E.SUN Commercial Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2022 and 2021 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Commercial Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of E.SUN Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, and the consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022, December 31, 2021 and June 30, 2021, and its consolidated financial performance for the three months ended June 30, 2022 and 2021 and its consolidated financial performance and consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's consolidated financial statements for the six months ended June 30, 2022 are described as follows:

Assessment of Allowance for Possible Losses on Loans

The Company is engaged principally in providing loans to customers. As of June 30, 2022, the net amount of discounts and loans of the Company represented approximately 57% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of the Bank, please refer to Notes 4, 5, and 13 to the consolidated financial statements.

We determined the assessment of allowance for possible losses on loans to be a key audit matter for the six months ended June 30, 2022 because the assessment made by the Bank to assess the classification of credit assets and recognize allowance for possible losses in accordance with the Regulations involves critical estimates and judgements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. We obtained an understanding of and performed test on the relevant internal controls in respect of the Bank's loan impairment assessment.

2. We acquired the loan evaluation form used by management of the Bank and assessed the allowance for possible losses on credit assets; we tested the completeness of the loan assets.

3. We assessed that the loans of the Bank were classified in accordance with the definition of the Regulations.

4. We calculated the required provision of allowance for possible losses on loans of the Bank in order to assess whether it complied with the Regulations.

Other Matter

We have also audited the parent company only financial statements of E.SUN Commercial Bank, Ltd. as of and for the six months ended June 30, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen-Hsiu Yang and Kuan-Hao Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 19, 2022

Notice to Readers

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

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 Amount	%	December 31, 2021 Amount	%	June 30, 2021 Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	$ 72,074,032	2	$ 85,011,381	3	$ 56,101,868	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 39)	126,240,330	4	125,370,528	4	124,162,120	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 39)	380,533,258	12	406,120,795	13	625,299,760	21
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 39 and 42)	341,485,531	10	331,946,892	10	305,095,527	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 14, 39 and 42)	351,967,026	11	308,219,235	10	33,847,921	1
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,684,169	-	-	-	3,511,272	-
RECEIVABLES, NET (Notes 4, 12 and 38)	103,000,709	3	108,589,280	4	96,066,857	3
CURRENT TAX ASSETS (Notes 4 and 38)	130,716	-	238,479	-	191,940	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 14, 38 and 39)	1,872,442,278	57	1,768,641,241	55	1,666,096,316	56
OTHER FINANCIAL ASSETS, NET (Note 15)	5,446,581	-	6,508,506	-	3,661,482	-
PROPERTIES AND EQUIPMENT, NET (Note 16)	33,431,101	1	33,265,727	1	32,676,997	1
RIGHT-OF-USE ASSETS, NET (Note 17)	6,667,630	-	6,772,103	-	6,957,499	-
INVESTMENT PROPERTIES, NET (Note 18)	2,109,566	-	2,096,113	-	2,019,219	-
INTANGIBLE ASSETS, NET (Note 19)	6,080,857	-	6,134,220	-	6,142,244	-
DEFERRED TAX ASSETS (Note 4)	3,199,454	-	2,294,370	-	2,039,660	-
OTHER ASSETS, NET (Notes 17, 20 and 38)	12,030,137	-	4,908,271	-	7,167,883	1
TOTAL	$ 3,318,523,375	100	$ 3,196,117,141	100	$ 2,971,038,565	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	$ 73,606,922	2	$ 83,481,158	3	$ 74,339,824	3
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	-	-	14,021,010	-	10,467,950	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 26)	94,242,675	3	61,199,462	2	63,114,993	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 23)	17,873,538	1	16,648,639	1	17,273,129	1
PAYABLES (Notes 24 and 38)	32,689,022	1	23,557,174	1	27,755,920	1
CURRENT TAX LIABILITIES (Notes 4 and 38)	2,111,342	-	1,692,108	-	1,779,953	-
DEPOSITS AND REMITTANCES (Notes 25 and 38)	2,785,485,432	84	2,698,070,807	84	2,500,245,182	84
BANK DEBENTURES (Note 26)	34,850,000	1	34,270,000	1	32,670,000	1
OTHER FINANCIAL LIABILITIES (Notes 18, 27 and 38)	89,855,155	3	65,225,761	2	53,544,360	2
PROVISIONS (Note 28)	1,098,117	-	1,081,140	-	990,898	-
LEASE LIABILITIES (Note 17)	3,789,789	-	3,841,071	-	3,944,816	-
DEFERRED TAX LIABILITIES (Note 4)	1,378,160	-	1,332,936	-	1,296,369	-
OTHER LIABILITIES (Notes 30 and 38)	3,494,376	-	3,579,589	-	3,324,011	-
Total liabilities	3,140,474,528	95	3,008,000,855	94	2,790,747,405	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital stock						
Common stock	103,637,000	3	98,937,000	3	98,937,000	3
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	26,382,800	1	26,382,800	1	25,892,027	1
From treasury stock transactions	483	-	483	-	483	-
Others	799,080	-	595,513	-	802,111	-
Total capital surplus	27,182,363	1	26,978,796	1	26,694,621	1
Retained earnings						
Legal reserve	49,846,034	2	44,398,657	1	44,398,657	2
Special reserve	1,133,012	-	302,853	-	302,853	-
Unappropriated earnings	6,560,557	-	18,160,055	1	9,932,696	-
Total retained earnings	57,539,603	2	62,861,565	2	54,634,206	2
Other equity	(10,471,278)	(1)	(830,159)	-	(124,124)	-
Total equity attributable to owners of the Bank	177,887,688	5	187,947,202	6	180,141,703	6
NON-CONTROLLING INTERESTS	161,159	-	169,084	-	149,457	-
Total equity	178,048,847	5	188,116,286	6	180,291,160	6
TOTAL	$ 3,318,523,375	100	$ 3,196,117,141	100	$ 2,971,038,565	100

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 31 and 38)	$ 11,564,482	101	$ 8,587,246	65	$ 21,324,058	89	$ 17,034,994	67
INTEREST EXPENSE (Notes 31 and 38)	(3,792,462)	(33)	(2,335,890)	(18)	(6,274,469)	(26)	(4,782,805)	(19)
NET INTEREST	7,772,020	68	6,251,356	47	15,049,589	63	12,252,189	48
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee income, net (Notes 32 and 38)	4,073,711	36	4,260,974	32	8,640,459	36	8,859,273	35
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Note 33)	(597,605)	(5)	1,982,385	15	(478,477)	(2)	3,394,328	13
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	209,766	2	432,763	3	423,141	2	592,066	2
Foreign exchange gains (losses), net	(141,257)	(1)	278,056	2	11,003	-	453,053	2
Reversal of impairment losses (impairment losses) on assets (Note 4)	11,075	-	(7,727)	-	624	-	(21,017)	-
Other noninterest gains, net (Note 38)	75,754	-	66,530	1	147,399	1	118,644	-
Total net revenues and gains other than interest	3,631,444	32	7,012,981	53	8,744,149	37	13,396,347	52
TOTAL NET REVENUES	11,403,464	100	13,264,337	100	23,793,738	100	25,648,536	100
PROVISION FOR BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 13)	(532,245)	(5)	(668,568)	(5)	(877,411)	(4)	(313,100)	(1)
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29, 34 and 38)								
Employee benefits	(3,185,540)	(28)	(3,404,284)	(25)	(6,431,383)	(27)	(6,737,809)	(26)
Depreciation and amortization	(896,934)	(8)	(836,312)	(6)	(1,809,410)	(8)	(1,662,368)	(7)
General and administrative	(3,220,518)	(28)	(3,012,717)	(23)	(6,482,732)	(27)	(6,290,129)	(25)
Total operating expenses	(7,302,992)	(64)	(7,253,313)	(54)	(14,723,525)	(62)	(14,690,306)	(58)
INCOME BEFORE INCOME TAX	3,568,227	31	5,342,456	41	8,192,802	34	10,645,130	41
INCOME TAX EXPENSE (Notes 4 and 35)	(931,305)	(8)	(766,579)	(6)	(1,880,507)	(8)	(1,648,696)	(6)
NET INCOME FOR THE PERIOD	2,636,922	23	4,575,877	35	6,312,295	26	8,996,434	35

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 35)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	$ (2,856,192)	(25)	$ 11,231	-	$ (1,790,440)	(7)	$ 1,275,149	5
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	105,078	1	(107,380)	(1)	(69,992)	-	(26,706)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	23,280	-	19,419	-	28,685	-	14,764	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	(2,727,834)	(24)	(76,730)	(1)	(1,831,747)	(7)	1,263,207	5
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	616,863	5	(621,667)	(4)	1,831,014	8	(544,495)	(2)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(4,703,347)	(41)	819,303	6	(10,188,063)	(43)	(571,549)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	305,655	3	32,402	-	797,748	3	192,222	-
Items that may be reclassified subsequently to profit or loss, net of income tax	(3,780,829)	(33)	230,038	2	(7,559,301)	(32)	(923,822)	(4)
Other comprehensive income (loss) for the period, net of income tax	(6,508,663)	(57)	153,308	1	(9,391,048)	(39)	339,385	1
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (3,871,741)	(34)	$ 4,729,185	36	$ (3,078,753)	(13)	$ 9,335,819	36
NET INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 2,627,507	23	$ 4,569,413	35	$ 6,301,249	26	$ 8,987,660	35
Non-controlling interests	9,415	-	6,464	-	11,046	-	8,774	-
	$ 2,636,922	23	$ 4,575,877	35	$ 6,312,295	26	$ 8,996,434	35

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Bank	$ (3,881,347)	(34)	$ 4,722,819	36	$ (3,090,148)	(13)	$ 9,327,139	36
Non-controlling interests	9,606	-	6,366	-	11,395	-	8,680	-
	$ (3,871,741)	(34)	$ 4,729,185	36	$ (3,078,753)	(13)	$ 9,335,819	36
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)								
Basic	$ 0.25		$ 0.44		$ 0.61		$ 0.87	

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank										
							Other Equity				
	Capital Stock (Note 37)			Retained Earnings (Notes 9, 35 and 37)							
	Shares (In Thousands)	Common Stock	Capital Surplus (Note 37)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operation	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9 and 35)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Non-controlling Interests (Note 37)	Total Equity
BALANCE AT JANUARY 1, 2022	9,893,700	$ 98,937,000	$ 26,978,796	$ 44,398,657	$ 302,853	$ 18,160,055	$ (2,666,984)	$ 2,488,252	$ (651,427)	$ 169,084	$ 188,116,286
Appropriation of 2021 earnings											
Legal reserve	-	-	-	5,447,377	-	(5,447,377)	-	-	-	-	-
Special reserve	-	-	-	-	830,159	(830,159)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,172,933)	-	-	-	-	(7,172,933)
Stock dividends	470,000	4,700,000	-	-	-	(4,700,000)	-	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	203,567	-	-	-	-	-	-	-	203,567
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(19,320)	(19,320)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	249,722	-	(249,722)	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	6,301,249	-	-	-	11,046	6,312,295
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	1,464,532	(10,785,937)	(69,992)	349	(9,391,048)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	6,301,249	1,464,532	(10,785,937)	(69,992)	11,395	(3,078,753)
BALANCE AT JUNE 30, 2022	10,363,700	$ 103,637,000	$ 27,182,363	$ 49,846,034	$ 1,133,012	$ 6,560,557	$ (1,202,452)	$ (8,547,407)	$ (721,419)	$ 161,159	$ 178,048,847
BALANCE AT JANUARY 1, 2021	9,524,100	$ 95,241,000	$ 26,394,914	$ 39,753,711	$ 302,853	$ 15,485,503	$ (2,054,518)	$ 3,184,890	$ (651,070)	$ 140,777	$ 177,798,060
Appropriation of 2020 earnings											
Legal reserve	-	-	-	4,644,946	-	(4,644,946)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,142,426)	-	-	-	-	(7,142,426)
Stock dividends	369,600	3,696,000	-	-	-	(3,696,000)	-	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	299,707	-	-	-	-	-	-	-	299,707
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	942,905	-	(942,905)	-	-	-
Net income for the six months ended June 30, 2021	-	-	-	-	-	8,987,660	-	-	-	8,774	8,996,434
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	(435,521)	801,706	(26,706)	(94)	339,385
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	8,987,660	(435,521)	801,706	(26,706)	8,680	9,335,819
BALANCE AT JUNE 30, 2021	9,893,700	$ 98,937,000	$ 26,694,621	$ 44,398,657	$ 302,853	$ 9,932,696	$ (2,490,039)	$ 3,043,691	$ (677,776)	$ 149,457	$ 180,291,160

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 8,192,802	$ 10,645,130
Adjustments for:		
Depreciation expenses	1,455,847	1,333,573
Amortization expenses	353,563	328,795
Expected credit losses/bad-debt expenses	860,310	316,917
Losses (gains) on financial assets and liabilities at fair value through profit or loss	478,477	(3,394,328)
Interest expense	6,274,469	4,782,805
Interest revenue	(21,324,058)	(17,034,994)
Dividend income	(515,978)	(220,865)
Provision for losses on guarantees	3,517	4,590
Salary expenses on share-based payments	203,567	299,707
Gains on disposal of properties and equipment	(7,519)	(19,476)
Losses (gains) on disposal of investments	92,837	(371,201)
Others	(4,830)	(2,556)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	4,061,428	7,832,985
Financial assets at fair value through profit or loss	98,053,490	81,111,122
Financial assets at fair value through other comprehensive income	(13,535,190)	(44,734,525)
Investments in debt instruments at amortized cost	(41,237,433)	(17,581,344)
Receivables	7,278,374	6,631,397
Discounts and loans	(104,397,569)	(46,412,457)
Other financial assets	1,061,935	560,956
Other assets	(459,676)	(164,660)
Deposits from the Central Bank and other banks	(9,874,236)	19,370,838
Financial liabilities at fair value through profit or loss	(42,022,973)	(1,564,658)
Securities sold under repurchase agreements	1,224,899	5,967,881
Payables	8,466,846	4,612,752
Deposits and remittances	87,414,625	7,151,144
Other financial liabilities	13,963,734	(7,989,350)
Provision for employee benefits	-	(285,377)
Other liabilities	(90,373)	(17,048)
Cash generated from operations	5,970,885	11,157,753
Interest received	21,911,021	19,469,699
Dividends received	188,458	147,872
Interest paid	(5,620,843)	(5,453,615)
Income tax paid	(1,391,077)	(517,392)
Net cash generated from operating activities	21,058,444	24,804,317

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	$ (1,060,064)	$ (2,373,395)
Proceeds from disposal of properties and equipment	34,937	69,149
Increase in refundable deposits	(6,662,060)	(1,113,066)
Payments for intangible assets	(117,857)	(145,704)
Payments for right-of-use assets	(105)	(1,345,188)
Net cash used in investing activities	(7,805,149)	(4,908,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	703,167	-
Decrease in short-term borrowings	-	(599,391)
Increase in due to the Central Bank and other banks	-	2,423,610
Decrease in due to the Central Bank and other banks	(14,021,010)	-
Proceeds from issue of bank debentures	3,800,000	-
Repayments of bank debentures	(3,220,000)	(1,300,000)
Repayments of long-term borrowings	(6,724)	-
Increase in guarantee deposits received	9,945,065	-
Decrease in guarantee deposits received	-	(2,392,232)
Repayments of the principal portion of lease liabilities	(532,369)	(527,400)
Cash dividends paid to owners of the Bank	(7,172,933)	(7,142,426)
Net cash used in financing activities	(10,504,804)	(9,537,839)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(9,070,441)	3,271,330
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,321,950)	13,629,604
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	104,486,305	70,022,639
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 98,164,355	$ 83,652,243

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	June 30	
	2022	**2021**
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2022 AND 2021		
Cash and cash equivalents in the consolidated balance sheets	$ 72,074,032	$ 56,101,868
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	24,406,154	24,039,103
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	1,684,169	3,511,272
Cash and cash equivalents at the end of the period	$ 98,164,355	$ 83,652,243

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

1. ORGANIZATION AND OPERATIONS

E.SUN Commercial Bank, Ltd. (the "Bank") engages in banking activities permitted by the Banking Act of the Republic of China (ROC).

As of June 30, 2022, the Bank had 152 units, including a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), an insurance agent department, 8 overseas branches, and 138 domestic branches.

The operations of the Bank's Trust Department consist of planning, managing and operating a trust business. These operations are regulated under the Banking Act and Trust Enterprise Act of the ROC.

On December 10, 2001, the Bank's stockholders resolved the establishment of E.SUN Financial Holding Company, Ltd. (ESFHC) through a share swap. Thus, ESFHC acquired the shares of the Bank, E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. (E.SUN Securities). The board of directors designated January 28, 2002 as the effective date of the related share swap. After the share swap, the Bank became a 100% subsidiary of ESFHC. Also, on January 28, 2002, the trading of the Bank's stock on the Taiwan Stock Exchange (TWSE) was stopped, and ESFHC's stock started to be traded on the TWSE.

To integrate resources, enhance operating effectiveness, strengthen the Bank's equity structure, and ensure its long-term development, the stockholders resolved the Bank's merger with E.SUN Bills on August 25, 2006, with the Bank as the surviving entity. The effective date of this merger is December 25, 2006.

The Bank acquired the assets, liabilities and business of Chiayi The Fourth Credit Cooperative and Chu Nan Credit-Cooperative Association on November 3, 2012 and July 9, 2011, respectively.

To expand economies of scale, improve integrated marketing, reduce operating costs and develop operating synergy, the stockholders resolved the Bank's merger with E.SUN Insurance Broker Co., Ltd. (ESIB) on August 21, 2015, with the Bank as the surviving entity. The effective date of this merger is March 25, 2016.

Union Commercial Bank PLC. (UCB) was founded in March 1994, under the Laws of the Kingdom of Cambodia. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The Bank acquired 70% equity interest of UCB on August 28, 2013, and on December 29, 2015, the Bank acquired from non-controlling interests for additional 5% shares of UCB, which increased its continuing interest from 70% to 75%. The Bank acquired residual 25% equity interest of UCB on August 25, 2017.

In January 2016, E.SUN Bank (China), Ltd. (ESBC) began its formal launch after acquiring the approval of the Financial Supervisory Commission (FSC) and the China Bank Regulatory Commission. The registered capital of ESBC is CNY two billion, and ESBC has been opened in Shenzhen, China on March 11, 2016. ESBC is engaged in banking activities permitted by the laws of mainland China.

To expand business in electronic commerce, the Bank's board of directors resolved the acquisition of 7,875 thousand common shares of BankPro E-Service Technology Co., Ltd. (BankPro) on November 13, 2015. This acquisition was approved by the authorities and settled on January 11, 2016, and BankPro was included in the consolidated financial statements from the acquisition date.

BankPro is engaged in retail sale of computer software, software design service, data processing service, digital information supply service and business consultant.

The operating units of the Bank and its subsidiaries (collectively, the "Company") maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

For the six months ended June 30, 2022 and 2021, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 8,435 and 8,783, respectively. For the six months ended June 30, 2022 and 2021, the average number of employees of ESBC, UCB and BankPro was 945, respectively.

For more information on the consolidated entities, please refer to Table 1 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of the Bank, in their meeting on August 19, 2022, approved and authorized the consolidated financial statements for issue.

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

a. Influences of the Company initially applied amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

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

b. Not yet applied new IFRSs endorsed by the FSC for application starting from 2023

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

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

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

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

The Company assessed the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. Not yet applied new IFRSs announced by IASB but not yet endorsed and issued into effect by the FSC

The New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

The Company assessed the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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 Firms and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the interim consolidated financial statements is less than those required in a complete set of annual consolidated financial statements.

b. 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 and net defined benefit liabilities/assets that are measured at the present value of the defined benefit obligation less the 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:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) 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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (UCB (including UCB's subsidiary), ESBC, and BankPro).

The accounting policies of the Bank and its subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. The Bank's financial statements include the accounts of its Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Other significant accounting policies

Except for those described below, please refer to the consolidated financial statements as of December 31, 2021 for details of summary of the significant accounting policies.

1) Post-employment benefits

Pension cost for defined benefit retirement plans of 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.

2) Taxation

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

3) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Company 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 Company 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. 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. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

a) Internal or external information show that the debtor is unlikely to pay its creditors.

b) When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

Under FSC guidelines, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectable, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

The Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectable, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

Credits deemed uncollectable might be written off if the write-off is approved by the board of directors.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated impairment of loans

The provision for impairment of loans is based on assumptions about probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of end of each reporting period.

In the calculation of the required provision of allowance for possible losses, the Company also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Company evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	$ 14,958,145	$ 17,691,684	$ 14,857,130
Checks for clearing	1,959,305	7,259,513	1,955,975
Due from banks	55,189,191	59,931,352	39,318,690
Cash in transit	-	146,713	749
	72,106,641	85,029,262	56,132,544
Less: Allowance for possible losses	(32,609)	(17,881)	(30,676)
	$ 72,074,032	$ 85,011,381	$ 56,101,868

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of June 30, 2022 and 2021 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2021 are stated below.

	December 31, 2021
Cash and cash equivalents, ending balance in the consolidated balance sheets	$ 85,011,381
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	19,474,924
Cash and cash equivalents, ending balance in the consolidated statements of cash flows	$ 104,486,305

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

	June 30, 2022	December 31, 2021	June 30, 2021
Deposit reserves - account A	$ 22,190,380	$ 29,641,472	$ 28,691,186
Deposit reserves - account B	58,965,942	56,784,785	54,753,090
Reserves for deposits - foreign currency deposits	787,739	733,759	654,945
Due from the Central Bank - other	17,624,041	16,141,834	16,164,968
Deposit in the Central Bank - deposits of government agencies	8,586	7,217	6,853
Call loans to banks	26,713,717	22,107,264	23,915,770
	126,290,405	125,416,331	124,186,812
Less: Allowance for possible losses	(50,075)	(45,803)	(24,692)
	$ 126,240,330	$ 125,370,528	$ 124,162,120

As required by law, the deposit reserves are calculated by applying the prescribed rates to the average monthly balances of various types of deposit accounts. The deposit reserves - account B is subject to withdrawal restrictions, but deposit reserves - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the "Directions for a National Treasury Agent Bank Acting on Behalf of the Central Bank of the Republic of China Handling National Treasury Matters," the Bank redeposits 60% of the receipts of deposit of government agencies in the Central Bank of the Republic of China, and the amount is subject to withdrawal restrictions.

Refer to Note 39 for information relating to deposit reserves pledged as security.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily classified as at fair value through profit or loss			
Negotiable certificates of deposit	$ 102,778,661	$ 150,682,911	$ 384,846,217
Commercial paper	74,162,809	102,968,285	87,140,166
Treasury bills	16,967,303	16,974,413	9,036,025
Corporate bonds	68,085,517	69,377,840	73,082,536
Bank debentures	48,835,428	49,211,752	53,845,577
Government bonds	-	49,413	-
Listed stocks	480,623	1,405,137	1,310,437
Currency swap contracts	45,740,014	6,795,858	6,657,356
Interest rate swap contracts	19,829,423	6,854,657	8,084,466
Currency option contracts	1,877,063	862,308	477,234
Forward contracts	658,719	191,105	90,429
Futures exchange margins	79,058	56,963	65,505
Non-deliverable forward contracts	947,167	436,564	306,174
Metal commodity swap contracts	11,910	3,246	2,854
Cross-currency swap contracts	71,896	250,343	354,784
Credit default swap contracts	7,667	-	-
	$ 380,533,258	$ 406,120,795	$ 625,299,760
Held-for-trading financial liabilities			
Currency swap contracts	$ 28,505,845	$ 8,704,446	$ 8,781,082
Interest rate swap contracts	15,195,325	3,343,434	4,616,602
Currency option contracts	2,680,327	1,012,080	619,938
Forward contracts	558,389	237,722	137,665
Non-deliverable forward contracts	464,409	332,445	285,225
Cross-currency swap contracts	712,562	118,998	120,710
Credit default swap contracts	1,285	-	40
Metal commodity swap contracts	2,211	622	2,475
Total return swap contracts	-	-	380
Interest rate option contracts	145,623	-	-
	48,265,976	13,749,747	14,564,117
Financial liabilities designated as at fair value through profit or loss			
Bank debentures (Note 26)	45,976,699	47,449,715	48,550,876
	$ 94,242,675	$ 61,199,462	$ 63,114,993

Refer to Note 39 for information relating to financial assets mandatorily classified as at fair value through profit or loss pledged as security.

The Company engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and hedge against its exchange rate and interest rate exposures as well as its credit risks as a bondholder.

The contract (nominal) amounts of derivative transactions by the Company as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Currency swap contracts	$ 1,847,136,267	$ 1,726,383,860	$ 1,107,515,764
Interest rate swap contracts	858,449,372	556,286,337	574,431,455
Currency option contracts	314,168,678	203,125,623	144,739,839
Interest rate option contracts	12,000,000	-	-
Forward contracts	51,494,067	28,730,324	21,195,916
Non-deliverable forward contracts	31,582,534	70,101,658	62,626,103
Cross-currency swap contracts	21,302,787	25,804,441	23,860,317
Metal commodity swap contracts	145,972	74,842	128,217
Credit default swap contracts	1,802,885	-	15,083
Total return swap contracts	-	-	278,700
Equity option contracts	2,973	-	-
Equity swap contracts	2,973	-	-

The open positions of futures transactions of the Company as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

		June 30, 2022			
		Open Position			
Items	Products	Buy/Sell	Number of Contracts	Contract Amount or Premium Paid (Charged)	Fair Value
Futures contracts	Commodity futures	Buy	22	$ 133,411	$ 122,461
	Commodity futures	Sell	13	38,089	36,242
	Interest rate futures	Sell	15	74,315	79,875

		December 31, 2021			
		Open Position			
Items	Products	Buy/Sell	Number of Contracts	Contract Amount or Premium Paid (Charged)	Fair Value
Futures contracts	Commodity futures	Buy	10	$ 39,230	$ 41,550
	Commodity futures	Sell	32	77,430	82,379

		June 30, 2021			
		Open Position		Contract Amount or Premium Paid (Charged)	
Items	Products	Buy/Sell	Number of Contracts		Fair Value
Futures contracts	Commodity futures	Buy	49	$ 171,683	$ 167,484
	Commodity futures	Sell	15	40,055	39,749

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in equity instruments at FVTOCI	$ 18,312,443	$ 20,009,657	$ 16,051,372
Investments in debt instruments at FVTOCI	323,173,088	311,937,235	289,044,155
	$ 341,485,531	$ 331,946,892	$ 305,095,527

a. Investments in equity instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
Listed shares	$ 17,089,001	$ 18,879,990	$ 14,953,676
Unlisted shares	1,223,442	1,129,667	1,097,696
	$ 18,312,443	$ 20,009,657	$ 16,051,372

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

For the six months ended June 30, 2022 and 2021, the Company sold shares of stocks for $7,426,884 thousand and $3,524,811 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gains of $249,722 thousand and $942,905 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of $515,978 thousand and $220,865 thousand were recognized in profit or loss for the six months ended June 30, 2022 and 2021, respectively. The dividends related to investments held at the end of the reporting period were $477,586 thousand and $187,470 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
Bank debentures	$ 161,176,031	$ 146,330,146	$ 137,383,976
Government bonds	58,395,113	59,836,806	78,631,709
Corporate bonds	97,553,154	98,257,668	65,259,743
Overseas bonds	5,680,468	7,225,017	6,480,778
Negotiable certificates of deposit	300,259	278,728	839,482
Discounted note	68,063	8,870	448,467
	$ 323,173,088	$ 311,937,235	$ 289,044,155

As of June 30, 2022, December 31, 2021 and June 30, 2021, the investments in debt instruments at FVTOCI, which amounted to $17,773,474 thousand, $17,043,122 thousand and $18,615,753 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 42 for information relating to their credit risk management and impairment.

Refer to Note 39 for information relating to investments in debt instruments at FVTOCI pledged as security.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Overseas bonds	$ 22,953,179	$ 12,518,061	$ 12,391,010
Bank debentures	44,288,553	29,132,322	18,159,151
Corporate bonds	12,612,144	10,459,485	3,179,758
Negotiable certificates of deposit	265,647,260	256,124,601	125,415
Government bonds	6,319,236	-	-
Securitization products	167,937	-	-
	351,988,309	308,234,469	33,855,334
Less: Allowance for impairment loss	(21,283)	(15,234)	(7,413)
	$ 351,967,026	$ 308,219,235	$ 33,847,921

As of June 30, 2022 and December 31, 2021, the investments in debt instruments at amortized cost, which amounted to $1,104,132 thousand and $911,582 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 42 for information relating to their credit risk management and impairment.

Refer to Note 39 for information relating to investments in debt instruments at amortized cost pledged as security.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $1,684,169 thousand and $3,511,272 thousand under resell agreements as of June 30, 2022 and 2021, respectively, would subsequently be sold for $1,684,860 thousand and $3,511,833 thousand, respectively.

12. RECEIVABLES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Receivables on credit cards	$ 76,652,526	$ 83,514,302	$ 71,660,404
Accounts receivable factored without recourse	13,994,808	12,904,407	11,921,429
Accrued interest	5,819,467	4,744,638	4,198,030
Accounts receivable	3,403,514	1,861,853	6,054,293
Acceptances	1,930,697	1,342,125	1,918,208
Receivables on digital stimulus vouchers redemption	286,745	4,159,925	-
Others	2,730,592	2,132,932	2,174,868
	104,818,349	110,660,182	97,927,232
Less: Allowance for possible losses	(1,817,640)	(2,070,902)	(1,860,375)
	$ 103,000,709	$ 108,589,280	$ 96,066,857

The changes in allowance for possible losses of receivables were as follows:

For the six months ended June 30, 2022

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 51,463	$ 6,430	$ 346,356	$ 404,249	$ 1,666,653	$ 2,070,902
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(247)	453	(206)	-	-	-
Credit-impaired financial assets	(233)	(3,173)	3,406	-	-	-
12-month ECL	5,044	(2,271)	(2,773)	-	-	-
Derecognition of financial assets in the reporting period	(2,194)	(374)	(10,036)	(12,604)	-	(12,604)
New financial assets purchased or originated	4,598	2,052	6,843	13,493	-	13,493
Difference of impairment loss under regulations	-	-	-	-	(378,704)	(378,704)
Write-offs	-	-	(217,310)	(217,310)	-	(217,310)
Recovery of written-off receivables	-	-	226,168	226,168	-	226,168
Change in model or risk parameters	43,399	23,011	58,476	124,886	-	124,886
Change in exchange rates or others	52	128	865	1,045	(10,236)	(9,191)
Balance at June 30, 2022	$ 101,882	$ 26,256	$ 411,789	$ 539,927	$ 1,277,713	$ 1,817,640

For the six months ended June 30, 2021

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 178,715	$ 25,811	$ 361,116	$ 565,642	$ 1,272,922	$ 1,838,564
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(373)	647	(274)	-	-	-
Credit-impaired financial assets	(945)	(14,846)	15,791	-	-	-
12-month ECL	11,311	(8,203)	(3,108)	-	-	-
Derecognition of financial assets in the reporting period	(7,139)	(1,365)	(10,239)	(18,743)	-	(18,743)
New financial assets purchased or originated	2,667	509	4,093	7,269	-	7,269
Difference of impairment loss under regulations	-	-	-	-	174,597	174,597
Write-offs	-	-	(230,640)	(230,640)	-	(230,640)
Recovery of written-off receivables	-	-	216,731	216,731	-	216,731
Change in model or risk parameters	(140,159)	6,184	30,045	(103,930)	-	(103,930)
Change in exchange rates or others	(12)	-	(454)	(466)	(23,007)	(23,473)
Balance at June 30, 2021	$ 44,065	$ 8,737	$ 383,061	$ 435,863	$ 1,424,512	$ 1,860,375

The changes in gross carrying amount of receivables were as follows:

For the six months ended June 30, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	$ 107,920,525	$ 133,734	$ 2,605,923	$ 110,660,182
Transfers to				
Lifetime ECL	(146,028)	146,787	(759)	-
Credit-impaired financial assets	(342,141)	(62,659)	404,800	-
12-month ECL	60,004	(48,978)	(11,026)	-
Derecognition of financial assets in the reporting period	(22,913,749)	(8,066)	(286,890)	(23,208,705)
New financial assets purchased or originated	17,421,927	36,462	91,162	17,549,551
Write-offs	-	-	(217,310)	(217,310)
Change in exchange rates or others	33,498	1,043	90	34,631
Balance at June 30, 2022	$ 102,034,036	$ 198,323	$ 2,585,990	$ 104,818,349

For the six months ended June 30, 2021

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 101,041,722	$ 159,613	$ 2,648,775	$ 103,850,110
Transfers to				
Lifetime ECL	(146,429)	147,156	(727)	-
Credit-impaired financial assets	(438,463)	(87,773)	526,236	-
12-month ECL	64,836	(52,579)	(12,257)	-
Derecognition of financial assets in the reporting period	(24,918,467)	(11,228)	(288,131)	(25,217,826)
New financial assets purchased or originated	19,456,297	23,448	65,278	19,545,023

(Continued)

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Write-offs	$ -	$ -	$ (230,640)	$ (230,640)
Change in exchange rates or others	(19,387)	(15)	(33)	(19,435)
Balance at June 30, 2021	$ 95,040,109	$ 178,622	$ 2,708,501	$ 97,927,232

(Concluded)

13. DISCOUNTS AND LOANS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Loans			
Short-term	$ 299,749,483	$ 309,127,045	$ 296,726,350
Medium-term	486,206,479	436,923,515	402,045,172
Long-term	1,104,855,814	1,040,601,661	983,342,430
Overdue loans	2,121,323	2,189,227	2,025,121
Bills negotiated and discounts	2,878,290	1,857,307	2,762,733
	1,895,811,389	1,790,698,755	1,686,901,806
Less: Allowance for possible losses	(23,406,922)	(22,123,971)	(20,794,594)
Less: Adjustment of premium or discount	37,811	66,457	(10,896)
	$ 1,872,442,278	$ 1,768,641,241	$ 1,666,096,316

Refer to Note 39 for information relating to discounts and loans pledged as security.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the loan and credit balances of the Bank, for which the accrual of interest revenues was discontinued, amounted to $2,103,026 thousand, $2,134,217 thousand and $2,025,121 thousand, respectively. The unrecognized interest revenues on these loans and credits of the Bank were $17,561 thousand and $18,027 thousand for the six months ended June 30, 2022 and 2021, respectively.

The changes in allowance for possible losses of discount and loans were as follows:

For the six months ended June 30, 2022

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 1,107,559	$ 1,159,549	$ 2,685,341	$ 4,952,449	$ 17,171,522	$ 22,123,971
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(3,865)	20,299	(16,434)	-	-	-
Credit-impaired financial assets	(6,673)	(79,786)	86,459	-	-	-
12-month ECL	68,515	(36,658)	(31,857)	-	-	-
Derecognition of financial assets in the reporting period	(182,954)	(18,046)	(155,103)	(356,103)	-	(356,103)
New financial assets purchased or originated	430,240	172,930	119,479	722,649	-	722,649
Difference of impairment loss under regulations	-	-	-	-	114,002	114,002
Write-offs	-	-	(357,697)	(357,697)	-	(357,697)
Recovery of written-off credits	-	-	356,958	356,958	-	356,958
Change in model or risk parameters	259,437	202,975	161,457	623,869	-	623,869
Change in exchange rates or others	22,490	430	12	22,932	156,341	179,273
Balance at June 30, 2022	$ 1,694,749	$ 1,421,693	$ 2,848,615	$ 5,965,057	$ 17,441,865	$ 23,406,922

For the six months ended June 30, 2021

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 3,536,235	$ 1,092,418	$ 3,728,502	$ 8,357,155	$ 12,251,566	$ 20,608,721
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(28,203)	47,277	(19,074)	-	-	-
Credit-impaired financial assets	(9,669)	(144,415)	154,084	-	-	-
12-month ECL	451,703	(383,043)	(68,660)	-	-	-
Derecognition of financial assets in the reporting period	(437,646)	(55,517)	(324,295)	(817,458)	-	(817,458)
New financial assets purchased or originated	226,646	55,236	123,503	405,385	-	405,385
Difference of impairment loss under regulations	-	-	-	-	4,233,307	4,233,307
Write-offs	-	-	(616,840)	(616,840)	-	(616,840)
Recovery of written-off credits	-	-	546,403	546,403	-	546,403
Change in model or risk parameters	(2,820,395)	261,459	(951,924)	(3,510,860)	-	(3,510,860)
Change in exchange rates or others	(4,251)	(688)	(805)	(5,744)	(48,320)	(54,064)
Balance at June 30, 2021	$ 914,420	$ 872,727	$ 2,570,894	$ 4,358,041	$ 16,436,553	$ 20,794,594

The changes in gross carrying amount of discount and loans were as follows:

For the six months ended June 30, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	$ 1,776,479,581	$ 6,530,761	$ 7,688,413	$ 1,790,698,755
Transfers to				
Lifetime ECL	(1,316,411)	1,499,269	(182,858)	-
Credit-impaired financial assets	(1,233,833)	(333,899)	1,567,732	-
12-month ECL	458,192	(157,501)	(300,691)	-
Derecognition of financial assets in the reporting period	(422,565,411)	(857,873)	(855,685)	(424,278,969)
New financial assets purchased or originated	526,793,398	773,261	241,775	527,808,434
Write-offs	-	-	(357,697)	(357,697)
Change in exchange rates or others	1,935,022	5,778	66	1,940,866
Balance at June 30, 2022	$ 1,880,550,538	$ 7,459,796	$ 7,801,055	$ 1,895,811,389

For the six months ended June 30, 2021

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 1,628,484,018	$ 4,313,659	$ 8,238,531	$ 1,641,036,208
Transfers to				
Lifetime ECL	(2,309,283)	2,480,857	(171,574)	-
Credit-impaired financial assets	(983,249)	(593,975)	1,577,224	-
12-month ECL	1,331,354	(926,154)	(405,200)	-
Derecognition of financial assets in the reporting period	(395,104,681)	(1,047,756)	(1,342,382)	(397,494,819)
New financial assets purchased or originated	444,421,863	231,340	224,515	444,877,718
Write-offs	-	-	(616,840)	(616,840)
Change in exchange rates or others	(891,368)	(5,620)	(3,473)	(900,461)
Balance at June 30, 2021	$ 1,674,948,654	$ 4,452,351	$ 7,500,801	$ 1,686,901,806

The bad-debt expenses and provision for losses on commitments and guarantees were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Provision for possible losses on due from banks	$ 325	$ 2,750	$ 12,960	$ 12,610
Provision (reversal of provision) for possible losses on call loans to other banks	(5,185)	1,767	1,658	(72,435)
Provision (reversal of provision) for possible losses on receivables	61,017	56,537	(252,929)	59,193
Provision for possible losses on discounts and loans	468,953	596,259	1,104,417	310,374
Provision (reversal of provision) for possible losses on remittance	-	10	(10)	10
Provision for possible losses on guarantees	4,631	13,505	3,517	4,590
Provision (reversal of provision) for possible losses on financing commitments	2,504	(2,260)	7,798	(1,242)
	$ 532,245	$ 668,568	$ 877,411	$ 313,100

The FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Bank was in compliance with the FSC's provision requirement for both types of credit assets.

14. UNCONSOLIDATED STRUCTURED ENTITIES

a. The Bank holds the following unconsolidated structured entities. The fund is from the Bank and an external third-party.

Type of Structured Entity	Characteristic and Purpose	Equity Owned by the Bank
Assets securitization products and asset-based loan	Investment in assets securitization product and asset-based loan to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities and principal of loans

b. As of June 30, 2022, the carrying amounts of the unconsolidated structured entities recognized by the Bank were as below:

	June 30, 2022
Assets securitization products and asset-based loan	
Investments in debt instruments at amortized cost	$ 166,378
Discounts and loans	732,808
	$ 899,186

The maximum exposure to possible loss is the carrying amount of the assets held.

15. OTHER FINANCIAL ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Due from banks	$ 5,446,581	$ 6,508,499	$ 3,661,353
Other	-	7	129
	$ 5,446,581	$ 6,508,506	$ 3,661,482

Due from banks were deposits for operating reserve and time deposits with maturities longer than three months.

16. PROPERTIES AND EQUIPMENT, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount			
Land	$ 14,372,185	$ 14,369,786	$ 14,192,147
Buildings	12,692,541	12,908,487	12,996,884
Computers	2,618,788	2,830,988	2,538,802
Transportation equipment	392,118	401,417	413,883
Miscellaneous equipment	1,488,395	1,364,674	1,352,887
Prepayments for properties and equipment	1,867,074	1,390,375	1,182,394
	$ 33,431,101	$ 33,265,727	$ 32,676,997

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Cost							
Balance, January 1, 2022	$ 14,369,786	$ 18,614,172	$ 6,749,894	$ 968,679	$ 3,904,066	$ 1,390,375	$ 45,996,972
Addition	-	26,822	124,460	25,467	128,964	753,827	1,059,540
Disposal	(14,027)	(24,594)	(101,476)	(48,275)	(124,652)	-	(313,024)
Net exchange difference	21,547	79,546	14,952	2,966	40,352	1,145	160,508
Reclassification and others	(5,121)	24,946	46,369	3,253	93,116	(278,273)	(115,710)
Balance, June 30, 2022	$ 14,372,185	$ 18,720,892	$ 6,834,199	$ 952,090	$ 4,041,846	$ 1,867,074	$ 46,788,286
Balance, January 1, 2021	$ 14,229,849	$ 14,900,076	$ 6,172,650	$ 962,699	$ 3,772,781	$ 4,102,780	$ 44,140,835
Addition	-	1,820,485	128,775	23,914	49,240	565,692	2,588,106
Disposal	(31,516)	(40,238)	(91,655)	(20,616)	(5,830)	-	(189,855)
Net exchange difference	(6,186)	(36,595)	(7,884)	(2,431)	(21,421)	(281)	(74,798)
Reclassification and others	-	1,734,019	23,796	-	19,009	(3,485,797)	(1,708,973)
Balance, June 30, 2021	$ 14,192,147	$ 18,377,747	$ 6,225,682	$ 963,566	$ 3,813,779	$ 1,182,394	$ 44,755,315

Accumulated depreciation and impairment	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Balance, January 1, 2022	$ -	$ (5,705,685)	$ (3,918,906)	$ (567,262)	$ (2,539,392)	$ (12,731,245)
Disposal	-	16,308	101,371	48,274	119,653	285,606
Depreciation expenses	-	(326,449)	(387,377)	(38,863)	(109,614)	(862,303)
Net exchange difference	-	(14,358)	(10,499)	(2,121)	(24,098)	(51,076)
Reclassification and others	-	1,833	-	-	-	1,833
Balance, June 30, 2022	$ -	$ (6,028,351)	$ (4,215,411)	$ (559,972)	$ (2,553,451)	$ (13,357,185)
Balance, January 1, 2021	$ -	$ (5,124,788)	$ (3,426,713)	$ (532,692)	$ (2,367,348)	$ (11,451,541)
Disposal	-	22,326	91,653	20,379	5,824	140,182
Depreciation expenses	-	(283,275)	(356,818)	(38,821)	(109,955)	(788,869)
Net exchange difference	-	4,874	4,998	1,451	10,587	21,910
Balance, June 30, 2021	$ -	$ (5,380,863)	$ (3,686,880)	$ (549,683)	$ (2,460,892)	$ (12,078,318)

The construction project with respect to the superficies in Minsheng Section, Songshan District, Taipei City, had been handed over to the Company during the second quarter of 2021 and was reclassified from the prepayments for properties and equipment to buildings and right-of-use assets, which amounted to $1,721,599 thousand and $1,479,201 thousand, respectively, based on the Company’s purpose and nature of ownership; please refer to Note 17.

Depreciation is calculated by the straight-line method over service lives estimated as follows:

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	1.5 to 20 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Land and superficies royalties	$ 3,812,241	$ 3,825,350	$ 3,913,846
Buildings	2,842,904	2,931,534	3,029,719
Office equipment	8,668	10,166	8,630
Transportation equipment	3,817	5,053	5,304
	$ 6,667,630	$ 6,772,103	$ 6,957,499

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets			$ 498,251	$ 3,036,866
Depreciation charge for right-of-use assets				
Land and superficies royalties	$ 19,998	$ 1,652	$ 39,997	$ 1,652
Buildings	254,291	254,379	522,350	512,840
Office equipment	1,117	1,265	2,232	1,995
Transportation equipment	959	1,274	1,992	2,562
	$ 276,365	$ 258,570	$ 566,571	$ 519,049

The Company has been subleasing part of its acquired superficies and above-ground buildings under operating leases. The related right-of-use assets are presented as investment properties. Please refer to Note 18. The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

Except for the additions, depreciation and sublease recognized above, the Company had no impairment of right-of-use assets during the six months ended June 30, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts	$ 3,789,789	$ 3,841,071	$ 3,944,816

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.09%	1.09%	1.09%
Buildings	0.37%-7.50%	0.37%-7.50%	0.37%-7.50%
Office equipment	0.37%-2.98%	0.37%-2.98%	0.37%-2.98%
Transportation equipment	2.98%	0.35%-7.50%	0.35%-7.50%

c. Material lease-in activities and terms

The Company has entered into certain lease contracts with other companies or individuals for the business halls and office space that are required to be rented for operating activities. Rentals are calculated based on the actual number of rented flats and are payable monthly, quarterly or semi-annually. As of June 30, 2022, December 31, 2021 and June 30, 2021, refundable deposits on these leases totaled $739,188 thousand, $751,389 thousand and $753,957 thousand, respectively.

The Company acquired the superficies right of Minsheng Section in Songshan District, Taipei City during the second quarter of 2021. The right will be valid until October 2067.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Expenses relating to short-term leases	$ 9,280	$ 7,535	$ 22,150	$ 12,252
Expenses relating to low-value asset leases	$ 82	$ 82	$ 173	$ 136
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 4,919	$ -	$ 5,048	$ 63
Total cash outflow for leases			$ (559,740)	$ (539,851)

The Company's leases of certain land, buildings, transportation equipment and other equipment qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTIES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Land	$ 386,161	$ 381,040	$ 381,040
Buildings	1,675,659	1,666,804	1,638,179
Right-of-use assets	47,746	48,269	-
	$ 2,109,566	$ 2,096,113	$ 2,019,219

	Land	Buildings	Right-of-use Assets	Total
Cost				
Balance, January 1, 2022	$ 381,065	$ 1,956,422	$ 48,788	$ 2,386,275
Net exchange difference	-	37,341	-	37,341
Reclassification	5,121	5,188	-	10,309
Balance, June 30, 2022	$ 386,186	$ 1,998,951	$ 48,788	$ 2,433,925
Balance, January 1, 2021	$ 381,065	$ 1,928,598	$ -	$ 2,309,663
Net exchange difference	-	(28,661)	-	(28,661)
Balance, June 30, 2021	$ 381,065	$ 1,899,937	$ -	$ 2,281,002

(Continued)

	Land		Buildings		Right-of-use Assets		Total	
Accumulated depreciation and impairment								
Balance, January 1, 2022	$	(25)	$	(289,618)	$	(519)	$	(290,162)
Depreciation expenses		-		(26,450)		(523)		(26,973)
Net exchange difference		-		(5,391)		-		(5,391)
Reclassification		-		(1,833)		-		(1,833)
Balance, June 30, 2022	$	(25)	$	(323,292)	$	(1,042)	$	(324,359)
Balance, January 1, 2021	$	(25)	$	(239,644)	$	-	$	(239,669)
Depreciation expenses		-		(25,655)		-		(25,655)
Net exchange difference		-		3,541		-		3,541
Balance, June 30, 2021	$	(25)	$	(261,758)	$	-	$	(261,783)

(Concluded)

Right-of-use assets included in investment properties are part of the acquired superficies and above-ground buildings subleased under operating leases.

Investment properties (except for land) are depreciated through 36 to 50 years on a straight-line basis.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the fair values of investment properties were $3,403,305 thousand, $3,348,327 thousand and $3,146,317 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

The revenues generated from the investment properties are summarized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Rental income from investment properties	$ 13,741	$ 11,244	$ 25,471	$ 22,538
Direct operating expenses of investment properties that generate rental income	(14,061)	(13,305)	(28,026)	(26,708)
Direct operating expenses of investment properties that do not generate rental income	(139)	(139)	(277)	(277)
	$ (459)	$ (2,200)	$ (2,832)	$ (4,447)

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of June 30, 2022, December 31, 2021 and June 30, 2021, refundable deposits on these leases totaled $16,409 thousand, $16,051 thousand and $15,788 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	$ 64,937	$ 61,334	$ 50,879
Year 2	50,523	51,981	21,336
Year 3	35,711	46,404	20,637
Year 4	5,896	10,189	11,589
Year 5	3,463	1,184	1,669
	$ 160,530	$ 171,092	$ 106,110

19. INTANGIBLE ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Goodwill	$ 4,467,396	$ 4,426,526	$ 4,430,158
Computer software	1,086,300	1,207,580	1,203,639
Banking licenses	474,189	441,695	444,582
Core deposits	15,089	16,445	17,801
Developed technology	24,627	27,364	30,100
Customer relationship	13,256	14,610	15,964
	$ 6,080,857	$ 6,134,220	$ 6,142,244

	Goodwill	Computer Software	Banking Licenses	Core Deposits	Developed Technology	Customer Relationship	Total
Balance, January 1, 2022	$ 4,426,526	$ 1,207,580	$ 441,695	$ 16,445	$ 27,364	$ 14,610	$ 6,134,220
Separate acquisition	-	118,181	-	-	-	-	118,181
Amortization expenses	-	(348,116)	-	(1,356)	(2,737)	(1,354)	(353,563)
Reclassification	-	105,401	-	-	-	-	105,401
Net exchange difference	40,870	3,254	32,494	-	-	-	76,618
Balance, June 30, 2022	$ 4,467,396	$ 1,086,300	$ 474,189	$ 15,089	$ 24,627	$ 13,256	$ 6,080,857
Balance, January 1, 2021	$ 4,442,999	$ 1,152,830	$ 454,791	$ 19,157	$ 32,836	$ 17,318	$ 6,119,931
Separate acquisition	-	146,362	-	-	-	-	146,362
Amortization expenses	-	(323,349)	-	(1,356)	(2,736)	(1,354)	(328,795)
Reclassification	-	229,712	-	-	-	-	229,712
Net exchange difference	(12,841)	(1,916)	(10,209)	-	-	-	(24,966)
Balance, June 30, 2021	$ 4,430,158	$ 1,203,639	$ 444,582	$ 17,801	$ 30,100	$ 15,964	$ 6,142,244

The above intangible assets with limited useful lives are amortized on a straight-line basis by the useful lives as follows:

Computer software	3 to 10 years
Core deposits	16 years
Developed technology	11 years
Customer relationship	11 to 17 years

In testing assets for impairment, the Company uses as recoverable amounts (a) value in use for an operating segment defined as a CGU and (b) net fair value for an investment property. Goodwill on the acquisition of UCB (the subsidiary), BankPro (the subsidiary), the Kaohsiung Business Bank Co., Ltd., Chu Nan Credit-Cooperative Association and Chiayi The Fourth Credit Cooperative was allocated to operating segments (CGUs with allocated goodwill). The Company estimates the next five years' cash flows of a CGU by taking into consideration the actual performance of each CGU, business cycle, etc. under the going-concern assumption. The discounted present value of cash flows is used to determine the value in use of each CGU. The discount rates for future cash flows of CGUs were determined using the capital asset pricing model (CAPM). The testing for asset impairment showed that no impairment losses had been incurred.

20. OTHER ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Refundable deposits, net	$ 10,742,027	$ 4,079,967	$ 6,690,808
Prepaid expenses	795,501	452,360	330,582
Defined benefit assets	489,495	365,495	91,867
Others	3,114	10,449	54,626
	$ 12,030,137	$ 4,908,271	$ 7,167,883

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Call loans from banks	$ 66,366,749	$ 78,059,351	$ 67,103,364
Deposits from Chunghwa Post Co., Ltd.	2,276,985	2,276,985	2,276,177
Call loans from the Central Bank	1,486,300	1,384,450	1,393,500
Banks overdrafts	598,322	213,519	498,002
Deposits from banks	2,852,158	1,520,217	3,043,956
Deposits from the Central Bank	26,408	26,636	24,825
	$ 73,606,922	$ 83,481,158	$ 74,339,824

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Due to the Central Bank	$ -	$ 14,021,010	$ 10,467,950

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $17,873,538 thousand, $16,648,639 thousand and $17,273,129 thousand under repurchase agreements as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively, would subsequently be purchased for $17,934,712 thousand, $16,686,012 thousand and $17,312,311 thousand, respectively.

24. PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Checks for clearing	$ 1,959,305	$ 7,259,513	$ 1,955,975
Accrued interest	2,580,374	1,943,109	1,801,882
Accounts payable	1,723,264	1,410,356	3,345,768
Accrued expenses	3,266,996	4,940,805	3,680,811
Factored accounts payable	3,736,513	1,590,393	2,788,639
Acceptances	1,916,290	1,356,990	1,980,500
Payable on credit cards	785,863	877,542	584,150
Collections payable	11,755,951	683,530	6,333,714
Tax payable	389,073	342,090	348,402
Others	4,575,393	3,152,846	4,936,079
	$ 32,689,022	$ 23,557,174	$ 27,755,920

25. DEPOSITS AND REMITTANCES

	June 30, 2022	December 31, 2021	June 30, 2021
Deposits			
Checking	$ 13,337,400	$ 18,652,239	$ 13,740,722
Demand	785,376,060	803,556,709	732,259,133
Savings - demand	708,737,911	700,429,954	661,288,918
Time	920,047,686	830,967,461	755,812,556
Negotiable certificates of deposit	21,999,874	28,801,536	30,543,604
Savings - time	321,701,894	300,717,348	293,929,177
Treasury deposits	12,820,875	13,225,790	11,089,146
Remittances	1,463,732	1,719,770	1,581,926
	$ 2,785,485,432	$ 2,698,070,807	$ 2,500,245,182

26. BANK DEBENTURES

Details of bank debentures issued by the Bank were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	$ -	$ 2,720,000	$ 2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,500,000	3,500,000	3,500,000

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	$ 1,500,000	$ 1,500,000	$ 1,500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,200,000	2,200,000	2,200,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,500,000	5,000,000	5,000,000
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,750,000	3,750,000	3,750,000
Two types of subordinated bonds issued on March 30, 2018; interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,000,000	4,000,000	4,000,000
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	3,000,000	3,000,000	3,000,000
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; the Bank may redeem the bond after 5 years and one month from the issue date.	4,000,000	4,000,000	4,000,000
Bonds issued on March 19, 2020; interest rate at 0.58%; interest payable annually; principal repayable on maturity (5 years after the issue date).	3,000,000	3,000,000	3,000,000

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Two types of bonds issued on October 28, 2021; interest rate at (a) 0.37% for type A bond and (b) 0.47% for type B bond; interest payable annually for both bond types; principal repayable on maturity (3 years for type A bond and 7 years for type B bond after the issue date).	$ 1,600,000	$ 1,600,000	$ -
Bonds issued on March 18, 2022, interest rate at 0.71%; interest payable annually; principal repayable on maturity.	1,100,000	-	-
Two types of subordinated bonds issued on June 15, 2022; interest rate at (a) 1.90% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,700,000	-	-
	$ 34,850,000	$ 34,270,000	$ 32,670,000

(Concluded)

The Bank designated the bank debentures as at fair value through profit or loss, which are summarized below:

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	$ 3,458,996	$ 3,260,716	$ 3,277,434
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	2,018,905	2,267,118	2,379,753
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,515,453	2,419,752	2,435,300
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	1,051,814	1,193,531	1,239,517
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,405,077	9,194,851	9,248,020
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	6,902,399	7,186,673	7,516,536
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	3,168,881	3,283,492	3,321,244
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	2,742,780	2,943,007	3,063,913
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	2,629,333	2,808,747	2,914,788

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured USD-denominated bonds issued on May 19, 2017	$ 1,926,312	$ 2,019,482	$ 2,029,043
Unsecured USD-denominated bonds issued on November 21, 2017	4,203,881	4,459,863	4,499,366
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	5,952,868	6,412,483	6,625,962
	$ 45,976,699	$ 47,449,715	$ 48,550,876

(Concluded)

On May 27, 2015, the Bank issued unsecured subordinated bank debentures amounting to US$85,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On May 27, 2015, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$85,000 thousand with no maturity date and with a 4.97% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On October 28, 2015, the Bank issued unsecured subordinated bank debentures amounting to US$63,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On October 28, 2015, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$43,000 thousand with no maturity date and with a 5.10% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On January 22, 2016, the Bank issued unsecured subordinated bank debentures amounting to US$240,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On January 22, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$240,000 thousand with no maturity date and with a 5.10% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On June 6, 2016, the Bank issued unsecured subordinated bank debentures amounting to US$95,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On June 6, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$95,000 thousand with no maturity date and with a 4.41% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On December 29, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$90,000 thousand with no maturity date and with a 4.85% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On May 19, 2017, the Bank issued unsecured bank debentures amounting to US$60,000 thousand with a 30-year maturity and 0% interest rate. 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 and each year afterward, or make bond repayments on the maturity date.

On November 21, 2017, the Bank issued unsecured bank debentures amounting to US$135,000 thousand with a 30-year maturity and 0% interest rate. 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 and each year afterward, or make bond repayments on the maturity date.

On February 12, 2018, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$200,000 thousand with no maturity date and with a 4.75% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

To hedge against its exposure to interest rate risk due to the issuance of the above bank debentures, the Bank entered into interest rate swap (IRS) contracts, which are measured at fair value. The changes in fair value of the IRS contracts are recognized in profit or loss. To eliminate an accounting mismatch, the Bank also designated the bank debentures as at fair value through profit or loss.

To support sustainable business development and the government’s green finance policy, on September 9, 2021, the FSC approved the issuance of unsecured bank debentures amounting to NT$10 billion (or foreign currency equivalent) with no more than 40 years to maturity, as of June 30, 2022, bank debentures amounting to NT$2.7 billion has been issued.

To improve the Bank’s capital adequacy ratio and strengthen equity structure, on March 10, 2022, the FSC approved the issuance of long-term subordinated bank debentures amounting to NT$5 billion (or foreign currency equivalent), as of June 30, 2022, bank debentures amounting to NT$2.7 billion has been issued.

On July 27, 2022, the Bank issued unsecured bank debentures amounting to NT$7,300,000 thousand with a 3-year maturity and 1.60% interest rate, interest payable annually, principal repayable on maturity.

To support sustainable business development and the government’s green finance policy, on July 28, 2022, the Bank’s board of directors approved the issuance of unsecured bank debentures amounting to NT$60 billion (or foreign currency equivalent) with no more than 40 years to maturity. For the issuance of the bank debentures, the Bank is preparing the application for approval by the FSC.

As of the date the consolidated financial statements were authorized for issue, bank debentures amounting to NT$2.3 billion has not yet been issued.

27. OTHER FINANCIAL LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Principal of structured products	$ 76,338,239	$ 62,374,505	$ 50,147,067
Guarantee deposits received	11,887,504	1,942,439	2,812,101
Long-term borrowings	352,465	335,037	337,227
Short-term borrowings	1,276,947	573,780	247,965
	$ 89,855,155	$ 65,225,761	$ 53,544,360

28. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Provision for losses on financing commitment	$ 580,447	$ 568,384	$ 504,416
Provision for losses on guarantees	354,424	349,586	321,484
Others	163,246	163,170	164,998
	$ 1,098,117	$ 1,081,140	$ 990,898

The changes in provision for losses on guarantees and financing commitments are summarized below:

For the six months ended June 30, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 95,148	$ 99,444	$ 4,171	$ 198,763	$ 719,207	$ 917,970
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(50)	50	-	-	-	-
Credit-impaired financial instruments	-	-	-	-	-	-
12-month ECL	2,544	(824)	(1,720)	-	-	-
Derecognition of financial instruments in the reporting period	(21,345)	(48)	(13)	(21,406)	-	(21,406)
New financial instruments purchased or originated	18,825	136	78	19,039	-	19,039
Difference of impairment loss under regulations	-	-	-	-	77,413	77,413
Change in model or risk parameters	12,559	(76,358)	68	(63,731)	-	(63,731)
Change in exchange rates or others	94	1	-	95	5,491	5,586
Balance at June 30, 2022	$ 107,775	$ 22,401	$ 2,584	$ 132,760	$ 802,111	$ 934,871

For the six months ended June 30, 2021

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 421,939	$ 1,685	$ 3,228	$ 426,852	$ 397,535	$ 824,387
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(265)	273	(8)	-	-	-
Credit-impaired financial instruments	(41)	(14)	55	-	-	-
12-month ECL	1,671	(1,615)	(56)	-	-	-
Derecognition of financial instruments in the reporting period	(30,798)	-	(811)	(31,609)	-	(31,609)
New financial instruments purchased or originated	14,986	41	70	15,097	-	15,097
Difference of impairment loss under regulations	-	-	-	-	347,903	347,903
Change in model or risk parameters	(331,246)	1,673	1,530	(328,043)	-	(328,043)
Change in exchange rates or others	(19)	-	-	(19)	(1,816)	(1,835)
Balance at June 30, 2021	$ 76,227	$ 2,043	$ 4,008	$ 82,278	$ 743,622	$ 825,900

29. POST-EMPLOYMENT BENEFIT PLAN

a. Defined contribution plan

The pension mechanism under the Labor Pension Act (the Act) is deemed a defined contribution plan. Under the Act, the Company makes monthly contribution equal to 6% of each employee’s monthly salary to employees’ pension accounts in the Bureau of Labor Insurance.

The Company recognized expenses of $197,373 thousand and $193,600 thousand in the consolidated statements of comprehensive income for the six months ended June 30, 2022 and 2021, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The Company has a defined benefit pension plan for all regular employees. Under this plan, the pension is calculated on the basis of an employee’s seniority accumulated since the hire date in accordance with the Labor Standards Act.

The Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Workers’ Retirement Preparation Fund, which manages the fund. The difference between the contributions and the pension costs based on actuarial calculations is deposited in a financial institution in the name of the employees’ pension fund administration committee. Starting from July 1, 2005, the Company has made monthly contributions to the pension fund by the foregoing pension calculation for the employees that choose to continue being subject to the Labor Standards Act.

The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau) and the Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay post-employment benefits for employees who conform to post-employment requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

1) Investment risk: The plan assets are invested in domestic (and foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

For the six months ended June 30, 2022 and 2021, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to $7,396 thousand and $11,243 thousand, respectively.

30. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Advance receipts	$ 2,825,405	$ 2,916,570	$ 2,672,685
Deferred revenue	657,477	649,316	609,071
Others	11,494	13,703	42,255
	$ 3,494,376	$ 3,579,589	$ 3,324,011

31. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest revenue				
From discounts and loans	$ 8,656,755	$ 6,845,805	$ 16,114,190	$ 13,674,316
From investments	2,113,919	1,121,036	3,778,770	2,087,429
From revolving interests of credit cards	478,714	496,782	955,804	996,694
From due from banks and call loans to other banks	236,436	95,854	362,861	217,297
Others	78,658	27,769	112,433	59,258
	11,564,482	8,587,246	21,324,058	17,034,994

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense				
From deposits	$ (3,208,842)	$ (1,925,727)	$ (5,248,421)	$ (3,989,242)
From due to the Central Bank and other banks	(212,767)	(129,283)	(342,975)	(220,780)
From issuing bank debentures	(128,945)	(124,869)	(254,324)	(252,532)
From lease liabilities	(10,000)	(9,556)	(20,242)	(18,880)
Others	(231,908)	(146,455)	(408,507)	(301,371)
	(3,792,462)	(2,335,890)	(6,274,469)	(4,782,805)
	$ 7,772,020	$ 6,251,356	$ 15,049,589	$ 12,252,189

(Concluded)

32. SERVICE FEE INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Service fee income				
From credit cards	$ 2,173,975	$ 1,960,439	$ 4,323,456	$ 4,112,243
From trust business	1,069,981	1,659,922	2,510,683	3,591,998
From insurance	710,987	641,191	1,511,327	1,106,437
From loans	524,890	363,067	1,078,455	750,886
Others	497,458	558,720	1,088,124	1,204,129
	4,977,291	5,183,339	10,512,045	10,765,693
Service charge				
From agency	(464,464)	(442,212)	(956,694)	(849,041)
From credit cards	(124,566)	(165,959)	(299,321)	(415,105)
From cross-bank transactions	(78,809)	(74,299)	(160,374)	(158,935)
From computer processing	(79,456)	(65,598)	(128,447)	(144,077)
Others	(156,285)	(174,297)	(326,750)	(339,262)
	(903,580)	(922,365)	(1,871,586)	(1,906,420)
	$ 4,073,711	$ 4,260,974	$ 8,640,459	$ 8,859,273

33. GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30, 2022				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	$ 10,073	$ 501,851	$ 4,652,297	$ 39,603,819	$ 44,768,040
Held-for-trading financial liabilities	-	-	(3,703,006)	(44,015,099)	(47,718,105)
Financial liabilities designated as at fair value through profit or loss	-	(561,776)	-	2,914,236	2,352,460
	$ 10,073	$ (59,925)	$ 949,291	$ (1,497,044)	$ (597,605)

	For the Three Months Ended June 30, 2021				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	$ 6,155	$ 1,179,840	$ 2,871,155	$ (2,465,030)	$ 1,592,120
Held-for-trading financial liabilities	-	-	(1,879,504)	3,991,928	2,112,424
Financial liabilities designated as at fair value through profit or loss	-	(521,474)	-	(1,200,685)	(1,722,159)
	$ 6,155	$ 658,366	$ 991,651	$ 326,213	$ 1,982,385

	For the Six Months Ended June 30, 2022				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	$ 15,576	$ 1,380,320	$ 8,072,332	$ 64,578,967	$ 74,047,195
Held-for-trading financial liabilities	-	-	(5,658,653)	(73,791,623)	(79,450,276)
Financial liabilities designated as at fair value through profit or loss	-	(1,093,260)	-	6,017,864	4,924,604
	$ 15,576	$ 287,060	$ 2,413,679	$ (3,194,792)	$ (478,477)

	For the Six Months Ended June 30, 2021				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	$ 9,771	$ 2,391,141	$ 6,085,808	$ (10,763,228)	$ (2,276,508)
Held-for-trading financial liabilities	-	-	(3,697,396)	8,620,339	4,922,943
Financial liabilities designated as at fair value through profit or loss	-	(1,042,033)	158	1,789,768	747,893
	$ 9,771	$ 1,349,108	$ 2,388,570	$ (353,121)	$ 3,394,328

34. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Employee benefits				
Salaries	$ 2,744,670	$ 2,871,954	$ 5,402,576	$ 5,671,845
Insurance	186,403	239,072	433,789	432,517
Excessive interest from preferential rates	-	49,821	26,744	99,671
Post-employment benefits	105,101	103,382	204,769	204,843
Others	149,366	140,055	363,505	328,933
Depreciation expenses	723,058	665,036	1,455,847	1,333,573
Amortization expenses	173,876	171,276	353,563	328,795

Under the Articles of Incorporation of the Bank, the Bank accrued employees' compensation and remuneration of directors at the rates 3% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors (after offsetting accumulated deficit). For the six months ended June 30, 2022 and 2021, the employees' compensation were $246,485 thousand and $325,525 thousand, respectively; and the remuneration of directors were $34,000 thousand and $55,000 thousand, respectively.

If there is a change in the amounts before the annual consolidated financial statements were authorized for issue, the differences are recorded in the original year. If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded in the next fiscal year as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 that have been approved by the board of directors on March 11, 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31			
	Amounts Approved		Amounts Recognized	
	2021	2020	2021	2020
Employees' compensation - cash	$ 636,352	$ 553,275	$ 636,352	$ 563,955
Remuneration of directors - cash	68,000	60,000	89,000	95,000

The differences between the approved amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020, respectively, were resulted from a change in the accounting estimate. The differences were recognized in profit or loss for 2022 and 2021, respectively.

Information on the approved amounts of employees' compensation and remuneration of directors is available at the Market Observation Post System website of the TWSE (http://emops.twse.com.tw).

35. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Current period	$ 823,983	$ 778,942	$ 1,992,311	$ 1,779,540
Additional income tax on unappropriated earnings	373	-	373	-
Prior year's adjustments	(79,373)	(75)	(79,373)	(75)
	744,983	778,867	1,913,311	1,779,465
Deferred tax				
Current period	186,322	(12,288)	(32,804)	(130,769)
Income tax expense recognized in profit or loss	$ 931,305	$ 766,579	$ 1,880,507	$ 1,648,696

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	$ (3,164)	$ -	$ (3,164)	$ -
Deferred tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	3,164	-	3,164	-
Income tax recognized directly in equity	$ -	$ -	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Deferred tax				
In respect of the current period				
Income tax relating to items that will not be reclassified subsequently to profit or loss				
Fair value changes of financial assets in equity instruments at fair value through other comprehensive income	$ (23,280)	$ (19,419)	$ (28,685)	$ (14,764)
Income tax relating to items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of financial statements of foreign operations	123,334	(124,314)	366,133	(108,880)
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	(428,989)	91,912	(1,163,881)	(83,342)
Income tax benefit recognized in other comprehensive income	$ (328,935)	$ (51,821)	$ (826,433)	$ (206,986)

d. The Bank’s income tax returns through 2016 had been assessed by the tax authorities.

e. In 2017 and prior years, the parent company ESFHC issued shares to the employees of the Bank and the Bank accounted for the shares as salary expenses on share-based payments. However, the Bank excluded the salary expenses on share-based payments in its income tax returns to comply with the guidelines of the Ministry of Finance of the ROC (MOF) issued on April 20, 2011 and recognized the additional taxes derived from such transactions. On December 28, 2018, the MOF issued guidelines stating that if a company compensates the services of the employees of its subsidiary by issuing new shares or giving its own shares or other equity instruments, and the subsidiary measures and recognizes expenses for the services of the employees during the vesting period, the subsidiary can then recognize the expenses as salary expenses in the income tax returns. The Bank believes the MOF guidelines on December 28, 2018 are applicable to the shares issued by ESFHC to the employees of the Bank, and the shares should be accounted for as salary expenses in the income tax returns of the Bank. Accordingly, the Bank has filed an administrative remedy or applied for tax authority's review and reassessment of the tax returns from 2010 to 2017 in view of the December 28, 2018 guidelines. Based on the current examination of tax authorities, the Bank assessed that the tax authorities will approve the deduction of the relevant salary expenses in these years, and recognized the estimated income tax impact. In addition, the deduction of the relevant salary expenses of 2010 to 2016 (except for 2013) has been approved by the tax authorities. While the final result of the remaining years is subject to the examination of the taxation administration, the Bank will continue to follow through the development of the issues and evaluate the impact on the taxation of the Bank.

36. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
For the three months ended June 30, 2022			
Basic earnings per share			
Net income	$ 2,627,507	10,363,700	$ 0.25
For the three months ended June 30, 2021			
Basic earnings per share			
Net income	$ 4,569,413	10,363,700	$ 0.44
For the six months ended June 30, 2022			
Basic earnings per share			
Net income	$ 6,301,249	10,363,700	$ 0.61
For the six months ended June 30, 2021			
Basic earnings per share			
Net income	$ 8,987,660	10,363,700	$ 0.87

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The basic earnings per share after income tax were retrospectively adjusted as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		**After Retrospective Adjustment**	
	For the Three Months Ended June 30, 2021	**For the Six Months Ended June 30, 2021**	**For the Three Months Ended June 30, 2021**	**For the Six Months Ended June 30, 2021**
Basic earnings per share	$ 0.46	$ 0.91	$ 0.44	$ 0.87

37. EQUITY

a. Capital stock

Common stock

	June 30, 2022	**December 31, 2021**	**June 30, 2021**
Authorized number of shares (in thousands)	10,363,700	9,893,700	9,893,700
Authorized capital	$ 103,637,000	$ 98,937,000	$ 98,937,000
Number of shares issued (in thousands)	10,363,700	9,893,700	9,893,700
Common stock issued	$ 103,637,000	$ 98,937,000	$ 98,937,000
Common stock issued			
Public offering	$ 54,000,123	$ 51,551,185	$ 51,551,185
Private placement	49,636,877	47,385,815	47,385,815
	$ 103,637,000	$ 98,937,000	$ 98,937,000

Common stock issued has a NT$10 par value. Each share has one voting right and the right to receive dividends.

The stockholders resolved to use the 2020 unappropriated earnings of $3,696,000 thousand as stock dividends consisting of 369,600 thousand shares on April 23, 2021, and thereby resolved to increase authorized capital to $98,937,000 thousand. This issuance was approved by the Ministry of Economic Affairs (MOEA).

The stockholders resolved to use the 2021 unappropriated earnings of $4,700,000 thousand as stock dividends consisting of 470,000 thousand shares on April 22, 2022, and thereby resolved to increase authorized capital to $103,637,000 thousand. This issuance was approved by the MOEA.

b. Capital surplus

Under the Articles of Incorporation of ESFHC, the employees of ESFHC's subsidiaries could be included in the distribution of employees' compensation. Thus, the Bank recognized the estimated distribution of shares to the Bank's employees under both salary expenses and capital surplus at $203,567 thousand and $299,707 thousand for the six months ended June 30, 2022 and 2021, respectively. Material differences between the estimated amounts and the amounts approved by ESFHC's board of directors before the date the annual consolidated financial statements are authorized for issue are adjusted in the year which the amounts is recognized. If there is a change in the approved amounts after the annual consolidated financial statements were authorized for issue, the differences are recognized in the next fiscal year as a change in accounting estimate. The distributions of employees' stock compensation of 2020 approved by the ESFHC's board of directors to the Bank's employees was $490,773 thousand under both salary expenses and capital surplus. The differences between the approved amounts of employees' compensation and $502,404 thousand recognized in the consolidated financial statements resulted from a change in the accounting estimate was adjusted in profit or loss for the year ended December 31, 2021.

Under related regulations, capital surplus must be used to offset deficit except capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be used to distribute cash dividends or transfer to common stock. However, any capital surplus transferred to common stock should be within a certain percentage of paid-in capital prescribed by law.

c. Special reserve

	June 30, 2022	December 31, 2021	June 30, 2021
Reclassification of the trading loss reserve and default loss reserve	$ 83,866	$ 83,866	$ 83,866
The debit balance of other equity	830,159	-	-
Fintech development employee transfer or placement expenditure	218,987	218,987	218,987
	$ 1,133,012	$ 302,853	$ 302,853

Under FSC guidelines, the Bank reclassified the trading loss reserve accrued until December 31, 2010 to special reserve. This special reserve must be used to offset deficit except if the Bank has no deficit and the special reserve exceeds 50% of the Bank's paid-in capital, half of the excess may be used to issue new shares. Furthermore, when the special reserve exceeds the Bank's paid-in capital, the Bank may, under the FSC's approval, reclassify the excess back to unappropriated earnings.

According to Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserve," the Bank should appropriate to or reverse from its special reserve certain specified amounts. If a contra equity account is reversed, the reversed portion of reserve could be distributed as dividends.

According to Order No. 10510001510 issued by the FSC, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. The special reserve had been appropriated under the stipulation. According to Order No. 10802714560 issued by the FSC, since 2019, the Bank is allowed to reverse the special reserve at the amount of the costs of employee transfer and arrangement and education training for enhancing and cultivating employee competency to respond the need of financial technology development or business development.

d. Appropriation of earnings

Under the Bank's Articles of Incorporation, where the Bank made a profit in a fiscal year, the profit shall be first utilized for paying all taxes, offsetting deficit of previous years, setting aside a legal reserve and special reserve in accordance with related regulations, setting aside a special reserve if needed, and then any remaining profit together with reversal of special reserve and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

To strengthen the financial structure, the Bank shall keep adequate capital in accordance with the Banking Act of ROC and related regulations of the authorities and distribute cash dividends and (or) stock dividends according to its operating plan. However, unless and until the accumulated legal reserve equals the paid-in capital, the maximum cash dividends which may be distributed shall not exceed the legal limit.

Under the Company Act, appropriation of earnings to the legal reserve shall be made until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset deficit. When the reserve exceeds 25% of the Bank's paid-in capital, the excess may be used to issue new shares or distribute cash dividends. In addition, the Banking Act limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section. The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. Afterward, if there is any reversal of the decrease in other stockholders' equity, the Bank is allowed to appropriate retained earnings from the reversal amount.

The appropriations of earnings for 2021 and 2020 that were approved in the stockholders' meetings on April 22, 2022 and April 23, 2021, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2021	**2020**	**2021**	**2020**
Legal reserve	$ 5,447,377	$ 4,644,946		
Special reserve	830,159	-		
Cash dividends	7,172,933	7,142,426	$0.73	$0.75
Stock dividends	4,700,000	3,696,000	0.48	0.39

Information on earnings appropriation or deficit offsetting is available at the Market Observation Post System website of the TWSE (http://emops.twse.com.tw).

e. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Balance, January 1	$ 169,084	$ 140,777
Cash dividends distributed by subsidiary	(19,320)	-
Attributable to non-controlling interests:		
Net income	11,046	8,774
Exchange differences on the translation of financial statements of foreign operations	349	(94)
Balance, June 30	$ 161,159	$ 149,457

38. RELATED-PARTY TRANSACTIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) is the parent company of the Bank and the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the Bank and the subsidiaries (related parties of the Bank) are eliminated on a consolidated basis. In addition to those mentioned in Table 2 and in other notes, the significant related-party transactions are summarized as follows:

a. Related parties

Related Party	Relationship with the Company
E.SUN Financial Holding Company, Ltd. (ESFHC)	Parent company
E.SUN Securities Co., Ltd. (E.SUN Securities), E.SUN Venture Capital Co., Ltd. (ESVC) and E.SUN Securities Investment Consulting Corp.	Sister companies
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	Related parties in substance
Others	Key management of the parent company (ESFHC) and the Company and other related parties

b. Significant transactions between the Company and related parties

1) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
For the six months ended June 30, 2022				
Key management	$ 355,289	$ 319,503	$ 1,967	
Others	3,416,495	3,059,513	18,518	
	$ 3,771,784	$ 3,379,016	$ 20,485	1.37-2.10

(Continued)

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
For the six months ended June 30, 2021				
Key management	$ 447,115	$ 363,605	$ 2,041	
Others	3,740,509	2,747,109	15,676	
	$ 4,187,624	$ 3,110,714	$ 17,717	0.80-1.85

(Concluded)

2) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the six months ended June 30, 2022				
ESFHC	$ 9,137,050	$ 8,039,568	$ 1,396	
Sister companies	10,089,525	2,813,855	3,331	
Key management	861,115	411,355	460	
Others	2,414,986	1,628,553	4,242	
	$ 22,502,676	$ 12,893,331	$ 9,429	0-4.40
For the six months ended June 30, 2021				
ESFHC	$ 9,960,491	$ 9,865,540	$ 600	
Sister companies	9,831,045	4,652,265	3,217	
Key management	652,495	536,217	747	
Others	1,994,785	1,421,287	8,402	
	$ 22,438,816	$ 16,475,309	$ 12,966	0-6.34

Note: The sum of the respective highest balances of each account for the six months ended June 30, 2022 and 2021.

3) Lease arrangements - the Bank as lessor

The Bank leases out investment properties to its associate - ESFHC and sister companies under operating leases with lease terms of 4 to 5 years.

Unearned revenues (part of other liabilities) were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
ESFHC	$ 30	$ 30	$ 30
Sister companies	853	1,122	1,122
	$ 883	$ 1,152	$ 1,152

Future lease payment receivables were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
ESFHC	$ 15,431	$ 18,571	$ 21,710
Sister companies	31,633	18,747	23,311
	$ 47,064	$ 37,318	$ 45,021

Rental income (part of other noninterest gains, net) was as follows:

	For the Six Months Ended June 30	
	2022	2021
ESFHC	$ 2,990	$ 2,990
Sister companies	4,428	4,294
	$ 7,418	$ 7,284

	June 30, 2022	December 31, 2021	June 30, 2021
4) Accounts receivable (part of receivables)			
Sister companies	$ 1,288,475	$ -	$ 3,131
5) Interest receivable (part of receivables)			
Key management	$ 205	$ 217	$ 217
Others	1,882	1,599	1,420
	$ 2,087	$ 1,816	$ 1,637
6) Consolidated tax return receivables (part of current tax assets)			
ESFHC	$ 96,592	$ 157,875	$ 155,137

	June 30, 2022	December 31, 2021	June 30, 2021
7) Prepaid expense (part of other assets)			
Sister companies	$ 3,020	$ 3,020	$ 3,020
8) Accounts payable (part of payables)			
Sister companies	$ -	$ 351,699	$ 161,537
9) Interest payable (part of payables)			
ESFHC	$ 749	$ 15	$ 230
Sister companies	259	283	148
Key management	101	147	129
Others	1,154	1,169	1,128
	$ 2,263	$ 1,614	$ 1,635
10) Remuneration of directors (part of payables)			
ESFHC	$ 102,000	$ 89,000	$ 115,000
11) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	$ 1,677,481	$ 1,255,368	$ 1,461,501
12) Guarantee deposits received (part of other financial liabilities)			
ESFHC	$ 1,562	$ 1,562	$ 1,562
Sister companies	2,407	2,273	2,273
	$ 3,969	$ 3,835	$ 3,835

The Bank's parent company, ESFHC, has filed consolidated corporate tax returns, i.e., including the Bank's income tax return, from 2003, as allowed by certain tax regulations.

	For the Six Months Ended June 30	
	2022	2021
13) Service fee income (part of service fee income, net)		
ESFHC	$ -	$ 3,050
Sister companies	137	137
	$ 137	$ 3,187

	For the Six Months Ended June 30	
	2022	2021
14) Rental income from operating assets (part of other noninterest gains, net)		
ESFHC	$ 173	$ -
Sister companies	2,649	-
	$ 2,822	$ -
15) Donation (part of general and administrative expenses)		
E.SUN Volunteer & Social Welfare Foundation	$ 20,461	$ 20,777
16) Other (part of employee benefits, general and administrative expenses)		
ESFHC	$ 13,000	$ 20,000
Sister companies	9,060	5,677
	$ 22,060	$ 25,677

The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity.

17) There were no directors as credit guarantors as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

18) In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to the Bank. The Bank charged $205 thousand and $188 thousand (part of service fee income, net) accordingly for the six months ended June 30, 2022 and 2021, respectively.

The Bank has operating lease contracts with related parties, which cover certain office spaces within the Bank's building. The monthly or quarterly rentals, which had been prepaid by the lessees, were based on rentals for buildings near the Bank.

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates for savings deposits given to managers of the Bank are the same as the interest rates of employees' savings deposits within a certain amount.

Under the Banking Act, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

c. Remuneration of key management

The remuneration of the directors and other key management for the six months ended June 30, 2022 and 2021 are summarized as follows:

	For the Six Months Ended June 30	
	2022	2021
Salaries and other short-term employment benefits	$ 183,462	$ 138,790
Post-employment benefits	1,280	1,124
Interest arising from the employees' preferential rates in excess of normal rates	109	288
	$ 184,851	$ 140,202

39. PLEDGED ASSETS

a. In addition to those mentioned in other notes, pledged securities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets at fair value through profit or loss (face value)	$ 25,200,000	$ 25,200,000	$ 25,200,000
Investments in debt instruments at amortized cost (face value)	4,977,822	4,505,711	3,714,615
Investments in debt instruments at fair value through other comprehensive income (face value)	5,983,074	3,619,098	4,204,786
	$ 36,160,896	$ 33,324,809	$ 33,119,401

As of June 30, 2022, December 31, 2021 and June 30, 2021, the foregoing bonds and securities, with aggregate face value of $20,200,000 thousand, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as the Bank's liquidity reserve. For covering its call loans from the CB, the Bank had provided collaterals consisting of securities with aggregate face values of $5,000,000 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

b. To expand its capital sourcing and enhance its liquidity position, the Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. The information on the securities and loans pledged by the Branch for this access was as follows:

(In Thousands of U.S. Dollars)

Date	Pledged Amount	Collateral Value
June 30, 2022	$ 175,000	$ 156,021
December 31, 2021	$ 103,000	$ 97,912
June 30, 2021	$ 141,000	$ 131,000

c. In response to the public policy to help those severely affected by COVID-19 pandemic, the Bank offers loans to SMEs and has applied for project financing from the Central Bank. As of December 31, 2021 and June 30, 2021, up to $15,000,000 thousand, in the Bank's deposit reserves - account B were provided as collaterals to the Central Bank in accordance with the relevant regulations.

d. As of June 30, 2022, December 31, 2021 and June 30, 2021, UCB has provided US$8,838 thousand, US$4,805 thousand and US$12,517 thousand, respectively, due from the National Bank of Cambodia as collaterals for guarantees of both loan and settlement accounts in the National Bank of Cambodia in accordance with relevant regulations.

40. CONTINGENCIES AND COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

a. E.SUN Bank

As of June 30, 2022, agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by the Bank's branches amounted to approximately $3,386,906 thousand, and the remaining unpaid amount was approximately $1,383,876 thousand.

b. Union Commercial Bank (UCB)

As of June 30, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately $14,366 thousand, and the remaining unpaid amount was approximately $440 thousand.

c. E.SUN Bank (China), Ltd. (ESBC)

As of June 30, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately $102,468 thousand, and the remaining unpaid amount was approximately $52,035 thousand.

41. THE BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Six Months Ended June 30			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents and other financial assets - due from banks	$ 46,121,832	0.50	$ 44,417,338	0.31
Call loans to banks	43,760,244	0.78	23,901,860	1.01
Due from the Central Bank	58,994,324	0.28	55,151,763	0.20

(Continued)

	For the Six Months Ended June 30			
	2022		2021	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Financial assets mandatorily classified as at fair value through profit or loss - bonds	$ 122,945,316	1.53	$ 132,208,599	2.44
Financial assets mandatorily classified as at fair value through profit or loss - bills	233,278,340	0.37	496,086,596	0.31
Securities purchased under resell agreements	1,683,843	0.40	3,285,266	0.21
Accounts receivable factored without recourse	9,270,415	1.25	6,478,892	0.92
Discounts and loans	1,805,973,532	1.66	1,602,781,269	1.59
Receivables on credit cards	29,610,016	6.48	30,189,605	6.64
Debt instruments at fair value through other comprehensive income	309,542,648	1.38	276,112,367	1.21
Investments in debt instruments at amortized cost	325,057,468	0.85	22,001,122	1.23
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	84,022,021	0.69	78,237,758	0.42
Due to the Central Bank and other banks	14,212,727	0.10	10,008,294	0.10
Financial liabilities at fair value through profit or loss	46,906,037	4.72	44,952,947	4.72
Securities sold under repurchase agreements	12,304,477	0.13	10,523,364	0.14
Demand deposits	783,965,594	0.07	704,517,900	0.04
Savings - demand deposits	727,361,983	0.10	673,154,104	0.07
Time deposits	833,832,673	0.68	711,895,825	0.59
Savings - time deposits	315,361,973	0.91	300,821,701	0.80
Negotiable certificates of deposit	23,923,615	0.49	21,845,018	0.26
Bank debentures	34,938,729	1.47	33,144,033	1.54
Principal of structured products	67,564,641	0.65	49,819,380	0.51
Lease liabilities	3,535,473	0.73	2,657,354	0.82

(Concluded)

42. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	June 30, 2022		December 31, 2021		June 30, 2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets						
Investments in debt instruments at amortized cost	$ 351,967,026	$ 347,460,482	$ 308,219,235	$ 308,865,486	$ 33,847,921	$ 34,402,733
Financial liabilities						
Bank debentures	34,850,000	34,882,846	34,270,000	36,980,295	32,670,000	34,773,954

Fair value hierarchy as of June 30, 2022

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 347,460,482	$ 31,933,389	$ 315,527,093	$ -
Financial liabilities				
Bank debentures	34,882,846	-	34,882,846	-

Fair value hierarchy as of December 31, 2021

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 308,865,486	$ 21,111,533	$ 287,753,953	$ -
Financial liabilities				
Bank debentures	36,980,295	-	36,980,295	-

Fair value hierarchy as of June 30, 2021

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 34,402,733	$ 19,338,969	$ 15,063,764	$ -
Financial liabilities				
Bank debentures	34,773,954	-	34,773,954	-

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

b. The valuation techniques and assumptions the Company uses for determining fair values were as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. The fair value of the unlisted stocks held by the Company is determined by using market approach or asset approach.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values of these two types of contracts are provided by counterparties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollars, U.S. dollars, etc.) to be used for payments. As of June 30, 2022, December 31, 2021 and June 30, 2021, the discount rates used ranged from 0.522% to 1.680%, 0.174% to 1.150% and 0.170% to 0.790%, respectively, for the New Taiwan dollar and from 1.650% to 3.515%, 0.135% to 1.803% and 0.135% to 1.749%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for evaluating the fair value of debt instruments, which are classified as investments in debt instruments at amortized cost; otherwise, the Company uses the foregoing valuation techniques to determine fair value.

The Company takes credit/debit valuation adjustments into consideration in order to reflect the credit risk resulted from counterparties and the credit quality of the Company when determining fair values of the financial instruments.

c. The fair value hierarchies of the Company’s financial instruments, which were measured at fair value on a recurring basis, as of June 30, 2022, December 31, 2021 and June 30, 2021, were as follows:

	June 30, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss				
Derivative instruments	$ 69,222,917	$ 79,059	$ 69,143,858	$ -
Equity instruments	480,623	480,623	-	-
Debt instruments	116,920,945	191,935	116,729,010	-
Others	193,908,773	-	193,908,773	-
Financial assets at fair value through other comprehensive income				
Equity instruments	18,312,443	17,089,001	-	1,223,442
Debt instruments	323,173,088	163,660,525	159,512,563	-

(Continued)

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ 48,265,976	$ -	$ 48,265,976	$ -
Financial liabilities designated as at fair value through profit or loss	45,976,699	-	45,976,699	-

(Concluded)

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative instruments	$ 15,451,044	$ 56,963	$ 15,394,081	$ -
Equity instruments	1,405,137	1,405,137	-	-
Debt instruments	118,639,005	260,590	118,378,415	-
Others	270,625,609	-	270,625,609	-
Financial assets at fair value through other comprehensive income				
Equity instruments	20,009,657	18,879,990	-	1,129,667
Debt instruments	311,937,235	153,299,813	158,637,422	-
Financial liabilities at fair value through profit or loss				
Derivative instruments	13,749,747	-	13,749,747	-
Financial liabilities designated as at fair value through profit or loss	47,449,715	-	47,449,715	-

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative instruments	$ 16,038,802	$ 65,505	$ 15,973,297	$ -
Equity instruments	1,310,437	1,310,437	-	-
Debt instruments	126,928,113	2,689,618	124,238,495	-
Others	481,022,408	-	481,022,408	-
Financial assets at fair value through other comprehensive income				
Equity instruments	16,051,372	14,953,675	-	1,097,697
Debt instruments	289,044,155	140,812,964	148,231,191	-
Financial liabilities at fair value through profit or loss				
Derivative instruments	14,564,117	-	14,564,117	-
Financial liabilities designated as at fair value through profit or loss	48,550,876	-	48,550,876	-

The Company remeasures the classification of fair value hierarchy at the end of each reporting period to determine whether there is a transfer between levels of the fair value hierarchy.

There were no significant transfers between Level 1 and Level 2 for the six months ended June 30, 2022 and 2021.

d. Reconciliation of the financial instruments classified in Level 3

For the six months ended June 30, 2022

	Financial Assets in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at January 1, 2022	$ 1,129,667
Valuation recognized in other comprehensive income	92,531
Change in exchange rates	1,244
Balance at June 30, 2022	$ 1,223,442

For the six months ended June 30, 2021

	Financial Assets in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at January 1, 2021	$ 1,052,664
Valuation recognized in other comprehensive income	46,674
Disposal	(1,278)
Change in exchange rates	(363)
Balance at June 30, 2021	$ 1,097,697

e. Valuation process on fair value in Level 3

The Company's risk management division is responsible for conducting independent fair value verification, using independent source data to bring the valuation results close to market conditions, confirming that the data sources are independent, reliable, consistent with other data messages, and representing executable prices, and regularly calibrating valuation models and updating input values and data required for the model, as well as any other necessary fair value adjustments, to ensure that the valuation results are reasonable.

f. Quantitative information on significant unobservable input (Level 3) in fair value

The significant unobservable inputs of the fair value of financial instruments classified in Level 3 on a recurring basis are as follows:

June 30, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 440,663	Market approach	Lack of liquidity discount	10%-20%	The higher the lack of liquidity, the lower the fair value is
	193,749	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-20%; -%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	589,030	Income approach	Lack of liquidity discount; allowance of minority interest	10%-20%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

December 31, 2021

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 955,491	Market approach	Lack of liquidity discount	10%	The higher the lack of liquidity, the lower the fair value is
	174,176	Asset approach	Lack of liquidity discount; allowance of minority interest	10%; 10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

June 30, 2021

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 1,060,916	Market approach	Lack of liquidity discount	10%	The higher the lack of liquidity, the lower the fair value is
	36,781	Asset approach	Lack of liquidity discount; allowance of minority interest	10%; 10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

g. Sensitivity analysis of fair value hierarchy classified in Level 3

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different results. For financial instruments classified in Level 3, if one parameter changes by 10%, the effects on profit or loss or other comprehensive income for the current period are as follow:

June 30, 2022

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 122,344	$ (122,344)

December 31, 2021

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Year	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 112,967	$ (112,967)

June 30, 2021

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 109,770	$ (109,770)

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

	June 30, 2022	December 31, 2021	June 30, 2021
Difference between carrying amounts and the amounts due on maturity			
Fair value	$ 45,976,699	$ 47,449,715	$ 48,550,876
Amounts due on maturity	49,922,496	45,447,639	45,722,021
	$ (3,945,797)	$ 2,002,076	$ 2,828,855

	Change in Fair Values Resulting from Credit Risk Variations
Accumulated amount of change	
As of June 30, 2022	$ 721,419
As of December 31, 2021	$ 651,427
As of June 30, 2021	$ 677,776

The change in fair value of bank debentures resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of these financial instruments. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair values of bank debentures are the present values of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' borrowings with similar maturities.

i. Information on financial risk management

1) Risk management

The Bank established the risk management division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for the Bank.

2) Credit risk

Credit risk refers to the Company's exposure to financial losses due to inability of customers or counterparties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off-balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risks fall within the acceptable range, the Company has stipulated in the Guidelines for Credit Risk Management that for all the products provided and businesses conducted, including all on- and off-balance sheet transactions in the banking and trading books, the Company should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., the Company also requires the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with the Company's risk management policies and guidelines.

The measurement and management of credit risks from the Company's main businesses are as follows:

a) Loans and credit card business (including loan commitment and guarantees)

On each reporting date, the Company assesses the change in the default risk of financial assets, as well as consider reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situation, credit investigation result, announcement of dishonored checks and negotiation of the debts from other financial institutions, or the debtor has reorganized or is likely to reorganize to determine whether the credit risk has increased significantly.

The Company adopts the 12-month ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Company considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability to default and "LGD" refers to losses caused by the default. The Company applies the "PD" and "LGD" to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information, then calculate by applying the progressive one factor model respectively. The Company periodically reviews forward-looking macroeconomic information and timely adjusts "PD" for impact of factors such as the COVID-19.

The Company estimates the account balance based on the ways in repayment, and considers the possible survival rate to calculate the EAD. In addition, the Company estimates the 12-month ECLs and lifetime ECLs of loan commitments by considering the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime based on the guidelines issued by the Bank's Association and Basel Accords to determine the amount of "EAD" for calculating expected credit losses.

The Company uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days, or the credit investigation appears to be abnormal, the Company determines that the financial assets are defaulted and credit-impaired.

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectable. The Company also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, the Company rates credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, the Company has developed a credit rating model for clients. The Company reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credits and residential mortgages, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

The Company classifies the credit qualities of corporate loans as strong, medium and weak.

The Company evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, the Company annually conducts validity test and back testing on the models using data on customers' actual defaults.

b) Due from and call loans to other banks

The Company evaluates the credit status of counterparties before deals are closed. The Company grants different limits to the counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

c) Investments in debt instruments and derivatives

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

June 30, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 333,706,595	$ 351,988,309	$ 685,694,904
Less: Allowance for impairment loss	(95,128)	(21,283)	(116,411)
Amortized cost	333,611,467	$ 351,967,026	685,578,493
Adjustment to fair value	(10,438,379)		(10,438,379)
	$ 323,173,088		$ 675,140,114

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 312,290,287	$ 308,234,469	$ 620,524,756
Less: Allowance for impairment loss	(100,203)	(15,234)	(115,437)
Amortized cost	312,190,084	$ 308,219,235	620,409,319
Adjustment to fair value	(252,849)		(252,849)
	$ 311,937,235		$ 620,156,470

June 30, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 287,906,388	$ 33,855,334	$ 321,761,722
Less: Allowance for impairment loss	(86,389)	(7,413)	(93,802)
Amortized cost	287,819,999	$ 33,847,921	321,667,920
Adjustment to fair value	1,224,156		1,224,156
	$ 289,044,155		$ 322,892,076

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the investment was recognized.

In order to minimize credit risk, the Company has tasked a team to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the team uses other publicly available financial information to rate the debtors.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Company's current credit risk grading framework comprises the following categories:

June 30, 2022

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.93%	$ 685,694,904

December 31, 2021

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.17%	$ 620,524,756

June 30, 2021

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.18%	$ 321,761,722

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost grouped by credit rating is reconciled as follows:

For the six months ended June 30, 2022

	Credit Rating
Allowance for Impairment Loss	**Performing (12-month ECL)**
Balance at January 1, 2022	$ 115,437
New financial assets purchased	18,492
Derecognition	(8,780)
Change in model or risk parameters	(10,336)
Change in exchange rates or others	1,598
Balance at June 30, 2022	$ 116,411

For the six months ended June 30, 2021

	Credit Rating
Allowance for Impairment Loss	**Performing (12-month ECL)**
Balance at January 1, 2021	$ 73,271
New financial assets purchased	27,556
Derecognition	(9,347)
Change in model or risk parameters	2,808
Change in exchange rates or others	(486)
Balance at June 30, 2021	$ 93,802

The Company identifies and manages credit risks from debt instruments through using external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparties risks.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The Company monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

The Company classifies the debt instruments and derivatives into different categories, which are mainly based on the credit ratings provided by external credit agencies (Moody's, S&P, Fitch or Taiwan Ratings).

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the debt, the Company manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to reduce the repayment period, to demand immediate settlement or to offset the debts of the borrowers by their deposits in the Company in order to reduce the credit risks. The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

To avoid the concentration of credit risks, the Company has included credit limits for a single counterparty and for a single group in its credit-related guidelines. The Company has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Company set credit limits by industry, conglomerate, country, transactions collateralized by stocks, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

June 30, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	$ 1,262,720,379	$ 1,381,182	$ 92,856	$ -	$ 1,264,194,417
Allowance for possible losses	(107,775)	(22,401)	(2,584)	-	(132,760)
Difference of impairment loss under regulations	-	-	-	(802,111)	(802,111)
	$ 1,262,612,604	$ 1,358,781	$ 90,272	$ (802,111)	$ 1,263,259,546

December 31, 2021

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	$ 1,178,318,384	$ 1,660,114	$ 68,817	$ -	$ 1,180,047,315
Allowance for possible losses	(95,148)	(99,444)	(4,171)	-	(198,763)
Difference of impairment loss under regulations	-	-	-	(719,207)	(719,207)
	$ 1,178,223,236	$ 1,560,670	$ 64,646	$ (719,207)	$ 1,179,129,345

June 30, 2021

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	$ 1,270,978,334	$ 432,294	$ 19,099,624	$ -	$ 1,290,510,252
Allowance for possible losses	(76,227)	(2,043)	(4,008)	-	(82,278)
Difference of impairment loss under regulations	-	-	-	(743,622)	(743,622)
	$ 1,270,902,107	$ 430,251	$ 19,095,616	$ (743,622)	$ 1,289,684,352

The management of the Company believes their abilities to minimize the credit risk exposures of the off-balance sheet items are mainly attributed to their rigorous evaluation of credit extended and the periodic reviews of these credits.

The maximum exposures of consolidated balance sheet items (recognized as financial assets), collateral, master netting arrangements and other credit enforcement instruments are as follows:

June 30, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
Credit-impaired financial assets					
Receivables					
Credit cards	$ 2,502,366	$ -	$ -	$ -	$ -
Other	83,624	-	-	-	-
Discounts and loans	7,801,055	3,045,221	-	-	3,045,221

December 31, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
Credit-impaired financial assets					
Receivables					
Credit cards	$ 2,532,974	$ -	$ -	$ -	$ -
Other	72,949	-	-	-	-
Discounts and loans	7,688,413	3,835,340	-	-	3,835,340

June 30, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
Credit-impaired financial assets					
Receivables					
Credit cards	$ 2,635,617	$ -	$ -	$ -	$ -
Other	72,884	-	-	-	-
Discounts and loans	7,500,801	3,312,819	-	-	3,312,819

Concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Group or industry, regions and collaterals that were 10% or more of total outstanding loans of the Bank were as follows:

Credit Risk Profile by Group or Industry	June 30, 2022 Amount	%	December 31, 2021 Amount	%	June 30, 2021 Amount	%
Natural person	$ 942,667,020	50	$ 897,620,361	50	$ 843,776,482	50
Manufacturing	351,902,595	19	347,834,553	19	318,380,269	19
Finance, insurance and real estate	225,004,892	12	189,689,679	11	179,291,107	11

Credit Risk Profile by Regions	June 30, 2022 Amount	%	December 31, 2021 Amount	%	June 30, 2021 Amount	%
Domestic	$ 1,616,665,423	86	$ 1,558,897,685	87	$ 1,467,342,936	87

Credit Risk Profile by Collaterals	June 30, 2022 Amount	%	December 31, 2021 Amount	%	June 30, 2021 Amount	%
Unsecured	$ 489,061,972	26	$ 451,367,628	25	$ 412,063,106	24
Secured						
Real estate	1,223,605,412	65	1,161,610,355	65	1,106,193,716	66

Some financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have rather high credit ratings.

The credit quality of discounts and loans evaluation on a 12-month expected credit loss basis were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Credit rating			
Strong	$ 1,372,979,737	$ 1,258,199,636	$ 923,851,502
Medium	484,866,225	492,556,246	712,645,313
Weak	22,704,576	25,723,699	38,451,839
Carrying amount	1,880,550,538	1,776,479,581	1,674,948,654
Allowance for possible losses	(1,694,749)	(1,107,559)	(914,420)
	$ 1,878,855,789	$ 1,775,372,022	$ 1,674,034,234

3) Market risk

Market risk refers to the risk of fluctuation in the fair values or the future cash flows of the on- and off-balance sheet instruments held by the Company because of market price changes. The risk factors that cause market price changes usually include interest rates, exchange rates, and the prices of equity securities and commodities. Changes in these risk factors will cause risk of fluctuation in the net income or in the value of investment portfolio of the Company.

The main market risks the Company faces are the risks on equity securities, interest rates, and exchange rate risks. The equity securities exposed to market risks mainly include stocks listed on the TWSE or traded on the Taipei Exchange and stock index futures in Taiwan; the instruments exposed to interest rate risk mainly include bonds and interest rate derivatives such as the fixed-for-floating interest rate swap; and the instruments exposed to exchange rate risk mainly include the consolidated positions of the investment held by the Company, such as the derivatives denominated in foreign currency and foreign-currency bonds.

The Bank monitors the market risk positions and the tolerable loss of the Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors. The Bank has set up market risk information systems to effectively monitor the management of amount limits on financial instruments, to evaluate the profit and loss, to conduct sensitivity analysis, stress test and calculation of value at risk (VaR), etc. The result is reported in the meetings of risk management and to the board of directors as their reference for making managerial decisions.

The Company mainly divides the positions exposed to market risks into investment portfolios held for trading and investment portfolios not held for trading. The portfolios are monitored by the Risk Management Division, and the management results are reported regularly to the board of directors and the supervisors of each division.

The business units and the risk management units both identify market risk factors for the Company’s exposed positions in order to measure market risks. Market risk factors refer to the factors that affect interest rates, exchange rates and values of held financial instruments such as equity securities, etc. The Company analyzes the impact of risk factors on its holding positions, profit and loss, negative result of stress test, sensitivity, VaR, etc., and measures the levels within which the investment portfolios and equity securities might suffer from interest rate risks, exchange rate risks, etc.

The Risk Management Division reports regularly to the board of directors the achievement of management objectives on market risks, the control of holding positions and profit and loss, the sensitivity analysis, the stress test, the value at risk of equity securities, etc. for their understanding of the Bank’s market risk control. The Bank also has sound mechanisms for reporting and set limits and stop-loss regulations for all the transactions. If a trade reaches the stop-loss limit, the stop-loss will be executed immediately. Trades that do not follow the stop-loss rule should be reported to the management for their approval, and the reasons for their noncompliance as well as corresponding strategies should also be presented to the management.

Effect of interest rate benchmark reform

The Company is exposed to the LIBOR (with the highest percentage in USD LIBOR), which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. The SOFR (Secured Overnight Financing Rate) is expected to replace the USD LIBOR. There are key differences between the USD LIBOR and SOFR. The USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. The SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference the USD LIBOR to the SOFR, adjustments for these differences might need to be applied to the SOFR to enable the two benchmark rates to be economically equivalent.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If bilateral negotiations with the counterparties of the Company are not successfully concluded before the cessation of the LIBOR, there would be significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The Company established a LIBOR transition project plan. This transition project is considering product conversion, contract modification, communication between customers and investors, adjustments to systems and processes, finance and tax implications as well as the risk model, and will be implemented by the corresponding LIBOR transition response team. As of June 30, 2022, the Company is finalizing the amendments of related systems. The Company is continuously discussing with the clients and counterparty about how to revise the contracts which are expected to be impacted. In terms of credit business, the Company has already completed the conversion of credit contracts whose rates ceased at the end of December 2021. The remaining USD credit contracts will complete bilateral negotiations before June 30, 2023. In terms of investments in debt instruments, the Company is continuously negotiating with the counterparties about the contracts which have been identified.

The Company is ceasing to sell financial instruments connected to LIBOR that are not authorized by authorities but will sell those that connect to alternative benchmark interest rate, TAIFX3 or local USD rate, to make sure the rights of clients and the Company will not be negatively impacted.

The following table contains the details of non-derivative financial instruments held by the Company at June 30, 2022, which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference the USD LIBOR	
Financial assets at FVTPL	$ 25,905,813
Financial assets at FVTOCI	15,852,591
Investments in debt instruments at amortized cost	2,080,774
Discounts and loans	103,784,031
Non-derivative financial assets affected by the interest rate benchmark reform	$ 147,623,209

The following table contains details of derivative financial instruments held by the Company at June 30, 2022, which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Nominal Amount	Carrying Amount	
		Financial Assets	**Financial Liabilities**
Derivative financial instruments that reference the USD LIBOR			
Interest rate swaps	$ 398,998,401	$ 12,069,144	$ 9,057,406
Cross-currency swaps	297,260	26,994	-

The Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. The Bank also assesses market risks and evaluates the maximum expected loss of positions through making assumptions on changes in various market conditions. The board of directors set amount limits based on VaR. The whole risk management process is monitored daily by the Risk Management Division.

VaR statistically estimates the potential loss of the positions due to adverse market movements. The Bank may suffer the "maximum potential loss" within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the VaR to some extent. VaR model assumes that the Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past. The Bank evaluates historical market fluctuation based on historical data in the past two years. The Bank evaluates the VaR of its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

Information on the VaR of the Bank was as follows:

For the six months ended June 30, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	June 30, 2022
By risk type				
Currency	$ 3,343,120	$ 2,402,325	$ 4,562,202	$ 3,152,614
Interest	7,263,609	4,729,879	13,969,103	12,918,164
Equity	1,010,051	683,940	1,311,178	920,598
Risk diversification	(5,830,797)	-	-	(10,225,415)
Total risk exposure	$ 5,785,983			$ 6,765,961

For the year ended December 31, 2021

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2021	June 30, 2021
By risk type					
Currency	$ 3,340,311	$ 2,402,325	$ 4,155,766	$ 3,516,984	$ 3,802,534
Interest	5,288,307	3,518,810	6,988,286	5,170,067	5,337,570
Equity	806,523	649,966	1,236,931	1,236,931	849,748
Risk diversification	(4,005,028)	-	-	(4,579,535)	(4,506,757)
Total risk exposure	$ 5,430,113			$ 5,344,447	$ 5,483,095

Stress test is used to measure the greatest potential losses of the portfolio of risk assets under the worst scenarios. The Risk Management Division performs it, and it includes (a) a stress test on risk factors, in which the stress test is applied to all kinds of risks; and (b) a temporary stress test, in which the stress test is applied to special investment positions or specific investment areas, for example, areas where exchange rates fluctuate dramatically. The results of stress tests are reported to the senior management.

For the information on the foreign-currency financial assets and liabilities with significant effect, please refer to Table 3.

4) Liquidity risk

Liquidity risk refers to the possibility of financial loss resulting from the shortage of funds in meeting the needs of asset acquisition or debt repayment on maturity. Examples are the depositors' withdrawal of deposits before maturity, difficulty in raising funds from other banks or worsening funding conditions due to the fluctuations in specific markets, unstable recovery of money due to credit defaults, deterioration of the convertibility of financial instruments, early termination of interest-sensitive instruments, etc. These situations might result in decrease of cash inflows from loans, trades and investments. In some extreme cases, lack of liquidity may cause decrease of asset values in balance sheets, disposal of assets or other situations in which loan commitments cannot be met. Liquidity risks exist in all banking operations, and are influenced by specific events from industries or markets, including but not limited to credit events, mergers and acquisitions, systematic risks in the industry or natural disasters.

Liquidity risk management is done by the money market division and monitored by the risk management division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by the Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity date of the financial liabilities and the cash inflows at the receipt date of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, financial assets at fair value through other comprehensive income and debt instruments at amortized cost, etc.

The liquidity reserve ratios of the Bank for June 30, 2022, December 31, 2021 and June 30, 2021 were 32.23%, 33.81% and 34.14%, respectively.

The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet date. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 53,920,696	$ 15,893,100	$ 1,371,308	$ 2,421,818	$ -	$ 73,606,922
Nonderivative financial liabilities at fair value through profit or loss	-	-	1,091,301	-	48,831,195	49,922,496
Securities sold under repurchase agreements	4,100,000	4,323,311	112,978	603,474	8,794,949	17,934,712
Payables	30,269,764	762,207	533,745	597,457	108,430	32,271,603
Deposits and remittances	1,115,692,808	233,582,847	270,475,301	420,926,108	744,808,368	2,785,485,432
Bank debentures	-	6,500,000	100,000	1,500,000	26,750,000	34,850,000
Lease liabilities	94,235	162,327	255,289	516,477	3,032,777	4,061,105
Other items of cash outflow on maturity	5,765,430	2,551,909	916,410	172,411	80,448,995	89,855,155

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 51,151,644	$ 30,863,439	$ 952,113	$ 513,962	$ -	$ 83,481,158
Due to the Central Bank and other banks	-	-	-	14,021,010	-	14,021,010
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	508,259	44,939,380	45,447,639
Securities sold under repurchase agreements	4,072,567	3,097,930	551,588	771,427	8,192,500	16,686,012
Payables	21,583,427	752,479	377,740	339,009	146,624	23,199,279
Deposits and remittances	1,054,471,949	242,878,740	258,370,651	413,676,105	728,673,362	2,698,070,807
Bank debentures	-	-	3,220,000	6,600,000	24,450,000	34,270,000
Lease liabilities	110,302	149,431	260,197	458,016	3,144,783	4,122,729
Other items of cash outflow on maturity	5,110,604	3,690,773	289,603	279,659	55,855,122	65,225,761

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 46,894,454	$ 23,188,088	$ 2,193,252	$ 2,050,132	$ 13,898	$ 74,339,824
Due to the Central Bank and other banks	-	-	-	10,467,950	-	10,467,950
Nonderivative financial liabilities at fair value through profit or loss	1,023,163	-	-	-	44,698,858	45,722,021
Securities sold under repurchase agreements	5,664,849	1,343,585	673,299	298,175	9,332,403	17,312,311
Payables	26,029,274	372,846	357,027	443,006	193,308	27,395,461
Deposits and remittances	955,671,318	219,664,285	257,182,761	385,989,477	681,737,341	2,500,245,182
Bank debentures	-	-	-	3,220,000	29,450,000	32,670,000
Lease liabilities	99,282	157,298	256,787	514,099	3,212,024	4,239,490
Other items of cash outflow on maturity	7,338,888	1,825,265	534,129	420,837	43,425,241	53,544,360

The Company assessed the maturity date of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

a) Derivative financial liabilities to be settled at net amounts

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	$ 166,276	$ 68,404	$ 177,866	$ 57,957	$ -	$ 470,503
Interest derivatives	322	649	74	-	-	1,045

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	$ 28,970	$ 143,425	$ 162,555	$ 20,631	$ -	$ 355,581
Interest derivatives	4	35	2	-	-	41

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	$ 78,903	$ 34,658	$ 36,783	$ 136,015	$ 540	$ 286,899

b) Derivative financial liabilities to be settled at gross amounts

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 176,521,514	$ 166,728,645	$ 199,228,526	$ 240,745,840	$ 5,961,737	$ 789,186,262
Cash inflow	170,960,231	160,764,489	189,724,289	231,260,364	5,564,267	758,273,640
Interest derivatives						
Cash outflow	665,572	481,643	1,020,055	2,056,897	19,365,415	23,589,582
Cash inflow	101,470	59,499	109,975	542,125	7,341,793	8,154,862
Total cash outflow	177,187,086	167,210,288	200,248,581	242,802,737	25,327,152	812,775,844
Total cash inflow	171,061,701	160,823,988	189,834,264	231,802,489	12,906,060	766,428,502
Net cash outflow	$ 6,125,385	$ 6,386,300	$ 10,414,317	$ 11,000,248	$ 12,421,092	$ 46,347,342

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 245,358,741	$ 310,653,624	$ 183,685,736	$ 263,860,542	$ 24,120,443	$1,027,679,086
Cash inflow	242,148,705	308,129,842	181,884,643	260,531,476	24,019,037	1,016,713,703
Interest derivatives						
Cash outflow	1,212,767	4,418,381	835,494	2,932,764	3,118,579	12,517,985
Cash inflow	907,025	4,146,365	461,784	2,261,976	1,300,643	9,077,793
Total cash outflow	246,571,508	315,072,005	184,521,230	266,793,306	27,239,022	1,040,197,071
Total cash inflow	243,055,730	312,276,207	182,346,427	262,793,452	25,319,680	1,025,791,496
Net cash outflow	$ 3,515,778	$ 2,795,798	$ 2,174,803	$ 3,999,854	$ 1,919,342	$ 14,405,575

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 171,033,960	$ 194,407,370	$ 126,167,574	$ 147,487,515	$ 5,367,565	$ 644,463,984
Cash inflow	168,473,483	190,934,393	124,698,795	146,459,154	5,083,991	635,649,816
Interest derivatives						
Cash outflow	902,867	4,439,801	1,179,081	1,528,587	4,023,804	12,074,140
Cash inflow	456,140	3,879,740	655,778	740,542	3,038,590	8,770,790
Total cash outflow	171,936,827	198,847,171	127,346,655	149,016,102	9,391,369	656,538,124
Total cash inflow	168,929,623	194,814,133	125,354,573	147,199,696	8,122,581	644,420,606
Net cash outflow	$ 3,007,204	$ 4,033,038	$ 1,992,082	$ 1,816,406	$ 1,268,788	$ 12,117,518

The Company conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the consolidated balance sheet date. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 1,313,176	$ 2,865,459	$ 4,143,042	$ 6,943,821	$ 42,871,433	$ 58,136,931
Credit card commitments	203,890	77,416	2,763,440	12,138,088	455,018,270	470,201,104
Letters of credit issued and yet unused	3,172,940	6,543,201	1,835,612	958,344	38,009	12,548,106
Other guarantees	4,727,478	7,903,358	3,654,947	11,101,966	5,623,187	33,010,936

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 848,406	$ 1,510,135	$ 3,197,127	$ 8,448,319	$ 45,367,989	$ 59,371,976
Credit card commitments	10,918	13,006	17,928	3,242,956	475,410,582	478,695,390
Letters of credit issued and yet unused	2,454,038	4,458,888	1,261,456	551,496	514,534	9,240,412
Other guarantees	5,064,101	7,428,846	2,083,383	15,384,181	6,222,521	36,183,032

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 1,449,812	$ 1,135,611	$ 1,913,049	$ 5,933,980	$ 31,971,025	$ 42,403,477
Credit card commitments	198,019	27,361	19,951	46,191	464,831,930	465,123,452
Letters of credit issued and yet unused	3,603,568	5,852,689	1,632,327	200,665	602,749	11,891,998
Other guarantees	4,637,080	5,675,263	12,388,878	3,148,293	6,139,197	31,988,711

j. Transfers of financial assets

Most of the transferred financial assets of the Company that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right on cash flow of the transferred financial assets would be transferred to other entities and the associated liabilities of the Company’s obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Company is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that were not derecognized in their entirety and the associated financial liabilities were as follows:

June 30, 2022					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	$ 17,773,474	$ 16,789,514	$ 17,773,474	$ 16,789,514	$ 983,960
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	1,104,132	1,084,024	1,124,523	1,084,024	40,499

December 31, 2021					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	$ 17,043,122	$ 15,778,699	$ 17,043,122	$ 15,778,699	$ 1,264,423
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	911,582	869,940	929,579	869,940	59,639

June 30, 2021					
Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Associated Financial Liabilities**	**Fair Value of Net Position**
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	$ 18,615,753	$ 17,273,129	$ 18,615,753	$ 17,273,129	$ 1,342,624

k. Offsetting financial assets and financial liabilities

The Company is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheet since the offsetting criteria are met. Cash collateral has also been paid by part of counterparties for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements.

June 30, 2022

				Related Amounts Not Offset in the Balance Sheet		
Financial Assets	**Gross Amounts of Recognized Financial Assets**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet**	**Net Amounts of Financial Assets Presented in the Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amounts**
Derivatives	$ 69,222,917	$ -	$ 69,222,917	$ (31,066,613)	$ (12,434,623)	$ 25,721,681
Resell agreements	1,684,658	-	1,684,658	(1,684,658)	-	-
Settlements	1,435,477	(147,002)	1,288,475	-	-	1,288,475
	$ 72,343,052	$ (147,002)	$ 72,196,050	$ (32,751,271)	$ (12,434,623)	$ 27,010,156

				Related Amounts Not Offset in the Balance Sheet		
Financial Liabilities	**Gross Amounts of Recognized Financial Liabilities**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet**	**Financial Instruments**	**Cash Collateral Pledged**	**Net Amounts**
Derivatives	$ 48,265,976	$ -	$ 48,265,976	$ (31,066,613)	$ (9,299,288)	$ 7,900,075
Repurchase agreements	17,901,884	-	17,901,884	(17,901,884)	-	-
Settlements	724,501	(147,002)	577,499	-	-	577,499
	$ 66,892,361	$ (147,002)	$ 66,745,359	$ (48,968,497)	$ (9,299,288)	$ 8,477,574

December 31, 2021

				Related Amounts Not Offset in the Balance Sheet		
Financial Assets	**Gross Amounts of Recognized Financial Assets**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet**	**Net Amounts of Financial Assets Presented in the Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amounts**
Derivatives	$ 15,451,044	$ -	$ 15,451,044	$ (7,529,927)	$ (2,889,087)	$ 5,032,030
Settlements	49,467	-	49,467	(49,467)	-	-
	$ 15,500,511	$ -	$ 15,500,511	$ (7,579,394)	$ (2,889,087)	$ 5,032,030

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	$ 13,749,747	$ -	$ 13,749,747	$ (7,529,927)	$ (2,567,492)	$ 3,652,328
Repurchase agreements	16,664,444	-	16,664,444	(12,579,906)	-	4,084,538
Settlements	475,482	-	475,482	(49,467)	-	426,015
	$ 30,889,673	$ -	$ 30,889,673	$ (20,159,300)	$ (2,567,492)	$ 8,162,881

June 30, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Received	
Derivatives	$ 16,038,802	$ -	$ 16,038,802	$ (6,667,326)	$ (3,705,845)	$ 5,665,631
Resell agreements	3,511,810	-	3,511,810	(3,511,810)	-	-
Settlements	262,466	-	262,466	(217,909)	-	44,557
	$ 19,813,078	$ -	$ 19,813,078	$ (10,397,045)	$ (3,705,845)	$ 5,710,188

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	$ 14,564,117	$ -	$ 14,564,117	$ (6,667,326)	$ (5,191,528)	$ 2,705,263
Repurchase agreements	17,285,186	-	17,285,186	(17,285,186)	-	-
Settlements	579,898	-	579,898	(217,909)	-	361,989
	$ 32,429,201	$ -	$ 32,429,201	$ (24,170,421)	$ (5,191,528)	$ 3,067,252

43. CAPITAL MANAGEMENT

The two main objectives of capital management of the Bank are (a) meeting the requirements for legal capital set by the authorities and building an effective system for capital management and (b) balancing risk control and business development under the premise of “undertaking risks and earning returns on capital” and maximizing the stockholders’ profits.

The Banking Act and related regulations require that the Bank maintains both standalone and consolidated ratios of regulatory capital to risk-weighted assets (including ratio of the common equity to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and capital adequacy ratio (CAR)) should comply with the minimum ratio requested by authorities.

The capital of the Bank is jointly managed by the Capital Management Team and the Risk Management Division. The management process starts from the evaluation and adjustments to plans or budgets by using different quantitative methods that consider risks, returns and growth rates. Subsequently, the evaluation and adjustments are used to confirm the total amount of capital requirement and is eventually used to allocate the capital to the respective branches and operating units. The whole process takes into consideration the quantitative risk assessment, plans and budgets, capital balance and allocation of economic capitals to corresponding units on the basis of risk appetite. The process is a combination of risk appetite, capital management, risk management, managerial decisions and performance assessment.

Information on the Bank's CAR was as follows:

(Unit: In Thousands of New Taiwan Dollars, %)

Items			June 30, 2022 Standalone	June 30, 2022 Consolidated
Eligible capital	Common equity		$ 172,222,839	$ 170,962,939
	Other Tier 1 capital		27,972,199	27,972,199
	Tier 2 capital		46,373,997	46,952,639
	Eligible capital		246,569,035	245,887,777
Risk-weighted assets	Credit risk	Standardized approach	1,585,967,000	1,632,258,352
		Internal ratings-based approach	-	-
		Securitization	2,079,725	2,079,725
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	123,407,213	128,379,838
		Advanced measurement approach	-	-
	Market risk	Standardized approach	99,576,088	106,798,288
		Internal model approach	-	-
	Risk-weighted assets		1,811,030,026	1,869,516,203
Capital adequacy ratio (%)			13.61	13.15
Ratio of common equity to risk-weighted assets (%)			9.51	9.14
Ratio of Tier 1 capital to risk-weighted assets (%)			11.05	10.64
Leverage ratio (%)			5.78	5.86

Items			December 31, 2021 Standalone	December 31, 2021 Consolidated
Eligible capital	Common equity		$ 176,736,385	$ 179,167,854
	Other Tier 1 capital		24,343,828	27,972,199
	Tier 2 capital		38,145,366	46,187,663
	Eligible capital		239,225,579	253,327,716
Risk-weighted assets	Credit risk	Standardized approach	1,483,148,972	1,545,993,477
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	123,407,213	128,379,838
		Advanced measurement approach	-	-
	Market risk	Standardized approach	106,201,563	117,232,825
		Internal model approach	-	-
	Risk-weighted assets		1,712,757,748	1,791,606,140
Capital adequacy ratio (%)			13.97	14.14
Ratio of common equity to risk-weighted assets (%)			10.32	10.00
Ratio of Tier 1 capital to risk-weighted assets (%)			11.74	11.56
Leverage ratio (%)			6.02	6.07

Items		Year	June 30, 2021	
			Standalone	Consolidated
Eligible capital	Common equity		$ 169,760,985	$ 172,081,233
	Other Tier 1 capital		24,459,497	27,972,199
	Tier 2 capital		37,434,233	45,216,081
	Eligible capital		231,654,715	245,269,513
Risk-weighted assets	Credit risk	Standardized approach	1,344,971,242	1,405,486,680
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	121,079,875	125,793,513
		Advanced measurement approach	-	-
	Market risk	Standardized approach	102,807,825	111,005,250
		Internal model approach	-	-
	Risk-weighted assets		1,568,858,942	1,642,285,443
Capital adequacy ratio (%)			14.77	14.93
Ratio of common equity to risk-weighted assets (%)			10.82	10.48
Ratio of Tier 1 capital to risk-weighted assets (%)			12.38	12.18
Leverage ratio (%)			6.29	6.34

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks".

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

44. THE BANK'S ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality: Table 4 (attached).

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2022			June 30, 2021		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity
1	Group A Manufacture of other electronic parts and components not elsewhere classified	$ 10,637,399	5.98	Group A Manufacture of other electronic parts and components not elsewhere classified	$ 14,161,999	7.86
2	Group B Other activities auxiliary to financial service activities not elsewhere classified	8,528,113	4.79	Group D Activities of head offices	9,682,740	5.38
3	Group C Manufacture of computers	7,329,266	4.12	Group B Other activities auxiliary to financial service activities not elsewhere classified	9,346,728	5.19
4	Group D Activities of head offices	7,064,005	3.97	Group E Real estate development	6,939,879	3.85
5	Group E Real estate development	7,055,400	3.97	Group C Manufacture of computers	6,745,577	3.74
6	Group F Electricity Supply	6,761,632	3.80	Group I Manufacture of integrated circuits	6,011,711	3.34
7	Group G Manufacture of computers	6,399,847	3.60	Company K Air transport	5,907,321	3.28
8	Group H Wholesale of computers, computer peripheral equipment and software	6,380,498	3.59	Group F Electricity Supply	5,802,376	3.22
9	Group I Manufacture of integrated circuits	5,821,533	3.27	Group L Real estate activities for sale and rental with own or leased property	5,550,160	3.08
10	Group J Retail sale of computers, computer peripheral equipment and software	5,599,557	3.15	Group J Retail sale of computers, computer peripheral equipment and software	5,131,800	2.85

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

June 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,791,306,522	$ 128,400,940	$ 97,127,337	$ 172,145,201	$ 2,188,980,000
Interest rate-sensitive liabilities	1,524,245,274	85,930,313	76,006,211	104,456,047	1,790,637,845
Interest rate sensitivity gap	267,061,248	42,470,627	21,121,126	67,689,154	398,342,155
Net worth					166,499,666
Ratio of interest rate-sensitive assets to liabilities					122.25
Ratio of interest rate sensitivity gap to net worth					239.25

June 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,678,063,869	$ 121,109,223	$ 64,152,108	$ 185,210,698	$ 2,048,535,898
Interest rate-sensitive liabilities	1,422,099,833	75,342,768	94,315,550	79,039,035	1,670,797,186
Interest rate sensitivity gap	255,964,036	45,766,455	(30,163,442)	106,171,663	377,738,712
Net worth					164,998,084
Ratio of interest rate-sensitive assets to liabilities					122.61
Ratio of interest rate sensitivity gap to net worth					228.94

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

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

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

Interest Rate Sensitivity (U.S. Dollars)

(In Thousands of U.S. Dollars, %)

June 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 15,539,602	$ 1,225,351	$ 76,832	$ 3,293,445	$ 20,135,230
Interest rate-sensitive liabilities	25,304,234	3,878,271	3,176,641	1,679,853	34,038,999
Interest rate sensitivity gap	(9,764,632)	(2,652,920)	(3,099,809)	1,613,592	(13,903,769)
Net worth					77,364
Ratio of interest rate-sensitive assets to liabilities					59.15
Ratio of interest rate sensitivity gap to net worth					(17,971.88)

June 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 12,660,411	$ 1,145,217	$ 423,871	$ 3,161,376	$ 17,390,875
Interest rate-sensitive liabilities	21,898,464	3,602,970	2,703,044	1,775,698	29,980,176
Interest rate sensitivity gap	(9,238,053)	(2,457,753)	(2,279,173)	1,385,678	(12,589,301)
Net worth					209,463
Ratio of interest rate-sensitive assets to liabilities					58.01
Ratio of interest rate sensitivity gap to net worth					(6,010.27)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

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

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

d. Profitability

Unit: %

Items		June 30, 2022	June 30, 2021
Return on total assets	Before income tax	0.50	0.73
	After income tax	0.40	0.62
Return on equity	Before income tax	8.77	11.78
	After income tax	6.89	10.05
Net income ratio		27.60	36.19

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on equity = Income before (after) income tax ÷ Average equity

Note 3: Net income ratio = Income after income tax ÷ Total net revenues

Note 4: Income before (after) income tax represents income from January to each period-end date.

Note 5: The above profitability ratios are calculated on the basis of annualized figures.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

June 30, 2022

	Total	Remaining Period to Maturity					
		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	$ 2,681,479,836	$ 301,803,362	$ 251,988,219	$ 162,339,610	$ 170,069,898	$ 227,293,636	$ 1,567,985,111
Main capital outflow on maturity	3,129,174,284	120,447,951	200,868,832	339,972,911	425,195,325	593,872,633	1,448,816,632
Gap	(447,694,448)	181,355,411	51,119,387	(177,633,301)	(255,125,427)	(366,578,997)	119,168,479

June 30, 2021

	Total	Remaining Period to Maturity					
		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	$ 2,469,799,987	$ 340,130,139	$ 206,746,340	$ 145,655,635	$ 180,401,103	$ 195,851,328	$ 1,401,015,442
Main capital outflow on maturity	2,854,171,889	112,765,713	189,664,849	369,056,726	357,328,582	521,436,205	1,303,919,814
Gap	(384,371,902)	227,364,426	17,081,491	(223,401,091)	(176,927,479)	(325,584,877)	97,095,628

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(In Thousands of U.S. Dollars)

June 30, 2022

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 61,428,496	$ 12,748,588	$ 10,274,088	$ 11,486,299	$ 12,684,632	$ 14,234,889
Main capital outflow on maturity	70,243,152	17,089,556	15,940,143	15,196,869	18,430,532	3,586,052
Gap	(8,814,656)	(4,340,968)	(5,666,055)	(3,710,570)	(5,745,900)	10,648,837

June 30, 2021

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 45,741,458	$ 11,475,925	$ 10,168,716	$ 6,132,467	$ 6,150,691	$ 11,813,659
Main capital outflow on maturity	52,943,898	12,444,411	12,739,435	11,179,502	13,494,231	3,086,319
Gap	(7,202,440)	(968,486)	(2,570,719)	(5,047,035)	(7,343,540)	8,727,340

Note 1: The above amounts included only U.S. dollar amounts held by the Bank.

Note 2: If overseas assets exceed 10% of E.SUN Bank total assets, supplementary information shall be disclosed.

Maturity Analysis of Assets and Liabilities of Overseas Branches (U.S. Dollars)

(In Thousands of U.S. Dollars)

June 30, 2022

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 14,559,124	$ 2,879,231	$ 2,638,426	$ 2,620,273	$ 1,748,280	$ 4,672,914
Main capital outflow on maturity	15,208,206	4,299,960	4,314,969	3,644,659	2,508,403	440,215
Gap	(649,082)	(1,420,729)	(1,676,543)	(1,024,386)	(760,123)	4,232,699

June 30, 2021

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 10,184,870	$ 3,034,702	$ 1,880,817	$ 809,818	$ 945,671	$ 3,513,862
Main capital outflow on maturity	10,641,920	3,080,917	2,857,277	2,010,727	2,279,022	413,977
Gap	(457,050)	(46,215)	(976,460)	(1,200,909)	(1,333,351)	3,099,885

45. TRUST BUSINESS UNDER THE TRUST ENTERPRISE ACT

a. Trust-related items, as shown in the following balance sheet, statements of income and trust property list

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Company's consolidated financial statements.

Balance Sheets of Trust Accounts
June 30, 2022, December 31, 2021 and June 30, 2021

Trust Assets	June 30, 2022	December 31, 2021	June 30, 2021	Trust Liabilities	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks	$ 5,768,177	$ 5,399,931	$ 6,910,577	Accounts payable on administrative expense	$ 4	$ 4	$ 4
Investments	305,895,280	293,835,419	290,516,013	Accounts payable on securities under custody	688,462,780	619,710,798	605,530,331
Receivables	275	275	85	Other liabilities	-	-	1
Real estate	5,671,447	4,864,484	3,713,810	Trust capital			
Securities under custody	688,462,780	619,710,798	605,530,331	Cash	307,373,398	294,987,173	294,439,707
				Securities	5,283,640	4,482,833	3,488,642
				Real estate	5,772,450	4,542,789	3,381,715
				Reserves and accumulated deficit	(1,263,585)	(15,128,998)	(8,087,366)
				Net income	169,272	15,216,308	7,917,782
Total assets	$ 1,005,797,959	$ 923,810,907	$ 906,670,816	Total liabilities	$ 1,005,797,959	$ 923,810,907	$ 906,670,816

Note: Investments of the OBU are included in total trust-related assets. As of June 30, 2022, December 31, 2021 and June 30, 2021, the amounts of the OBU's investments were $27,118,407 thousand, $24,857,118 thousand and $25,526,280 thousand, respectively.

Trust Property List
June 30, 2022, December 31, 2021 and June 30, 2021

	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks	$ 5,758,961	$ 5,395,438	$ 6,908,777
Cash in other banks	9,216	4,493	1,800
Stocks	17,981,540	13,605,755	11,163,529
Mutual funds	237,141,564	237,275,855	238,705,324
Bonds	35,045,839	23,056,184	25,447,452
Structured products	15,712,337	19,890,149	15,156,357
Beneficial certificates pending settlement	14,000	7,476	43,351
Receivables	275	275	85
Real estate	5,671,447	4,864,484	3,713,810
Securities under custody	688,462,780	619,710,798	605,530,331
	$ 1,005,797,959	$ 923,810,907	$ 906,670,816

Statements of Income on Trust Accounts
For the Six Months Ended June 30, 2022 and 2021

	For the Six Months Ended June 30	
	2022	**2021**
Revenues		
Interest	$ 4,608	$ 5,951
Cash dividend	5,664,396	5,722,740
Realized capital gain - common stocks	82	529
Unrealized capital gain - common stocks	947	330
Property gain	1,619,924	4,490,744
Realized capital gain - bonds	1,424,030	1,216,873
Realized capital gain - mutual funds	224,347	567,846
Other revenues	8,800	-
Revenues from beneficial certificates	25,899	19,263
Revenues from rent for stocks	-	364
Total revenues	8,973,033	12,024,640
Expenses		
Management fees	217,121	392,243
Service fees	705	396
Property loss	8,399,636	3,660,696
Income tax	153	344
Tax expenditures	5,290	5,885
Other expenses	12,358	12,568
Realized capital loss - common stocks	13	20
Realized capital loss - mutual funds	154,585	34,706
Unrealized capital loss - common stocks	13,900	-
Total expenses	8,803,761	4,106,858
Net income	$ 169,272	$ 7,917,782

b. Nature of trust business operations under the Trust Enterprise Act: Note 1.

46. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, the Bank and E.SUN Securities shared some equipment and operating sites; thus, related expenses were allocated as follows:

	Bank	E.SUN Securities	Total	Allocation Method
For the six months ended June 30, 2022				
Others	$ 124	$ 119	$ 243	Utilities - 50% each Building maintenance fee - based on space actually occupied

(Continued)

	Bank	E.SUN Securities	Total	Allocation Method
For the six months ended June 30, 2021				
Others	$ 134	$ 166	$ 300	Utilities - 50% each Building maintenance fee - based on space actually occupied

(Concluded)

The cross-selling transactions between the Bank and E.SUN Securities were as follows (the amounts below refer to the Bank):

	For the Six Months Ended June 30	
	2022	2021
Revenue	$ 1,940	$ 2,674
Expense	$ 80,247	$ 63,592

47. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the six months ended June 30, 2022

			Non-cash Changes			
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	$ 14,021,010	$ (14,021,010)	$ -	$ -	$ -	$ -
Short-term borrowings	573,780	703,167	-	-	-	1,276,947
Bank debentures	34,270,000	580,000	-	-	-	34,850,000
Long-term borrowings	335,037	(6,724)	-	-	24,152	352,465
Financial liabilities designated as at fair value through profit or loss - bank debentures	47,449,715	-	-	(5,947,873)	4,474,857	45,976,699
Guarantee deposits received	1,942,439	9,945,065	-	-	-	11,887,504
Lease liabilities	3,841,071	(532,369)	498,146	-	(17,059)	3,789,789
	$ 102,433,052	$ (3,331,871)	$ 498,146	$ (5,947,873)	$ 4,481,950	$ 98,133,404

For the six months ended June 30, 2021

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Non-cash Changes: Others	Closing Balance
Due to the Central Bank and other banks	$ 8,044,340	$ 2,423,610	$ -	$ -	$ -	$ 10,467,950
Short-term borrowings	868,371	(599,391)	-	-	(21,015)	247,965
Bank debentures	33,970,000	(1,300,000)	-	-	-	32,670,000
Long-term borrowings	344,971	-	-	-	(7,744)	337,227
Financial liabilities designated as at fair value through profit or loss - bank debentures	50,303,457	-	-	(1,763,061)	10,480	48,550,876
Guarantee deposits received	5,204,333	(2,392,232)	-	-	-	2,812,101
Lease liabilities	3,105,185	(527,400)	1,386,575	-	(19,544)	3,944,816
	$ 101,840,657	$ (2,395,413)	$ 1,386,575	$ (1,763,061)	$ (37,823)	$ 99,030,935

48. OTHERS

On August 19, 2022, the board of directors resolved to purchase a real estate located in the Zhongli District of Taoyuan City; the seller is Eight Point International Corp. and the price is $500,000 thousand. The real estate will be used for the Bank's business operations.

On August 19, 2022, the board of directors resolved to purchase a real estate located in the Taoyuan District of Taoyuan City; the sellers are Yang, Yang and Yang and the price is $308,000 thousand. The real estate will be used for the Bank's business operations.

49. ADDITIONAL DISCLOSURES

a. Significant transactions and b. investees:

1) Financing provided: The Bank, UCB and ESBC are not applicable. Other investees: None.

2) Endorsement/guarantee provided: The Bank, UCB and ESBC are not applicable. Other investees: None.

3) Marketable securities held: The Bank, UCB and ESBC are not applicable. Other investees: None.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (the Bank, UCB and ESBC disclosed its investments acquired or disposed of): None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: Table 5 (attached).

6) Disposal of individual real estate at prices of at least NT$300 million or 10% of the paid-in capital: None.

7) Financial asset securitization: None.

8) Allowance of service fees to related parties amounting to at least NT$5 million: None.

9) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: Table 6 (attached).

10) Sale of nonperforming loans: None.

11) Other significant transactions that may affect the decisions of users of financial reports: None.

12) Related information and proportionate share in investees: Table 7 (attached).

13) Derivative transactions: Notes 8 and 42 to the consolidated financial statements.

c. Investment in mainland China:

The information on major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in mainland China - is shown in Table 8 (attached).

d. Business relationship and significant transactions among the parent company and subsidiaries: Table 9 (attached).

50. OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company's reportable segments are as follows:

a. Corporate banking unit, which handles corporate loans, foreign exchange business, and financial banking operations, etc.;

b. Individual banking unit, which handles residential mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;

c. Overseas branches and subsidiaries, including overseas branches and subsidiaries' business; and

d. Others, including the head office and other performance units except for the above operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenues, expenses and related information of the Company's reportable segments were as follows:

(In Millions of New Taiwan Dollars)

	For the Six Months Ended June 30, 2022				
	Corporate Banking Unit	**Individual Banking Unit**	**Overseas Branches and Subsidiaries**	**Others**	**Total**
Net interest revenues (expenses)	$ 5,961	$ 9,983	$ 3,135	$ (4,029)	$ 15,050
Total net revenues (expenses)	$ 7,651	$ 17,387	$ 3,635	$ (4,880)	$ 23,793
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(182)	(402)	(253)	(40)	(877)
Operating expenses	(2,405)	(10,148)	(1,316)	(854)	(14,723)
Income (loss) before income tax	$ 5,064	$ 6,837	$ 2,066	$ (5,774)	$ 8,193

	For the Six Months Ended June 30, 2021				
	Corporate Banking Unit	**Individual Banking Unit**	**Overseas Branches and Subsidiaries**	**Others**	**Total**
Net interest revenues (expenses)	$ 6,624	$ 8,403	$ 2,479	$ (5,254)	$ 12,252
Total net revenues (expenses)	$ 9,765	$ 16,068	$ 3,409	$ (3,593)	$ 25,649
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(29)	(380)	48	47	(314)
Operating expenses	(2,328)	(10,383)	(1,265)	(714)	(14,690)
Income (loss) before income tax	$ 7,408	$ 5,305	$ 2,192	$ (4,260)	$ 10,645

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021

Entities included in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				June 30, 2022	December 31, 2021	June 30, 2021	
E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	China	Banking	100.00	100.00	100.00	
	Union Commercial Bank PLC.	Cambodia	Banking	100.00	100.00	100.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	61.67	61.67	61.67	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	90.00	Note

Entities did not include in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				June 30, 2022	December 31, 2021	June 30, 2021	
None							

Note: Union Commercial Bank PLC. holds a 49% interest in URE Land Holding Co., Ltd. In the Articles of Incorporation of URE Land Holding Co., Ltd., Union Commercial Bank PLC. has power to control the composition of the board of directors and owns at least 90% of economic benefit of URE Land Holding Co., Ltd.; hence, URE Land Holding Co., Ltd. is deemed as a subsidiary of Union Commercial Bank PLC.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
JUNE 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Loans

June 30, 2022

Type	Account Volume or Name	Highest Balance for the Six Months Ended June 30, 2022 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	100	$ 33,669	$ 26,460	$ 26,460	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	392	2,724,417	2,360,565	2,360,565	-	Land and buildings	None
Other loans	Others	1,171,921	991,991	991,991	-	Land, buildings and plant	None

June 30, 2021

Type	Account Volume or Name	Highest Balance for the Six Months Ended June 30, 2021 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	102	$ 41,963	$ 32,766	$ 32,766	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	362	2,469,499	2,171,352	2,171,352	-	Land and buildings	None
Other loans	Others	1,040,183	906,596	906,596	-	Land, buildings and plant	None

Note: The sum of the respective highest balances of each account for the six months ended June 30, 2022 and 2021.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(In Thousands)

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	$ 23,113,390	29.7260	$ 687,068,631	$ 21,380,903	27.6890	$ 592,015,823	$ 19,858,932	27.8700	$ 553,468,435
CNY	23,535,449	4.4409	104,518,575	24,287,793	4.3497	105,644,613	20,469,472	4.3158	88,342,147
AUD	6,340,286	20.4530	129,677,870	5,583,714	20.0990	112,227,068	4,547,278	20.9440	95,238,190
Non-monetary items									
USD	899,272	29.7260	26,731,759	283,991	27.6890	7,863,427	341,116	27.8700	9,506,903
CNY	119,930	4.4409	532,597	118,403	4.3497	515,018	3,889,964	4.3158	16,788,307
AUD	4,055	20.4530	82,937	1,866	20.0990	37,505	4,687	20.9440	98,165
Financial liabilities									
Monetary items									
USD	$ 37,668,334	29.7260	$ 1,119,728,896	$ 36,791,140	27.6890	$ 1,018,709,875	$ 32,714,798	27.8700	$ 911,761,420
CNY	24,442,282	4.4409	108,545,730	25,204,268	4.3497	109,631,005	28,138,782	4.3158	121,441,355
AUD	2,957,053	20.4530	60,480,605	2,963,613	20.0990	59,565,658	2,656,470	20.9440	55,637,108
Non-monetary items									
USD	676,925	29.7260	20,122,273	186,255	27.6890	5,157,215	186,066	27.8700	5,185,659
CNY	53,247	4.4409	236,465	41,375	4.3497	179,969	17,694	4.3158	76,364
AUD	2,217	20.4530	45,344	422	20.0990	8,482	490	20.9440	10,263

E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
JUNE 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2022					June 30, 2021				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 1,047,569	$ 449,976,911	0.23	$ 5,066,012	483.60	$ 933,772	$ 416,331,014	0.22	$ 4,635,456	496.42
	Unsecured		706,584	452,857,788	0.16	5,205,526	736.72	750,869	383,803,058	0.20	4,483,117	597.06
Consumer banking	Residential mortgage (Note 4)		247,004	521,172,442	0.05	7,611,364	3,081.47	279,747	464,555,318	0.06	6,791,106	2,427.59
	Cash card		-	767	-	12	-	-	1,008	-	220	-
	Small-scale credit loans (Note 5)		809,299	137,654,723	0.59	1,714,551	211.86	657,861	125,425,631	0.52	1,550,171	235.64
	Other (Note 6)	Secured	215,640	280,013,646	0.08	2,881,179	1,336.11	232,091	250,270,082	0.09	2,587,209	1,114.74
		Unsecured	214	2,807,592	0.01	30,226	14,124.30	214	2,281,630	0.01	25,005	11,684.58
Loan			3,026,310	1,844,483,869	0.16	22,508,870	743.77	2,854,554	1,642,667,741	0.17	20,072,284	703.17
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards			117,067	76,174,545	0.15	842,808	719.94	119,528	71,340,796	0.17	1,048,233	876.98
Accounts receivable factored without recourse (Note 7)			-	13,681,145	-	172,367	-	-	11,447,450	-	151,194	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			4,706					6,437				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			17,784					24,153				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,224,470					1,228,850				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,613,287					1,656,523				

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loans balance.
Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
Coverage ratio of receivables: Allowance for possible losses for receivables ÷ Nonperforming receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumers' banking loans refer to secured or unsecured loans that exclude residential mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Property	Transaction Date	Transaction Amount	Payment Term/ Payment Status	Counterparty	Nature of Relationship	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation in Kaohsiung	2018.11.09 2019.11.28	$ 745,300 (Note)	$602,417 has been paid as of June 30, 2022	Chun Yuan Construction Co., Ltd.	-	-	-	-	$ -	Tender	For the operation of the branch of E.SUN Bank	None

Note: The initial transaction amount was $707,000 thousand and additional amount of $38,300 thousand.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	Sister company	$ 1,288,475 (Note)	-	$ -	-	$ 1,288,475	$ -

Note: The receivables come from accounts payable for settlement from E.SUN Securities Co., Ltd.

E.SUN COMMERCIAL BANK, LTD.

THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Amount	Investment Income	Proportionate Share of the Bank and its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Commercial Bank, Ltd. (The Bank)	Finance-related business										
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	$ 13,566	$ 1,120	160	-	160	0.81	
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	0.45	224,156	5,952	1,889	-	1,889	0.45	
	Financial Information Service Co., Ltd.	Taipei	Information service	2.28	584,275	-	11,876	-	11,876	2.28	
	Taiwan Asset Management Corporation	Taipei	Acquisition of delinquent loans	0.57	75,660	3,900	6,000	-	6,000	0.57	
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	38,900	-	5,000	-	5,000	2.94	
	Taiwan Finance Corp.	Taipei	Bills financing	0.41	23,638	-	2,120	-	2,120	0.41	
	All Win Fintech Company Limited	Taipei	Electronic payment	17.89	119,544	-	13,600	-	13,600	17.89	
	Sunny Asset Management Co.	Taipei	Acquisition of delinquent loans	4.35	4,755	398	261	-	261	4.35	
	Taiwan Mobile Payment Co.	Taipei	Information service	3.00	13,104	-	1,800	-	1,800	3.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	E-commerce application service	61.67	316,426	17,234	11,533	-	11,533	64.07	Note 3
	Union Commercial Bank PLC.	Phnom Penh Cambodia	Commercial banking	100.00	4,752,237	257,662	80	-	80	100.00	Note 3
	E.SUN Bank (China), Ltd.	Shenzhen, China	Commercial banking	100.00	9,482,614	167,343	-	-	-	100.00	Note 3
	Non-finance-related business										
	Taiwan Incubator Small & Medium Enterprises Development Co., Ltd.	Taipei	Small and medium enterprise incubation	3.44	18,238	1,213	2,425	-	2,425	3.44	
	EASYCARD Investment Holding Co., Ltd.	Taipei	Investment	4.82	90,539	-	5,013	-	5,013	4.82	

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates have been included in accordance with the Company Act.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Act.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of “Securities and Exchange Law Enforcement Rules.”

c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Financial Reporting Standard 9.

Note 3: When preparing the consolidated financial statements, it has been eliminated.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of June 30, 2022	Accumulated Inward Remittance of Earnings as of June 30, 2022
					Outflow	Inflow					
E.SUN Bank (China), Ltd.	Deposits, loans, import and export, exchange and foreign exchange business	$ 9,758,742 (Note 1)	Direct	$ 9,758,742	$ -	$ -	$ 9,758,742 (Note 1)	100	$ 167,343	$ 9,482,614	$ -

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$9,758,742 (Note 1)	$9,758,742 (Note 1)	$106,829,308

Note 1: Translation into New Taiwan dollars at the spot rates on the dates of investment outflow from Taiwan.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the larger of 60% of the Bank's net asset value or 60% of the Company's consolidated net asset value.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Due from the Central Bank and call loans other banks	$ 7,266,670	Note 4	0.22
1	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Deposits from the Central Bank and other banks	7,266,670	Note 4	0.22
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	a	Discounts and loans	4,167,585	Note 4	0.13
2	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	b	Other financial liabilities	4,167,585	Note 4	0.13

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent company: 0
b. Subsidiaries are numbered in an order starting from 1.

Note 2: Transaction flows are as follows:

a. From parent company to subsidiary,
b. From subsidiary to parent company, and
c. Between subsidiaries.

Note 3: For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: The terms for the transactions between the transaction companies and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding $100,000 thousand.