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Assurance Report on Pre-issuance of Bank SinoPac Hong Kong Branch's Sustainable Deposit 2023

To the Management of Bank SinoPac Hong Kong Branch

Scope

We have been engaged by Bank SinoPac Hong Kong Branch ("SinoPac" or the "Bank") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the use of proceeds, process for evaluation and selection, management of proceeds and reporting of the Bank's 2023 sustainable deposit programme ("Sustainable Deposit 2023" or the "Subject Matter") as of 12 May 2023 in the accompanying *Description on Bank SinoPac Hong Kong Branch's Sustainable Deposit 2023* ("the Description").

Criteria Applied by the Bank

In preparing the use of proceeds, process for evaluation and selection, management of proceeds and reporting of SinoPac's Sustainable Deposit 2023, the Bank applied the core components of the *Green Loan Principles 2023* and *Sustainability-Linked Loan Principles 2023* published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association with regard to the underlying sustainability-linked loans and green loans respectively (the "Criteria").

The Bank's Responsibilities

The Bank's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board, and the terms of reference for this engagement as agreed with SinoPac on 7 March 2023. The standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the use of proceeds, process for evaluation and selection, management of proceeds and reporting of SinoPac's Sustainable Deposit 2023 issuance and related information, and applying analytical and other appropriate procedures.

Our procedures for SinoPac's Sustainable Deposit 2023 included:

- Conducted interviews with management to understand the business and reporting process;
- Conducted interviews with management to understand the process for collecting, collating and reporting the subject matter in the Description;
- Checked the eligibility of the nominated sustainability-linked loans and green loans for inclusion in SinoPac's Sustainable Deposit 2023 with the Criteria;
- Identified and tested assumptions supporting calculations;
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SinoPac's Sustainable Deposit 2023 issuance as of 12 May 2023, in order for it to be in accordance with the Criteria.

Restricted Use

This report is intended solely for the information and use of SinoPac for the issuance of SinoPac's Sustainable Deposit 2023 and is not intended to be and should not be used by anyone other than those specified parties. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance of any such third party may place on the SinoPac's Sustainable Deposit 2023 is entirely at its own risk.

Ernst & Young

Certified Public Accounts
12 May 2023
Hong Kong

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Appendix I

Bank SinoPac Hong Kong Branch
(Incorporated in Taiwan with limited liability)

Description on Bank SinoPac Hong Kong Branch's Sustainable Deposit 2023

Bank SinoPac Hong Kong Branch ("SinoPac") (Incorporated in Taiwan with limited liability) plans to issue a Sustainable Deposit 2023 under the established Sustainable Deposit Framework of Bank SinoPac Hong Kong Branch. Sustainable deposit refers to deposit of which the use of proceeds is to finance and/or refinance eligible sustainability-related loans, including green loans and sustainability-linked loans, so as to continuously promote SinoPac's corporate social responsibility strategy and contribute to economic, social and environmental sustainability.

SinoPac will issue its Sustainable Deposit 2023 with reference to the four core components regarding to the use of proceeds, process for evaluation and selection, management of proceeds and reporting of *Sustainability Bond Guidelines 2021* published by the International Capital Market Association (the "ICMA"), as well as in accordance with *Green Loan Principles 2023* and *Sustainability-Linked Loan Principles 2023* published by the Loan Market Association (the "LMA"), Asia Pacific Loan Market Association (the "APLMA") and Loan Syndications and Trading Association (the "LSTA").

Use of Proceeds

The net proceeds in SinoPac's Sustainable Deposit 2023 will be used for the financing and/or refinancing of eligible sustainability-related loans that meet the international standards as specified below. Eligible sustainability-related loans include green loans and sustainability-linked loans.

Sustainability-related Loans	Eligible Category Criteria Applied	Eligible Categories
A - Green Loan	Green Loan Principles 2023	• Renewable energy • Energy efficiency • Pollution prevention and control • environmentally sustainable management of living natural resources and land use • Terrestrial and aquatic biodiversity conservation • Clean transportation • Sustainable water and wastewater management

Sustainability-related Loans	Eligible Category Criteria Applied	Eligible Categories
		• Climate change adaptation • Eco-efficient and/or circular economy adapted products, production technologies and processes • Green buildings
B - Sustainability-linked Loan	Sustainability-Linked Loan Principles 2023	/

Process for Evaluation and Selection

Referring to Eligible Categories Criteria Applied of sustainability-related loans as defined in the above "Use of Proceeds" section, sustainability-related loans that have passed the initial screening shall be further evaluated and selected by SinoPac in accordance with the requirements stated in Section A and Section B below. SinoPac has established a list of eligible categories, with an approximated total value of USD 180.14 million The eligible categories may evolve over time. The following is detailed information of the eligible categories.

Sustainability-related Loans	Eligible Category Criteria Applied	Total Loan Amount (USD Million)	Proportion
A - Green Loan	Green Loan Principles 2023	56.69	31.47%
B - Sustainability-linked Loan	Sustainability-Linked Loan Principles 2023	123.45	68.53%
Total	/	**180.14**	**100.00%**

SinoPac shall review the eligible categories, and on a timely basis, make replacement as necessary to ensure the proceeds are allocated to eligible categories.

Section A) Green Loan

Green loans are a type of loan instruments to finance and re-finance, in whole or in part, new and/or existing eligible green projects. Green loans financed and re-financed under SinoPac's Sustainable Deposit 2023 will comply with the four core elements regarding Use of Proceeds, Process for Evaluation and Selection, Management of Proceeds, and Reporting of the Green Loan Principles, published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association.

SinoPac selected 3 eligible green projects, with an approximate total loan value of USD 56.69 million. The eligible green projects cover the themes of renewable energy, eco-efficient and/or circular economy adapted products, production technologies and processes and green buildings. Information of the eligible green projects is as follows:

Eligible Categories - Green Project Theme	Total Loan Amount (USD Million)	Proportion
Renewable energy	0.23	0.41%
Eco-efficient and/or circular economy adapted products, production technologies and processes	18.00	31.75%
Green buildings	38.46	67.84%
Total	**56.69**	**100%**

Section B) Sustainability-linked Loans

Sustainability-linked loans are a type of loan instruments to promote and encourage companies to contribute to sustainable development. The use of proceeds in relation to a sustainability-linked loan is not a determinant in financing and re-financing eligible green and social projects. The borrower's sustainability performance is measured by applying predefined sustainability performance targets ("SPTs") to predefined key performance indicators ("KPIs"), and based on the loan and/or structural characteristics of sustainability-linked loans.

The selected 5 eligible sustainability-linked loans, with an approximate total loan value of USD 123.45 million, under SinoPac's Sustainable Deposit 2023 will comply with the five core elements regarding the Selection of KPIs, Calibration of SPTs, Loan Characteristics, Reporting and Verification of the Sustainability-Linked Loan Principles, published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association.

Industry Categories of Sustainability-linked Loan Issuer	Total Loan Amount (USD Million)	Proportion
Palm oil manufacturing	80.00	64.80%
Gas and energy	20.00	16.20%
Jewelry manufacturing	10.90	8.83%
Property development	12.55	10.17%
Total	**123.45**	**100%**

Management of Proceeds

SinoPac shall regularly review the drawdown and repayment of eligible sustainability-related loans. In order to ensure that the total loan amount does not exceed the total amount of eligible sustainability-related loans, SinoPac has established a control ratio, whereby the amount of Sustainable Deposit taken up shall not exceed 80% of the amount of eligible sustainability-related loans. SinoPac shall assign identification markers to keep track of the Sustainable Deposit and eligible sustainability-related loans and establish a register to keep track of the use of proceeds, which shall contain the following information, including but not limited to:

- Transaction information: Sustainable Deposit 2023 issue amount, coupon, issue date and maturity date, etc.
- Proceeds allocation information: eligible green and/or social projects, Key Performance Indicators and Sustainability Performance Targets of the sustainability-linked loan (if any), etc.

The Business Unit conducts a periodic re-examination of eligible sustainability-related loans in accordance with SinoPac's credit flow guidelines. In the case where a loan no longer meets the Eligible Categories Criteria, the identification marker shall be removed accordingly, and whether the control ratio has met shall be re-examined. In the instance where eligible sustainability-related loans mature, or if limits are reduced for other reasons, the Business Unit will be notified to nominate new eligible projects to restore the total eligible sustainability-related loan amount.

Reporting

SinoPac will consider making disclosure in relation to the allocation of the proceeds and expected impact for both green loans and sustainability-linked loans portions of the Sustainable Deposit 2023, at least once a year so long as the Sustainable Deposit 2023 remains outstanding. Also, SinoPac will engage a qualified third party to conduct the post-issuance assurance for its Sustainable Deposit 2023.

For and on behalf of

Bank SinoPac Hong Kong Branch

(Incorporated in Taiwan with limited liability)

12 May 2023