instruments at amortized cost	332,341,216	-	-	332,341,216	30,180	-	-	-	30,180

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

March 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	\$ 909,756,858	\$ 943,719	\$ 7,050,282	\$ 917,750,859	\$ 1,980,156	\$ 222,734	\$ 1,409,795	\$ 9,290,882	\$ 12,903,567
Consumer banking	800,427,122	6,091,045	3,572,950	810,091,117	936,929	642,678	1,512,164	9,306,518	12,398,289
Receivables									
Credit card receivable	22,265,798	306,496	652,744	23,225,038	5,746	9,604	24,499	110,239	150,088
Accounts receivable - factoring (Note 1)	7,212,539	-	-	7,212,539	1,695	-	-	107,652	109,347
Other receivables	44,676,366	79,576	360,954	45,116,896	20,651	12,469	278,071	132,964	444,155
Other financial assets (Note 2)	215	145	14,350	14,710	-	-	5,914	-	5,914
Debt instruments at fair value through other comprehensive income	379,654,772	-	-	379,654,772	66,488	-	-	-	66,488
Investment in debt instruments at amortized cost	317,773,041	-	-	317,773,041	30,531	-	-	-	30,531

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

Changes in allowance for discounts and loans

For the Three Months Ended March 31, 2026	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	\$ 2,479,226	\$ 1,089,279	\$ 2,548,233	\$ 6,116,738	\$ 19,026,235	\$ 25,142,973
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(42,594)	1,288,276	(49,471)	1,196,211	-	1,196,211
From conversion to credit-impaired financial assets	(8,057)	(744,698)	417,399	(335,356)	-	(335,356)
To 12-month ECL	45,884	(253,028)	(18,377)	(225,521)	-	(225,521)
Derecognizing financial assets during the current period	(715,014)	(60,667)	(190,468)	(966,149)	-	(966,149)
Purchased or originated new financial assets	832,826	86,589	319,216	1,238,631	-	1,238,631
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	149,530	149,530
Write-off	-	-	(418,502)	(418,502)	(59,514)	(478,016)
Changes in model/risk parameters	8,807	(15,537)	17,500	10,770	-	10,770
Effects of exchange rate changes and others	33,312	8,502	30,751	72,565	36,302	108,867
Balance, March 31	<u>\$ 2,634,390</u>	<u>\$ 1,398,716</u>	<u>\$ 2,656,281</u>	<u>\$ 6,689,387</u>	<u>\$ 19,152,553</u>	<u>\$ 25,841,940</u>

For the Three Months Ended March 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	(77,462)	450,892	(42,858)	330,572	-	330,572
From conversion to credit-impaired financial assets	(5,756)	(362,379)	503,024	134,889	-	134,889
To 12-month ECL	161,429	(266,863)	(12,856)	(118,290)	-	(118,290)
Derecognizing financial assets during the current period	(1,150,711)	(220,171)	(321,505)	(1,692,387)	-	(1,692,387)
Purchased or originated new financial assets	946,589	113,215	323,648	1,383,452	-	1,383,452
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	1,031,716	1,031,716
Write-off	-	-	(417,070)	(417,070)	(31,342)	(448,412)
Changes in model/risk parameters	(36,407)	(20,425)	(9,397)	(66,229)	-	(66,229)
Effects of exchange rate changes and others	505,236	426,899	1,494,879	2,427,014	27,213	2,454,227
Balance, March 31	<u>\$ 2,917,085</u>	<u>\$ 865,412</u>	<u>\$ 2,921,959</u>	<u>\$ 6,704,456</u>	<u>\$ 18,597,400</u>	<u>\$ 25,301,856</u>

Changes in allowance for receivables

For the Three Months Ended March 31, 2026	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Asset)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 23,666	\$ 17,231	\$ 309,985	\$ 350,882	\$ 434,403	\$ 785,285
Changes due to financial instruments that have been recognized at the beginning of the period:						
To lifetime ECL	(165)	9,304	(2,551)	6,588	-	6,588
From conversion to credit-impaired financial assets	(41)	(11,760)	24,787	12,986	-	12,986
To 12-month ECL	822	(2,097)	(57)	(1,332)	-	(1,332)
Derecognizing financial assets during the current period	(5,230)	(146)	(14,512)	(19,888)	-	(19,888)
Purchased or originated new financial assets	5,199	3,075	72,902	81,176	-	81,176
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(58,468)	(58,468)
Write-off	(1)	(333)	(20,900)	(21,234)	(34,063)	(55,297)
Changes in model/risk parameters	(33)	21	370	358	-	358
Effects of exchange rate changes and others	23	88	12,330	12,441	5,762	18,203
Balance, March 31	<u>\$ 24,240</u>	<u>\$ 15,383</u>	<u>\$ 382,354</u>	<u>\$ 421,977</u>	<u>\$ 347,634</u>	<u>\$ 769,611</u>

For the Three Months Ended March 31, 2025	12-month ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Asset)	Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 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	(198)	8,194	(1,911)	6,085	-	6,085
From conversion to credit-impaired financial assets	(25)	(11,002)	37,421	26,394	-	26,394
To 12-month ECL	2,662	(4,189)	(21)	(1,548)	-	(1,548)
Derecognizing financial assets during the current period	(16,837)	(2,260)	(20,704)	(39,801)	-	(39,801)
Purchased or originated new financial assets	8,462	6,991	6,545	21,998	-	21,998
Adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(42,452)	(42,452)
Write-off	(1)	(374)	(23,831)	(24,206)	(36,818)	(61,024)
Changes in model/risk parameters	(445)	(439)	(756)	(1,640)	-	(1,640)
Effects of exchange rate changes and others	4,263	8,189	84,176	96,628	2,322	98,950
Balance, March 31	<u>\$ 28,092</u>	<u>\$ 22,073</u>	<u>\$ 308,484</u>	<u>\$ 358,649</u>	<u>\$ 350,855</u>	<u>\$ 709,504</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 Three Months Ended March 31, 2026	Credit Rating			Total
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	
Balance January 1	\$ 62,559	\$ -	\$ -	\$ 62,559
Purchased new debt instruments	6,111	-	-	6,111
Derecognized	(6,522)	-	-	(6,522)
Model/risk parameters changes	-	-	-	-
Effect of exchange rate changes and others	<u>740</u>	<u>-</u>	<u>-</u>	<u>740</u>
Balance March 31	<u>\$ 62,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,888</u>

For the Three Months Ended March 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	9,500	-	-	9,500
Derecognized	(7,623)	-	-	(7,623)
Model/risk parameters changes	-	-	-	-
Effect of exchange rate changes and others	<u>827</u>	<u>-</u>	<u>-</u>	<u>827</u>
Balance March 31	<u>\$ 66,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,488</u>

Changes in allowance for debt instruments at amortized cost

For the Three Months Ended March 31, 2026	Credit Rating			Total
	12-months ECL	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	
Balance January 1	\$ 28,803	\$ -	\$ -	\$ 28,803
Purchased new debt instruments	1,551	-	-	1,551
Derecognized	(1,219)	-	-	(1,219)
Model/risk parameters changes	-	-	-	-
Effect of exchange rate changes and others	<u>1,045</u>	<u>-</u>	<u>-</u>	<u>1,045</u>
Balance March 31	<u>\$ 30,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,180</u>

For the Three Months Ended March 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	3,787	-	-	3,787
Derecognized	(194)	-	-	(194)
Model/risk parameters changes	-	-	-	-
Effect of exchange rate changes and others	<u>994</u>	<u>-</u>	<u>-</u>	<u>994</u>
Balance March 31	<u>\$ 30,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,531</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 March 31, 2026, December 31, 2025 and March 31, 2025, the amount of discounts and loans were \$12,503,793, \$10,821,541 and \$10,623,232, with a provision for loss allowance of \$2,656,281, \$2,548,233 and \$2,921,959 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposit, etc., which reduced the potential loss, amounted to \$6,643,796, \$6,815,475 and \$5,628,136.

- 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 \$49,652,605, \$49,210,665 and \$49,616,505 on March 31, 2026, December 31, 2025 and March 31, 2025.

14) Management policies of collaterals assumed

The nature of the collateral of the Bank as of March 31, 2026, December 31, 2025 and March 31, 2025 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		March 31, 2026					
Items		Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loan	Secured	\$ 564,775	\$ 371,807,514	0.15%	\$ 4,962,442	878.66%	
	Unsecured	276,969	561,891,518	0.05%	8,258,430	2,981.72%	
	Mortgage (Note 4)	420,360	375,487,769	0.11%	5,686,159	1,352.69%	
	Cash card	-	479	-	102	-	
Consumer loan	Micro credit (Note 5)	207,951	58,360,647	0.36%	1,211,110	582.40%	
	Others (Note 6)	Secured	422,118	362,084,915	0.12%	3,733,641	884.50%
		Unsecured	330	359,132	0.09%	3,866	1,171.52%
Total		1,892,503	1,729,991,974	0.11%	23,855,750	1,260.54%	
		Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	
	Credit card	\$ 33,471	\$ 23,759,216	0.14%	\$ 161,757	483.28%	
	Accounts receivable - factoring with no recourse (Notes 7 and 8)	-	9,392,843	-	111,443	-	

Date		March 31, 2025					
Items		Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loan	Secured	\$ 1,333,237	\$ 344,591,461	0.39%	\$ 4,641,033	348.10%	
	Unsecured	530,382	537,245,718	0.10%	7,508,115	1,415.61%	
	Mortgage (Note 4)	392,173	391,420,790	0.10%	5,923,915	1,510.54%	
	Cash card	-	782	-	161	-	
Consumer loan	Micro credit (Note 5)	265,898	54,370,061	0.49%	1,282,843	482.46%	
	Others (Note 6)	Secured	389,510	305,919,294	0.13%	3,163,359	812.14%
		Unsecured	348	533,179	0.07%	6,780	1,948.28%
Total		2,911,548	1,634,081,285	0.18%	22,526,206	773.68%	
		Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	
	Credit card	\$ 35,455	\$ 23,225,038	0.15%	\$ 150,088	423.32%	
	Accounts receivable - factoring with no recourse (Notes 7 and 8)	-	8,928,031	-	108,670	-	

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 ÷ NPL.

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

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

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

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

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

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

b) Excluded NPLs and excluded overdue receivables

Date	March 31, 2026		March 31, 2025	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ -	\$ 2,884	\$ 141	\$ 5,172
As a result of consumer debt clearance (Note 2)	51,258	495,118	32,107	489,169
Total	\$ 51,258	\$ 498,002	\$ 32,248	\$ 494,341

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	March 31, 2026		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (financial leasing)	\$ 14,391,217	7.00
2	B Group (real estate development activities)	10,092,920	4.91
3	C Group (real estate development activities)	9,562,567	4.65
4	D Group (real estate development activities)	9,400,356	4.57
5	E Group (refrigeration, air conditioning, and plumbing engineering)	8,039,894	3.91
6	F Company (other metalworking activities)	7,000,000	3.41
7	G Group (metal casting)	6,695,824	3.26
8	H Group (real estate development activities)	5,507,780	2.68
9	I Group (real estate development activities)	5,430,618	2.64
10	J Group (department store)	4,272,873	2.08

Year	March 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)	\$ 13,296,447	6.91
2	B Group (real estate development activities)	9,652,006	5.02
3	C Group (real estate development activities)	8,425,467	4.38
4	D Group (real estate development activities)	6,487,899	3.37
5	E Group (department store)	5,803,779	3.02
6	F Group (real estate development activities)	5,498,260	2.86
7	G Company (other metalworking activities)	4,000,000	2.08
8	H Group (electricity supply)	3,912,000	2.03
9	I Company (real estate development activities)	3,590,400	1.87
10	J Group (refrigeration, air conditioning, and plumbing engineering)	3,566,203	1.85

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

March 31, 2026	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	\$ 60,097,788	\$ 37,888,008	\$ 2,935,191	\$ 9,168,993	\$ -	\$ 110,089,980
Financial liabilities at fair value through profit or loss	-	2,139,027	-	-	-	2,139,027
Securities sold under repurchase agreements	25,528,237	9,906,726	-	-	-	35,434,963
Payables	7,565,310	610,670	175,910	2,970,777	1,893,389	13,216,056
Deposits and remittances	1,544,942,390	316,382,145	227,635,963	268,204,337	24,725,156	2,381,889,991
Bank debentures	69,384	1,072,303	12,157,194	5,673,681	34,504,575	53,477,137
Lease liabilities	72,373	120,400	181,556	362,418	2,078,537	2,815,284

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

March 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	\$ 58,295,676	\$ 38,446,610	\$ 4,377,244	\$ 9,179,265	\$ -	\$ 110,298,795
Financial liabilities at fair value through profit or loss	-	2,123,934	-	-	-	2,123,934
Securities sold under repurchase agreements	22,770,020	31,006,800	770,028	-	-	54,546,848
Payables	5,464,724	684,310	188,223	2,829,465	1,889,104	11,055,826
Deposits and remittances	1,396,088,803	317,225,042	251,713,974	256,247,224	23,155,359	2,244,430,402
Bank debentures	703,241	55,048	8,103,466	4,613,826	41,807,030	55,282,611
Lease liabilities	70,690	117,289	178,774	363,333	2,261,306	2,991,392

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2026	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	\$ 263,717	\$ 363,206	\$ -	\$ 127,262	\$ -	\$ 754,185
Payables	920,394	202,488	425,252	84,366	-	1,632,500
Deposits and remittances	6,896,038	2,033,876	3,395,941	3,406,757	1,662,747	17,395,359
Lease liabilities	2,658	8,163	3,254	4,317	-	18,392

(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)

March 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	\$ 414,598	\$ 282,091	\$ 455,857	\$ -	\$ 200,000	\$ 1,352,546
Payables	718,670	206,618	511,261	-	-	1,436,549
Deposits and remittances	5,860,670	1,851,702	4,426,744	2,152,575	-	14,291,691
Lease liabilities	1,399	2,659	9,872	10,152	-	24,082

Amret Plc.

(In Thousands of USD)

March 31, 2026	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	\$ 26,205	\$ 21,324	\$ 21,338	\$ 75,345	\$ 7,187	\$ 151,399
Payables	501	-	-	-	-	501
Deposits and remittances	538,780	127,030	230,125	381,027	228,793	1,505,755
Short-term borrowings	5,955	1,249	7,190	17,178	-	31,572
Lease liabilities	348	682	984	1,906	15,425	19,345

(In Thousands of USD)

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	\$ 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

(In Thousands of USD)

March 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	\$ 41,317	\$ 25,683	\$ 37,867	\$ 95,898	\$ 117,786	\$ 318,551
Payables	150	-	-	-	-	150
Deposits and remittances	388,147	118,691	280,989	356,166	244,524	1,388,517
Short-term borrowings	3,288	11,757	5,743	58,993	-	79,781
Lease liabilities	355	703	1,028	2,025	15,725	19,836

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

March 31, 2026	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	\$ 13,885,863	\$ -	\$ -	\$ -	\$ -	\$ 13,885,863

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

March 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	\$ 9,105,574	\$ -	\$ -	\$ -	\$ -	\$ 9,105,574

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2026	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	\$ 45,171	\$ -	\$ -	\$ -	\$ -	\$ 45,171

(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)

March 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	\$ 22,967	\$ -	\$ -	\$ -	\$ -	\$ 22,967

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

March 31, 2026	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	\$ 1,769,295,252	\$ 1,182,924,256	\$ 205,081,609	\$ 95,326,788	\$ 9,183,897	\$ 3,261,811,802
Cash outflow	1,765,587,087	1,181,706,671	203,995,261	95,180,827	8,927,574	3,255,397,420

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

March 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	\$ 2,165,084,495	\$ 999,934,204	\$ 310,372,698	\$ 262,584,266	\$ 6,863,767	\$ 3,744,839,430
Cash outflow	2,163,273,434	998,720,954	308,895,919	260,950,292	6,781,699	3,738,622,298

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2026	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	\$ 6,885,664	\$ 6,417,312	\$ 16,965,760	\$ 40,518	\$ -	\$ 30,309,254
Cash outflow	6,967,049	6,514,003	17,024,146	325,307	-	30,830,505

(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)

March 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	\$ 9,467,753	\$ 7,964,550	\$ 20,600,454	\$ 57,425	\$ -	\$ 38,090,182
Cash outflow	9,450,054	7,950,058	20,577,534	56,472	-	38,034,118

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

March 31, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 4,471,135	\$ 2,857,655	\$ 2,595,884	\$ 13,650,039	\$ 53,739,362	\$ 77,314,075
Guarantees	4,108,329	3,213,156	3,512,545	15,639,707	27,263,444	53,737,181
Standby letter of credit	699,808	1,301,161	1,097,007	263,073	192,317	3,553,366

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

March 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 2,439,783	\$ 2,520,755	\$ 6,018,298	\$ 14,123,443	\$ 45,622,313	\$ 70,724,592
Guarantees	4,373,284	3,031,032	4,494,766	6,629,542	16,835,249	35,363,873
Standby letter of credit	814,261	1,585,484	859,265	16,595	-	3,275,605

Bank SinoPac (China)

(In Thousands of CNY)

March 31, 2026	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ -	\$ -	\$ 50,000	\$ 26,495	\$ -	\$ 76,495
Guarantees	29,877	24,817	472,137	48,079	-	574,910
Standby letter of credit	26,791	30,600	-	-	-	57,391

(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)

March 31, 2025	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ 11,783	\$ -	\$ 191,864	\$ 55,186	\$ -	\$ 258,833
Guarantees	27,494	31,910	345,834	13,294	-	418,532
Standby letter of credit	10,519	210,359	1,839	-	-	222,717

Amret Plc.

(In Thousands of USD)

March 31, 2026	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ -	\$ -	\$ -	\$ 3	\$ 15,863	\$ 15,866

(In Thousands of USD)

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	\$ -	\$ -	\$ -	\$ -	\$ 18,412	\$ 18,412

(In Thousands of USD)

March 31, 2025	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ -	\$ -	\$ -	\$ 30	\$ 10,191	\$ 10,221

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)

	March 31, 2026						
	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	\$ 2,231,256,248	\$ 256,769,296	\$ 230,439,860	\$ 248,015,053	\$ 144,312,796	\$ 163,798,441	\$ 1,187,920,802
Main capital outflow on maturity	2,603,782,218	110,078,109	199,238,543	374,002,402	312,090,716	421,726,687	1,186,645,761
Gap	(372,525,970)	146,691,187	31,201,317	(125,987,349)	(167,777,920)	(257,928,246)	1,275,041

	March 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	\$ 2,219,645,452	\$ 297,065,225	\$ 234,385,111	\$ 240,479,008	\$ 157,896,658	\$ 170,386,947	\$ 1,119,432,503
Main capital outflow on maturity	2,640,117,824	162,668,934	200,777,828	395,093,940	367,864,999	471,222,083	1,042,490,040
Gap	(420,472,372)	134,396,291	33,607,283	(154,614,932)	(209,968,341)	(300,835,136)	76,942,463

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)

	March 31, 2026					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 70,276,809	\$ 32,167,270	\$ 21,010,508	\$ 4,761,449	\$ 2,483,766	\$ 9,853,816
Main capital outflow on maturity	72,050,663	32,618,940	22,153,122	7,186,434	4,363,205	5,728,962
Gap	(1,773,854)	(451,670)	(1,142,614)	(2,424,985)	(1,879,439)	4,124,854

(In Thousands of U.S. Dollars)

	March 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	\$ 77,488,118	\$ 40,116,009	\$ 16,170,848	\$ 6,369,735	\$ 5,309,670	\$ 9,521,856
Main capital outflow on maturity	79,345,986	37,868,366	21,809,651	8,564,033	6,325,548	4,778,388
Gap	(1,857,868)	2,247,643	(5,638,803)	(2,194,298)	(1,015,878)	4,743,468

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 Three Months Ended March 31, 2026		
	Average	Maximum	Minimum
Exchange rate risk	29,582	45,129	20,642
Interest rate risk	71,970	99,191	50,483
Equity risk	11,790	23,160	3,140
Total VaR	78,721	104,447	43,939

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

Note 2: Historical data period: 2026.01.02-2026.03.31.

	For the Three Months Ended March 31, 2025		
	Average	Maximum	Minimum
Exchange rate risk	22,685	32,186	15,904
Interest rate risk	54,193	67,211	42,458
Equity risk	3,033	8,473	1
Total VaR	59,518	73,533	45,488

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

Note 2: Historical data period: 2025.01.02-2025.03.31.

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

(In Thousands of CNY)

	For the Three Months Ended March 31, 2026		
	Average	Maximum	Minimum
Exchange rate risk	935	1,937	622
Interest rate risk	304	719	177
Equity risk	-	-	-
Total VaR	787	1,718	517

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

Note 2: Historical data period: 2026.01.01-2026.03.31.

(In Thousands of CNY)

	For the Three Months Ended March 31, 2025		
	Average	Maximum	Minimum
Exchange rate risk	697	2,221	172
Interest rate risk	208	988	6
Equity risk	-	-	-
Total VaR	563	1,701	151

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

Note 2: Historical data period: 2025.01.01-2025.03.31.

12) Exchange rate risks

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

	March 31, 2026		
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,590,741	31.98580	\$ 562,653,923
CNY	14,082,513	4.62782	65,171,335
AUD	6,181,554	21.96048	135,749,893
Nonmonetary items			
USD	488,472	31.98580	15,624,168
CNY	2,433,297	4.62782	11,260,861
<u>Financial liabilities</u>			
Monetary items			
USD	23,603,872	31.98580	754,988,729
CNY	15,972,000	4.62782	73,915,541
AUD	516,813	21.96048	11,349,462

December 31, 2025			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,445,682	31.45250	\$ 548,710,313
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	23,903,869	31.45250	751,836,440
CNY	15,818,290	4.49932	71,171,549
AUD	639,998	21.02575	13,456,438

March 31, 2025			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,209,220	33.18930	\$ 537,972,665
CNY	16,797,924	4.57013	76,768,696
AUD	5,062,300	20.78615	105,225,727
Nonmonetary items			
USD	281,501	33.18930	9,342,833
CNY	2,372,508	4.57013	10,842,670
<u>Financial liabilities</u>			
Monetary items			
USD	24,861,939	33.18930	825,150,352
CNY	16,494,682	4.57013	75,382,841
AUD	805,779	20.78615	16,749,043

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

a) Interest rate sensitivity information (New Taiwan dollars)

March 31, 2026

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,594,877,637	\$ 56,935,574	\$ 116,666,299	\$ 126,673,917	\$ 1,895,153,427
Interest rate-sensitive liabilities	589,095,145	1,033,830,506	82,371,813	48,770,466	1,754,067,930
Interest rate-sensitive gap	1,005,782,492	(976,894,932)	34,294,486	77,903,451	141,085,497
Net worth					210,103,644
Ratio of interest rate-sensitive assets to liabilities (%)					108.04%
Ratio of interest rate-sensitive gap to net worth (%)					67.15%

March 31, 2025

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,546,262,604	\$ 64,172,988	\$ 101,383,485	\$ 123,305,017	\$ 1,835,124,094
Interest rate-sensitive liabilities	511,150,618	921,993,308	71,019,512	59,844,627	1,564,008,065
Interest rate-sensitive gap	1,035,111,986	(857,820,320)	30,363,973	63,460,390	271,116,029
Net worth					196,745,689
Ratio of interest rate-sensitive assets to liabilities (%)					117.33%
Ratio of interest rate-sensitive gap to net worth (%)					137.80%

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)

March 31, 2026

(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	\$ 9,578,591	\$ 1,697,412	\$ 428,737	\$ 3,934,337	\$ 15,639,077
Interest rate-sensitive liabilities	9,073,299	9,880,391	1,083,368	1,425,571	21,462,629
Interest rate-sensitive gap	505,292	(8,182,979)	(654,631)	2,508,766	(5,823,552)
Net worth					(122,430)
Ratio of interest rate-sensitive assets to liabilities (%)					72.86%
Ratio of interest rate-sensitive gap to net worth (%)					4,756.64%

March 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	\$ 8,254,185	\$ 1,239,668	\$ 302,941	\$ 4,417,367	\$ 14,214,161
Interest rate-sensitive liabilities	11,047,127	9,634,976	1,077,347	1,004,335	22,763,785
Interest rate-sensitive gap	(2,792,942)	(8,395,308)	(774,406)	3,413,032	(8,549,624)
Net worth					(105,741)
Ratio of interest rate-sensitive assets to liabilities (%)					62.44%
Ratio of interest rate-sensitive gap to net worth (%)					8,085.44%

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	March 31, 2026				
	Transferred Financial Assets - Carry Amount	Related Financial Liabilities - Carry 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	\$ 2,856,394	\$ 2,864,269	\$ 2,856,394	\$ 2,864,269	\$ (7,875)
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	17,453,657	17,040,571	17,453,657	17,040,571	413,086
Securities purchased under resell agreements Transactions under repurchase agreements	14,919,085	15,401,762	14,919,085	15,401,762	(482,677)

Category of Financial Asset	December 31, 2025				
	Transferred Financial Assets - Carry Amount	Related Financial Liabilities - Carry 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	12,621,184	13,159,452	12,621,184	13,159,452	(538,268)

Category of Financial Asset	March 31, 2025				
	Transferred Financial Assets - Carry Amount	Related Financial Liabilities - Carry 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	\$ 3,111,023	\$ 2,984,528	\$ 3,111,023	\$ 2,984,528	\$ 126,495
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	19,916,876	18,945,843	19,916,876	18,945,843	971,033
Investments in debt instruments at amortized cost Transactions under repurchase agreements	17,724,981	16,904,555	17,731,359	16,904,555	826,804
Securities purchased under resell agreements Transactions under repurchase agreements	14,777,871	15,481,907	14,777,871	15,481,907	(704,036)

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:

March 31, 2026

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	\$ 29,108,199	\$ -	\$ 29,108,199	\$ 16,639,082	\$ 5,165,486	\$ 7,303,631
Securities purchased under resell agreements	<u>50,684,006</u>	<u>-</u>	<u>50,684,006</u>	<u>50,679,583</u>	<u>-</u>	<u>4,423</u>
	<u>\$ 79,792,205</u>	<u>\$ -</u>	<u>\$ 79,792,205</u>	<u>\$ 67,318,665</u>	<u>\$ 5,165,486</u>	<u>\$ 7,308,054</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	\$ 26,297,462	\$ -	\$ 26,297,462	\$ 16,639,082	\$ 6,112,235	\$ 3,546,145
Securities sold under repurchase agreements	<u>39,008,858</u>	<u>-</u>	<u>39,008,858</u>	<u>38,975,103</u>	<u>28,049</u>	<u>5,706</u>
	<u>\$ 65,306,320</u>	<u>\$ -</u>	<u>\$ 65,306,320</u>	<u>\$ 55,614,185</u>	<u>\$ 6,140,284</u>	<u>\$ 3,551,851</u>

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

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.

March 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	\$ 23,747,425	\$ -	\$ 23,747,425	\$ 13,094,430	\$ 3,059,505	\$ 7,593,490
Securities purchased under resell agreements	<u>66,561,500</u>	<u>-</u>	<u>66,561,500</u>	<u>66,560,320</u>	<u>-</u>	<u>1,180</u>
	<u>\$ 90,308,925</u>	<u>\$ -</u>	<u>\$ 90,308,925</u>	<u>\$ 79,654,750</u>	<u>\$ 3,059,505</u>	<u>\$ 7,594,670</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	\$ 20,743,247	\$ -	\$ 20,743,247	\$ 13,094,430	\$ 4,543,008	\$ 3,105,809
Securities sold under repurchase agreements	<u>54,316,833</u>	<u>-</u>	<u>54,316,833</u>	<u>54,316,601</u>	<u>218</u>	<u>14</u>
	<u>\$ 75,060,080</u>	<u>\$ -</u>	<u>\$ 75,060,080</u>	<u>\$ 67,411,031</u>	<u>\$ 4,543,226</u>	<u>\$ 3,105,823</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.

46. CROSS-SELLING INFORMATION

The Bank charged SinoPac Securities for \$5,068 and \$2,183, respectively, for the three months ended March 31, 2026 and 2025 for bonus as opening accounts as part of the cross-selling agreement.

The Bank paid to SinoPac Securities \$504 and \$762, respectively, for the three months ended March 31, 2026 and 2025 for bonus as part of the cross-selling agreement.

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

47. PROFITABILITY

Items		March 31, 2026	March 31, 2025
Return on total assets	Before income tax	0.30%	0.26%
	After income tax	0.25%	0.22%
Return on net worth	Before income tax	4.35%	3.93%
	After income tax	3.62%	3.30%
Profit margin		43.48%	42.48%

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 three months ended March 31, 2026 and 2025.

48. 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, on May 4, 2024, 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 March 31, 2026, 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 other 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	<u>(534,383)</u>
	<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 on 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 operating results

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

	From January 15 to March 31, 2025
Net revenues	<u>\$ 888,090</u>
Net income	<u>\$ 302,645</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 March 31, 2025, for the Group would have been \$14,862,268 and \$6,106,916, 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.

49. OTHERS

To expand the scale of operations and enhance operating efficiency, the Group resolved at the special shareholders' meeting (acting through the Board of Directors) held on March 27, 2026 to absorb and merge with King's Town Bank Co., Ltd. (KTB), a wholly owned subsidiary of SPH. Upon the completion of the merger, the Group will be the surviving entity and KTB will be the dissolved entity.

The merger is a reorganization under common control of SPH. The merger consideration was determined based on the book value of KTC held by SPH as of the day preceding the merger record date. The Group plans to issue 1,865,000 thousand newly issued common shares at \$24 per share (totaling NT\$44,760,000 thousand) as share consideration, and the remaining balance of the merger consideration after deducting the share consideration will be settled entirely in cash. The merger proposal will be submitted to the competent authority for approval in accordance with applicable regulations, and the subsequent merger procedures will be carried out upon approval.

50. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Allowance for service fee to related parties amounting to at least NT\$5 million	None
2	Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital	Table 1
3	Trading information - sales of non-performing loans	None
4	Financial asset securitization	None
5	Related parties transaction	Table 2
6	Other significant transactions which may affect the decisions of financial report users	Note 49

b. Information related to subsidiary:

No.	Item	Explanation
1	Financing provided	None (Note)
2	Endorsements/guarantees provided	None (Note)
3	Significant marketable securities held	None (Note)

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

- c. The related information and proportionate share in investees: Not required for disclosure in quarterly report.
- d. Information on incorporate branches and investment in Mainland China: Table 3.
- e. Information of major shareholders: Due to The Bank is not listed on the Exchange and OTC Banking, not required for disclosure.

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 three months ended March 31, 2026 and 2025 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 Three Months Ended March 31, 2026					Total
		Domestic Branches - Corporate	Domestic Branches - Retail	Financial Transaction	Overseas Branches	Others	
Income (loss)	Net interest revenue	\$ 3,321,224	\$ 3,015,045	\$ (134,307)	\$ 1,209,253	\$ 2,442,730	\$ 9,853,945
	Interest income	6,164,826	4,254,951	21,395	4,001,794	7,493,539	21,936,505
	Revenue amount segments	899,844	3,048,678	403,584	(1,266,874)	(3,085,232)	-
	Interest expenses	(3,743,446)	(4,288,584)	(559,286)	(1,525,667)	(1,965,577)	(12,082,560)
	Service fee and commissions income net	1,116,143	2,831,867	(51,965)	433,742	133,368	4,463,155
	Others	203,442	491,704	1,395,696	49,493	612,385	2,752,720
	Net revenue	4,640,809	6,338,616	1,209,424	1,692,488	3,188,483	17,069,820
	Bad debts expense, commitment and guarantee liability provision	(965,248)	(9,319)	-	(140,967)	190,999	(924,535)
	Operating expenses	(1,216,833)	(3,703,284)	(236,999)	(693,898)	(1,368,757)	(7,219,771)
	Profit from continuing operations before tax	2,458,728	2,626,013	972,425	857,623	2,010,725	8,925,514
	Income tax expense						(1,504,297)
Net income						7,421,217	

		For the Three Months Ended March 31, 2025					Total
		Domestic Branches - Corporate	Domestic Branches - Retail	Financial Transaction	Overseas Branches	Others	
Income (loss)	Net interest revenue	\$ 3,227,341	\$ 2,856,371	\$ (135,322)	\$ 1,102,747	\$ 822,622	\$ 7,873,759
	Interest income	6,067,170	4,028,102	6,094	4,055,821	7,353,984	21,511,171
	Revenue amount segments	2,080,097	3,299,031	337,113	(1,305,526)	(4,410,715)	-
	Interest expenses	(4,919,926)	(4,470,762)	(478,529)	(1,647,548)	(2,120,647)	(13,637,412)
	Service fee and commissions income net	1,033,526	2,636,707	(39,894)	401,030	173,138	4,204,507
	Others	64,520	199,393	760,221	132,644	1,509,755	2,666,533
	Net revenue	4,325,387	5,692,471	585,005	1,636,421	2,505,515	14,744,799
	Bad debts expense, commitment and guarantee liability provision	(551,666)	(2,138)	-	(4,362)	(202,757)	(760,923)
	Operating expenses	(1,086,820)	(3,301,569)	(144,430)	(637,596)	(1,359,683)	(6,530,098)
	Profit from continuing operations before tax	2,686,901	2,388,764	440,575	994,463	943,075	7,453,778
	Income tax expense						(1,189,476)
Net income						6,264,302	

BANK SINOPAC AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL

MARCH 31, 2026

(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	\$ 1,055,443 (Note)	-	\$ -	-	\$ -	\$ -

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

BANK SINOPAC AND SUBSIDIARIES

**RELATED PARTIES TRANSACTION
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(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	\$ 1,432	Note 4	-
		Bank SinoPac (China) Ltd.	a	Receivables, net	105,753	Note 4	-
		Bank SinoPac (China) Ltd.	a	Deposits from the Central Bank and banks	53,290	Note 4	-
		SinoPac Insurance Brokers Ltd.	a	Deposits and remittances	68,118	Note 4	-
		Amret Plc.	a	Discounts and loans, net	954,318	Note 4	0.03
		Amret Plc.	a	Interest income	11,220	Note 4	0.07
1	Bank SinoPac (China) Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	53,290	Note 4	-
		Bank SinoPac	b	Deposits from the Central Bank and banks	1,432	Note 4	-
		Bank SinoPac	b	Payables	105,753	Note 4	-
2	SinoPac Insurance Brokers Ltd.	Bank SinoPac	b	Cash and cash equivalents, net	10,996	Note 4	-
		Bank SinoPac	b	Other financial assets, net	57,122	Note 4	-
3	Amret Plc.	Bank SinoPac	b	Deposits from the Central Bank and banks	954,318	Note 4	0.03
		Bank SinoPac	b	Interest expenses	18,353	Note 4	0.07

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

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

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

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

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

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

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

BANK SINOPAC AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of Dollars, Currency is New Taiwan Dollars, Unless Otherwise Stated)**

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, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2026	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	\$ 10,359,270	a	\$ 10,359,270	\$ -	\$ -	\$ 10,359,270	\$ 94,862	100	\$ 95,556	\$ 11,261,710	\$ -

Accumulated Investment in Mainland China as of March 31, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 10,359,270 (US\$ 323,871)	\$ 10,359,270 (US\$ 323,871)	\$ 123,337,656

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 three months ended March 31, 2026 have been reviewed by independent certified public accountants.

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