

**E.SUN Financial Holding Company, Ltd.
and Subsidiaries**

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
E.SUN Financial Holding Company, Ltd.

Introduction

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

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 11, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 93,912,349	3	\$ 85,237,301	3	\$ 59,477,489	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 41)	161,813,101	5	125,370,528	4	129,832,966	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 41)	434,783,209	12	411,389,536	13	589,529,012	19
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 41 and 44)	341,207,507	10	333,399,699	10	321,510,613	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 14, 41 and 44)	338,466,333	10	308,219,235	10	44,887,443	2
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	-	-	-	-	798,432	-
RECEIVABLES, NET (Notes 12 and 40)	129,843,180	4	124,412,124	4	120,434,631	4
CURRENT TAX ASSETS (Note 4)	13,839	-	80,677	-	25,132	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 40 and 41)	1,917,409,827	55	1,768,641,241	55	1,723,385,471	57
OTHER FINANCIAL ASSETS, NET (Note 15)	7,570,802	-	9,090,476	-	5,835,750	-
INVESTMENT PROPERTIES, NET (Note 16)	1,865,555	-	1,855,043	-	1,763,880	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	34,325,004	1	33,881,468	1	33,315,706	1
RIGHT-OF-USE ASSETS, NET (Note 18)	6,803,532	-	6,933,260	-	6,954,767	-
INTANGIBLE ASSETS, NET (Note 19)	6,109,298	-	6,176,279	-	6,172,633	-
DEFERRED TAX ASSETS (Note 4)	3,394,544	-	2,329,213	-	2,138,260	-
OTHER ASSETS, NET (Notes 18 and 20)	<u>14,145,891</u>	<u>-</u>	<u>13,892,197</u>	<u>-</u>	<u>6,275,286</u>	<u>-</u>
TOTAL	<u>\$ 3,491,663,971</u>	<u>100</u>	<u>\$ 3,230,908,277</u>	<u>100</u>	<u>\$ 3,052,337,471</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	\$ 90,006,586	3	\$ 83,481,158	3	\$ 76,074,003	3
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	-	-	14,021,010	1	12,107,230	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 27)	127,118,868	4	61,199,462	2	57,542,036	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 23)	17,319,141	1	16,648,639	1	11,440,173	-
COMMERCIAL PAPER ISSUED, NET (Note 24)	2,958,901	-	4,788,871	-	5,726,039	-
PAYABLES (Notes 25 and 40)	39,906,059	1	32,756,248	1	38,392,627	1
CURRENT TAX LIABILITIES (Note 4)	1,677,663	-	2,122,898	-	1,687,011	-
DEPOSITS AND REMITTANCES (Notes 26 and 40)	2,853,838,785	82	2,695,062,791	83	2,551,745,622	84
BOND PAYABLES (Note 27)	41,550,000	1	41,370,000	1	39,770,000	1
OTHER BORROWINGS (Note 28)	2,505,974	-	958,817	-	1,153,829	-
PROVISIONS (Note 29)	1,109,734	-	1,089,345	-	1,017,674	-
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	118,299,541	3	66,130,391	2	56,173,853	2
LEASE LIABILITIES (Note 18)	3,912,707	-	3,998,061	-	3,948,599	-
DEFERRED TAX LIABILITIES (Note 4)	1,782,817	-	1,348,359	-	1,339,464	-
OTHER LIABILITIES (Note 32)	<u>4,099,403</u>	<u>-</u>	<u>11,547,585</u>	<u>-</u>	<u>4,558,462</u>	<u>-</u>
Total liabilities	<u>3,306,086,179</u>	<u>95</u>	<u>3,036,523,635</u>	<u>94</u>	<u>2,862,676,622</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC						
Capital stock						
Common stock	<u>142,751,000</u>	<u>4</u>	<u>133,546,000</u>	<u>4</u>	<u>133,546,000</u>	<u>4</u>
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	22,687,680	1	22,279,730	1	22,279,730	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>26,070,164</u>	<u>1</u>	<u>25,662,214</u>	<u>1</u>	<u>25,662,214</u>	<u>1</u>
Retained earnings						
Legal reserve	16,897,898	1	14,784,546	-	14,784,546	-
Special reserve	1,238,321	-	164,235	-	164,235	-
Unappropriated earnings	<u>11,150,885</u>	<u>-</u>	<u>21,142,980</u>	<u>1</u>	<u>16,235,893</u>	<u>1</u>
Total retained earnings	<u>29,287,104</u>	<u>1</u>	<u>36,091,761</u>	<u>1</u>	<u>31,184,674</u>	<u>1</u>
Other equity	<u>(12,684,117)</u>	<u>(1)</u>	<u>(1,074,086)</u>	<u>-</u>	<u>(878,373)</u>	<u>-</u>
Total equity attributable to owners of ESFHC	185,424,151	5	194,225,889	6	189,514,515	6
NON-CONTROLLING INTERESTS	<u>153,641</u>	<u>-</u>	<u>158,753</u>	<u>-</u>	<u>146,334</u>	<u>-</u>
Total equity	<u>185,577,792</u>	<u>5</u>	<u>194,384,642</u>	<u>6</u>	<u>189,660,849</u>	<u>6</u>
TOTAL	<u>\$ 3,491,663,971</u>	<u>100</u>	<u>\$ 3,230,908,277</u>	<u>100</u>	<u>\$ 3,052,337,471</u>	<u>100</u>

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 40)	\$ 14,590,827	102	\$ 8,881,644	58	\$ 36,165,033	90	\$ 26,131,619	60
INTEREST EXPENSE (Notes 33 and 40)	(6,834,907)	(48)	(2,305,265)	(15)	(13,148,933)	(33)	(7,124,715)	(16)
NET INTEREST	7,755,920	54	6,576,379	43	23,016,100	57	19,006,904	44
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 34 and 40)	4,727,780	33	5,519,373	36	14,549,991	36	15,931,066	37
Gains on financial assets and liabilities at fair value through profit or loss (Notes 8 and 35)	255,360	2	1,984,027	13	242,219	1	6,044,151	14
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	1,006,004	7	927,195	6	1,455,649	4	1,523,980	4
Foreign exchange gains, net	539,151	4	124,523	1	561,227	1	570,795	1
Impairment losses on assets	(2,364)	-	(9,212)	-	(1,744)	-	(30,295)	-
Other noninterest gains, net	66,183	-	66,047	1	208,351	1	182,302	-
Total net revenues and gains other than interest	6,592,114	46	8,611,953	57	17,015,693	43	24,221,999	56
TOTAL NET REVENUES	14,348,034	100	15,188,332	100	40,031,793	100	43,228,903	100
BAD-DEBT EXPENSES AND PROVISIONS FOR LOSSES ON COMMITMENTS AND GUARANTEES (Note 13)	(615,442)	(4)	(769,721)	(5)	(1,490,986)	(4)	(1,079,299)	(2)
OPERATING EXPENSES (Notes 4, 17, 18, 19, 30, 36 and 40)								
Employee benefits	(3,388,783)	(24)	(3,738,304)	(25)	(10,411,112)	(26)	(11,083,505)	(26)
Depreciation and amortization	(931,820)	(6)	(917,074)	(6)	(2,809,141)	(7)	(2,647,585)	(6)
General and administrative	(3,810,124)	(27)	(3,333,447)	(22)	(10,478,192)	(26)	(9,840,489)	(23)
Total operating expenses	(8,130,727)	(57)	(7,988,825)	(53)	(23,698,445)	(59)	(23,571,579)	(55)
INCOME BEFORE INCOME TAX	5,601,865	39	6,429,786	42	14,842,362	37	18,578,025	43
INCOME TAX EXPENSE (Notes 4 and 37)	(1,036,577)	(7)	(786,094)	(5)	(3,182,029)	(8)	(2,678,751)	(6)
NET INCOME FOR THE PERIOD	4,565,288	32	5,643,692	37	11,660,333	29	15,899,274	37

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 37)								
Items that will not be reclassified subsequently to profit or loss:								
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	\$ 348,016	3	\$ 38,165	-	\$ 278,024	1	\$ 11,459	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(1,723,507)	(12)	(666,552)	(4)	(3,542,724)	(9)	649,066	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	38,140	-	(16,940)	-	66,825	-	(2,276)	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	(1,337,351)	(9)	(645,327)	(4)	(3,197,875)	(8)	658,249	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	1,823,168	13	(106,594)	(1)	3,708,517	9	(667,070)	(2)
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	(3,203,082)	(23)	(338,983)	(2)	(13,429,388)	(33)	(912,217)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	6,554	-	48,745	-	804,302	2	240,967	1
Items that may be reclassified subsequently to profit or loss, net of income tax	(1,373,360)	(10)	(396,832)	(3)	(8,916,569)	(22)	(1,338,320)	(3)
Other comprehensive loss for the period, net of income tax	(2,710,711)	(19)	(1,042,159)	(7)	(12,114,444)	(30)	(680,071)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 1,854,577	13	\$ 4,601,533	30	\$ (454,111)	(1)	\$ 15,219,203	35

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME								
ATTRIBUTABLE TO:								
Owners of ESFHC	\$ 4,563,357	32	\$ 5,637,698	37	\$ 11,648,029	29	\$ 15,885,031	37
Non-controlling interests	<u>1,931</u>	<u>-</u>	<u>5,994</u>	<u>-</u>	<u>12,304</u>	<u>-</u>	<u>14,243</u>	<u>-</u>
	<u>\$ 4,565,288</u>	<u>32</u>	<u>\$ 5,643,692</u>	<u>37</u>	<u>\$ 11,660,333</u>	<u>29</u>	<u>\$ 15,899,274</u>	<u>37</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of ESFHC	\$ 1,852,304	13	\$ 4,595,539	30	\$ (467,106)	(1)	\$ 15,205,054	35
Non-controlling interests	<u>2,273</u>	<u>-</u>	<u>5,994</u>	<u>-</u>	<u>12,995</u>	<u>-</u>	<u>14,149</u>	<u>-</u>
	<u>\$ 1,854,577</u>	<u>13</u>	<u>\$ 4,601,533</u>	<u>30</u>	<u>\$ (454,111)</u>	<u>(1)</u>	<u>\$ 15,219,203</u>	<u>35</u>
EARNINGS PER SHARE								
(NEW TAIWAN DOLLARS; Note 38)								
Basic	<u>\$0.32</u>		<u>\$0.40</u>		<u>\$0.82</u>		<u>\$1.11</u>	
Diluted	<u>\$0.32</u>		<u>\$0.39</u>		<u>\$0.82</u>		<u>\$1.11</u>	

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of ESFHC						Other Equity			Non-controlling Interests (Note 39)	Total Equity
	Capital Stock (Note 39)		Capital Surplus (Note 39)	Retained Earnings (Notes 9, 37 and 39)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9 and 37)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss		
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	13,354,600	\$ 133,546,000	\$ 25,662,214	\$ 14,784,546	\$ 164,235	\$ 21,142,980	\$ (2,721,712)	\$ 2,299,053	\$ (651,427)	\$ 158,753	\$ 194,384,642
Appropriation of 2021 earnings											
Legal reserve	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-	-
Special reserve	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(8,947,582)	-	-	-	-	(8,947,582)
Stock dividends	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	-	612,950
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(18,107)	(18,107)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(505,104)	-	505,104	-	-	-
Net income for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	-	-	-	12,304	11,660,333
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	2,989,288	(15,382,447)	278,024	691	(12,114,444)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	2,989,288	(15,382,447)	278,024	12,995	(454,111)
BALANCE AT SEPTEMBER 30, 2022	<u>14,275,100</u>	<u>\$ 142,751,000</u>	<u>\$ 26,070,164</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 11,150,885</u>	<u>\$ 267,576</u>	<u>\$ (12,578,290)</u>	<u>\$ (373,403)</u>	<u>\$ 153,641</u>	<u>\$ 185,577,792</u>
BALANCE AT JANUARY 1, 2021	12,567,100	\$ 125,671,000	\$ 25,350,214	\$ 13,078,728	\$ 164,235	\$ 17,061,205	\$ (2,089,399)	\$ 2,883,479	\$ (651,070)	\$ 132,185	\$ 181,600,577
Appropriation of 2020 earnings											
Legal reserve	-	-	-	1,705,818	-	(1,705,818)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,665,931)	-	-	-	-	(7,665,931)
Stock dividends	768,000	7,680,000	-	-	-	(7,680,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	19,500	195,000	312,000	-	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	341,506	-	(341,506)	-	-	-
Net income for the nine months ended September 30, 2021	-	-	-	-	-	15,885,031	-	-	-	14,243	15,899,274
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(100)	(536,874)	(154,462)	11,459	(94)	(680,071)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	15,884,931	(536,874)	(154,462)	11,459	14,149	15,219,203
BALANCE AT SEPTEMBER 30, 2021	<u>13,354,600</u>	<u>\$ 133,546,000</u>	<u>\$ 25,662,214</u>	<u>\$ 14,784,546</u>	<u>\$ 164,235</u>	<u>\$ 16,235,893</u>	<u>\$ (2,626,273)</u>	<u>\$ 2,387,511</u>	<u>\$ (639,611)</u>	<u>\$ 146,334</u>	<u>\$ 189,660,849</u>

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 14,842,362	\$ 18,578,025
Adjustments for:		
Depreciation expenses	2,259,435	2,114,855
Amortization expenses	549,706	532,730
Expected credit losses/bad-debt expenses	1,476,818	1,068,742
Gains on financial assets and liabilities at fair value through profit or loss	(242,219)	(6,044,151)
Interest expense	13,148,933	7,124,715
Interest revenue	(36,165,033)	(26,131,619)
Dividend income	(1,410,488)	(934,408)
Provision for losses on guarantees	2,701	24,770
Salary expenses on share-based payments	332,856	471,197
Gains on disposal of properties and equipment	(5,056)	(21,822)
Gains on disposal of investments	(45,161)	(589,572)
Others	(6,106)	(3,744)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(1,173,047)	(4,891,988)
Financial assets at fair value through profit or loss	122,327,682	117,999,171
Financial assets at fair value through other comprehensive income	(10,223,172)	(61,847,704)
Investments in debt instruments at amortized cost	(25,711,985)	(28,612,207)
Receivables	(2,651,447)	(273,701)
Discounts and loans	(150,258,522)	(104,419,191)
Other financial assets	1,519,684	389,880
Other assets	7,277,887	(615,286)
Deposits from the Central Bank and other banks	6,525,428	21,105,017
Financial liabilities at fair value through profit or loss	(81,073,381)	(1,492,863)
Securities sold under repurchase agreements	670,502	134,925
Payables	4,389,936	2,399,422
Deposits and remittances	158,775,994	60,278,369
Provision for employee benefits	23	(285,365)
Other financial liabilities	27,169,290	(5,720,933)
Other liabilities	(7,466,347)	221,993
Cash generated from (used in) operations	44,837,273	(9,440,743)
Interest received	36,059,279	30,136,416
Dividends received	1,500,907	986,848
Interest paid	(11,435,900)	(8,923,138)
Income tax paid	(3,271,694)	(1,798,247)
Net cash generated from operating activities	67,689,865	10,961,136
		(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	\$ (1,777,383)	\$ (3,176,638)
Proceeds from disposal of properties and equipment	36,253	72,266
Increase in operating deposits	-	(10,000)
Increase in settlement fund	(27,822)	(130,053)
Decrease in settlement fund	14,327	84,704
Increase in refundable deposits	(7,517,855)	-
Decrease in refundable deposits	-	2,159,138
Payments for intangible assets	(176,408)	(247,437)
Payments for right-of-use assets	(103)	(1,527,204)
Increase in other assets	<u>(577)</u>	<u>(822)</u>
Net cash used in investing activities	<u>(9,449,568)</u>	<u>(2,776,046)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,315,789	-
Decrease in short-term borrowings	-	(51,721)
Increase in due to the Central Bank and other banks	-	4,062,890
Decrease in due to the Central Bank and other banks	(14,021,010)	-
Increase in commercial paper issued	-	2,469,000
Decrease in commercial paper issued	(1,830,000)	-
Proceeds from issue of corporate bonds	-	2,000,000
Repayments of corporate bonds	(1,100,000)	(900,000)
Proceeds from issue of bank debentures	11,100,000	-
Repayments of bank debentures	(9,820,000)	(1,300,000)
Repayments of long-term borrowings	(9,202)	-
Increase in guarantee deposits received	24,999,860	-
Decrease in guarantee deposits received	-	(2,688,981)
Repayments of the principal portion of lease liabilities	(864,192)	(841,615)
Cash dividends paid	(8,947,582)	(7,665,931)
Cash dividends paid to non-controlling interests	<u>(18,107)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>805,556</u>	<u>(4,916,358)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(15,101,279)</u>	<u>3,926,465</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,944,574	7,195,197
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>104,712,225</u>	<u>70,065,700</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 148,656,799</u>	<u>\$ 77,260,897</u>

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	September 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 SEPTEMBER 30, 2022 AND 2021		
Cash and cash equivalents in the consolidated balance sheets	\$ 93,912,349	\$ 59,477,489
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”	54,744,450	16,984,976
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	-	798,432
Cash and cash equivalents at the end of the period	<u>\$ 148,656,799</u>	<u>\$ 77,260,897</u>

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

1. ORGANIZATION AND OPERATIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) was established by E.SUN Commercial Bank, Ltd. (E.SUN Bank), E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. (E.SUN Securities) through a share swap on January 28, 2002 based on the Financial Holding Company Act and related regulations in the Republic of China (ROC). ESFHC's shares have been listed on the Taiwan Stock Exchange (TWSE) since January 28, 2002. After the share swap, E.SUN Bank, E.SUN Bills and E.SUN Securities became wholly owned subsidiaries of ESFHC.

ESFHC invests in and manages financial institutions.

E.SUN Bank engages in banking activities permitted by the Banking Act of the ROC. The operations of E.SUN Bank's Trust Department consist of planning, managing and operating the trust business. These operations are regulated under the Banking Act and Trust Enterprise Act of the ROC. As of September 30, 2022, E.SUN Bank had 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.

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

E.SUN 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 of E.SUN Bank and E.SUN Insurance Broker Co., Ltd. (ESIB) resolved E.SUN Bank's merger with ESIB on August 21, 2015, with E.SUN 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. E.SUN Bank acquired 70% equity interest of UCB on August 28, 2013, and on December 29, 2015, E.SUN Bank acquired from non-controlling interests for additional 5% shares of UCB, which increased its continuing interest from 70% to 75%. E.SUN 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.

E.SUN Securities, as an integrated securities firm, engages in underwriting, dealing and brokerage of securities. The FSC approved the brokerage of futures on January 28, 2010 and E.SUN Securities started the operating in brokerage of futures on June 7, 2010. In addition, the FSC approved the dealing of futures on June 4, 2014 and E.SUN Securities started the operating in dealing of futures on June 12, 2014.

E.SUN Venture Capital Co., Ltd. (ESVC) engages in venture capital investments.

To expand business in electronic commerce, E.SUN 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.

For the nine months ended September 30, 2022 and 2021, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,102 and 9,373, respectively. For the nine months ended September 30, 2022 and 2021, the average number of employees of ESBC, UCB and BankPro was 941 and 947, respectively.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of ESFHC, in their meeting on November 11, 2022, approved and authorized the consolidated financial statements for issue.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the 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 will be 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 were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 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 ESFHC, and the entities controlled by ESFHC, including E.SUN Bank, UCB (subsidiary of E.SUN Bank), ESBC (subsidiary of E.SUN Bank), BankPro (subsidiary of E.SUN Bank), E.SUN Securities, E.SUN Securities Investment Consulting Corp. (subsidiary of E.SUN Securities), and ESVC.

The accounting policies of ESFHC and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. E.SUN 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 ESFHC 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgements and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2021. Please refer to Note 5 to the consolidated financial statements as of December 31, 2021 for the details of critical accounting judgements and key sources of estimation uncertainty.

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.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 15,603,735	\$ 17,692,744	\$ 15,293,905
Checks for clearing	2,363,313	7,259,513	1,915,573
Due from banks	75,976,620	60,156,212	42,283,258
Cash in transit	<u>3,508</u>	<u>146,713</u>	<u>18,917</u>
	93,947,176	85,255,182	59,511,653
Less: Allowance for possible losses	<u>(34,827)</u>	<u>(17,881)</u>	<u>(34,164)</u>
	<u>\$ 93,912,349</u>	<u>\$ 85,237,301</u>	<u>\$ 59,477,489</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of September 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	\$ 85,237,301
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"	<u>19,474,924</u>
Cash and cash equivalents, ending balance in the consolidated statements of cash flows	<u>\$ 104,712,225</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Deposit reserves - account A	\$ 24,058,325	\$ 29,641,472	\$ 39,155,216
Deposit reserves - account B	61,366,582	56,784,785	54,550,372
Reserves for deposits - foreign currency deposits	809,574	733,759	710,583
Due from the Central Bank - other	17,219,234	16,141,834	16,986,743
Deposit in the Central Bank - deposits of government agencies	5,837	7,217	7,784
Call loans to banks	<u>58,417,513</u>	<u>22,107,264</u>	<u>18,468,173</u>
	161,877,065	125,416,331	129,878,871
Less: Allowance for possible losses	<u>(63,964)</u>	<u>(45,803)</u>	<u>(45,905)</u>
	<u>\$ 161,813,101</u>	<u>\$ 125,370,528</u>	<u>\$ 129,832,966</u>

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 held by E.SUN Bank. 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”, E.SUN 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 41 for information relating to deposit reserves pledged as security.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets mandatorily classified as at <u>fair value through profit or loss</u>			
Negotiable certificates of deposit	\$ 96,330,443	\$ 150,682,911	\$ 368,445,989
Commercial paper	75,614,044	102,968,285	69,631,289
Treasury bills	16,981,932	16,974,413	9,994,566
Corporate bonds	66,965,131	69,377,840	70,846,482
Bank debentures	49,540,331	49,211,752	50,954,504
Government bonds	-	49,413	-
Stocks	4,244,636	5,442,178	4,797,628
Mutual funds	659,925	579,729	562,920
Operating securities - dealing department	191,143	400,507	277,473
Operating securities - underwriting department	65,184	88,941	70,743
Currency swap contracts	87,343,086	6,795,858	5,030,229
Interest rate swap contracts	29,375,756	6,854,657	7,267,938
Currency option contracts	3,902,792	862,308	568,521
			(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
Forward contracts	\$ 1,155,783	\$ 191,105	\$ 111,238
Futures exchange margins	288,331	219,486	206,446
Non-deliverable forward contracts	2,039,177	436,564	511,741
Cross-currency swap contracts	58,975	250,343	248,689
Metal commodity swap contracts	280	3,246	1,692
Total return swap contracts	-	-	924
Credit default swap	<u>26,260</u>	<u>-</u>	<u>-</u>
	<u>\$ 434,783,209</u>	<u>\$ 411,389,536</u>	<u>\$ 589,529,012</u>

Held-for-trading financial liabilities

Currency swap contracts	\$ 50,993,779	\$ 8,704,446	\$ 4,695,864
Interest rate swap contracts	22,305,128	3,343,434	4,001,950
Currency option contracts	4,978,773	1,012,080	746,442
Forward contracts	1,231,968	237,722	167,780
Cross-currency swap contracts	1,349,324	118,998	115,126
Non-deliverable forward contracts	855,473	332,445	412,636
Metal commodity swap contracts	619	622	-
Credit default swap contracts	7,693	-	6
Total return swap contracts	-	-	1,156
Interest rate option contracts	<u>92,510</u>	<u>-</u>	<u>-</u>
	<u>81,815,267</u>	<u>13,749,747</u>	<u>10,140,960</u>

Financial liabilities designated as at
fair value through profit or loss

Bank debentures (Note 27)	<u>45,303,601</u>	<u>47,449,715</u>	<u>47,401,076</u>
	<u>\$ 127,118,868</u>	<u>\$ 61,199,462</u>	<u>\$ 57,542,036</u> (Concluded)

Refer to Note 41 for information relating to financial assets mandatorily classified as at fair value through profit or loss pledged as security.

The contract (nominal) amounts of derivative transactions by ESFHC as of September 30, 2022, December 31, 2021 and September 30, 2021 were zero.

E.SUN Bank 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 E.SUN Bank as of September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Currency swap contracts	\$ 1,839,430,948	\$ 1,726,383,860	\$ 1,350,588,099
Interest rate swap contracts	928,963,392	556,286,337	488,038,599
Currency option contracts	377,272,315	203,125,623	176,266,559
Interest rate option contracts	12,000,000	-	-
Forward contracts	59,122,776	28,730,324	27,309,868
Non-deliverable forward contracts	43,869,723	70,101,658	77,496,751
Cross-currency swap contracts	20,561,947	25,804,441	25,269,702
Metal commodity swap contracts	13,900	74,842	55,613
Credit default swap contracts	2,833,850	-	3,747
Total return swap contracts	-	-	557,320

The open positions of futures transactions of E.SUN Bank as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively were as follows:

September 30, 2022					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Commodity futures	Buy	8	\$ 26,063	\$ 25,969
	Commodity futures	Sell	20	58,133	50,387
	Interest rate futures	Buy	22	69,846	82,375
	Interest rate futures	Sell	69	406,374	419,304
December 31, 2021					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Commodity futures	Buy	10	\$ 39,230	\$ 41,550
	Commodity futures	Sell	32	77,430	82,379
September 30, 2021					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Commodity futures	Buy	21	\$ 57,855	\$ 57,421
	Commodity futures	Sell	38	84,144	85,000

As of September 30, 2022, December 31, 2021 and September 30, 2021, the amounts of futures exchange margins receivable held by E.SUN Securities were \$192,707 thousand, \$162,523 thousand and \$147,721 thousand, respectively.

The open positions of futures and option transactions of E.SUN Securities as of September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

September 30, 2022					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Stock Index Futures	Buy	2	\$ 2,905	\$ 2,900
	Stock Index Futures	Sell	4	4,144	4,074
December 31, 2021					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Single Stock Futures	Buy	250	\$ 9,589	\$ 9,800
	Single Stock Futures	Sell	699	32,013	32,014
September 30, 2021					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Stock Index Futures	Sell	14	\$ 11,736	\$ 11,843

The gains or losses resulting from the futures and option contracts of E.SUN Securities were as follows:

For the Three Months Ended September 30			
	2022		2021
	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions	Gains (Losses) on Futures Contracts
			Gains (Losses) on Option Transactions
Realized - non-hedge	\$ (7,605)	\$ -	\$ (2,903)
Unrealized - non-hedge	<u>(568)</u>	<u>-</u>	<u>(212)</u>
	<u>\$ (8,173)</u>	<u>\$ -</u>	<u>\$ (3,115)</u>

	For the Nine Months Ended September 30			
	2022		2021	
	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions
Realized - non-hedge	\$ 25,488	\$ -	\$ (5,706)	\$ -
Unrealized - non-hedge	<u>(42)</u>	<u>-</u>	<u>(215)</u>	<u>-</u>
	<u>\$ 25,446</u>	<u>\$ -</u>	<u>\$ (5,921)</u>	<u>\$ -</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Investments in equity instruments at FVTOCI	\$ 14,363,497	\$ 21,054,970	\$ 14,367,603
Investments in debt instruments at FVTOCI	<u>326,844,010</u>	<u>312,344,729</u>	<u>307,143,010</u>
	<u>\$ 341,207,507</u>	<u>\$ 333,399,699</u>	<u>\$ 321,510,613</u>

a. Investments in equity instruments at FVTOCI

	September 30, 2022	December 31, 2021	September 30, 2021
Listed shares and emerging stocks	\$ 12,871,087	\$ 19,621,701	\$ 12,844,330
Unlisted shares	<u>1,492,410</u>	<u>1,433,269</u>	<u>1,523,273</u>
	<u>\$ 14,363,497</u>	<u>\$ 21,054,970</u>	<u>\$ 14,367,603</u>

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 nine months ended September 30, 2022 and 2021, the Company sold shares of stocks for \$11,895,696 thousand and \$8,548,705 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized losses of \$505,104 thousand and unrealized gains of \$341,506 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$1,410,488 thousand and \$934,408 thousand were recognized in profit or loss for the nine months ended September 30, 2022 and 2021, respectively. The dividends related to investments held at the end of the reporting period were \$1,372,538 thousand and \$647,956 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	September 30, 2022	December 31, 2021	September 30, 2021
Bank debentures	\$ 162,994,327	\$ 146,330,146	\$ 135,856,665
Government bonds	53,001,714	59,836,806	75,996,172
Corporate bonds	102,470,739	98,257,668	87,607,560
Overseas bonds	8,021,911	7,632,511	6,776,668
Negotiable certificates of deposit	319,198	278,728	837,672
Discounted note	<u>36,121</u>	<u>8,870</u>	<u>68,273</u>
	<u>\$ 326,844,010</u>	<u>\$ 312,344,729</u>	<u>\$ 307,143,010</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the investments in debt instruments at FVTOCI, which amounted to \$15,547,056 thousand, \$17,043,122 thousand and \$12,295,849 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 44 for information relating to their credit risk management and impairment.

Refer to Note 41 for information relating to investments in debt instruments at FVTOCI pledged as security.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
Overseas bonds	\$ 29,976,681	\$ 12,518,061	\$ 12,009,233
Bank debentures	47,596,619	29,132,322	25,227,700
Corporate bonds	13,893,701	10,459,485	7,536,818
Negotiable certificates of deposit	238,278,160	256,124,601	125,397
Government bonds	8,574,270	-	-
Securitization products	<u>169,323</u>	<u>-</u>	<u>-</u>
	338,488,754	308,234,469	44,899,148
Less: Allowance for impairment loss	<u>(22,421)</u>	<u>(15,234)</u>	<u>(11,705)</u>
	<u>\$ 338,466,333</u>	<u>\$ 308,219,235</u>	<u>\$ 44,887,443</u>

As of September 30, 2022 and December 31, 2021, the investments in debt instruments at amortized cost, which amounted to \$2,940,487 thousand and \$911,582 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 44 for information relating to their credit risk management and impairment.

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

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$798,432 thousand under resell agreements as of September 30, 2021, would subsequently be sold for \$798,583 thousand.

12. RECEIVABLES, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Receivables on credit cards	\$ 92,241,758	\$ 83,514,302	\$ 81,891,419
Accounts receivable factored without recourse	12,999,159	12,904,407	12,721,020
Margin loans receivable	6,297,528	8,852,106	8,478,568
Accrued interest	7,173,171	4,898,335	4,286,859
Accounts receivable	2,854,137	1,864,600	2,241,441
Settlements receivable	4,228,760	4,475,801	6,903,962
Acceptances	1,776,314	1,342,125	1,616,885
Securities business money lending	1,623,526	1,388,096	1,505,934
Settlement consideration	-	798,287	-
Receivables on digital stimulus vouchers redemption	-	4,159,925	-
Others	<u>2,537,768</u>	<u>2,295,663</u>	<u>2,677,247</u>
	131,732,121	126,493,647	122,323,335
Less: Allowance for possible losses	<u>(1,888,941)</u>	<u>(2,081,523)</u>	<u>(1,888,704)</u>
	<u>\$ 129,843,180</u>	<u>\$ 124,412,124</u>	<u>\$ 120,434,631</u>

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

For the nine months ended September 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	\$ 53,702	\$ 6,430	\$ 354,738	\$ 414,870	\$ 1,666,653	\$ 2,081,523
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(97)	845	(748)	-	-	-
Credit-impaired financial assets	(349)	(3,424)	3,773	-	-	-
12-month ECL	4,418	(2,133)	(2,285)	-	-	-
Derecognition of financial assets in the reporting period	(2,521)	(571)	(20,005)	(23,097)	-	(23,097)
New financial assets purchased or originated	7,767	4,154	21,799	33,720	-	33,720
Difference of impairment loss under regulations	-	-	-	-	(359,106)	(359,106)
Write-offs	-	-	(343,569)	(343,569)	-	(343,569)
Recovery of written-off receivables	-	-	338,157	338,157	-	338,157
Change in model or risk parameters	60,594	21,112	67,527	149,233	-	149,233
Change in exchange rates or others	<u>123</u>	<u>15</u>	<u>1,732</u>	<u>1,870</u>	<u>10,210</u>	<u>12,080</u>
Balance at September 30, 2022	<u>\$ 123,637</u>	<u>\$ 26,428</u>	<u>\$ 421,119</u>	<u>\$ 571,184</u>	<u>\$ 1,317,757</u>	<u>\$ 1,888,941</u>

For the nine months ended September 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	\$ 180,954	\$ 25,811	\$ 369,808	\$ 576,573	\$ 1,272,922	\$ 1,849,495
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(242)	512	(270)	-	-	-
Credit-impaired financial assets	(1,304)	(15,259)	16,563	-	-	-
12-month ECL	14,756	(8,316)	(6,440)	-	-	-
Derecognition of financial assets in the reporting period	(8,374)	(1,492)	(14,485)	(24,351)	-	(24,351)
New financial assets purchased or originated	4,002	754	12,888	17,644	-	17,644
Difference of impairment loss under regulations	-	-	-	-	217,077	217,077
Write-offs	-	-	(360,328)	(360,328)	-	(360,328)
Recovery of written-off receivables	-	-	328,498	328,498	-	328,498
Change in model or risk parameters	(137,162)	4,177	22,011	(110,974)	-	(110,974)
Change in exchange rates or others	(17)	(1)	(91)	(109)	(28,248)	(28,357)
Balance at September 30, 2021	<u>\$ 52,613</u>	<u>\$ 6,186</u>	<u>\$ 368,154</u>	<u>\$ 426,953</u>	<u>\$ 1,461,751</u>	<u>\$ 1,888,704</u>

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

For the nine months ended September 30, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 123,745,609	\$ 133,734	\$ 2,614,304	\$ 126,493,647
Transfers to				
Lifetime ECL	(133,350)	134,803	(1,453)	-
Credit-impaired financial assets	(529,072)	(67,897)	596,969	-
12-month ECL	59,543	(46,030)	(13,513)	-
Derecognition of financial assets in the reporting period	(26,796,586)	(10,219)	(389,459)	(27,196,264)
New financial assets purchased or originated	32,543,072	53,157	120,527	32,716,756
Write-offs	-	-	(343,569)	(343,569)
Change in exchange rates or others	<u>61,244</u>	<u>144</u>	<u>163</u>	<u>61,551</u>
Balance at September 30, 2022	<u>\$ 128,950,460</u>	<u>\$ 197,692</u>	<u>\$ 2,583,969</u>	<u>\$ 131,732,121</u>

For the nine months ended September 30, 2021

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	\$ 115,718,626	\$ 159,613	\$ 2,657,467	\$ 118,535,706
Transfers to				
Lifetime ECL	(91,668)	92,390	(722)	-
Credit-impaired financial assets	(594,174)	(89,833)	684,007	-
12-month ECL	86,475	(53,151)	(33,324)	-
Derecognition of financial assets in the reporting period	(31,208,796)	(12,027)	(366,947)	(31,587,770)
New financial assets purchased or originated	35,630,005	27,024	98,190	35,755,219
Write-offs	-	-	(360,328)	(360,328)
Change in exchange rates or others	<u>(19,434)</u>	<u>(23)</u>	<u>(35)</u>	<u>(19,492)</u>
Balance at September 30, 2021	<u>\$ 119,521,034</u>	<u>\$ 123,993</u>	<u>\$ 2,678,308</u>	<u>\$ 122,323,335</u>

13. DISCOUNTS AND LOANS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Loans			
Short-term	\$ 301,400,449	\$ 309,127,045	\$ 312,847,139
Medium-term	509,171,474	436,923,515	422,498,825
Long-term	1,125,822,413	1,040,601,661	1,005,407,831
Overdue loans	2,623,052	2,189,227	2,292,463
Bills negotiated and discounts	<u>2,356,904</u>	<u>1,857,307</u>	<u>1,905,736</u>
	1,941,374,292	1,790,698,755	1,744,951,994
Less: Allowance for possible losses	(23,988,658)	(22,123,971)	(21,566,216)
Less: Adjustment of premium or discount	<u>24,193</u>	<u>66,457</u>	<u>(307)</u>
	<u>\$ 1,917,409,827</u>	<u>\$ 1,768,641,241</u>	<u>\$ 1,723,385,471</u>

Refer to Note 41 for information relating to discounts and loans pledged as security.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$2,602,163 thousand, \$2,134,217 thousand and \$2,186,628 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$30,714 thousand and \$26,131 thousand for the nine months ended September 30, 2022 and 2021, respectively.

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

For the nine months ended September 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	(21,764)	42,193	(20,429)	-	-	-
Credit-impaired financial assets	(7,046)	(78,543)	85,589	-	-	-
12-month ECL	89,069	(41,977)	(47,092)	-	-	-
Derecognition of financial assets in the reporting period	(359,321)	(44,229)	(229,953)	(633,503)	-	(633,503)
New financial assets purchased or originated	713,821	294,320	296,627	1,304,768	-	1,304,768
Difference of impairment loss under regulations	-	-	-	-	313,325	313,325
Write-offs	-	-	(651,632)	(651,632)	-	(651,632)
Recovery of written-off credits	-	-	498,670	498,670	-	498,670
Change in model or risk parameters	168,223	141,568	361,802	671,593	-	671,593
Change in exchange rates or others	45,592	1,140	1,672	48,404	313,062	361,466
Balance at September 30, 2022	<u>\$ 1,736,133</u>	<u>\$ 1,474,021</u>	<u>\$ 2,980,595</u>	<u>\$ 6,190,749</u>	<u>\$ 17,797,909</u>	<u>\$ 23,988,658</u>

For the nine months ended September 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	(23,693)	45,749	(22,056)	-	-	-
Credit-impaired financial assets	(15,812)	(153,443)	169,255	-	-	-
12-month ECL	467,019	(392,984)	(74,035)	-	-	-
Derecognition of financial assets in the reporting period	(769,437)	(67,025)	(376,112)	(1,212,574)	-	(1,212,574)
New financial assets purchased or originated	375,109	139,324	174,604	689,037	-	689,037
Difference of impairment loss under regulations	-	-	-	-	4,665,636	4,665,636
Write-offs	-	-	(670,950)	(670,950)	-	(670,950)
Recovery of written-off credits	-	-	690,567	690,567	-	690,567
Change in model or risk parameters	(2,596,708)	186,114	(736,997)	(3,147,591)	-	(3,147,591)
Change in exchange rates or others	(4,530)	(216)	(857)	(5,603)	(51,027)	(56,630)
Balance at September 30, 2021	<u>\$ 968,183</u>	<u>\$ 849,937</u>	<u>\$ 2,881,921</u>	<u>\$ 4,700,041</u>	<u>\$ 16,866,175</u>	<u>\$ 21,566,216</u>

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

For the nine months ended September 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	(1,580,735)	1,827,976	(247,241)	-
Credit-impaired financial assets	(1,995,378)	(361,064)	2,356,442	-
12-month ECL	784,378	(256,185)	(528,193)	-
Derecognition of financial assets in the reporting period	(531,308,470)	(1,103,327)	(1,474,815)	(533,886,612)
New financial assets purchased or originated	680,010,937	1,097,303	554,197	681,662,437
Write-offs	-	-	(651,632)	(651,632)
Change in exchange rates or others	<u>3,532,689</u>	<u>16,273</u>	<u>2,382</u>	<u>3,551,344</u>
Balance at September 30, 2022	<u>\$ 1,925,923,002</u>	<u>\$ 7,751,737</u>	<u>\$ 7,699,553</u>	<u>\$ 1,941,374,292</u>

For the nine months ended September 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	(1,947,161)	2,110,665	(163,504)	-
Credit-impaired financial assets	(2,292,739)	(653,804)	2,946,543	-
12-month ECL	1,408,339	(982,472)	(425,867)	-
Derecognition of financial assets in the reporting period	(493,441,193)	(1,200,147)	(1,900,008)	(496,541,348)
New financial assets purchased or originated	601,178,896	480,282	391,727	602,050,905
Write-offs	-	-	(670,950)	(670,950)
Change in exchange rates or others	<u>(915,311)</u>	<u>(3,581)</u>	<u>(3,929)</u>	<u>(922,821)</u>
Balance at September 30, 2021	<u>\$ 1,732,474,849</u>	<u>\$ 4,064,602</u>	<u>\$ 8,412,543</u>	<u>\$ 1,744,951,994</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Provision for possible losses on due from banks	\$ 251	\$ 3,472	\$ 13,211	\$ 16,082
Provision (reversal of provision) for possible losses on call loans to other banks	11,534	21,543	13,192	(50,892)
Provision (reversal of provision) for possible losses on receivables	53,828	40,475	(199,250)	99,396
Provision for possible losses on discounts and loans	551,766	684,134	1,656,183	994,508
Reversal of provision for possible losses on overdue receivables	(863)	(544)	(2,581)	(3,794)
Reversal of provision for possible losses on remittance	-	(10)	(10)	-
Provision (reversal of provision) for possible losses on guarantees	(816)	20,180	2,701	24,770
Provision (reversal of provision) for possible losses on financing commitments	(258)	471	7,540	(771)
	<u>\$ 615,442</u>	<u>\$ 769,721</u>	<u>\$ 1,490,986</u>	<u>\$ 1,079,299</u>

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 September 30, 2022, December 31, 2021 and September 30, 2021, E.SUN Bank was in compliance with the FSC's provision requirement for both types of credit assets.

14. UNCONSOLIDATED STRUCTURED ENTITIES

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

Type of Structured Entity	Characteristic and Purpose	Equity Owned by E.SUN 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 September 30, 2022, the carrying amounts of the unconsolidated structured entities recognized by E.SUN Bank were as below:

	September 30, 2022
<u>Assets securitization products and asset-based loan</u>	
Investments in debt instruments at amortized cost	\$ 167,749
Discounts and loans	<u>738,856</u>
	<u>\$ 906,605</u>

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

15. OTHER FINANCIAL ASSETS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Overdue receivable	\$ 196,493	\$ 199,102	\$ 199,834
Less: Allowance for possible losses	<u>(196,493)</u>	<u>(199,102)</u>	<u>(199,834)</u>
Overdue receivable, net	-	-	-
Due from banks	5,792,906	7,271,791	4,150,177
Guarantee deposits received on futures contracts	1,777,896	1,818,678	1,685,573
Others	<u>-</u>	<u>7</u>	<u>-</u>
	<u>\$ 7,570,802</u>	<u>\$ 9,090,476</u>	<u>\$ 5,835,750</u>

Guarantee deposits received on futures contracts were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Deposits in bank	\$ 620,826	\$ 859,884	\$ 1,095,696
Deposits held by futures commission merchants as a clearing member	<u>1,157,070</u>	<u>958,794</u>	<u>589,877</u>
	<u>\$ 1,777,896</u>	<u>\$ 1,818,678</u>	<u>\$ 1,685,573</u>
Guarantee deposits received on futures contracts	\$ 1,777,896	\$ 1,818,678	\$ 1,685,573
Less: Commission revenue	(1,093)	(410)	(690)
Futures transaction tax	(456)	(162)	(358)
Temporary receipts	<u>(1,176)</u>	<u>(952)</u>	<u>(1,164)</u>
Customers' equity accounts - futures (Note 31)	<u>\$ 1,775,171</u>	<u>\$ 1,817,154</u>	<u>\$ 1,683,361</u>

Due from banks were collateral for loans from other financial institutions, deposits for operating reserve, and time deposits with maturities longer than three months.

16. INVESTMENT PROPERTIES, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 208,875	\$ 203,085	\$ 203,085
Buildings	1,609,196	1,603,689	1,560,795
Right-of-use assets	<u>47,484</u>	<u>48,269</u>	<u>-</u>
	<u>\$ 1,865,555</u>	<u>\$ 1,855,043</u>	<u>\$ 1,763,880</u>

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

Except for depreciation expenses recognized, the Company had no significant addition, disposal and impairment on investment properties during the nine months ended September 30, 2022 and 2021.

Investment properties (except for land) are depreciated through 25 to 50 years on a straight-line basis.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the fair values of investment properties were \$2,923,494 thousand, \$2,847,699 thousand and \$2,648,644 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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income from investment properties	\$ 10,259	\$ 7,752	\$ 28,828	\$ 23,389
Direct operating expenses of investment properties that generate rental income	(13,230)	(12,386)	(39,657)	(37,429)
Direct operating expenses of investment properties that do not generate rental income	<u>(138)</u>	<u>(138)</u>	<u>(415)</u>	<u>(415)</u>
	<u>\$ (3,109)</u>	<u>\$ (4,772)</u>	<u>\$ (11,244)</u>	<u>\$ (14,455)</u>

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 September 30, 2022, December 31, 2021 and September 30, 2021, refundable deposits on these leases totaled \$12,713 thousand, \$12,344 thousand and \$12,074 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 47,836	\$ 49,064	\$ 26,915
Year 2	37,754	41,311	10,204
Year 3	20,449	35,835	9,713
Year 4	1,856	8,609	5,425
Year 5	1,236	720	260
Over 5 years	<u>73</u>	<u>-</u>	<u>-</u>
	<u>\$ 109,204</u>	<u>\$ 135,539</u>	<u>\$ 52,517</u>

17. PROPERTIES AND EQUIPMENT, NET

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Land	\$ 14,717,110	\$ 14,693,991	\$ 14,516,314
Buildings	12,879,433	12,994,887	12,982,739
Computers	2,823,808	2,994,141	2,974,849
Transportation equipment	447,091	402,706	409,709
Miscellaneous equipment	1,543,407	1,401,468	1,349,172
Prepayments for properties and equipment	<u>1,914,155</u>	<u>1,394,275</u>	<u>1,082,923</u>
	<u>\$ 34,325,004</u>	<u>\$ 33,881,468</u>	<u>\$ 33,315,706</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
<u>Cost</u>							
Balance, January 1, 2022	\$ 14,693,991	\$ 18,804,234	\$ 7,243,409	\$ 972,460	\$ 4,164,905	\$ 1,394,275	\$ 47,273,274
Addition	-	156,866	340,432	77,217	189,255	1,016,079	1,779,849
Disposal	(14,027)	(24,594)	(153,065)	(61,301)	(156,159)	-	(409,146)
Net exchange difference	42,936	142,012	27,539	6,016	81,935	1,727	302,165
Reclassification and others	<u>(5,790)</u>	<u>112,695</u>	<u>96,022</u>	<u>25,968</u>	<u>103,347</u>	<u>(497,926)</u>	<u>(165,684)</u>
Balance, September 30, 2022	<u>\$ 14,717,110</u>	<u>\$ 19,191,213</u>	<u>\$ 7,554,337</u>	<u>\$ 1,020,360</u>	<u>\$ 4,383,283</u>	<u>\$ 1,914,155</u>	<u>\$ 48,780,458</u>
Balance, January 1, 2021	\$ 14,554,054	\$ 15,090,138	\$ 6,627,046	\$ 966,480	\$ 4,027,998	\$ 4,125,374	\$ 45,391,090
Addition	-	1,881,892	503,204	38,032	76,720	675,541	3,175,389
Disposal	(31,516)	(40,238)	(207,495)	(34,256)	(36,492)	-	(349,997)
Net exchange difference	(6,224)	(37,551)	(8,734)	(2,757)	(24,098)	(659)	(80,023)
Reclassification and others	<u>-</u>	<u>1,734,019</u>	<u>164,347</u>	<u>-</u>	<u>19,128</u>	<u>(3,717,333)</u>	<u>(1,799,839)</u>
Balance, September 30, 2021	<u>\$ 14,516,314</u>	<u>\$ 18,628,260</u>	<u>\$ 7,078,368</u>	<u>\$ 967,499</u>	<u>\$ 4,063,256</u>	<u>\$ 1,082,923</u>	<u>\$ 46,336,620</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2022	\$ -	\$ (5,809,347)	\$ (4,249,268)	\$ (569,754)	\$ (2,763,437)	\$ (13,391,806)
Disposal	-	16,308	152,956	61,064	147,621	377,949
Depreciation expenses	-	(494,584)	(614,262)	(60,307)	(175,266)	(1,344,419)
Net exchange difference	-	(27,607)	(19,955)	(4,272)	(48,794)	(100,628)
Reclassification and others	<u>-</u>	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,450</u>
Balance, September 30, 2022	<u>\$ -</u>	<u>\$ (6,311,780)</u>	<u>\$ (4,730,529)</u>	<u>\$ (573,269)</u>	<u>\$ (2,839,876)</u>	<u>\$ (14,455,454)</u>
Balance, January 1, 2021	\$ -	\$ (5,223,468)	\$ (3,750,897)	\$ (534,880)	\$ (2,590,961)	\$ (12,100,206)
Disposal	-	22,327	207,375	33,488	36,363	299,553
Depreciation expenses	-	(449,371)	(565,516)	(57,999)	(171,397)	(1,244,283)
Net exchange difference	<u>-</u>	<u>4,991</u>	<u>5,519</u>	<u>1,601</u>	<u>11,911</u>	<u>24,022</u>
Balance, September 30, 2021	<u>\$ -</u>	<u>\$ (5,645,521)</u>	<u>\$ (4,103,519)</u>	<u>\$ (557,790)</u>	<u>\$ (2,714,084)</u>	<u>\$ (13,020,914)</u>

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 18.

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 to 20 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Land and superficies royalties	\$ 3,792,242	\$ 3,825,350	\$ 3,893,732
Buildings	2,998,421	3,092,691	3,045,723
Office equipment	7,616	10,166	11,173
Transportation equipment	<u>5,253</u>	<u>5,053</u>	<u>4,139</u>
	<u>\$ 6,803,532</u>	<u>\$ 6,933,260</u>	<u>\$ 6,954,767</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2022	2021	2022
			2021
Additions to right-of-use assets			<u>\$ 748,619</u>
			<u>\$ 3,186,547</u>
Depreciation charge for right-of-use assets			
Land and superficies royalties	\$ 19,999	\$ 20,114	\$ 59,996
Buildings	261,416	266,959	809,513
Office equipment	1,123	1,092	3,355
Transportation equipment	<u>972</u>	<u>1,161</u>	<u>2,964</u>
	<u>\$ 283,510</u>	<u>\$ 289,326</u>	<u>\$ 875,828</u>
			<u>\$ 833,605</u>

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 16. 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 nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts	<u>\$ 3,912,707</u>	<u>\$ 3,998,061</u>	<u>\$ 3,948,599</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.09%	1.09%	1.09%
Buildings	0.37%-7.50%	0.37%-7.50%	0.37%-7.50%
Office equipment	0.70%-2.98%	0.37%-2.98%	0.37%-2.98%
Transportation equipment	0.73%-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 September 30, 2022, December 31, 2021 and September 30, 2021, refundable deposits on these leases totaled \$759,524 thousand, \$764,082 thousand and \$764,262 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 16.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 1,873</u>	<u>\$ 10,214</u>	<u>\$ 24,801</u>	<u>\$ 23,163</u>
Expenses relating to low-value asset leases	<u>\$ 141</u>	<u>\$ 87</u>	<u>\$ 314</u>	<u>\$ 223</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ (91)</u>	<u>\$ -</u>	<u>\$ 4,957</u>	<u>\$ 63</u>
Total cash outflow for leases			<u>\$ (894,276)</u>	<u>\$ (865,055)</u>

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.

19. INTANGIBLE ASSETS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Goodwill	\$ 4,507,809	\$ 4,426,370	\$ 4,429,921
Computer software	1,044,796	1,249,795	1,237,052
Banking licenses	506,444	441,695	444,518
Core deposits	14,411	16,445	17,123
Developed technology	23,259	27,364	28,732
Customer relationship	<u>12,579</u>	<u>14,610</u>	<u>15,287</u>
	<u>\$ 6,109,298</u>	<u>\$ 6,176,279</u>	<u>\$ 6,172,633</u>

	Goodwill	Computer Software	Banking Licenses	Core Deposits	Developed Technology	Customer Relationship	Total
Balance, January 1, 2022	\$ 4,426,370	\$ 1,249,795	\$ 441,695	\$ 16,445	\$ 27,364	\$ 14,610	\$ 6,176,279
Separate acquisition	-	175,419	-	-	-	-	175,419
Amortization expenses	-	(540,979)	-	(2,034)	(4,105)	(2,031)	(549,149)
Reclassification	-	155,561	-	-	-	-	155,561
Net exchange difference	<u>81,439</u>	<u>5,000</u>	<u>64,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,188</u>
Balance, September 30, 2022	<u>\$ 4,507,809</u>	<u>\$ 1,044,796</u>	<u>\$ 506,444</u>	<u>\$ 14,411</u>	<u>\$ 23,259</u>	<u>\$ 12,579</u>	<u>\$ 6,109,298</u>
Balance, January 1, 2021	\$ 4,442,843	\$ 1,200,916	\$ 454,791	\$ 19,157	\$ 32,836	\$ 17,318	\$ 6,167,861
Separate acquisition	-	241,650	-	-	-	-	241,650
Amortization expenses	-	(523,823)	-	(2,034)	(4,104)	(2,031)	(531,992)
Reclassification	-	320,578	-	-	-	-	320,578
Net exchange difference	<u>(12,922)</u>	<u>(2,269)</u>	<u>(10,273)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,464)</u>
Balance, September 30, 2021	<u>\$ 4,429,921</u>	<u>\$ 1,237,052</u>	<u>\$ 444,518</u>	<u>\$ 17,123</u>	<u>\$ 28,732</u>	<u>\$ 15,287</u>	<u>\$ 6,172,633</u>

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

Computer software	2 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 E.SUN Bank's acquisition of UCB (subsidiary of E.SUN Bank), BankPro (subsidiary of E.SUN Bank), 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

	September 30, 2022	December 31, 2021	September 30, 2021
Refundable deposits, net	\$ 11,622,366	\$ 4,104,511	\$ 3,496,868
Operating deposits and settlement funds	583,441	569,946	599,413
Prepayments	697,175	459,218	576,703
Defined benefit assets	538,394	407,809	135,911
Collections for underwriting stock value	547,661	7,968,291	1,137,180
Others	<u>156,854</u>	<u>382,422</u>	<u>329,211</u>
	<u>\$ 14,145,891</u>	<u>\$ 13,892,197</u>	<u>\$ 6,275,286</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	September 30, 2022	December 31, 2021	September 30, 2021
Call loans from banks	\$ 60,566,088	\$ 78,059,351	\$ 68,710,999
Deposits from Chunghwa Post Co., Ltd.	22,276,985	2,276,985	2,276,177
Call loans from the Central Bank	3,809,760	1,384,450	1,393,300
Banks overdrafts	824,375	213,519	1,172,559
Deposits from banks	2,501,948	1,520,217	2,495,588
Deposits from the Central Bank	<u>27,430</u>	<u>26,636</u>	<u>25,380</u>
	<u>\$ 90,006,586</u>	<u>\$ 83,481,158</u>	<u>\$ 76,074,003</u>

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	September 30, 2022	December 31, 2021	September 30, 2021
Due to the Central Bank	<u>\$ -</u>	<u>\$ 14,021,010</u>	<u>\$ 12,107,230</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$17,319,141 thousand, \$16,648,639 thousand and \$11,440,173 thousand under repurchase agreements as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, would subsequently be purchased for \$17,391,199 thousand, \$16,686,012 thousand and \$11,468,855 thousand, respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$2,960,000 thousand, \$4,790,000 thousand and \$5,727,000 thousand, and the annual discount rates were from 1.00%-1.28%, 0.30%-0.88% and 0.20%-0.88%, as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively. These financial instruments were accepted and guaranteed by financial institutions.

25. PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Checks for clearing	\$ 2,363,313	\$ 7,259,513	\$ 1,915,573
Accrued interest	4,709,322	1,997,454	1,851,170
Accrued expenses	4,218,336	6,092,178	5,069,322
Accounts payable	2,696,715	1,345,301	4,616,411
Factored accounts payable	4,129,853	1,590,393	2,564,954
Settlements payable	3,051,802	5,705,230	4,209,291
Acceptances	1,786,942	1,356,990	1,595,739
Payable on credit cards	885,051	877,542	691,688
Payables for short-sale transactions	1,707,541	945,623	949,155
Deposits on short-sale transactions	1,554,782	849,623	822,213
Tax payable	284,667	342,306	247,202
Collections payable	7,453,117	719,346	6,889,654
Settlement consideration	834,006	-	2,640,393
Others	<u>4,230,612</u>	<u>3,674,749</u>	<u>4,329,862</u>
	<u>\$ 39,906,059</u>	<u>\$ 32,756,248</u>	<u>\$ 38,392,627</u>

26. DEPOSITS AND REMITTANCES

	September 30, 2022	December 31, 2021	September 30, 2021
Deposits			
Checking	\$ 12,542,610	\$ 18,633,621	\$ 12,615,440
Demand	752,615,805	801,742,311	769,958,130
Savings - demand	715,133,304	700,429,954	673,308,667
Time	997,218,876	829,792,461	755,219,072
Negotiable certificates of deposit	8,020,589	28,801,536	31,942,135
Savings - time	352,584,752	300,717,348	295,533,935
Treasury deposits	14,229,053	13,225,790	11,766,372
Remittances	<u>1,493,796</u>	<u>1,719,770</u>	<u>1,401,871</u>
	<u>\$ 2,853,838,785</u>	<u>\$ 2,695,062,791</u>	<u>\$ 2,551,745,622</u>

27. BONDS PAYABLE

	September 30, 2022	December 31, 2021	September 30, 2021
Bank debentures	\$ 35,550,000	\$ 34,270,000	\$ 32,670,000
ESFHC's unsecured corporate bonds - second issue in 2016	-	1,100,000	1,100,000
ESFHC's unsecured corporate bonds - first issue in 2019	4,000,000	4,000,000	4,000,000
ESFHC's unsecured corporate bonds - first issue in 2021	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 41,550,000</u>	<u>\$ 41,370,000</u>	<u>\$ 39,770,000</u>

On January 20, 2017, ESFHC made a second issue of unsecured corporate bonds with aggregate face value of \$1,100,000 thousand and par value of \$10,000 thousand. The bonds will mature in five years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 1.10%.

On January 14, 2019, ESFHC made a first issue of unsecured corporate bonds with aggregate face value of \$4,000,000 thousand and par value of \$10,000 thousand. The bonds will mature in five years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 0.95%.

On May 25, 2021, ESFHC made a first issue of unsecured corporate bonds with aggregate face value of \$2,000,000 thousand and par value of \$10,000 thousand. The bonds will mature in five years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 0.50%.

Details of bank debentures issued by E.SUN Bank were as follows:

	September 30, 2022	December 31, 2021	September 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
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 (Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
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).	\$ 3,650,000	\$ 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
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; E.SUN 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
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 (5 years after the issue date).	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	-	-
Bonds issued on July 27, 2022; interest rate at 1.60%; interest payable annually; principal repayable on maturity (3 years after the issue date).	7,300,000	-	-
	<u>\$ 35,550,000</u>	<u>\$ 34,270,000</u>	<u>\$ 32,670,000</u>
			(Concluded)

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

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 3,425,425	\$ 3,260,716	\$ 3,280,713
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	1,863,527	2,267,118	2,254,116
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,529,254	2,419,752	2,438,747
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	976,171	1,193,531	1,179,966
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,709,483	9,194,851	9,268,261
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	6,613,663	7,186,673	7,147,139
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	3,155,248	3,283,492	3,332,258
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	2,642,194	2,943,007	2,877,459
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	2,540,401	2,808,747	2,749,309
Unsecured USD-denominated bonds issued on May 19, 2017	1,906,285	2,019,482	2,031,589
Unsecured USD-denominated bonds issued on November 21, 2017	4,189,665	4,459,863	4,509,510
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	<u>5,752,285</u>	<u>6,412,483</u>	<u>6,332,009</u>
	<u>\$ 45,303,601</u>	<u>\$ 47,449,715</u>	<u>\$ 47,401,076</u>

On May 27, 2015, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN Bank may redeem all the bonds after 15 years from the issue date.

On October 28, 2015, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN Bank may redeem all the bonds after 15 years from the issue date.

On January 22, 2016, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN Bank may redeem all the bonds after 15 years from the issue date.

On June 6, 2016, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN Bank may redeem all the bonds after 15 years from the issue date.

On December 29, 2016, E.SUN 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, E.SUN Bank may redeem all the bonds after 15 years from the issue date.

On May 19, 2017, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN Bank also designated the bank debentures as at fair value through profit or loss.

To improve E.SUN 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 September 30, 2022, bank debentures amounting to NT\$2.7 billion has been issued.

To support sustainable business development and the government's green finance policy, on September 20, 2022, the FSC approved the issuance of unsecured bank debentures amounting to NT\$30 billion (or foreign currency equivalent) with no more than 40 years to maturity and can be issued in installments.

To strengthen operating capital and capital structure, on November 11, 2022, E.SUN Bank's board of directors approved the issuance of unsecured foreign currency bank debentures and offshore structured products amounting to US\$50,000 thousand (or foreign currency equivalent) with no more than 30 years to maturity and can be issued in installments within 10 years. For the issuance of the bank debentures, E.SUN Bank's application is subject for approval by the FSC.

As of the date the consolidated financial statements were authorized for issue, bank debentures amounting to NT\$32.3 billion has not yet been issued.

28. OTHER BORROWINGS

	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Short-term borrowings	\$ 2,131,801	1.59-4.15	\$ 623,780	1.15-1.38	\$ 816,650	1.15-1.71
Long-term borrowings	<u>374,173</u>	4.31-4.95	<u>335,037</u>	1.71-3.00	<u>337,179</u>	2.16-3.00
	<u>\$ 2,505,974</u>		<u>\$ 958,817</u>		<u>\$ 1,153,829</u>	

29. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
Provision for losses on financing commitment	\$ 584,454	\$ 568,384	\$ 504,822
Provision for losses on guarantees	354,948	349,586	341,648
Provision for employee benefits	3,745	3,722	3,245
Others	<u>166,587</u>	<u>167,653</u>	<u>167,959</u>
	<u>\$ 1,109,734</u>	<u>\$ 1,089,345</u>	<u>\$ 1,017,674</u>

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

For the nine months ended September 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	(53)	1,566	(1,513)	-	-	-
Credit-impaired financial instruments	-	(2)	2	-	-	-
12-month ECL	1,751	(1,715)	(36)	-	-	-
Derecognition of financial instruments in the reporting period	(29,078)	(8,460)	(46)	(37,584)	-	(37,584)
New financial instruments purchased or originated	27,893	155	202	28,250	-	28,250
Difference of impairment loss under regulations	-	-	-	-	64,259	64,259
Change in model or risk parameters	12,008	(56,813)	121	(44,684)	-	(44,684)
Change in exchange rates or others	<u>121</u>	<u>1</u>	<u>-</u>	<u>122</u>	<u>11,069</u>	<u>11,191</u>
Balance at September 30, 2022	<u>\$ 107,790</u>	<u>\$ 34,176</u>	<u>\$ 2,901</u>	<u>\$ 144,867</u>	<u>\$ 794,535</u>	<u>\$ 939,402</u>

For the nine months ended September 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	(30)	30	-	-	-	-
Credit-impaired financial instruments	(3)	(1)	4	-	-	-
12-month ECL	1,580	(1,517)	(63)	-	-	-
Derecognition of financial instruments in the reporting period	(56,388)	(155)	(838)	(57,381)	-	(57,381)
New financial instruments purchased or originated	33,614	67	79	33,760	-	33,760
Difference of impairment loss under regulations	-	-	-	-	361,920	361,920
Change in model or risk parameters	(315,553)	865	388	(314,300)	-	(314,300)
Change in exchange rates or others	<u>(38)</u>	<u>-</u>	<u>-</u>	<u>(38)</u>	<u>(1,878)</u>	<u>(1,916)</u>
Balance at September 30, 2021	<u>\$ 85,121</u>	<u>\$ 974</u>	<u>\$ 2,798</u>	<u>\$ 88,893</u>	<u>\$ 757,577</u>	<u>\$ 846,470</u>

30. 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 \$322,469 thousand and \$313,075 thousand in the consolidated statements of comprehensive income for the nine months ended September 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.

ESFHC makes monthly contributions, equal to 5.54% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan under management of Bureau of Labor Funds, Ministry of Labor (the Bureau).

E.SUN Bank 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 for E.SUN Bank is deposited in a financial institution in the name of the employees' pension fund administration committee.

E.SUN Securities makes monthly contributions, equal to 4% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan under management of the Bureau. However, E.SUN Securities paused in making monthly contributions from January 2017 to December 2022 with the approval of Department of Labor, Taipei City Government.

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 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 nine months ended September 30, 2022 and 2021, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$10,687 thousand and \$17,000 thousand, respectively.

31. OTHER FINANCIAL LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
Principal of structured products	\$ 89,585,778	\$ 62,374,505	\$ 51,978,820
Guarantee deposits received	26,938,592	1,938,732	2,511,672
Customers' equity accounts - futures	<u>1,775,171</u>	<u>1,817,154</u>	<u>1,683,361</u>
	<u>\$ 118,299,541</u>	<u>\$ 66,130,391</u>	<u>\$ 56,173,853</u>

32. OTHER LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
Advance receipts	\$ 2,840,661	\$ 2,915,495	\$ 2,784,558
Deferred revenue	673,859	649,316	627,330
Collections for underwriting stock value	547,515	7,968,073	1,102,805
Others	<u>37,368</u>	<u>14,701</u>	<u>43,769</u>
	<u>\$ 4,099,403</u>	<u>\$ 11,547,585</u>	<u>\$ 4,558,462</u>

33. NET INTEREST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest revenue				
From discounts and loans	\$ 10,794,984	\$ 7,170,967	\$ 27,153,627	\$ 21,056,659
From investments	2,694,413	1,113,334	6,477,399	3,202,688
From revolving interests of credit cards	490,003	463,547	1,445,807	1,460,241
From due from banks and call loans to other banks	435,618	105,223	799,891	324,131
Others	<u>175,809</u>	<u>28,573</u>	<u>288,309</u>	<u>87,900</u>
	<u>14,590,827</u>	<u>8,881,644</u>	<u>36,165,033</u>	<u>26,131,619</u>
Interest expense				
From deposits	(5,860,738)	(1,898,152)	(11,104,562)	(5,883,560)
From due to the Central Bank and other banks	(378,299)	(115,385)	(721,274)	(336,165)
From issuing bonds payable	(155,185)	(142,924)	(433,941)	(424,661)
From lease liabilities	(10,095)	(10,869)	(31,233)	(30,763)
Others	<u>(430,590)</u>	<u>(137,935)</u>	<u>(857,923)</u>	<u>(449,566)</u>
	<u>(6,834,907)</u>	<u>(2,305,265)</u>	<u>(13,148,933)</u>	<u>(7,124,715)</u>
	<u>\$ 7,755,920</u>	<u>\$ 6,576,379</u>	<u>\$ 23,016,100</u>	<u>\$ 19,006,904</u>

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Service fee and commission income				
From credit cards	\$ 2,340,300	\$ 2,030,660	\$ 6,663,756	\$ 6,142,903
From insurance	945,302	674,437	2,456,629	1,780,874
From trust business	968,046	1,838,960	3,478,729	5,430,958
From loans	465,381	472,042	1,543,836	1,222,928
From brokerage	561,144	884,787	1,855,596	2,560,425
Others	<u>519,355</u>	<u>633,871</u>	<u>1,609,690</u>	<u>1,860,195</u>
	<u>5,799,528</u>	<u>6,534,757</u>	<u>17,608,236</u>	<u>18,998,283</u>
Service charge and commission expenses				
From agency	(509,932)	(459,595)	(1,466,626)	(1,308,636)
From credit cards	(153,451)	(171,635)	(452,772)	(586,740)
From cross - bank transactions	(83,751)	(72,999)	(244,125)	(231,934)
From computer processing	(78,799)	(69,108)	(207,246)	(213,185)
Others	<u>(245,815)</u>	<u>(242,047)</u>	<u>(687,476)</u>	<u>(726,722)</u>
	<u>(1,071,748)</u>	<u>(1,015,384)</u>	<u>(3,058,245)</u>	<u>(3,067,217)</u>
	<u>\$ 4,727,780</u>	<u>\$ 5,519,373</u>	<u>\$ 14,549,991</u>	<u>\$ 15,931,066</u>

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

	For the Three Months Ended September 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	\$ 65,107	\$ 476,831	\$ 5,499,852	\$ 67,125,398	\$ 73,167,188
Held-for-trading financial liabilities	-	-	(5,758,575)	(69,734,570)	(75,493,145)
Financial liabilities designated as at fair value through profit or loss	-	(582,684)	-	3,164,001	2,581,317
	<u>\$ 65,107</u>	<u>\$ (105,853)</u>	<u>\$ (258,723)</u>	<u>\$ 554,829</u>	<u>\$ 255,360</u>
	For the Three Months Ended September 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	\$ 71,551	\$ 1,132,254	\$ 2,915,460	\$ (6,717,399)	\$ (2,598,134)
Held-for-trading financial liabilities	-	-	(1,764,436)	6,264,508	4,500,072
Financial liabilities designated as at fair value through profit or loss	-	(521,964)	-	604,053	82,089
	<u>\$ 71,551</u>	<u>\$ 610,290</u>	<u>\$ 1,151,024</u>	<u>\$ 151,162</u>	<u>\$ 1,984,027</u>

For the Nine Months Ended September 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	\$ 91,913	\$ 1,858,469	\$ 14,255,938	\$ 131,472,324	\$ 147,678,644
Held-for-trading financial liabilities	-	-	(11,417,228)	(143,525,118)	(154,942,346)
Financial liabilities designated as at fair value through profit or loss	-	(1,675,944)	-	9,181,865	7,505,921
	<u>\$ 91,913</u>	<u>\$ 182,525</u>	<u>\$ 2,838,710</u>	<u>\$ (2,870,929)</u>	<u>\$ 242,219</u>
For the Nine Months Ended September 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	\$ 101,217	\$ 3,524,894	\$ 9,404,490	\$ (17,239,447)	\$ (4,208,846)
Held-for-trading financial liabilities	-	-	(5,461,832)	14,884,847	9,423,015
Financial liabilities designated as at fair value through profit or loss	-	(1,563,997)	158	2,393,821	829,982
	<u>\$ 101,217</u>	<u>\$ 1,960,897</u>	<u>\$ 3,942,816</u>	<u>\$ 39,221</u>	<u>\$ 6,044,151</u>

36. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employee benefits				
Salaries	\$ 2,845,384	\$ 3,222,706	\$ 8,754,540	\$ 9,437,343
Insurance	213,019	195,236	683,007	660,277
Excessive interest from preferential rates	-	48,553	26,744	148,224
Post-employment benefits	110,864	109,024	333,156	330,075
Others	219,516	162,785	613,665	507,586
Depreciation expenses	749,946	730,459	2,259,435	2,114,855
Amortization expenses	181,874	186,615	549,706	532,730

Under the Articles of Incorporation of ESFHC, ESFHC accrued employees' compensation and remuneration of directors at the rates from 2.0% to 5.0% and no higher than 0.9%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors (after offsetting accumulated deficit). For the nine months ended September 30, 2022 and 2021, the employees' compensation were \$333,092 thousand and \$481,152 thousand, respectively; and the remuneration of directors were \$57,000 thousand and \$104,000 thousand, respectively.

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 ESFHC's board of directors on March 11, 2022 and 2021, respectively, were as follows:

	2021	2020
Employees' compensation - cash	\$ 2,915	\$ 2,522
Employees' compensation - stock	612,950	507,000
Remuneration of directors - cash	81,800	73,000

ESFHC announced the distribution of 20,500 thousand shares and 19,500 thousand shares as employees' compensation for 2021 and 2020, respectively, which were determined by the closing price (NT\$29.90 and NT\$26.00) of the day before the board of directors approved the distribution.

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 recognized in profit or loss for 2022 and 2021, respectively, were as follows:

	2021		2020	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved by ESFHC's board of directors	<u>\$ 615,865</u>	<u>\$ 81,800</u>	<u>\$ 509,522</u>	<u>\$ 73,000</u>
Amounts recognized in the consolidated financial statements	<u>\$ 616,101</u>	<u>\$ 106,000</u>	<u>\$ 519,477</u>	<u>\$ 132,000</u>

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>).

37. INCOME TAX

Under Article 49 of the Financial Holding Company Act, a financial holding company (FHC) can elect to file consolidated income tax returns for the regular corporate income tax as well as the income tax on undistributed earnings for FHC and its domestic subsidiaries if the FHC holds more than 90% of the domestic subsidiaries' outstanding shares in the entire tax year; for other taxation issues, ESFHC and domestic subsidiaries should conduct separately.

ESFHC and subsidiaries started to file consolidated tax returns since 2003.

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
Current period	\$ 934,940	\$ 779,431	\$ 3,121,528	\$ 2,804,293
Additional income tax on unappropriated earnings	-	-	10,610	-
Prior year's adjustments	<u>(100,633)</u>	<u>-</u>	<u>(182,117)</u>	<u>(1,466)</u>
	<u>834,307</u>	<u>779,431</u>	<u>2,950,021</u>	<u>2,802,827</u>
Deferred tax				
Current period	<u>202,270</u>	<u>6,663</u>	<u>232,008</u>	<u>(124,076)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,036,577</u>	<u>\$ 786,094</u>	<u>\$ 3,182,029</u>	<u>\$ 2,678,751</u>

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	\$ (16,626)	\$ -	\$ (19,790)	\$ -
Deferred tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	<u>16,626</u>	<u>-</u>	<u>19,790</u>	<u>-</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
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	\$ (38,140)	\$ 16,940	\$ (66,825)	\$ 2,176
Remeasurement of defined benefit plans	-	-	-	100
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	352,405	(21,222)	718,538	(130,102)
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>(358,959)</u>	<u>(27,523)</u>	<u>(1,522,840)</u>	<u>(110,865)</u>
Income tax benefit recognized in other comprehensive income	<u>\$ (44,694)</u>	<u>\$ (31,805)</u>	<u>\$ (871,127)</u>	<u>\$ (238,691)</u>

d. The years which income tax returns have been assessed by the tax authorities were as follows:

ESFHC	E.SUN Bank	E.SUN Securities	ESVC
2017	2017	2017	2017

38. 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)
<u>For the three months ended September 30, 2022</u>			
Basic earnings per share	\$ 4,563,357	14,275,100	<u>\$ 0.32</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>12,936</u>	
Diluted earnings per share	<u>\$ 4,563,357</u>	<u>14,288,036</u>	<u>\$ 0.32</u>
<u>For the three months ended September 30, 2021</u>			
Basic earnings per share	\$ 5,637,698	14,254,600	<u>\$ 0.40</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>18,295</u>	
Diluted earnings per share	<u>\$ 5,637,698</u>	<u>14,272,895</u>	<u>\$ 0.39</u>
<u>For the nine months ended September 30, 2022</u>			
Basic earnings per share	\$ 11,648,029	14,269,919	<u>\$ 0.82</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>18,117</u>	
Diluted earnings per share	<u>\$ 11,648,029</u>	<u>14,288,036</u>	<u>\$ 0.82</u>
<u>For the nine months ended September 30, 2021</u>			
Basic earnings per share	\$ 15,885,031	14,249,339	<u>\$ 1.11</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>23,556</u>	
Diluted earnings per share	<u>\$ 15,885,031</u>	<u>14,272,895</u>	<u>\$ 1.11</u>

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The earnings per share after income tax for the nine months ended September 30, 2022 and 2021 were retrospectively adjusted as follows:

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2021</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2021</u>
Basic earnings per share	<u>\$ 0.42</u>	<u>\$ 1.19</u>	<u>\$ 0.40</u>	<u>\$ 1.11</u>
Diluted earnings per share	<u>\$ 0.42</u>	<u>\$ 1.19</u>	<u>\$ 0.39</u>	<u>\$ 1.11</u>

ESFHC can elect to distribute compensation to employees by stock or by cash. If the compensation is in the form of cash or shares, ESFHC should presume that the entire amount of the compensation will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding to be used in calculating diluted earnings per share (EPS) if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the compensation by the closing price of the shares on the balance sheet date. The dilutive effects of the potential shares need to be included in the calculation of diluted EPS until the number of shares to be distributed to employees resolved in the following year.

39. EQUITY

a. Capital stock

Common stock

	September 30, 2022	December 31, 2021	September 30, 2021
Authorized number of shares (in thousands)	20,000,000	15,000,000	15,000,000
Authorized capital	\$ 200,000,000	\$ 150,000,000	\$ 150,000,000
Number of shares issued (in thousands)	14,275,100	13,354,600	13,354,600
Common stock issued	\$ 142,751,000	\$ 133,546,000	\$ 133,546,000

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

In 2021, the stockholders of ESFHC resolved to use \$7,680,000 thousand from the 2020 unappropriated earnings as stock bonus to stockholders and \$507,000 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 787,500 thousand shares, were approved by the FSC. The issuance was approved by the Ministry of Economic Affairs (MOEA).

In 2022, the stockholders of ESFHC resolved to use \$9,000,000 thousand from the 2021 unappropriated earnings as stock bonus to stockholders and \$612,950 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 920,500 thousand shares, were approved by the FSC. The issuance was approved by the MOEA.

To dispose of ESFHC's shares held by E.SUN Bank and to increase its capital by issuing common stocks for the issuance of Global Depositary Shares (GDS), ESFHC issued 14,800 thousand units of GDS (one unit represents 25 common shares), which equaled 370,000 thousand common shares, on the Luxembourg Stock Exchange.

The GDS holders are entitled to present their GDSs for cancellation and receive the corresponding number of underlying common shares, and the common shares can be traded in the domestic stock exchange market. As of September 30, 2022, ESFHC issued 507 thousand units (equal to 12,684 thousand shares) because of capital increase, the deposit agents reissued 5,525 thousand units (equal to 138,126 thousand shares), and the GDS holders had canceled 20,825 thousand units (equal to 520,621 thousand shares). Therefore, the outstanding GDSs were 7 thousand units, which were equal to 189 thousand shares, or 0.001324% of ESFHC's total outstanding common shares.

b. Capital surplus

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.

For FHC, if the capital surplus due from stocks convert of financial intuition is from unappropriated retained earnings before convert, according to the regulatory, the FHC could implement distributing cash dividends or the capital increase in entre year, furthermore, the proportion of capital increase is not restricted by Securities and Exchange Act Article 41 point 2 and Securities and Exchange Act Enforcement Rules Article 8. The distribution of unappropriated retained earnings without restriction above, is the amount after recognizing legal reserve or special reserve.

The subsidiaries' unappropriated retained earnings before stock conversion amounted to \$2,919,727 thousand, which was already stated as ESFHC's capital surplus as of its establishment date. In 2002, the stockholders resolved to increase ESFHC's capital by \$1,800,000 thousand through the issuance of stock dividends from capital surplus.

As of September 30, 2022, the capital surplus came from treasury stock transactions and the issuance of shares in excess of par value. Capital surplus sources and uses were as follows:

Sources

From subsidiaries

Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 413,733
Legal reserve	2,776,834
Special reserve	109,230
Unappropriated earnings	<u>2,919,727</u>
	6,219,524
Total capital stock of subsidiaries in excess of ESFHC's issuance	<u>600,000</u>
Balance on January 28, 2002	6,819,524
From E.SUN Securities Investment Trust Corp. (ESSIT) which became a 100% subsidiary of ESFHC in 2003 through a share swap	
Legal reserve	4,350
Unappropriated earnings	<u>7,861</u>
	6,831,735
Corporate bonds converted into capital stock	7,407,345
Treasury stock transactions recognized from subsidiaries	3,015,943
Transferring of shares to employees by subsidiaries	483
Cash dividends from ESFHC received by subsidiaries	208,161
Transferring of shares to employees by ESFHC	157,897
The difference between par value and issue price for the issuance of common stock from bonus to employees	401,166
The difference between par value and issue price for the issuance of common stock from compensation to employees	1,861,748
Additional paid-in capital from ESFHC's share issuance in excess of par value	10,562,422
Share-based payment for the subscription for ESFHC's new shares by the employees of ESFHC and its subsidiaries	<u>672,153</u>
	31,119,053

Uses

Remuneration of directors and supervisors and bonus to employees by subsidiaries	(156,458)
Issuance of ESFHC's stock dividends in 2002	(1,800,000)
Offset of deficit in 2003	(3,091,451)
Difference between par value and issue price for the issuance of common stock from bonus to employees in 2009	<u>(980)</u>
	<u>\$ 26,070,164</u>

c. Special reserve

	September 30, 2022	December 31, 2021	September 30, 2021
Reclassification of the trading loss reserve and default loss reserve	\$ 164,235	\$ 164,235	\$ 164,235
The debit balance of other equity	<u>1,074,086</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,238,321</u>	<u>\$ 164,235</u>	<u>\$ 164,235</u>

Under FSC guidelines, ESFHC reclassified the trading loss reserve and default loss reserve made before 2010 to special reserve. This special reserve must be used to offset a deficit except if ESFHC has no deficit and the special reserve exceeds 50% of its paid-in capital, half of the excess may be used to issue new shares. Furthermore, when the special reserve exceeds ESFHC's paid-in capital, ESFHC may, under the FSC's approval, reclassify the excess back to unappropriated earnings. The special reserve from equity investments under the equity method was \$164,235 thousand.

According to Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserve," ESFHC 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.

d. Appropriation of earnings

Under ESFHC's Articles of Incorporation, where ESFHC 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.

Under ESFHC's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen ESFHC's financial structure. This policy is also intended to improve ESFHC's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. However, when dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT\$0.10.

Under the Company Act, appropriations to the legal reserve shall be made until the reserve equals ESFHC's paid-in capital. This reserve should only be used to offset deficit. When the reserve exceeds 25% of ESFHC's paid-in capital, the excess may be used to issue new shares or distribute cash dividends.

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, ESFHC 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 June 17, 2022 and July 23, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 2,113,352	\$ 1,705,818		
Special reserve	1,074,086	-		
Cash dividends	8,947,582	7,665,931	\$0.67	\$0.61
Stock dividends	9,000,000	7,680,000	0.67	0.61

Under any condition causing changes in both numbers of ESFHC's outstanding shares and dividends per share after above approved appropriations of earnings for 2021, the chairman of the board of directors was given authorization to adjust the ratios of cash and stock dividends to ESFHC's outstanding shares.

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 Nine Months Ended September 30	
	2022	2021
Balance, January 1	\$ 158,753	\$ 132,185
Cash dividends distributed by subsidiary	(18,107)	-
Attributable to non-controlling interests:		
Net income	12,304	14,243
Exchange differences on the translation of financial statements of foreign operations	<u>691</u>	<u>(94)</u>
Balance, September 30	<u>\$ 153,641</u>	<u>\$ 146,334</u>

40. RELATED-PARTY TRANSACTIONS

ESFHC is the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the parent company (ESFHC) and the subsidiaries (related parties of the Company) 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 Foundation and E.SUN Volunteer & Social Welfare Foundation	Related parties in substance
Others	Key management of the Company and other related parties

b. Significant transactions between the Company and related parties

1) Loans and deposits

a) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
<u>For the nine months ended September 30, 2022</u>				
Key management	\$ 394,249	\$ 346,104	\$ 3,507	
Others	<u>3,698,001</u>	<u>3,266,217</u>	<u>31,308</u>	
	<u>\$ 4,092,250</u>	<u>\$ 3,612,321</u>	<u>\$ 34,815</u>	1.52-2.22
<u>For the nine months ended September 30, 2021</u>				
Key management	\$ 474,506	\$ 374,022	\$ 3,144	
Others	<u>4,057,977</u>	<u>2,833,015</u>	<u>24,075</u>	
	<u>\$ 4,532,483</u>	<u>\$ 3,207,037</u>	<u>\$ 27,219</u>	0.80-1.85

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
<u>For the nine months ended September 30, 2022</u>				
Key management	\$ 1,319,294	\$ 488,466	\$ 944	
Others	<u>2,572,348</u>	<u>1,656,590</u>	<u>6,708</u>	
	<u>\$ 3,891,642</u>	<u>\$ 2,145,056</u>	<u>\$ 7,652</u>	0-5.30
<u>For the nine months ended September 30, 2021</u>				
Key management	\$ 905,172	\$ 589,092	\$ 1,145	
Others	<u>2,242,569</u>	<u>1,503,320</u>	<u>12,535</u>	
	<u>\$ 3,147,741</u>	<u>\$ 2,092,412</u>	<u>\$ 13,680</u>	0-6.34

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

- 2) There were no directors as credit guarantors as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

	September 30, 2022	December 31, 2021	September 30, 2021
3) Interest receivable (part of receivables)			
Key management	\$ 264	\$ 250	\$ 231
Others	<u>2,200</u>	<u>1,630</u>	<u>1,463</u>
	<u>\$ 2,464</u>	<u>\$ 1,880</u>	<u>\$ 1,694</u>
4) Interest payable (part of payables)			
Key management	\$ 237	\$ 158	\$ 179
Others	<u>2,075</u>	<u>1,194</u>	<u>1,207</u>
	<u>\$ 2,312</u>	<u>\$ 1,352</u>	<u>\$ 1,386</u>
	For the Nine Months Ended September 30		
	2022	2021	
5) Donation (part of general and administrative expenses)			
Others - E.SUN Volunteer & Social Welfare Foundation	<u>\$ 31,282</u>	<u>\$ 27,115</u>	

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

- 6) E.SUN Volunteer & Social Welfare Foundation entrusted some properties to E.SUN Bank. E.SUN Bank charged \$437 thousand and \$372 thousand (part of service fee and commission income, net) accordingly for the nine months ended September 30, 2022 and 2021, respectively.

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 E.SUN 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 E.SUN 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. Subsidiaries' related-party transactions and balances that each amounted to more than \$100,000 thousand

1) E.SUN Bank

a) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
<u>For the nine months ended September 30, 2022</u>				
Subsidiaries	\$ 4,863,794	\$ 4,609,810	\$ 61,542	
Sister companies	40,000	-	2	
Key management	355,349	307,204	3,137	
Others	<u>3,618,464</u>	<u>3,192,783</u>	<u>30,565</u>	
	<u>\$ 8,877,607</u>	<u>\$ 8,109,797</u>	<u>\$ 95,246</u>	1.52-2.22
<u>For the nine months ended September 30, 2021</u>				
Subsidiaries	\$ 2,619,404	\$ 2,062,084	\$ 20,204	
Key management	448,646	361,022	3,063	
Others	<u>3,974,948</u>	<u>2,777,709</u>	<u>23,621</u>	
	<u>\$ 7,042,998</u>	<u>\$ 5,200,815</u>	<u>\$ 46,888</u>	0.80-1.85

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
<u>For the nine months ended September 30, 2022</u>				
ESFHC	\$ 9,296,614	\$ 588,075	\$ 3,348	
Subsidiaries	79,743	6,374	6	
Sister companies	10,089,525	2,886,387	6,151	
Key management	896,937	355,755	872	
Others	<u>2,550,331</u>	<u>1,641,114</u>	<u>6,649</u>	
	<u>\$ 22,913,150</u>	<u>\$ 5,477,705</u>	<u>\$ 17,026</u>	0-5.30 (Continued)

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the nine months ended <u>September 30, 2021</u>				
ESFHC	\$ 10,750,676	\$ 2,159,428	\$ 1,361	
Subsidiaries	73,406	33,580	1	
Sister companies	10,041,786	4,028,313	4,699	
Key management	662,789	432,371	1,109	
Others	<u>2,224,504</u>	<u>1,491,665</u>	<u>12,487</u>	
	<u>\$ 23,753,161</u>	<u>\$ 8,145,357</u>	<u>\$ 19,657</u>	0-6.34 (Concluded)

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

	September 30, 2022	December 31, 2021	September 30, 2021
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)			
ESBC	<u>\$ 7,106,955</u>	<u>\$ 8,146,620</u>	<u>\$ 8,267,200</u>
d) Consolidated tax return receivables (part of current tax assets)			
ESFHC	<u>\$ 99,205</u>	<u>\$ 157,875</u>	<u>\$ 154,487</u>
e) Deposits from banks (part of deposits from the Central Bank and other banks)			
Subsidiaries	<u>\$ 144,360</u>	<u>\$ 47,552</u>	<u>\$ 110,577</u>
f) Accounts payable (part of payables)			
Sister companies	<u>\$ -</u>	<u>\$ 351,699</u>	<u>\$ 203,986</u>
g) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	<u>\$ 872,922</u>	<u>\$ 1,255,368</u>	<u>\$ 794,708</u>

**For the Nine Months Ended
September 30**

2022 2021

h) Interest revenue from call loans to banks

ESBC	<u>\$ 116,234</u>	<u>\$ 148,492</u>
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The consolidated tax return receivable and payable refer to ESFHC's filed consolidated corporate tax returns from 2003.

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 E.SUN 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 E.SUN 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.

2) E.SUN Securities

a) Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Deposits	<u>\$ 842,115</u>	<u>\$ 324,633</u>	<u>\$ 865,667</u>
Financial asset at amortized cost - current	<u>\$ 138,496</u>	<u>\$ 75,000</u>	<u>\$ 102,866</u>
Deposits - futures exchange margins	<u>\$ 106,650</u>	<u>\$ 200,298</u>	<u>\$ 630,181</u>
Restricted assets - current	<u>\$ 214,000</u>	<u>\$ 214,000</u>	<u>\$ 214,000</u>
Operating deposits	<u>\$ 445,000</u>	<u>\$ 445,000</u>	<u>\$ 445,000</u>
Deposits - settlements	<u>\$ 200,409</u>	<u>\$ 367,701</u>	<u>\$ 275,374</u>
Deposits - collections for underwriting stock value	<u>\$ 466,870</u>	<u>\$ 7,968,291</u>	<u>\$ 1,137,180</u>

b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to \$4,500,000 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021. For this overdraft, E.SUN Securities provided time deposits and real estate to E.SUN Bank as collaterals. Other financial institutions provided guarantee for the overdraft. As of September 30, 2022, December 31, 2021 and September 30, 2021, there was no overdraft amount.

c) For its business needs, E.SUN Securities applied for a short-term loan up to \$200,000 thousand from E.SUN Bank.

	September 30, 2022	December 31, 2021	September 30, 2021
d) Accounts receivable for settlement (part of receivables)			
Sister companies	\$ <u>-</u>	\$ <u>351,699</u>	\$ <u>143,744</u>
e) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	\$ <u>13,232</u>	\$ <u>295,521</u>	\$ <u>213,583</u>

3) ESVC

Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Deposits - E.SUN Bank	\$ <u>408,454</u>	\$ <u>421,309</u>	\$ <u>287,823</u>

d. Remuneration of key management

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

	For the Nine Months Ended September 30	
	2022	2021
Salaries and other short-term employment benefits	\$ 262,909	\$ 244,734
Post-employment benefits	2,139	2,067
Interest arising from the employees' preferential rates in excess of normal rates	<u>86</u>	<u>315</u>
	<u>\$ 265,134</u>	<u>\$ 247,116</u>

41. PLEDGED ASSETS

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

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets at fair value through profit or loss (face value)	\$ 25,305,000	\$ 25,200,000	\$ 25,200,000
Investments in debt instruments at amortized cost (face value)	5,313,903	4,505,711	3,703,497
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>6,660,979</u>	<u>3,619,098</u>	<u>3,638,183</u>
	<u>\$ 37,279,882</u>	<u>\$ 33,324,809</u>	<u>\$ 32,541,680</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the foregoing bonds and securities, with aggregate face value of \$20,305,000 thousand, \$20,200,000 thousand and \$20,200,000 thousand, respectively, 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 E.SUN Bank's liquidity reserve. For covering its call loans from the CB, E.SUN Bank had provided collaterals consisting of securities with aggregate face values of \$5,000,000 thousand as of September 30, 2022, December 31, 2021 and September 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, E.SUN 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
September 30, 2022	<u>\$ 185,000</u>	<u>\$ 166,962</u>
December 31, 2021	<u>\$ 103,000</u>	<u>\$ 97,912</u>
September 30, 2021	<u>\$ 103,000</u>	<u>\$ 98,183</u>

- c. In response to the public policy to help those severely affected by COVID-19 pandemic, E.SUN Bank offers loans to SMEs and has applied for project financing from the Central Bank. As of December 31, 2021 and September 30, 2021, up to \$15,000,000 thousand, in E.SUN Bank's deposit reserves - account B were provided as collaterals to the Central Bank in accordance with the relevant regulations.
- d. As of September 30, 2022, December 31, 2021 and September 30, 2021, UCB has provided US\$6,042 thousand, US\$4,805 thousand and US\$2,002 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.

42. CONTINGENCIES AND COMMITMENTS

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

a. E.SUN Bank

As of September 30, 2022, agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by E.SUN Bank's branches amounted to approximately \$4,132,690 thousand, and the remaining unpaid amount was approximately \$1,918,273 thousand.

b. Union Commercial Bank (UCB)

As of September 30, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately \$15,343 thousand, and the remaining unpaid amount was approximately \$470 thousand.

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

As of September 30, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$109,545 thousand, and the remaining unpaid amount was approximately \$46,471 thousand.

43. E.SUN 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 Nine Months Ended September 30					
2022			2021		
	Average Balance	Average Rate (%)		Average Balance	Average Rate (%)
<u>Interest-earning assets</u>					
Cash and cash equivalents and other financial assets - due from banks	\$ 44,139,168	0.79	\$ 45,095,731	0.27	
Call loans to banks	44,578,167	1.21	25,177,895	0.95	
Due from the Central Bank	59,661,300	0.34	55,170,105	0.20	
Financial assets mandatorily classified as at fair value through profit or loss - bonds	124,470,507	1.19	129,619,851	2.43	
Financial assets mandatorily classified as at fair value through profit or loss - bills	223,150,619	0.44	486,621,080	0.31	
Securities purchased under resell agreements	1,262,377	0.46	2,268,532	0.21	
Accounts receivable factored without recourse	8,690,673	1.71	6,856,622	0.90	
Discounts and loans	1,827,108,183	1.81	1,623,801,499	1.57	
Receivables on credit cards	30,659,708	6.28	30,265,693	6.43	

(Continued)

For the Nine Months Ended September 30				
2022			2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Debt instruments at fair value through other comprehensive income	\$ 313,722,058	1.55	\$ 278,861,130	1.21
Investments in debt instruments at amortized cost	327,794,320	1.00	26,964,883	1.49
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	81,690,181	1.10	79,767,205	0.44
Due to the Central Bank and other banks	9,423,090	0.10	10,421,526	0.10
Financial liabilities at fair value through profit or loss	47,965,942	4.72	44,916,084	4.72
Securities sold under repurchase agreements	12,432,073	0.21	10,898,135	0.14
Demand deposits	773,533,474	0.14	711,613,211	0.04
Savings - demand deposits	727,199,289	0.15	674,569,326	0.07
Time deposits	863,387,244	1.00	719,089,032	0.57
Savings - time deposits	325,426,442	0.98	300,807,133	0.80
Negotiable certificates of deposit	20,313,695	0.66	24,065,125	0.26
Bank debentures	35,733,370	1.49	32,984,286	1.54
Principal of structured products	71,439,524	0.78	49,801,595	0.51
Lease liabilities	3,487,004	0.73	2,957,621	0.80

(Concluded)

44. 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.

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>						
Investments in debt instruments at amortized cost	\$ 338,466,333	\$ 331,551,028	\$ 308,219,235	\$ 308,865,486	\$ 44,887,443	\$ 45,489,779
<u>Financial liabilities</u>						
Bonds payable	41,550,000	41,821,432	41,370,000	44,087,402	39,770,000	42,889,153

Fair value hierarchy as of September 30, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 331,551,028	\$ 39,930,022	\$ 291,621,006	\$ -
<u>Financial liabilities</u>				
Bonds payable	41,821,432	-	41,821,432	-

Fair value hierarchy as of December 31, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 308,865,486	\$ 21,111,533	\$ 287,753,953	\$ -
<u>Financial liabilities</u>				
Bonds payable	44,087,402	-	44,087,402	-

Fair value hierarchy as of September 30, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 45,489,779	\$ 20,423,396	\$ 25,066,383	\$ -
<u>Financial liabilities</u>				
Bonds payable	42,889,153	-	42,889,153	-

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 September 30, 2022, December 31, 2021 and September 30, 2021, the discount rates used ranged from 0.707% to 1.700%, 0.174% to 1.150% and 0.172% to 0.740%, respectively, for the New Taiwan dollar and from 3.025% to 4.640%, 0.135% to 1.803% and 0.100% to 1.807%, 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 September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	September 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 124,190,440	\$ 288,331	\$ 123,902,109	\$ -
Equity instruments	4,979,112	2,664,570	-	2,314,542
Debt instruments	116,565,046	258,761	116,306,285	-
Others	189,048,611	122,192	188,926,419	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,363,497	12,871,087	-	1,492,410
Debt instruments	326,844,010	167,224,106	159,619,904	-
<u>Financial liabilities at fair value through profit or loss</u>				
Held-for-trading - derivative instruments	81,815,267	-	81,815,267	-
Financial liabilities designated as at fair value through profit or loss	45,303,601	-	45,303,601	-

December 31, 2021				
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 15,613,567	\$ 219,486	\$ 15,394,081	\$ -
Equity instruments	6,305,724	4,174,422	-	2,131,302
Debt instruments	118,721,976	336,853	118,385,123	-
Others	270,748,269	122,660	270,625,609	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	21,054,970	19,621,701	-	1,433,269
Debt instruments	312,344,729	153,299,813	159,044,916	-
<u>Financial liabilities at fair value through profit or loss</u>				
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	-
September 30, 2021				
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 13,947,418	\$ 206,446	\$ 13,740,972	\$ -
Equity instruments	5,524,411	3,153,397	-	2,371,014
Debt instruments	121,860,267	232,195	121,628,072	-
Others	448,196,916	125,072	448,071,844	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,367,603	12,844,330	-	1,523,273
Debt instruments	307,143,010	143,805,582	163,337,428	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	10,140,960	-	10,140,960	-
Financial liabilities designated as at fair value through profit or loss	47,401,076	-	47,401,076	-

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 nine months ended September 30, 2022 and 2021.

d. Reconciliation of the financial instruments classified in Level 3

For the nine months ended September 30, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2022	\$ 2,131,302	\$ 1,433,269
Valuation recognized in profit or loss	511,707	-
Valuation recognized in other comprehensive income	-	76,639
Acquisitions	437,394	25,898
Transfers in of Level 3	459	-
Disposal	(92,638)	(15,898)
Transfers out of Level 3 (Note)	(673,682)	(30,229)
Change in exchange rates	-	2,731
	<u>\$ 2,314,542</u>	<u>\$ 1,492,410</u>
Balance at September 30, 2022		
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ 47,753</u>	

For the nine months ended September 30, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2021	\$ 2,097,295	\$ 1,314,275
Valuation recognized in profit or loss	455,297	-
Valuation recognized in other comprehensive income	-	74,659
Acquisitions	398,891	136,000
Transfers in of Level 3	931	-
Disposal	(146,036)	(1,278)
Transfers out of Level 3 (Note)	(435,364)	-
Change in exchange rates	-	(383)
	<u>\$ 2,371,014</u>	<u>\$ 1,523,273</u>
Balance at September 30, 2021		
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ 241,765</u>	

Note: The stock transferred into Level 1 since the quoted price in active markets is available.

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:

September 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 profit or loss					
Investments in equity instruments	\$ 1,020,124	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,294,418	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	800,750	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	98,968	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; -%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	592,692	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	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 profit or loss					
Investments in equity instruments	\$ 924,225	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,207,077	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	1,225,785	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	198,348	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	9,136	Income approach	Lack of liquidity discount	30%	The higher the lack of liquidity, the lower the fair value is

September 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 profit or loss					
Investments in equity instruments	\$ 1,166,307	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,204,707	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	1,314,423	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	200,903	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	7,947	Income approach	Lack of liquidity discount	30%	The higher the lack of liquidity, 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:

September 30, 2022

	Changes in Fair Value Reflected in Profit or Loss for the Current Period		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss				
Investments in equity instruments	\$ 231,454	\$ (231,454)	\$ -	\$ -
Financial assets at fair value through other comprehensive income				
Investments in equity instruments	-	-	149,241	(149,241)

December 31, 2021

	Changes in Fair Value Reflected in Profit or Loss for the Current Year		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 213,130	\$ (213,130)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	143,327	(143,327)

September 30, 2021

	Changes in Fair Value Reflected in Profit or Loss for the Current Period		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 237,101	\$ (237,101)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	152,327	(152,327)

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

	September 30, 2022	December 31, 2021	September 30, 2021
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 45,303,601	\$ 47,449,715	\$ 47,401,076
Amounts due on maturity	<u>52,761,414</u>	<u>45,447,639</u>	<u>45,214,440</u>
	<u>\$ (7,457,813)</u>	<u>\$ 2,002,076</u>	<u>\$ 2,186,636</u>

**Change in Fair
Values
Resulting from
Credit Risk
Variations**

Accumulated amount of change	
As of September 30, 2022	<u>\$ 373,403</u>
As of December 31, 2021	<u>\$ 651,427</u>
As of September 30, 2021	<u>\$ 639,611</u>

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) ESFHC

a) Risk management

ESFHC established the Risk Management Committee, of which the convener is the general manager and the executive secretary is the chief risk officer, to draw up the principles and policies of risk management to be followed by each subsidiary, to coordinate and monitor the enforcement of risk management policies of each subsidiary and to deliberate whether proposals brought up by each risk-based unit focusing on a variety of individual issues are suitable for the Company.

b) Market risk

ESFHC set up the "Market Risk Management Principle of E.SUN Financial Holding Company" as the guideline for market risk management.

It monitors and controls the market risk of ESFHC and subsidiaries, and sets up the risk limit of ESFHC and subsidiaries, including the value at risk (VaR) limit, Position-limit and Stop Loss Limit. ESFHC also makes a risk evaluation report, which covers the taking of risk exposure by each risk-based unit and the adequacy of the current risk management system, to the board of directors quarterly.

The operation of ESFHC involves currencies different from its functional currency, i.e., foreign currencies; thus, ESFHC is exposed to foreign-exchange risks. As of September 30, 2022, December 31, 2021 and September 30, 2021, ESFHC does not conduct any businesses involves currencies different from its functional currency.

The influence of the fluctuations in exchange rates for foreign-currency assets and liabilities on profit or loss is limited; thus, ESFHC expects the risk from exchange rate fluctuations to be immaterial.

c) Credit risk

To maintain good asset quality, ESFHC's subsidiaries have established independent credit review divisions and set up fair credit approval processes. ESFHC and subsidiaries also set up management policies and requirements of counterparties' credit rating, default risk, settlement risk, and risk concentration pertaining products, industries, and affiliates.

d) Liquidity risk

ESFHC set up the "Liquidity Risk Management Guideline of E.SUN Financial Holding Company" as the guideline for liquidity risk management. It monitors and asks ESFHC and subsidiaries to maintain appropriate liquidity, payment ability, financial stability, and to improve urgent situation handling ability. ESFHC and subsidiaries also follow the requirements of authorities, adopt numeral management, and compile cash flow gap analysis report regularly. Additionally, ESFHC and subsidiaries set up liquidity risk management index and monitor it strictly.

2) E.SUN Bank and its subsidiaries

a) Risk management

E.SUN 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 E.SUN Bank.

b) Credit risk

Credit risk refers to E.SUN Bank and its subsidiaries' 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 risk falls within the acceptable range, E.SUN Bank and its subsidiaries have 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, E.SUN Bank and its subsidiaries should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, E.SUN Bank and its subsidiaries ensure compliance with all applicable rules and regulations and identify relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., E.SUN Bank and its subsidiaries also require 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 E.SUN Bank and its subsidiaries' risk management policies and guidelines.

The measurement and management of credit risks from E.SUN Bank and its subsidiaries' main businesses are as follows:

i. Loans and credit card business (including loan commitment and guarantees)

On each reporting date, E.SUN Bank and its subsidiaries assess 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.

E.SUN Bank and its subsidiaries adopt 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.

E.SUN Bank and its subsidiaries consider 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. E.SUN Bank and its subsidiaries apply 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. E.SUN Bank and its subsidiaries periodically review forward-looking macroeconomic information and timely adjusts "PD" for impact of factors such as the COVID-19.

E.SUN Bank and its subsidiaries estimate the account balance based on the ways in repayment, and consider the possible survival rate to calculate the EAD. In addition, E.SUN Bank and its subsidiaries estimate 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.

E.SUN Bank and its subsidiaries use 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, E.SUN Bank and its subsidiaries determine 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. E.SUN Bank and its subsidiaries 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, E.SUN Bank and its subsidiaries rate 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, E.SUN Bank and its subsidiaries have developed a credit rating model for clients. E.SUN Bank and its subsidiaries review the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credit and residential mortgage, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

E.SUN Bank and its subsidiaries classify the credit qualities of corporate loans as strong, medium and weak.

E.SUN Bank and its subsidiaries evaluate 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, E.SUN Bank and its subsidiaries annually conduct validity test and back testing on the models using data on customers' actual defaults.

ii. Due from and call loans to other banks

E.SUN Bank and its subsidiaries evaluate the credit status of counterparties before deals are closed. E.SUN Bank and its subsidiaries grant different limits to the counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

iii. Investments in debt instruments and derivatives

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

September 30, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 339,996,524	\$ 338,488,754	\$ 678,485,278
Less: Allowance for impairment loss	<u>(97,766)</u>	<u>(22,421)</u>	<u>(120,187)</u>
Amortized cost	339,898,758	<u>\$ 338,466,333</u>	678,365,091
Adjustment to fair value	<u>(13,625,145)</u>		<u>(13,625,145)</u>
	<u>\$ 326,273,613</u>		<u>\$ 664,739,946</u>

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	<u>(100,203)</u>	<u>(15,234)</u>	<u>(115,437)</u>
Amortized cost	312,190,084	<u>\$ 308,219,235</u>	620,409,319
Adjustment to fair value	<u>(252,849)</u>		<u>(252,849)</u>
	<u>\$ 311,937,235</u>		<u>\$ 620,156,470</u>

September 30, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 305,990,344	\$ 44,899,148	\$ 350,889,492
Less: Allowance for impairment loss	<u>(91,150)</u>	<u>(11,705)</u>	<u>(102,855)</u>
Amortized cost	305,899,194	<u>\$ 44,887,443</u>	350,786,637
Adjustment to fair value	<u>885,961</u>		<u>885,961</u>
	<u>\$ 306,785,155</u>		<u>\$ 351,672,598</u>

E.SUN Bank and its subsidiaries only invest 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, E.SUN Bank and its subsidiaries have 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.

E.SUN Bank and its subsidiaries consider 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. E.SUN Bank and its subsidiaries' current credit risk grading framework comprises the following categories:

September 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%	\$ 678,485,278

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

September 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	-%-0.17%	\$ 350,889,492

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 nine months ended September 30, 2022

	<u>Credit Rating</u> Performing (12-Month ECL)
Allowance for Impairment Loss	
Balance at January 1, 2022	\$ 115,437
New financial assets purchased	35,955
Derecognition	(11,938)
Change in model or risk parameters	(22,289)
Change in exchange rates or others	<u>3,022</u>
Balance at September 30, 2022	<u>\$ 120,187</u>

For the nine months ended September 30, 2021

	<u>Credit Rating</u> Performing (12-Month ECL)
Allowance for Impairment Loss	
Balance at January 1, 2021	\$ 73,271
New financial assets purchased	48,897
Derecognition	(13,096)
Change in model or risk parameters	(5,601)
Change in exchange rates or others	<u>(616)</u>
Balance at September 30, 2021	<u>\$ 102,855</u>

E.SUN Bank and its subsidiaries identify and manage credit risks from debt instruments 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 E.SUN Bank and its subsidiaries conduct derivative transactions are mostly considered investment grade. E.SUN Bank and its subsidiaries monitor 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.

E.SUN Bank and its subsidiaries classify 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).

E.SUN Bank and its subsidiaries have 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, E.SUN Bank and its subsidiaries manage and assess the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, E.SUN Bank and its subsidiaries stipulate the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that E.SUN Bank and its subsidiaries reserve 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 E.SUN Bank and its subsidiaries 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, E.SUN Bank and its subsidiaries have included credit limits for a single counterparty and for a single group in its credit-related guidelines. E.SUN Bank and its subsidiaries have 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, E.SUN Bank and its subsidiaries 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.

E.SUN Bank and its subsidiaries settle 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:

September 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	\$ 1,299,316,462	\$ 1,137,658	\$ 65,834	\$ -	\$ 1,300,519,954
Allowance for possible losses	(107,790)	(34,176)	(2,901)	-	(144,867)
Difference of impairment loss under regulations	-	-	-	(794,535)	(794,535)
	<u>\$ 1,299,208,672</u>	<u>\$ 1,103,482</u>	<u>\$ 62,933</u>	<u>\$ (794,535)</u>	<u>\$ 1,299,580,552</u>

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)
	<u>\$ 1,178,223,236</u>	<u>\$ 1,560,670</u>	<u>\$ 64,646</u>	<u>\$ (719,207)</u>	<u>\$ 1,179,129,345</u>

September 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	\$ 1,158,808,815	\$ 127,722	\$ 113,947	\$ -	\$ 1,159,050,484
Allowance for possible losses	(85,121)	(974)	(2,798)	-	(88,893)
Difference of impairment loss under regulations	-	-	-	(757,577)	(757,577)
	<u>\$ 1,158,723,694</u>	<u>\$ 126,748</u>	<u>\$ 111,149</u>	<u>\$ (757,577)</u>	<u>\$ 1,158,204,014</u>

The management of E.SUN Bank and its subsidiaries 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:

September 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	\$ 2,497,804	\$ -	\$ -	\$ -	\$ -
Other	77,771	-	-	-	-
Discounts and loans	7,699,553	3,401,724	-	-	3,401,724

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

September 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	\$ 2,591,698	\$ -	\$ -	\$ -	\$ -
Other	77,978	-	-	-	-
Discounts and loans	8,412,543	3,671,477	-	-	3,671,477

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. E.SUN Bank and its subsidiaries 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 E.SUN Bank were as follows:

Credit Risk Profile by Group or Industry	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 956,056,320	50	\$ 897,620,361	50	\$ 865,324,016	50
Manufacturing	355,058,288	18	347,834,553	19	338,484,826	19
Finance, insurance and real estate	239,001,521	12	189,689,679	11	187,408,063	11

Credit Risk Profile by Regions	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,631,964,141	85	\$ 1,558,897,685	87	\$ 1,519,950,196	87

Credit Risk Profile by Collaterals	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 503,091,418	26	\$ 451,367,628	25	\$ 446,032,090	26
Secured						
Real estate	1,248,249,587	65	1,161,610,355	65	1,126,878,772	65

Some financial assets held by E.SUN Bank and its subsidiaries, 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Credit rating			
Strong	\$ 1,408,411,972	\$ 1,258,199,636	\$ 981,530,769
Medium	493,593,180	492,556,246	711,538,725
Weak	<u>23,917,850</u>	<u>25,723,699</u>	<u>39,405,355</u>
Carrying amount	1,925,923,002	1,776,479,581	1,732,474,849
Allowance for possible losses	<u>(1,736,133)</u>	<u>(1,107,559)</u>	<u>(968,183)</u>
	<u>\$ 1,924,186,869</u>	<u>\$ 1,775,372,022</u>	<u>\$ 1,731,506,666</u>

c) 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 E.SUN Bank and its subsidiaries 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 E.SUN Bank and its subsidiaries.

The main market risks E.SUN Bank and its subsidiaries face 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 E.SUN Bank and its subsidiaries, such as the derivatives denominated in foreign currency and foreign-currency bonds.

E.SUN Bank monitors the market risk positions and the tolerable loss of E.SUN Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors. E.SUN 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.

E.SUN Bank and its subsidiaries mainly divide 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 E.SUN Bank and its subsidiaries' 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. E.SUN Bank and its subsidiaries analyze the impact of risk factors on their holding positions, profit and loss, negative result of stress test, sensitivity, VaR, etc., and measure 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 E.SUN Bank's market risk control. E.SUN 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 September 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 September 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	\$ 25,122,759
Financial assets at FVTOCI	16,901,550
Investments in debt instruments at amortized cost	2,222,318
Discounts and loans	<u>95,302,373</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 139,549,000</u>

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

		Carrying Amount	
	Nominal Amount	Financial Assets	Financial Liabilities
Derivative financial instruments that reference the USD LIBOR			
Interest rate swaps	\$ 422,294,093	\$ 19,297,921	\$ 15,153,548
Cross-currency swaps	317,480	48,319	-

E.SUN Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. E.SUN 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. E.SUN 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 E.SUN 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. E.SUN Bank evaluates historical market fluctuation based on historical data in the past two years. It 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 E.SUN Bank was as follows:

For the nine months ended September 30, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	September 30, 2022
<u>By risk type</u>				
Currency	\$ 3,144,431	\$ 2,207,727	\$ 4,562,202	\$ 2,713,392
Interest	9,111,939	4,831,152	13,969,103	13,809,743
Equity	1,019,555	685,743	1,311,178	685,743
Risk diversification	<u>(6,919,932)</u>	-	-	<u>(9,016,207)</u>
Total risk exposure	<u>\$ 6,355,993</u>			<u>\$ 8,192,671</u>

For the year ended December 31, 2021

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2021	September 30, 2021
<u>By risk type</u>					
Currency	\$ 3,340,311	\$ 2,402,325	\$ 4,155,766	\$ 3,516,984	\$ 2,712,174
Interest	5,288,307	3,518,810	6,988,286	5,170,067	4,842,634
Equity	806,523	649,966	1,236,931	1,236,931	696,221
Risk diversification	<u>(4,005,028)</u>	-	-	<u>(4,579,535)</u>	<u>(3,131,075)</u>
Total risk exposure	<u>\$ 5,430,113</u>			<u>\$ 5,344,447</u>	<u>\$ 5,119,954</u>

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.

d) 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 E.SUN 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, E.SUN Bank and its subsidiaries hold 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 E.SUN Bank for September 30, 2022, December 31, 2021 and September 30, 2021 were 30.19%, 33.81% and 33.57%, respectively.

E.SUN Bank and its subsidiaries 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.

September 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	\$ 51,183,320	\$ 13,854,275	\$ 3,533,221	\$ 21,395,940	\$ 39,830	\$ 90,006,586
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	291,383	52,470,031	52,761,414
Securities sold under repurchase agreements	2,060,425	5,559,659	271,342	617,533	8,882,240	17,391,199
Payables	27,277,028	2,126,331	715,476	781,475	78,199	30,978,509
Deposits and remittances	1,149,950,216	234,805,785	242,192,978	458,262,787	770,606,416	2,855,818,182
Bank debentures	-	-	-	1,500,000	34,050,000	35,550,000
Lease liabilities	29,027	159,095	289,556	496,464	3,016,970	3,991,112
Other items of cash outflow on maturity	8,470,515	5,705,467	2,096,502	80,042,198	22,719,047	119,033,729

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

September 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	\$ 49,173,319	\$ 21,990,575	\$ 3,508,596	\$ 1,401,513	\$ -	\$ 76,074,003
Due to the Central Bank and other banks	-	-	-	12,107,230	-	12,107,230
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	255,754	44,958,686	45,214,440
Securities sold under repurchase agreements	100,459	854,300	1,281,982	276,233	8,955,881	11,468,855
Payables	26,286,648	593,047	345,118	444,343	134,820	27,803,976
Deposits and remittances	962,359,385	228,920,263	288,765,307	377,958,796	697,177,228	2,555,180,979
Bank debentures	-	-	-	9,820,000	22,850,000	32,670,000
Lease liabilities	87,757	152,559	276,649	463,511	3,076,677	4,057,153
Other items of cash outflow on maturity	7,918,105	3,435,809	258,768	5,574	43,949,771	55,568,027

E.SUN Bank and its subsidiaries 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:

i. Derivative financial liabilities to be settled at net amounts

September 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	\$ 303,858	\$ 284,984	\$ 208,584	\$ 71,556	\$ -	\$ 868,982
Interest derivatives	284	637	834	-	-	1,755

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

September 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	\$ 69,135	\$ 55,156	\$ 139,030	\$ 152,855	\$ -	\$ 416,176

ii. Derivative financial liabilities to be settled at gross amounts

September 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	\$ 166,027,190	\$ 250,456,714	\$ 180,381,613	\$ 169,719,001	\$ 5,467,383	\$ 772,051,901
Cash inflow	157,587,950	231,343,669	163,732,890	157,486,688	5,003,481	715,154,678
Interest derivatives						
Cash outflow	1,220,839	920,644	1,512,997	3,623,430	24,345,319	31,623,229
Cash inflow	5,537,377	152,975	189,500	216,593	8,054,184	14,150,629
Total cash outflow	167,248,029	251,377,358	181,894,610	173,342,431	29,812,702	803,675,130
Total cash inflow	163,125,327	231,496,644	163,922,390	157,703,281	13,057,665	729,305,307
Net cash outflow	\$ 4,122,702	\$ 19,880,714	\$ 17,972,220	\$ 15,639,150	\$ 16,755,037	\$ 74,369,823

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

September 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	\$ 213,460,158	\$ 179,866,776	\$ 191,960,257	\$ 114,203,429	\$ 2,529,947	\$ 702,020,567
Cash inflow	211,627,094	178,735,139	190,651,500	113,305,389	2,365,395	696,684,517
Interest derivatives						
Cash outflow	660,561	1,340,805	5,255,718	4,079,602	2,465,718	13,802,404
Cash inflow	400,182	944,757	4,817,665	3,272,927	298,370	9,733,901
Total cash outflow	214,120,719	181,207,581	197,215,975	118,283,031	4,995,665	715,822,971
Total cash inflow	212,027,276	179,679,896	195,469,165	116,578,316	2,663,765	706,418,418
Net cash outflow	\$ 2,093,443	\$ 1,527,685	\$ 1,746,810	\$ 1,704,715	\$ 2,331,900	\$ 9,404,553

E.SUN Bank and its subsidiaries 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.

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 725,296	\$ 3,011,379	\$ 1,859,704	\$ 10,936,890	\$ 42,525,140	\$ 59,058,409
Credit card commitments	230,609	1,996,987	5,963,823	13,770,328	464,060,620	486,022,367
Letters of credit issued and yet unused	2,409,479	6,122,510	2,542,747	267,921	263,744	11,606,401
Other guarantees	5,801,591	6,872,692	1,693,566	11,138,161	7,015,592	32,521,602

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

September 30, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 396,233	\$ 2,391,728	\$ 2,812,090	\$ 6,882,866	\$ 40,726,003	\$ 53,208,920
Credit card commitments	7,615	11,775	22,866	306,661	476,345,276	476,694,193
Letters of credit issued and yet unused	2,524,984	6,614,747	1,054,020	450,932	481,665	11,126,348
Other guarantees	4,497,433	7,020,441	2,220,912	15,705,504	6,437,701	35,881,991

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:

September 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	\$ 15,547,056	\$ 14,531,888	\$ 15,547,056	\$ 14,531,888	\$ 1,015,168
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	2,940,487	2,787,253	2,713,976	2,787,253	(73,277)

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

September 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	\$ 12,295,849	\$ 11,440,173	\$ 12,295,849	\$ 11,440,173	\$ 855,676

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.

September 30, 2022

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	\$ 124,190,440	\$ -	\$ 124,190,440	\$ (54,078,841)	\$ (27,539,152)	\$ 42,572,447
Settlements	<u>284,388</u>	<u>(6,735)</u>	<u>277,653</u>	<u>-</u>	<u>-</u>	<u>277,653</u>
	<u>\$ 124,474,828</u>	<u>\$ (6,735)</u>	<u>\$ 124,468,093</u>	<u>\$ (54,078,841)</u>	<u>\$ (27,539,152)</u>	<u>\$ 42,850,100</u>

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	\$ 81,815,267	\$ -	\$ 81,815,267	\$ (54,078,841)	\$ (10,099,387)	\$ 17,637,039
Repurchase agreements	17,346,337	-	17,346,337	(17,255,512)	-	90,825
Settlements	<u>116,101</u>	<u>(12,434)</u>	<u>103,667</u>	<u>-</u>	<u>-</u>	<u>103,667</u>
	<u>\$ 99,277,705</u>	<u>\$ (12,434)</u>	<u>\$ 99,265,271</u>	<u>\$ (71,334,353)</u>	<u>\$ (10,099,387)</u>	<u>\$ 17,831,531</u>

December 31, 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	\$ 15,613,567	\$ -	\$ 15,613,567	\$ (7,529,927)	\$ (2,889,087)	\$ 5,194,553
Settlements	<u>52,454</u>	<u>(2,527)</u>	<u>49,927</u>	<u>(49,467)</u>	<u>-</u>	<u>460</u>
	<u>\$ 15,666,021</u>	<u>\$ (2,527)</u>	<u>\$ 15,663,494</u>	<u>\$ (7,579,394)</u>	<u>\$ (2,889,087)</u>	<u>\$ 5,195,013</u>

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	<u>159,173</u>	<u>(16,054)</u>	<u>143,119</u>	<u>(49,467)</u>	<u>-</u>	<u>93,652</u>
	<u>\$ 30,573,364</u>	<u>\$ (16,054)</u>	<u>\$ 30,557,310</u>	<u>\$ (20,159,300)</u>	<u>\$ (2,567,492)</u>	<u>\$ 7,830,518</u>

September 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	\$ 13,947,418	\$ -	\$ 13,947,418	\$ (6,468,627)	\$ (3,597,759)	\$ 3,881,032
Resell agreements	798,438	-	798,438	(798,438)	-	-
Settlements	<u>359,555</u>	<u>(8,789)</u>	<u>350,766</u>	<u>(263,378)</u>	<u>-</u>	<u>87,388</u>
	<u>\$ 15,105,411</u>	<u>\$ (8,789)</u>	<u>\$ 15,096,622</u>	<u>\$ (7,530,443)</u>	<u>\$ (3,597,759)</u>	<u>\$ 3,968,420</u>

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	\$ 10,140,960	\$ -	\$ 10,140,960	\$ (6,468,627)	\$ (1,945,198)	\$ 1,727,135
Repurchase agreements	11,448,514	-	11,448,514	(11,448,514)	-	-
Settlements	<u>1,413,288</u>	<u>(15,561)</u>	<u>1,397,727</u>	<u>(263,378)</u>	<u>-</u>	<u>1,134,349</u>
	<u>\$ 23,002,762</u>	<u>\$ (15,561)</u>	<u>\$ 22,987,201</u>	<u>\$ (18,180,519)</u>	<u>\$ (1,945,198)</u>	<u>\$ 2,861,484</u>

45. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM INTERCOMPANY SHARING OF RESOURCES

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

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
For the nine months ended <u>September 30, 2022</u>				
Others	<u>\$ 204</u>	<u>\$ 196</u>	<u>\$ 400</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied
For the nine months ended <u>September 30, 2021</u>				
Others	<u>\$ 217</u>	<u>\$ 245</u>	<u>\$ 462</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied

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

	For the Nine Months Ended September 30	
	2022	2021
Revenue	<u>\$ 2,912</u>	<u>\$ 3,637</u>
Expense	<u>\$ 116,027</u>	<u>\$ 100,309</u>

46. CAPITAL MANAGEMENT

ESFHC's objective of capital management is to sustain the eligible capital of the Group at an amount that meets the requirements for legal capital and minimum group capital adequacy ratio (CAR). To ensure that there is sufficient capital to undertake a variety of risks, ESFHC assesses the risk portfolios by their characteristics. The calculation of group eligible capital and minimum requirement of legal capital is in conformity with the rules enacted by the authorities.

Financial Management Division manages Group CAR. The Financial Management Division ensures that ESFHC's group CAR meets both its internal requirements and external requirements by the authorities, and the timely report to the authorities every half year. ESFHC has set up a warning signal mechanism that gives alarm when the CAR falls below the standard, and asks relevant units to bring up improvement strategies to deal with it.

Under the Financial Holding Company Act and related regulations, ESFHC should maintain a group CAR at no lower than 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted, and the authorities may discipline ESFHC, depending on the situation.

The Banking Act and related regulations require that E.SUN Bank maintains both stand-alone 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) should comply with the minimum ratio requested by authorities.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations.

47. E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES' ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

- a. E.SUN Bank's asset quality: Table 4 (attached).

b. E.SUN Bank's concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

September 30, 2022				September 30, 2021		
Rank (Note 1)	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Period's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Period's Equity
1	Group A Manufacture of other electronic parts and components not elsewhere classified	\$ 9,472,202	5.27	Group A Manufacture of other electronic parts and components not elsewhere classified	\$ 13,258,223	7.20
2	Group B Other activities auxiliary to financial service activities not elsewhere classified	8,672,661	4.82	Group B Other activities auxiliary to financial service activities not elsewhere classified	11,612,020	6.30
3	Group C Real estate development	7,795,400	4.34	Group C Real estate development	7,619,873	4.14
4	Group D Retail sale of computers, computer peripheral equipment and software	7,506,911	4.18	Group H Electronic passive devices manufacturing	7,263,370	3.94
5	Group E Manufacture of computers	6,972,234	3.88	Group K Wired telecommunications activities	7,258,000	3.94
6	Group F Electricity supply	6,945,722	3.86	Group G Activities of head offices	7,152,432	3.88
7	Group G Activities of head offices	6,869,680	3.82	Group L Air transport	6,187,519	3.36
8	Group H Manufacture of integrated circuits	5,865,892	3.26	Group F Electricity supply	6,111,891	3.32
9	Group I Wholesale of electronic and communication equipment and parts	5,661,064	3.15	Group M Wholesale of computers, computer peripheral equipment and software	5,908,327	3.21
10	Group J Activities of head offices	5,499,733	3.06	Group D Retail sale of computers, computer peripheral equipment and software	5,638,188	3.06

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. E.SUN Bank's interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

September 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,861,419,552	\$ 84,516,926	\$ 73,862,131	\$ 159,837,987	\$ 2,179,636,596
Interest rate-sensitive liabilities	1,547,693,889	56,021,698	94,230,437	120,261,041	1,818,207,065
Interest rate sensitivity gap	313,725,663	28,495,228	(20,368,306)	39,576,946	361,429,531
Net worth					166,516,127
Ratio of interest rate-sensitive assets to liabilities					119.88
Ratio of interest rate sensitivity gap to net worth					217.05

September 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,756,077,715	\$ 74,852,097	\$ 40,642,129	\$ 209,603,545	\$ 2,081,175,486
Interest rate-sensitive liabilities	1,445,772,826	90,671,965	83,466,506	74,278,510	1,694,189,807
Interest rate sensitivity gap	310,304,889	(15,819,868)	(42,824,377)	135,325,035	386,985,679
Net worth					167,247,463
Ratio of interest rate-sensitive assets to liabilities					122.84
Ratio of interest rate sensitivity gap to net worth					231.39

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of E.SUN 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, %)

September 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 17,750,281	\$ 710,359	\$ 362,403	\$ 3,166,637	\$ 21,989,680
Interest rate-sensitive liabilities	25,792,753	2,914,751	4,195,542	1,631,106	34,534,152
Interest rate sensitivity gap	(8,042,472)	(2,204,392)	(3,833,139)	1,535,531	(12,544,472)
Net worth					90,023
Ratio of interest rate-sensitive assets to liabilities					63.68
Ratio of interest rate sensitivity gap to net worth					(13,934.74)

September 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,742,565	\$ 914,194	\$ 318,522	\$ 3,470,835	\$ 18,446,116
Interest rate-sensitive liabilities	21,676,802	3,966,209	4,283,304	1,753,086	31,679,401
Interest rate sensitivity gap	(7,934,237)	(3,052,015)	(3,964,782)	1,717,749	(13,233,285)
Net worth					263,163
Ratio of interest rate-sensitive assets to liabilities					58.23
Ratio of interest rate sensitivity gap to net worth					(5,028.55)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of E.SUN 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

1) E.SUN Financial Holding Company, Ltd. and subsidiaries

Unit: %

Items		September 30, 2022	September 30, 2021
Return on total assets	Before income tax	0.59	0.82
	After income tax	0.46	0.70
Return on equity	Before income tax	10.42	13.34
	After income tax	8.18	11.42
Net income ratio		29.13	36.78

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		September 30, 2022	September 30, 2021
Return on total assets	Before income tax	7.75	10.93
	After income tax	7.81	10.92
Return on equity	Before income tax	8.11	11.43
	After income tax	8.18	11.42
Net income ratio		98.56	98.52

3) E.SUN Bank

Unit: %

Items		September 30, 2022	September 30, 2021
Return on total assets	Before income tax	0.55	0.73
	After income tax	0.44	0.63
Return on equity	Before income tax	9.82	11.84
	After income tax	7.79	10.25
Net income ratio		29.66	36.47

4) E.SUN Securities

Unit: %

Items		September 30, 2022	September 30, 2021
Return on total assets	Before income tax	5.21	9.16
	After income tax	4.26	7.51
Return on equity	Before income tax	19.62	34.87
	After income tax	16.04	28.56
Net income ratio		37.69	43.98

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. E.SUN Bank's maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

September 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	\$ 2,662,628,635	\$ 237,133,875	\$ 263,452,265	\$ 197,481,096	\$ 166,088,276	\$ 225,630,195	\$ 1,572,842,928
Main capital outflow on maturity	3,204,826,745	120,738,491	186,275,810	443,275,861	438,012,361	709,692,517	1,306,831,705
Gap	(542,198,110)	116,395,384	77,176,455	(245,794,765)	(271,924,085)	(484,062,322)	266,011,223

September 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	\$ 2,587,124,902	\$ 301,651,785	\$ 259,492,683	\$ 199,248,548	\$ 201,367,530	\$ 172,930,094	\$ 1,452,434,262
Main capital outflow on maturity	2,992,953,321	82,958,758	198,027,430	359,569,661	515,097,824	509,498,883	1,327,800,765
Gap	(405,828,419)	218,693,027	61,465,253	(160,321,113)	(313,730,294)	(336,568,789)	124,633,497

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

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

(In Thousands of U.S. Dollars)

September 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	\$ 61,517,665	\$ 13,557,575	\$ 14,614,207	\$ 9,894,957	\$ 8,926,489	\$ 14,524,437
Main capital outflow on maturity	70,918,129	15,166,476	20,297,666	12,768,068	18,144,928	4,540,991
Gap	(9,400,464)	(1,608,901)	(5,683,459)	(2,873,111)	(9,218,439)	9,983,446

September 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	\$ 51,904,659	\$ 12,417,858	\$ 10,349,448	\$ 10,821,888	\$ 6,285,902	\$ 12,029,563
Main capital outflow on maturity	59,335,558	14,150,067	12,493,096	13,531,343	15,788,277	3,372,775
Gap	(7,430,899)	(1,732,209)	(2,143,648)	(2,709,455)	(9,502,375)	8,656,788

Note 1: The above amounts included only U.S. dollar amounts held by E.SUN 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)

September 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	\$ 14,167,146	\$ 2,846,452	\$ 3,270,440	\$ 1,742,380	\$ 1,602,450	\$ 4,705,424
Main capital outflow on maturity	14,836,866	3,954,842	5,567,384	2,303,260	2,429,330	582,050
Gap	(669,720)	(1,108,390)	(2,296,944)	(560,880)	(826,880)	4,123,374

September 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	\$ 12,258,119	\$ 3,521,117	\$ 2,279,584	\$ 1,213,852	\$ 1,301,935	\$ 3,941,631
Main capital outflow on maturity	12,577,478	3,690,800	3,438,481	2,655,387	2,371,601	421,209
Gap	(319,359)	(169,683)	(1,158,897)	(1,441,535)	(1,069,666)	3,520,422

48. E.SUN BANK'S 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 E.SUN Bank's Trust Department. However, these items were not included in the Company's consolidated financial statements.

Balance Sheets of Trust Accounts September 30, 2022, December 31, 2021 and September 30, 2021							
Trust Assets	September 30, 2022	December 31, 2021	September 30, 2021	Trust Liabilities	September 30, 2022	December 31, 2021	September 30, 2021
Cash in banks	\$ 6,094,646	\$ 5,399,931	\$ 5,804,607	Accounts payable on administrative expense	\$ 4	\$ 4	\$ 4
Investments	318,016,436	293,835,419	292,688,273	Accounts payable on securities under custody	697,658,100	619,710,798	589,023,240
Receivables	277	275	275	Trust capital			
Real estate	7,103,302	4,864,484	5,934,345	Cash	319,635,447	294,987,173	295,123,808
Securities under custody	<u>697,658,100</u>	<u>619,710,798</u>	<u>589,023,240</u>	Securities	5,397,083	4,482,833	3,488,645
				Real estate	7,216,676	4,542,789	5,591,731
				Reserves and accumulated deficit	(395,217)	(15,128,998)	(11,741,834)
				Net income (loss)	<u>(639,332)</u>	<u>15,216,308</u>	<u>11,965,146</u>
Total assets	<u>\$1,028,872,761</u>	<u>\$ 923,810,907</u>	<u>\$ 893,450,740</u>	Total liabilities	<u>\$1,028,872,761</u>	<u>\$ 923,810,907</u>	<u>\$ 893,450,740</u>

Note: Investments of the OBU are included in total trust-related assets. As of September 30, 2022, December 31, 2021 and September 30, 2021, the amounts of the OBU's investments were \$28,643,027 thousand, \$24,857,118 thousand and \$25,337,770 thousand, respectively.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash in E.SUN Bank	\$ 6,087,950	\$ 5,395,438	\$ 5,803,125
Cash in other banks	6,696	4,493	1,482
Stocks	20,987,146	13,605,755	12,053,157
Mutual funds	240,291,064	237,275,855	238,264,533
Bonds	44,698,333	23,056,184	23,718,349
Structured products	11,982,877	19,890,149	18,581,047
Beneficial certificates pending settlement	57,016	7,476	71,187
Receivables	277	275	275
Real estate	7,103,302	4,864,484	5,934,345
Securities under custody	<u>697,658,100</u>	<u>619,710,798</u>	<u>589,023,240</u>
	<u>\$ 1,028,872,761</u>	<u>\$ 923,810,907</u>	<u>\$ 893,450,740</u>

Statements of Income on Trust Accounts
For the Nine Months Ended September 30, 2022 and 2021

	For the Nine Months Ended September 30	
	2022	2021
<u>Revenues</u>		
Interest	\$ 9,950	\$ 8,629
Cash dividend	9,265,784	8,941,331
Realized capital gain - common stocks	1,270	748
Unrealized capital gain - common stocks	(563)	340
Property gain	2,055,212	6,432,616
Realized capital gain - bonds	2,310,991	1,983,226
Realized capital gain - mutual funds	236,843	808,321
Other revenues	8,800	13
Revenues from beneficial certificates	41,733	30,458
Revenues from rent for stocks	-	371
Total revenues	<u>13,930,020</u>	<u>18,206,053</u>
<u>Expenses</u>		
Management fees	307,739	534,881
Service fees	1,842	870
Property loss	14,043,456	5,635,635
Income tax	294	496
Tax expenditures	5,290	5,851
Other expenses	17,386	17,526
Realized capital loss - common stocks	35	30
Realized capital loss - mutual funds	174,010	45,618
Unrealized capital loss - common stocks	<u>19,300</u>	<u>-</u>
Total expenses	<u>14,569,352</u>	<u>6,240,907</u>
Net income (loss)	<u>\$ (639,332)</u>	<u>\$ 11,965,146</u>

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

49. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the nine months ended September 30, 2022

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes 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	623,780	1,315,789	-	-	192,232	2,131,801
Commercial paper issued	4,788,871	(1,830,000)	-	-	31	2,958,902
Bonds payable	41,370,000	180,000	-	-	-	41,550,000
Long-term borrowings	335,037	(9,202)	-	-	48,338	374,173
Financial liabilities designated as at fair value through profit or loss - bank debentures	47,449,715	-	-	(9,459,888)	7,313,774	45,303,601
Guarantee deposits received	1,938,732	24,999,860	-	-	-	26,938,592
Lease liabilities	<u>3,998,061</u>	<u>(864,192)</u>	<u>748,516</u>	<u>-</u>	<u>30,322</u>	<u>3,912,707</u>
	<u>\$ 114,525,206</u>	<u>\$ 9,771,245</u>	<u>\$ 748,516</u>	<u>\$ (9,459,888)</u>	<u>\$ 7,584,697</u>	<u>\$ 123,169,776</u>

For the nine months ended September 30, 2021

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes 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	\$ 8,044,340	\$ 4,062,890	\$ -	\$ -	\$ -	\$ 12,107,230
Short-term borrowings	868,371	(51,721)	-	-	-	816,650
Commercial paper issued	3,257,632	2,469,000	-	-	(593)	5,726,039
Bonds payable	39,970,000	(200,000)	-	-	-	39,770,000
Long-term borrowings	344,971	-	-	-	(7,792)	337,179
Financial liabilities designated as at fair value through profit or loss - bank debentures	50,303,457	-	-	(2,405,281)	(497,100)	47,401,076
Guarantee deposits received	5,200,653	(2,688,981)	-	-	-	2,511,672
Lease liabilities	<u>3,275,399</u>	<u>(841,615)</u>	<u>1,536,256</u>	<u>-</u>	<u>(21,441)</u>	<u>3,948,599</u>
	<u>\$ 111,264,823</u>	<u>\$ 2,749,573</u>	<u>\$ 1,536,256</u>	<u>\$ (2,405,281)</u>	<u>\$ (526,926)</u>	<u>\$ 112,618,445</u>

50. ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES

Please refer to Table 5 (attached).

51. BUSINESS SEGMENT FINANCIAL INFORMATION

Please refer to Table 6 (attached).

52. FUTURES BROKERAGE AND DEALING BUSINESS RISK

a. Futures brokerage business

Customers have to deposit an initial margin at a percentage of the amount of transaction when entering into futures contracts with the futures department of E.SUN Securities. Customers' gains or losses result from the leverage on the margin deposits. For the protection of E.SUN Securities from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures contracts. When the customers' margin accounts fall below an agreed level (the maintenance margin), E.SUN Securities will ask its customers to deposit additional margins immediately. If the customers fail to do so, E.SUN Securities settles their position by making offsets against their contracts.

b. Futures dealing business

E.SUN Securities has to deposit an initial margin at a percentage of the amount of transaction when dealing with futures contracts. In addition, E.SUN Securities has to deposit an initial margin at a percentage of the amount of transaction when dealing with put option contracts. E.SUN Securities reevaluates daily the margin accounts on the basis of the market prices of the outstanding futures and option contracts. When the margin accounts fall below an agreed level (the maintenance margin), E.SUN Securities will deposit additional margins immediately or settle its position by making offsets against its contracts.

53. ADDITIONAL DISCLOSURES

Following are additional disclosures for ESFHC and its investees:

a. Significant transactions and b. investees:

- 1) Financing provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 2) Endorsement/guarantee provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 3) Marketable securities held: ESFHC, E.SUN Bank, UCB, ESBC and E.SUN Securities - not applicable; investee: Table 7 (attached).
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (ESFHC, E.SUN Bank, UCB and ESBC disclosed its investments acquired or disposed of): E.SUN Securities - not applicable; ESFHC and investee - none.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 8 (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: Table 9 (attached).
 - 9) Sale of nonperforming loans by subsidiaries: None.
 - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 10 (attached).
 - 11) Related information and proportionate share in investees: Exempt from disclosure.
 - 12) Derivative transactions: Notes 8 and 44 to the consolidated financial statements.
 - 13) Other significant transactions that may affect the decisions of users of financial reports: None.
- 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 11 (attached).
- d. Business relationship and significant transactions among the parent company and subsidiaries: Table 12 (attached).
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholder: Table 13 (attached).

54. 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 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 Nine Months Ended September 30, 2022				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	<u>\$ 11,201</u>	<u>\$ 16,090</u>	<u>\$ 5,202</u>	<u>\$ (9,477)</u>	<u>\$ 23,016</u>
Total net revenues (expenses)	\$ 14,106	\$ 27,206	\$ 5,666	\$ (6,946)	\$ 40,032
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(320)	(678)	(313)	(180)	(1,491)
Operating expenses	<u>(3,701)</u>	<u>(15,583)</u>	<u>(2,015)</u>	<u>(2,400)</u>	<u>(23,699)</u>
Income (loss) before income tax	<u>\$ 10,085</u>	<u>\$ 10,945</u>	<u>\$ 3,338</u>	<u>\$ (9,526)</u>	<u>\$ 14,842</u>
	For the Nine Months Ended September 30, 2021				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	<u>\$ 10,116</u>	<u>\$ 12,625</u>	<u>\$ 3,783</u>	<u>\$ (7,517)</u>	<u>\$ 19,007</u>
Total net revenues (expenses)	\$ 15,225	\$ 24,271	\$ 5,305	\$ (1,572)	\$ 43,229
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(327)	(540)	(149)	(63)	(1,079)
Operating expenses	<u>(3,606)</u>	<u>(15,610)</u>	<u>(1,887)</u>	<u>(2,469)</u>	<u>(23,572)</u>
Income (loss) before income tax	<u>\$ 11,292</u>	<u>\$ 8,121</u>	<u>\$ 3,269</u>	<u>\$ (4,104)</u>	<u>\$ 18,578</u>

TABLE 1**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****CONSOLIDATED ENTITIES****SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021****Entities Included in the Consolidated Financial Statements**

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				September 30, 2022	December 31, 2021	September 30, 2021	
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	100.00	100.00	
	E.SUN Securities Co., Ltd.	Taipei	Underwriting, brokering, dealing securities and operating in brokerage of futures	100.00	100.00	100.00	
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	100.00	100.00	
E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	Mainland China	Banking	100.00	100.00	100.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	61.67	61.67	61.67	
E.SUN Venture Capital Co., Ltd.	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	2.40	2.40	2.40	
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Cambodia	Banking	100.00	100.00	100.00	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	90.00	Note
E.SUN Securities Co., Ltd.	E.SUN Securities Investment Consulting Co., Ltd.	Taipei	Security consulting	100.00	100.00	100.00	

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 FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

Loans

September 30, 2022

Type	Account Volume or Name	Highest Balance for the Nine Months Ended September 30, 2022 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	106	\$ 34,456	\$ 23,024	\$ 23,024	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	424	3,054,566	2,546,713	2,546,713	-	Land and buildings	None
Other loans	Others	1,352,360	1,042,584	1,042,584	-	Land, buildings and plant	None

September 30, 2021

Type	Account Volume or Name	Highest Balance for the Nine Months Ended September 30, 2021 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	105	\$ 43,969	\$ 30,385	\$ 30,385	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	389	2,708,319	2,231,489	2,231,489	-	Land and buildings	None
Other loans	Others	1,149,260	945,163	945,163	-	Land, buildings and plant	None

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

TABLE 3**E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES****INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(In Thousands)**

	September 30, 2022			December 31, 2021			September 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>									
Monetary items									
USD	\$ 25,091,690	31.7480	\$ 796,610,974	\$ 21,380,903	27.6890	\$ 592,015,823	\$ 21,322,168	27.8660	\$ 594,163,533
CNY	23,938,862	4.4733	107,085,711	24,287,793	4.3497	105,644,613	22,153,983	4.3128	95,545,698
AUD	6,632,979	20.6560	137,010,814	5,583,714	20.0990	112,227,068	4,921,543	20.0990	98,918,093
Non-monetary items									
USD	1,612,770	31.7480	51,202,222	283,991	27.6890	7,863,427	266,114	27.8660	7,415,533
CNY	189,544	4.4733	847,887	118,403	4.3497	515,018	86,289	4.3128	372,147
AUD	7,056	20.6560	145,749	1,866	20.0990	37,505	2,951	20.0990	59,312
<u>Financial liabilities</u>									
Monetary items									
USD	\$ 38,885,515	31.7480	\$ 1,234,537,330	\$ 36,791,140	27.6890	\$ 1,018,709,875	\$ 34,941,955	27.8660	\$ 973,692,518
CNY	23,785,944	4.4733	106,401,663	25,204,268	4.3497	109,631,005	26,319,985	4.3128	113,512,831
AUD	3,320,442	20.6560	68,587,050	2,963,613	20.0990	59,565,658	2,893,516	20.0990	58,156,778
Non-monetary items									
USD	1,209,843	31.7480	38,410,096	186,255	27.6890	5,157,215	169,867	27.8660	4,733,514
CNY	160,114	4.4733	716,238	41,375	4.3497	179,969	22,688	4.3128	97,849
AUD	2,611	20.6560	53,933	422	20.0990	8,482	634	20.0990	12,743

TABLE 4

E.SUN COMMERCIAL BANK, LTD.

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

Period			September 30, 2022					September 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		\$ 998,544	\$ 462,155,806	0.22	\$ 5,280,161	528.79	\$ 967,532	\$ 423,180,998	0.23	\$ 4,718,841	487.72
	Unsecured		849,628	468,232,513	0.18	5,332,752	627.66	773,360	409,148,075	0.19	4,772,364	617.09
Consumer banking	Residential mortgage (Note 4)		263,629	528,562,737	0.05	7,734,143	2,933.72	308,145	473,566,782	0.07	6,940,910	2,252.48
	Cash card		-	727	-	14	-	205	943	21.74	221	107.80
	Small-scale credit loans (Note 5)		829,420	134,513,438	0.62	1,642,662	198.05	595,523	132,899,199	0.45	1,639,773	275.35
	Other (Note 6)	Secured	165,032	289,044,333	0.06	2,973,306	1,801.65	212,241	255,317,738	0.08	2,647,887	1,247.59
		Unsecured	-	2,906,084	-	31,385	-	214	2,429,813	0.01	26,584	12,422.43
Loan			3,106,253	1,885,415,638	0.16	22,994,423	740.26	2,857,220	1,696,543,548	0.17	20,746,580	726.11
			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			119,254	91,705,559	0.13	881,450	739.14	120,958	81,882,265	0.15	1,074,602	888.41
Accounts receivable factored without recourse (Note 7)			-	12,528,696	-	172,982	-	-	12,200,793	-	160,040	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			4,452					5,831				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			15,652					21,000				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,242,912					1,166,737				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,593,279					1,659,937				

- 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 FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021**

1. ESFHC's financial statements

E.SUN Financial Holding Company, Ltd.**Balance Sheets
(In Thousands of New Taiwan Dollars)**

Assets	September 30, 2022	December 31, 2021	September 30, 2021	Liabilities and Equity	September 30, 2022	December 31, 2021	September 30, 2021
Cash and cash equivalents	\$ 569,505	\$ 1,031,222	\$ 1,027,102	Payables	\$ 503,768	\$ 851,277	\$ 701,071
Financial assets at fair value through other comprehensive income	128,204	162,827	147,794	Current tax liabilities	1,222,355	1,846,705	1,411,514
Receivables	65,359	112,664	101,034	Corporate bonds payable	6,000,000	7,100,000	7,100,000
Current tax assets	939,176	1,584,333	1,026,270	Lease liabilities	151,746	154,520	155,437
Investments under the equity method	191,416,765	200,001,380	195,296,510	Other financial liabilities	390	-	-
Other financial assets, net	-	1,100,000	1,100,000	Total liabilities	<u>7,878,259</u>	<u>9,952,502</u>	<u>9,368,022</u>
Property and equipment, net	3,242	4,796	5,527	Equity			
Right-of-use assets	147,466	151,033	152,222	Capital stock	142,751,000	133,546,000	133,546,000
Intangible assets	2,817	3,792	-	Capital surplus	26,070,164	25,662,214	25,662,214
Deferred tax assets	7,122	5,176	4,520	Retained earnings	29,287,104	36,091,761	31,184,674
Other assets	<u>22,754</u>	<u>21,168</u>	<u>21,558</u>	Other equity	<u>(12,684,117)</u>	<u>(1,074,086)</u>	<u>(878,373)</u>
				Total equity	<u>185,424,151</u>	<u>194,225,889</u>	<u>189,514,515</u>
Total	<u>\$ 193,302,410</u>	<u>\$ 204,178,391</u>	<u>\$ 198,882,537</u>	Total	<u>\$ 193,302,410</u>	<u>\$ 204,178,391</u>	<u>\$ 198,882,537</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenues and gains				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 4,554,978	\$ 5,727,981	\$ 11,813,040	\$ 16,107,429
Other revenues and gains	<u>27,434</u>	<u>36,151</u>	<u>43,622</u>	<u>64,683</u>
Total revenues and gains	<u>4,582,412</u>	<u>5,764,132</u>	<u>11,856,662</u>	<u>16,172,112</u>
Expenses and losses				
Operating expenses	123,001	133,681	271,371	216,239
Other expenses and losses	<u>12,739</u>	<u>17,340</u>	<u>38,466</u>	<u>47,870</u>
Total expenses and losses	<u>135,740</u>	<u>151,021</u>	<u>309,837</u>	<u>264,109</u>
Income before income tax	4,446,672	5,613,111	11,546,825	15,908,003
Income tax benefit (expense)	<u>116,685</u>	<u>24,587</u>	<u>101,204</u>	<u>(22,972)</u>
Net income for the period	4,563,357	5,637,698	11,648,029	15,885,031
Other comprehensive loss	<u>(2,711,053)</u>	<u>(1,042,159)</u>	<u>(12,115,135)</u>	<u>(679,977)</u>
Total comprehensive income (loss)	<u>\$ 1,852,304</u>	<u>\$ 4,595,539</u>	<u>\$ (467,106)</u>	<u>\$ 15,205,054</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$ 0.32</u>	<u>\$ 0.40</u>	<u>\$ 0.82</u>	<u>\$ 1.11</u>
Diluted	<u>\$ 0.32</u>	<u>\$ 0.39</u>	<u>\$ 0.82</u>	<u>\$ 1.11</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

							Other Equity			Total Equity
							Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	
	Capital Stock			Retained Earnings		Unappropriated Earnings				
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2022	13,354,600	\$ 133,546,000	\$ 25,662,214	\$ 14,784,546	\$ 164,235	\$ 21,142,980	\$ (2,721,712)	\$ 2,299,053	\$ (651,427)	\$ 194,225,889
Appropriation of 2021 earnings										
Legal reserve	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-
Special reserve	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-
Cash dividends	-	-	-	-	-	(8,947,582)	-	-	-	(8,947,582)
Stock dividends	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	612,950
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(505,104)	-	505,104	-	-
Net income for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	-	-	-	11,648,029
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	2,989,288	(15,382,447)	278,024	(12,115,135)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	2,989,288	(15,382,447)	278,024	(467,106)
BALANCE AT SEPTEMBER 30, 2022	<u>14,275,100</u>	<u>\$ 142,751,000</u>	<u>\$ 26,070,164</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 11,150,885</u>	<u>\$ 267,576</u>	<u>\$ (12,578,290)</u>	<u>\$ (373,403)</u>	<u>\$ 185,424,151</u>
BALANCE AT JANUARY 1, 2021	12,567,100	\$ 125,671,000	\$ 25,350,214	\$ 13,078,728	\$ 164,235	\$ 17,061,205	\$ (2,089,399)	\$ 2,883,479	\$ (651,070)	\$ 181,468,392
Appropriation of 2020 earnings										
Legal reserve	-	-	-	1,705,818	-	(1,705,818)	-	-	-	-
Cash dividends	-	-	-	-	-	(7,665,931)	-	-	-	(7,665,931)
Stock dividends	768,000	7,680,000	-	-	-	(7,680,000)	-	-	-	-
Issuance of common stock from employees' compensation	19,500	195,000	312,000	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	341,506	-	(341,506)	-	-
Net income for the nine months ended September 30, 2021	-	-	-	-	-	15,885,031	-	-	-	15,885,031
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(100)	(536,874)	(154,462)	11,459	(679,977)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	15,884,931	(536,874)	(154,462)	11,459	15,205,054
BALANCE AT SEPTEMBER 30, 2021	<u>13,354,600</u>	<u>\$ 133,546,000</u>	<u>\$ 25,662,214</u>	<u>\$ 14,784,546</u>	<u>\$ 164,235</u>	<u>\$ 16,235,893</u>	<u>\$ (2,626,273)</u>	<u>\$ 2,387,511</u>	<u>\$ (639,611)</u>	<u>\$ 189,514,515</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 11,546,825	\$ 15,908,003
Adjustments for:		
Depreciation and amortization expenses	6,544	5,862
Interest expense	38,466	47,870
Interest revenue	(2,514)	(1,317)
Dividend income	(3,038)	-
Salary expenses on share-based payments	9,426	6,484
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(11,813,040)	(16,107,429)
Net changes in operating assets and liabilities		
Receivables	47,293	6,969
Other financial assets	1,100,000	(1,100,000)
Other assets	(1,586)	(5,378)
Payables	<u>(43,845)</u>	<u>(30,673)</u>
Cash generated from (used in) operating activities	884,531	(1,269,609)
Interest received	2,526	1,306
Dividend received	8,643,610	8,053,626
Interest paid	(60,100)	(56,849)
Income tax refund	<u>120,065</u>	<u>102,818</u>
Net cash generated from operating activities	<u>9,590,632</u>	<u>6,831,292</u>
Net cash used in investing activities		
Payments for properties and equipment	<u>(448)</u>	<u>(3)</u>
Cash flows from financing activities		
Proceeds from issue of corporate bonds	-	2,000,000
Repayment of corporate bonds	(1,100,000)	(900,000)
Increase in guarantee deposits received	390	-
Repayments of the principal portion of lease liabilities	(4,709)	(4,709)
Cash dividends paid	<u>(8,947,582)</u>	<u>(7,665,931)</u>
Net cash used in financing activities	<u>(10,051,901)</u>	<u>(6,570,640)</u>
Net increase (decrease) in cash and cash equivalents	(461,717)	260,649
Cash and cash equivalents at the beginning of the period	<u>1,031,222</u>	<u>766,453</u>
Cash and cash equivalents at the end of the period	<u>\$ 569,505</u>	<u>\$ 1,027,102</u>

(Continued)

2. Subsidiaries' condensed balance sheets

E.SUN Commercial Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2022	December 31, 2021	September 30, 2021	Liabilities and Equity	September 30, 2022	December 31, 2021	September 30, 2021
Cash and cash equivalents	\$ 88,767,149	\$ 79,737,222	\$ 54,311,441	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	159,413,741	125,681,496	129,490,098	Deposits from the Central Bank and other banks	\$ 83,973,074	\$ 75,911,287	\$ 68,812,420
Financial assets at fair value through profit or loss	429,234,551	405,870,183	584,623,481	Due to the Central Bank and other banks	-	14,021,010	12,107,230
Financial assets at fair value through other comprehensive income	327,095,089	314,853,034	309,592,740	Financial liabilities at fair value through profit or loss	126,402,715	61,021,909	57,446,716
Investments in debt instruments at amortized cost	336,705,925	307,138,136	43,815,907	Securities sold under repurchase agreements	16,827,078	12,568,620	11,440,173
Securities purchased under resell agreements	-	-	798,432	Payables	29,744,851	22,440,661	26,880,546
Receivables, net	115,775,593	107,138,143	101,711,529	Current tax liabilities	1,160,647	1,467,901	1,047,255
Current tax assets	107,572	232,322	173,670	Deposits and remittances	2,804,361,877	2,651,792,392	2,509,609,994
Discounts and loans, net	1,862,477,437	1,721,019,982	1,675,838,655	Bank debentures	35,550,000	34,270,000	32,670,000
Investments under the equity method, net	15,205,116	13,735,097	13,391,952	Other financial liabilities	110,043,705	60,518,541	50,917,248
Other financial assets, net	4,075,970	6,139,587	2,206,400	Provisions	1,083,346	1,063,682	997,833
Properties and equipment, net	31,238,254	30,935,024	30,384,028	Lease liabilities	3,384,399	3,408,697	3,395,177
Right-of-use assets, net	6,301,380	6,363,802	6,426,219	Deferred tax liabilities	1,719,307	1,291,482	1,282,474
Investment properties, net	573,956	569,018	479,302	Other liabilities	<u>3,324,356</u>	<u>3,352,228</u>	<u>3,194,191</u>
Intangible assets, net	4,752,348	4,937,319	4,942,400	Total liabilities	<u>3,217,575,355</u>	<u>2,943,128,410</u>	<u>2,779,801,257</u>
Deferred tax assets	3,103,550	2,078,690	1,943,660	<u>Equity</u>			
Other assets, net	<u>12,512,550</u>	<u>4,646,557</u>	<u>3,849,262</u>	Capital stock	103,637,000	98,937,000	98,937,000
				Capital surplus	27,299,804	26,978,796	26,846,003
				Retained earnings	61,239,923	62,861,565	58,952,479
				Other equity	<u>(12,411,901)</u>	<u>(830,159)</u>	<u>(557,563)</u>
				Total equity	<u>179,764,826</u>	<u>187,947,202</u>	<u>184,177,919</u>
Total	<u>\$ 3,397,340,181</u>	<u>\$ 3,131,075,612</u>	<u>\$ 2,963,979,176</u>	Total	<u>\$ 3,397,340,181</u>	<u>\$ 3,131,075,612</u>	<u>\$ 2,963,979,176</u>

(Continued)

E.SUN Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2022	December 31, 2021	September 30, 2021	Liabilities and Equity	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 16,279,873	\$ 27,094,470	\$ 21,788,475	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	449,034	651,971	495,937				
Financial assets at fair value through other comprehensive income	1,674,908	1,158,580	1,063,007	Current liabilities	\$ 13,597,352	\$ 23,686,914	\$ 18,618,670
Investments in debt instruments at amortized cost	599,786	616,290	644,156	Noncurrent liabilities	<u>110,941</u>	<u>112,694</u>	<u>126,069</u>
Investments under the equity method	60,222	58,748	61,242	Total liabilities	<u>13,708,293</u>	<u>23,799,608</u>	<u>18,744,739</u>
Properties and equipment	346,532	351,396	342,309	<u>Equity</u>			
Right-of-use assets	165,554	164,844	178,628				
Investment properties	19,306	12,876	12,934	Capital stock	4,000,000	4,000,000	4,000,000
Intangible assets	26,009	33,699	31,466	Capital surplus	122,811	120,512	116,876
Deferred tax assets	33,101	28,845	29,289	Retained earnings	2,485,120	2,876,656	2,537,402
Other noncurrent assets	<u>637,467</u>	<u>614,385</u>	<u>685,256</u>	Other equity	<u>(24,432)</u>	<u>(10,672)</u>	<u>(66,318)</u>
				Total equity	<u>6,583,499</u>	<u>6,986,496</u>	<u>6,587,960</u>
Total	<u>\$ 20,291,792</u>	<u>\$ 30,786,104</u>	<u>\$ 25,332,699</u>	Total	<u>\$ 20,291,792</u>	<u>\$ 30,786,104</u>	<u>\$ 25,332,699</u>

E.SUN Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2022	December 31, 2021	September 30, 2021	Liabilities and Equity	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 502,106	\$ 457,727	\$ 293,199	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	4,502,571	4,616,770	4,321,360				
Financial assets at fair value through other comprehensive income	149,433	139,002	132,456	Current liabilities	\$ 64,114	\$ 148,455	\$ 195,734
Other financial assets	-	8,002	8,001	Noncurrent liabilities	<u>55,318</u>	<u>40,386</u>	<u>63,221</u>
Properties and equipment	114	156	171	Total liabilities	<u>119,432</u>	<u>188,841</u>	<u>258,955</u>
Right-of-use assets	21,795	22,315	22,489	<u>Equity</u>			
Intangible assets	1,875	3,000	3,375				
Deferred tax assets	347	551	469	Capital stock	4,500,000	3,700,000	3,700,000
Other noncurrent assets	<u>232</u>	<u>232</u>	<u>232</u>	Capital surplus	81,627	81,504	81,376
				Retained earnings	836,093	1,656,450	1,127,006
				Other equity	<u>(358,679)</u>	<u>(379,040)</u>	<u>(385,585)</u>
				Total equity	<u>5,059,041</u>	<u>5,058,914</u>	<u>4,522,797</u>
Total	<u>\$ 5,178,473</u>	<u>\$ 5,247,755</u>	<u>\$ 4,781,752</u>	Total	<u>\$ 5,178,473</u>	<u>\$ 5,247,755</u>	<u>\$ 4,781,752</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

E.SUN Commercial Bank, Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	For the Nine Months Ended September 30	
	2022	2021
Interest revenue	\$ 33,390,193	\$ 23,821,951
Less: Interest expense	<u>(12,265,370)</u>	<u>(6,382,092)</u>
Net interest	21,124,823	17,439,859
Net revenues and gains other than interest	<u>15,111,039</u>	<u>20,689,447</u>
Total net revenues	36,235,862	38,129,306
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(1,398,150)	(979,894)
Operating expenses	<u>(21,295,433)</u>	<u>(21,078,075)</u>
Income before income tax	13,542,279	16,071,337
Income tax expense	<u>(2,795,814)</u>	<u>(2,164,005)</u>
Net income for the period	10,746,465	13,907,332
Other comprehensive loss	<u>(12,076,916)</u>	<u>(695,359)</u>
Total comprehensive income (loss)	<u>\$ (1,330,451)</u>	<u>\$ 13,211,973</u>
Earnings per share		
Basic	<u>\$ 1.04</u>	<u>\$ 1.34</u>

E.SUN Securities Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	For the Nine Months Ended September 30	
	2022	2021
Income	\$ 2,234,469	\$ 3,136,919
Service charge	(157,934)	(225,247)
Employee benefit expenses	(673,858)	(856,572)
Share of profit of subsidiaries accounted for using equity method	1,412	2,693
Operating expenses	(505,062)	(539,105)
Other profits and losses	<u>99,225</u>	<u>95,007</u>
Income before income tax	998,252	1,613,695
Income tax expense	<u>(182,148)</u>	<u>(291,862)</u>
Net income for the period	816,104	1,321,833
Other comprehensive loss	<u>(13,760)</u>	<u>(5,905)</u>
Total comprehensive income	<u>\$ 802,344</u>	<u>\$ 1,315,928</u>
Earnings per share		
Basic	<u>\$ 2.04</u>	<u>\$ 3.30</u>

(Continued)

E.SUN Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	For the Nine Months Ended September 30	
	2022	2021
Operating revenue	\$ 318,673	\$ 946,151
Operating expenses	<u>(11,086)</u>	<u>(21,311)</u>
Operating income	307,587	924,840
Non-operating income and expenses	<u>10,019</u>	<u>(2,711)</u>
Income before income tax	317,606	922,129
Income tax expense	<u>(68,033)</u>	<u>(46,209)</u>
Net income for the period	249,573	875,920
Other comprehensive income (loss)	<u>10,431</u>	<u>(14,643)</u>
Total comprehensive income	<u>\$ 260,004</u>	<u>\$ 861,277</u>
Earnings per share		
Basic	<u>\$ 0.55</u>	<u>\$ 1.95</u>

(Concluded)

TABLE 6**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**
BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

For the nine months ended September 30, 2022

Business Segment Items	Banking	Securities	Others	Consolidated
Net interest revenues (expenses)	\$ 22,727,804	\$ 325,003	\$ (36,707)	\$ 23,016,100
Net revenues and gains other than interest	14,966,602	1,719,726	329,365	17,015,693
Total net revenues	37,694,406	2,044,729	292,658	40,031,793
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(1,493,555)	2,569	-	(1,490,986)
Operating expenses	(22,252,557)	(1,152,239)	(293,649)	(23,698,445)
Income before income (loss) tax	13,948,294	895,059	(991)	14,842,362
Income tax revenue (expense)	(3,032,754)	(182,148)	32,873	(3,182,029)
Net income	10,915,540	712,911	31,882	11,660,333

For the nine months ended September 30, 2021

Business Segment Items	Banking	Securities	Others	Consolidated
Net interest revenues (expenses)	\$ 18,725,213	\$ 327,929	\$ (46,238)	\$ 19,006,904
Net revenues and gains other than interest	20,707,704	2,572,962	941,333	24,221,999
Total net revenues	39,432,917	2,900,891	895,095	43,228,903
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(1,083,154)	3,855	-	(1,079,299)
Operating expenses	(21,966,292)	(1,373,309)	(231,978)	(23,571,579)
Income before income tax	16,383,471	1,531,437	663,117	18,578,025
Income tax expense	(2,317,034)	(291,862)	(69,855)	(2,678,751)
Net income	14,066,437	1,239,575	593,262	15,899,274

TABLE 7

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
E.SUN Venture Capital Co., Ltd.	<u>Stock</u>							
	Eurocharm Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	199	\$ 34,626	0.30	\$ 34,626	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	46,320	4.26	46,320	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	17,280	0.37	17,280	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	88	5,984	0.39	5,984	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	108	7,695	0.05	7,695	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	6,616	0.13	6,616	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	500	49,700	0.83	49,700	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,303	33,031	0.71	33,031	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	18,867	0.65	18,867	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	348	3,098	0.22	3,098	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	2,255	111,630	0.85	111,630	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210	3,035	0.38	3,035	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	16,651	1.33	16,651	
	Msscrops Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	122,220	2.69	122,220	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	27,094	0.17	27,094	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,079	0.19	2,079	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	169	42,769	0.04	42,769	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	13,576	0.38	13,576	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	62,963	0.26	62,963	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	3,100	0.11	3,100	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	1,887	0.36	1,887	
	APEX DYNAMICS, INC.	-	Financial assets at fair value through profit or loss	258	51,600	0.32	51,600	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	25,524	0.15	25,524	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	48,800	0.06	48,800	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	37,310	0.17	37,310	
	CHENFULL PRECISION CO., LTD	-	Financial assets at fair value through profit or loss	150	12,465	0.25	12,465	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	10	3,831	0.06	3,831	
	Gogoro Inc.	-	Financial assets at fair value through profit or loss	1,250	153,629	0.51	153,629	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	9,362	1.56	9,362	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	1,100	84,227	0.31	84,227	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,889	75,297	5.55	75,297	
	Perfect Medical Industry Co., Ltd.	-	Financial assets at fair value through profit or loss	516	7,843	1.13	7,843	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	4,717	0.67	4,717	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	6,174	0.73	6,174	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,668	45,353	3.00	45,353	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	972	\$ 57,445	3.22	\$ 57,445	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	10,829	8.97	10,829	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	446,565	6.73	446,565	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	890	140,442	0.48	140,442	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	1,070	41,826	1.55	41,826	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,652	198,519	2.78	198,519	
	GREAT GIANT FIBRE GARMENT CO., LTD.	-	Financial assets at fair value through profit or loss	784	95,328	1.31	95,328	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	600	6,480	0.74	6,480	
	ALLIANCE MATERIAL CO., LTD.	-	Financial assets at fair value through profit or loss	300	6,024	1.10	6,024	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	33,313	2.36	33,313	
	VPON Ltd.	-	Financial assets at fair value through profit or loss	1,186	-	0.98	-	
	TRANSOUND Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	10,635	3.13	10,635	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	45,131	6.15	45,131	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	1,208	1.98	1,208	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	25,785	1.56	25,785	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	5,050	167,560	4.17	167,560	
	Arrowspan Inc.	-	Financial assets at fair value through profit or loss	264	-	1.36	-	
	Ansun Biopharma, Inc.	-	Financial assets at fair value through profit or loss	673	21,230	0.18	21,230	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	788	30,822	5.02	30,822	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	15,310	0.81	15,310	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	16,808	1.33	16,808	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	20,365	13.07	20,365	
	Suntek Precision Corp.	-	Financial assets at fair value through profit or loss	1,117	-	2.93	-	
	Exploit Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	42	-	0.51	-	
	King Point Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	900	29,118	2.28	29,118	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	1,650	2.35	1,650	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	733	49,827	7.82	49,827	
	Sam Lam Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,700	-	6.07	-	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets at fair value through profit or loss	293	-	0.77	-	
	Remotek Corporation	-	Financial assets at fair value through profit or loss	506	3,590	0.73	3,590	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	15,590	4.55	15,590	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	10,740	2.35	10,740	
	Robospark Technology Inc.	-	Financial assets at fair value through profit or loss	670	-	2.72	-	
	KHL II Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	400	5,930	5.00	5,930	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	8,740	158,460	2.86	158,460	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	6,926	0.41	6,926	
	Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss	2,724	-	2.75	-	
	Starchips Technology Inc.	-	Financial assets at fair value through profit or loss	56	-	0.93	-	
	Arclite Optronics Corporation	-	Financial assets at fair value through profit or loss	643	-	8.25	-	
	Mesotek Corporation	-	Financial assets at fair value through profit or loss	446	-	3.62	-	
	Applied Green Light Taiwan, Inc.	-	Financial assets at fair value through profit or loss	96	-	2.04	-	
	Air-Bag Packing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	6,903	4.00	6,903	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	7,185	3.69	7,185	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,164	22,507	4.20	22,507	
	Auria Solar Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	-	0.57	-	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	XPEC Art Center Inc.	-	Financial assets at fair value through profit or loss	53	\$ 363	0.39	\$ 363	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	8,889	1.93	8,889	
	Tapollop Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	666	-	8.67	-	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	400	11,990	1.21	11,990	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	23,454	2.03	23,454	
	Enterex International Limited	-	Financial assets at fair value through profit or loss	453	-	0.41	-	
	21st Financial Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	417	120,400	0.82	120,400	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	6,263	62,290	4.76	62,290	
	Batom Co., Ltd.	-	Financial assets at fair value through profit or loss	391	17,595	1.24	17,595	
	Kee Fresh & Safe Foodtech Co., Ltd.	-	Financial assets at fair value through profit or loss	950	30,276	2.85	30,276	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	6,305	9.84	6,305	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	1,500	49,110	2.32	49,110	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	618	0.33	618	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	76,165	5.95	76,165	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	74,354	2.15	74,354	
	Chuan Shih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	-	5.79	-	
	Tera Xtal Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	206	-	0.11	-	
	Morrison Opto-electronics Ltd.	-	Financial assets at fair value through profit or loss	210	27,600	0.96	27,600	
	Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,336	76,044	2.42	76,044	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	1,500	41,152	1.97	41,152	
	Rock BioMedical, Inc.	-	Financial assets at fair value through profit or loss	11,000	11,000	19.68	110,000	
	AmTrust Capital II Corp.	-	Financial assets at fair value through profit or loss	8,000	80,000	8.00	80,000	
	Innotech Logistics Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000	30,000	6.00	30,000	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	61,005	6.69	61,005	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	32,632	2.84	32,632	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	43,533	12.18	43,533	
	Asia Carbons & Technology Inc.	-	Investments in equity instruments at FVTOCI	-	-	-	-	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,657	10,529	3.01	10,529	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	365	1,303	9.12	1,303	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	20,645	14.72	20,645	
	OME Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,457	36,521	2.30	36,521	
	Danotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,500	-	3.22	-	
	Procrystal Technology Company Limited	-	Investments in equity instruments at FVTOCI	3,360	-	2.69	-	
	Biodenta Corporation	-	Investments in equity instruments at FVTOCI	6	-	0.06	-	
	MCM Stamping Co., Ltd.	-	Investments in equity instruments at FVTOCI	600	-	1.90	-	
	UUPON Inc.	-	Investments in equity instruments at FVTOCI	182	578	2.75	578	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	3,165	1.24	3,165	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	3,768	6.85	3,768	
	Vision Application Tech Corp.	-	Investments in equity instruments at FVTOCI	782	-	5.28	-	
	Beyond Innovation Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,776	1,262	5.26	1,262	
	WeForce Co., Ltd.	-	Investments in equity instruments at FVTOCI	182	1,310	0.77	1,310	
	Topray Mems Inc.	-	Investments in equity instruments at FVTOCI	975	1,991	2.36	1,991	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	6,212	1.53	6,212	
	Shanghai Vpon Ltd.	-	Investments in equity instruments at FVTOCI	38,615	-	8.93	-	
	O'Pay Electronic Payment Co., Ltd.	-	Investments in equity instruments at FVTOCI	242	10,747	0.33	10,747	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	<u>Fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	7,866	\$ 212,162	7.63	\$ 212,162	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	8,747	394,525	7.46	394,525	
	Delos Capital Fund 3	-	Financial assets at fair value through profit or loss	386	11,374	3.32	11,374	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	37,500	33,500	4.57	33,500	
	Rui Zhan Fund L.P.		Financial assets at fair value through profit or loss	4,364	4,364	9.09	4,364	

(Concluded)

TABLE 8

E.SUN FINANCIAL HOLDING COMPANY, 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2022	Chun Yuan Construction Co., Ltd.	-	-	-	-	\$ -	Tender	For the operation of the branch of E.SUN Bank	None
	Qingpu branch in Taoyuan	2022.08.19 2022.09.15	500,000	\$100,000 has been paid as of September 30, 2022	Eight Point International Corp.	-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None
	Xiaokuaishi branch in Taoyuan	2022.08.19	308,000	\$- has been paid as of September 30, 2022	Yang, Yang and Yang	-	-	-	-	-	Appraisal	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.

TABLE 9

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue From Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue From Related Party to Total Amounts	Percentage of Allowance of Service Revenue for Related Party to Total Allowance
E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	Same parent company	\$ 3,435,452	\$ 1,585,585	\$ 34,281	\$ 20,244	1.00	1.28

TABLE 10

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2022**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 929,922 (Notes 1 and 2)	-	\$ -	-	\$ -	\$ -

Note 1: The receivables come from remuneration of directors and receivables related to consolidated tax returns from E.SUN Commercial Bank, Ltd.

Note 2: When preparing the consolidated financial statements, the receivables have been eliminated.

TABLE 11

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

a. E.SUN Commercial Bank, Ltd.

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 September 30, 2022	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 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	\$ 276,203	\$ 9,670,344	\$ -

Accumulated Investment in Mainland China as of September 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)	\$107,957,036

(Continued)

b. E.SUN Venture Capital Co., Ltd.

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 September 30, 2022	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 232,380	Invest in mainland China through the third-party company (Note 3)	\$ 30,000	\$ -	\$ -	\$ 30,000	(Note 4)	3.13	\$ -	(Note 5)	\$ -
Shanghai Vpon Ltd.	Data analysis and developing software	208,150	Direct	38,615	-	-	38,615	(Note 4)	8.93	-	\$ -	-
Shanghai Winking Entertainment Ltd.	Computer software development, design, production, transfer of own technology, sale of self-produced products, and to provide after-sales service and related technical consultation	448,231	Invest in mainland China through the third-party company (Note 3)	23,683	-	-	23,683	(Note 4)	5.02	-	(Note 5)	-
Eccogene (Shanghai) Co., Ltd.	Providing innovative therapeutic solutions to address unmet medical needs globally, discovery and development of translational medicine in metabolic and immune-related diseases	25,369	Invest in mainland China through the third-party company (Note 3)	10,989	-	-	10,989	(Note 4)	0.53	-	(Note 5)	-

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 8)
\$165,136	\$182,720	\$3,035,424

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 E.SUN Bank's net asset value or 60% of E.SUN Bank's consolidated net asset value.

(Continued)

Note 3: The investments in mainland China through a third-party company

- a. Invested in Transound Electronics (Dongguan) Co., Ltd. through Transound Electronics Co., Ltd.
- b. Invested in Shanghai Winking Entertainment Co., Ltd. through Winking Entertainment Ltd.
- c. Invested in Eccogene (Shanghai) Co., Ltd. through Delos Capital Fund II, LP that has not declared yet.

Note 4: E.SUN Venture Capital Co., Ltd. has no significant influence over the investee and thus has no access to its financial information.

Note 5: The carrying amount of each investment at the period end was not available from the self-prepared financial statements of the third region company.

Note 6: E.SUN Venture Capital Co., Ltd. indirectly invested in World Known Precision Industry (Fuzhou) Co., Ltd. through the investment in World Known MFG (Cayman) Limited which has been listed on the Taiwan Stock Exchange on March 9, 2020; refer to its financial report for the information.

Note 7: E.SUN Venture Capital Co., Ltd. indirectly invested in Sichuan Clover Biopharmaceuticals Co., Ltd. through the investment in Delos Capital Fund II, LP. Sichuan Clover Biopharmaceuticals has been 100% held by Clover Biopharmaceuticals, Ltd. (Cayman) which has been listed on the Hong Kong Exchanges and Clearing Limited on November 5, 2021; refer to its financial report for the information.

Note 8: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China", the investment amount is limited to 60% of E.SUN Venture Capital Co., Ltd.'s net asset value.

(Concluded)

TABLE 12**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES****FOR THE NINE MONTHS ENDED SEPTEMBER 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 Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Cash and cash equivalents	\$ 569,505	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	569,505	Note 4	0.02
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	872,922	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	872,922	Note 4	0.03
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	980,611	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	980,611	Note 4	0.03
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	408,454	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	408,454	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Other noninterest gains, net	116,027	Note 4	0.29
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	General and administrative expenses	116,027	Note 4	0.29
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Due from the Central Bank and call loans to other banks	7,106,955	Note 4	0.20
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	7,106,955	Note 4	0.20
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	4,609,810	Note 4	0.13
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	4,609,810	Note 4	0.13
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	115,273	Note 4	-
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Deposits from the Central Bank and other banks	115,273	Note 4	-
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Interest revenue	116,234	Note 4	0.29
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Interest expense	116,234	Note 4	0.29

(Continued)

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.

(Concluded)

TABLE 13**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022**

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note 1: The information above of major shareholders is based on the data, calculated the registration and delivery of non-physical (including treasury stock) common stock and preferred stock at least 5% as of the last business day of each quarter by Taiwan Depository and Clearing Corp. (TDCC) There may be differences between the number of shares recorded in the consolidated financial statements and the registration number of non-physical shares due to different basis of preparation.

Note 2: Shares held in trust will be listed by each trustor who set up the trust account. As for the shareholders who own at least 10%, including self-owned shares and trusted shares that shareholders have the power to decide trust assets, shall file insider equity in accordance with regulations of securities and exchange. Please refer to Market Observation Post System (MOPS) for relevant filing data of insider equity.