

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 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 March 31, 2022 and 2021, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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

May 13, 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	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 83,283,364	3	\$ 85,237,301	3	\$ 48,361,767	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 41)	125,023,408	4	125,370,528	4	94,566,393	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 41)	390,233,043	12	411,389,536	13	658,376,898	23
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 41 and 44)	349,979,441	11	333,399,699	10	309,830,685	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 14, 41 and 44)	326,327,653	10	308,219,235	10	22,938,724	1
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	1,475,466	-	-	-	3,481,813	-
RECEIVABLES, NET (Notes 12 and 40)	119,207,262	4	124,412,124	4	109,846,139	4
CURRENT TAX ASSETS (Note 4)	37,850	-	80,677	-	42,761	-
DISCOUNTS AND LOANS, NET (Notes 13, 40 and 41)	1,826,344,075	55	1,768,641,241	55	1,617,493,683	55
OTHER FINANCIAL ASSETS, NET (Note 15)	8,464,947	-	9,090,476	-	5,623,815	-
INVESTMENT PROPERTIES, NET (Note 16)	1,904,129	-	1,855,043	-	1,800,585	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	34,077,535	1	33,881,468	1	36,070,507	1
RIGHT-OF-USE ASSETS, NET (Note 18)	6,950,326	-	6,933,260	-	3,122,543	-
INTANGIBLE ASSETS, NET (Note 19)	6,121,535	-	6,176,279	-	6,166,035	-
DEFERRED TAX ASSETS (Note 4)	2,850,055	-	2,329,213	-	1,920,591	-
OTHER ASSETS, NET (Notes 18 and 20)	<u>10,233,769</u>	<u>-</u>	<u>13,892,197</u>	<u>-</u>	<u>8,638,211</u>	<u>-</u>
TOTAL	<u>\$ 3,292,513,858</u>	<u>100</u>	<u>\$ 3,230,908,277</u>	<u>100</u>	<u>\$ 2,928,281,150</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	\$ 100,941,705	3	\$ 83,481,158	3	\$ 76,833,648	3
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	14,503,500	1	14,021,010	1	10,040,830	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 27)	75,507,373	2	61,199,462	2	62,345,917	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 23)	18,943,335	1	16,648,639	1	13,178,554	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	6,548,491	-	4,788,871	-	4,923,134	-
PAYABLES (Notes 25 and 40)	31,010,210	1	32,756,248	1	30,263,637	1
CURRENT TAX LIABILITIES (Note 4)	3,048,621	-	2,122,898	-	1,719,228	-
DEPOSITS AND REMITTANCES (Notes 26 and 40)	2,713,504,060	83	2,695,062,791	83	2,436,244,054	83
BOND PAYABLES (Note 27)	41,370,000	1	41,370,000	1	38,670,000	1
OTHER BORROWINGS (Note 28)	2,098,740	-	958,817	-	1,032,884	-
PROVISIONS (Note 29)	1,096,243	-	1,089,345	-	868,979	-
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	78,885,357	2	66,130,391	2	56,970,344	2
LEASE LIABILITIES (Note 18)	4,046,214	-	3,998,061	-	3,224,486	-
DEFERRED TAX LIABILITIES (Note 4)	1,142,939	-	1,348,359	-	1,254,487	-
OTHER LIABILITIES (Note 32)	<u>3,412,990</u>	<u>-</u>	<u>11,547,585</u>	<u>-</u>	<u>3,185,667</u>	<u>-</u>
Total liabilities	<u>3,096,059,778</u>	<u>94</u>	<u>3,036,523,635</u>	<u>94</u>	<u>2,740,755,849</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC						
Capital stock						
Common stock	133,546,000	4	133,546,000	4	125,671,000	4
Reserve for capitalization	205,000	-	-	-	195,000	-
Total capital stock	<u>133,751,000</u>	<u>4</u>	<u>133,546,000</u>	<u>4</u>	<u>125,866,000</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	3,382,484	-	3,382,484	-	3,382,484	-
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	14,784,546	-	14,784,546	-	13,078,728	-
Special reserve	164,235	-	164,235	-	164,235	-
Unappropriated earnings	25,951,250	1	21,142,980	1	22,775,893	1
Total retained earnings	<u>40,900,031</u>	<u>1</u>	<u>36,091,761</u>	<u>1</u>	<u>36,018,856</u>	<u>1</u>
Other equity	<u>(4,427,565)</u>	<u>-</u>	<u>(1,074,086)</u>	<u>-</u>	<u>(156,137)</u>	<u>-</u>
Total equity attributable to owners of ESFHC	196,293,630	6	194,225,889	6	187,390,933	6
NON-CONTROLLING INTERESTS	<u>160,450</u>	<u>-</u>	<u>158,753</u>	<u>-</u>	<u>134,368</u>	<u>-</u>
Total equity	<u>196,454,080</u>	<u>6</u>	<u>194,384,642</u>	<u>6</u>	<u>187,525,301</u>	<u>6</u>
TOTAL	<u>\$ 3,292,513,858</u>	<u>100</u>	<u>\$ 3,230,908,277</u>	<u>100</u>	<u>\$ 2,928,281,150</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 March 31			
	2022		2021	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 40)	\$ 9,885,772	73	\$ 8,546,806	62
INTEREST EXPENSE (Notes 33 and 40)	<u>(2,501,858)</u>	<u>(19)</u>	<u>(2,464,390)</u>	<u>(18)</u>
NET INTEREST	<u>7,383,914</u>	<u>54</u>	<u>6,082,416</u>	<u>44</u>
NET REVENUES AND GAINS OTHER THAN INTEREST				
Service fee and commission income, net (Notes 34 and 40)	5,173,074	38	5,272,970	39
Gains on financial assets and liabilities at fair value through profit or loss (Notes 8 and 35)	561,875	4	1,973,466	15
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	215,010	2	160,095	1
Foreign exchange gains, net	159,161	1	172,350	1
Impairment losses on assets	(10,469)	-	(13,308)	-
Other noninterest gains, net	<u>68,422</u>	<u>1</u>	<u>49,590</u>	<u>-</u>
Total net revenues and gains other than interest	<u>6,167,073</u>	<u>46</u>	<u>7,615,163</u>	<u>56</u>
TOTAL NET REVENUES	<u>13,550,987</u>	<u>100</u>	<u>13,697,579</u>	<u>100</u>
REVERSAL OF (PROVISION FOR) BAD-DEBT EXPENSES AND REVERSAL OF (PROVISION FOR) LOSSES ON COMMITMENTS AND GUARANTEES (Note 13)	<u>(344,264)</u>	<u>(3)</u>	<u>357,889</u>	<u>3</u>
OPERATING EXPENSES (Notes 4, 17, 18, 19, 30, 36 and 40)				
Employee benefits	(3,562,720)	(26)	(3,586,989)	(26)
Depreciation and amortization	(946,412)	(7)	(860,512)	(6)
General and administrative	<u>(3,358,304)</u>	<u>(25)</u>	<u>(3,369,529)</u>	<u>(25)</u>
Total operating expenses	<u>(7,867,436)</u>	<u>(58)</u>	<u>(7,817,030)</u>	<u>(57)</u>
INCOME BEFORE INCOME TAX	5,339,287	39	6,238,438	46
INCOME TAX EXPENSE (Notes 4 and 37)	<u>(1,012,481)</u>	<u>(7)</u>	<u>(1,031,677)</u>	<u>(8)</u>
NET INCOME FOR THE PERIOD	<u>4,326,806</u>	<u>32</u>	<u>5,206,761</u>	<u>38</u>

(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 March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (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	\$ (175,070)	(1)	\$ 80,674	1
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	1,078,081	8	1,291,816	9
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>5,405</u>	<u>-</u>	<u>(4,755)</u>	<u>-</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>908,416</u>	<u>7</u>	<u>1,367,735</u>	<u>10</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of financial statements of foreign operations	1,236,092	9	78,023	1
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	(5,506,919)	(41)	(1,394,615)	(10)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>492,093</u>	<u>4</u>	<u>159,820</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(3,778,734)</u>	<u>(28)</u>	<u>(1,156,772)</u>	<u>(8)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(2,870,318)</u>	<u>(21)</u>	<u>210,963</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,456,488</u>	<u>11</u>	<u>\$ 5,417,724</u>	<u>40</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of ESFHC	\$ 4,325,267	32	\$ 5,204,582	38
Non-controlling interests	<u>1,539</u>	<u>-</u>	<u>2,179</u>	<u>-</u>
	<u>\$ 4,326,806</u>	<u>32</u>	<u>\$ 5,206,761</u>	<u>38</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of ESFHC	\$ 1,454,791	11	\$ 5,415,541	40
Non-controlling interests	<u>1,697</u>	<u>-</u>	<u>2,183</u>	<u>-</u>
	<u>\$ 1,456,488</u>	<u>11</u>	<u>\$ 5,417,724</u>	<u>40</u>

(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)**

---

	<b>For the Three Months Ended March 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 38)				
Basic	<u>\$0.32</u>		<u>\$0.39</u>	
Diluted	<u>\$0.32</u>		<u>\$0.39</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 and 39)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	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	Reserve for Capitalization		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
Issuance of common stock from employees' compensation	-	-	205,000	407,950	-	-	-	-	-	-	-	612,950
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	483,003	-	(483,003)	-	-	-
Net income for the three months ended March 31, 2022	-	-	-	-	-	-	4,325,267	-	-	-	1,539	4,326,806
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	993,135	(3,688,541)	(175,070)	158	(2,870,318)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	4,325,267	993,135	(3,688,541)	(175,070)	1,697	1,456,488
BALANCE AT MARCH 31, 2022	<u>13,354,600</u>	<u>\$ 133,546,000</u>	<u>\$ 205,000</u>	<u>\$ 26,070,164</u>	<u>\$ 14,784,546</u>	<u>\$ 164,235</u>	<u>\$ 25,951,250</u>	<u>\$ (1,728,577)</u>	<u>\$ (1,872,491)</u>	<u>\$ (826,497)</u>	<u>\$ 160,450</u>	<u>\$ 196,454,080</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
Issuance of common stock from employees' compensation	-	-	195,000	312,000	-	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	510,206	-	(510,206)	-	-	-
Net income for the three months ended March 31, 2021	-	-	-	-	-	-	5,204,582	-	-	-	2,179	5,206,761
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(100)	62,585	67,800	80,674	4	210,963
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	5,204,482	62,585	67,800	80,674	2,183	5,417,724
BALANCE AT MARCH 31, 2021	<u>12,567,100</u>	<u>\$ 125,671,000</u>	<u>\$ 195,000</u>	<u>\$ 25,662,214</u>	<u>\$ 13,078,728</u>	<u>\$ 164,235</u>	<u>\$ 22,775,893</u>	<u>\$ (2,026,814)</u>	<u>\$ 2,441,073</u>	<u>\$ (570,396)</u>	<u>\$ 134,368</u>	<u>\$ 187,525,301</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 Three Months Ended March 31	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 5,339,287	\$ 6,238,438
Adjustments for:		
Depreciation expenses	759,374	693,937
Amortization expenses	187,038	166,575
Expected credit losses/bad-debt expenses (reversal of expected credit losses/bad-debt expenses)	343,212	(345,526)
Gains on financial assets and liabilities at fair value through profit or loss	(561,875)	(1,973,466)
Interest expense	2,501,858	2,464,390
Interest revenue	(9,885,772)	(8,546,806)
Dividend income	(35,659)	(7,513)
Provision for losses on guarantees	(1,114)	(8,915)
Salary expenses on share-based payments	129,435	149,071
Gains on disposal of properties and equipment	(7,927)	(8,430)
Gains on disposal of investments	(179,351)	(152,582)
Others	1,331	106
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(1,923,369)	25,383,780
Financial assets at fair value through profit or loss	49,977,393	52,614,128
Financial assets at fair value through other comprehensive income	(13,397,192)	(46,447,177)
Investments in debt instruments at amortized cost	(16,088,924)	(6,514,440)
Receivables	5,892,484	7,262,760
Discounts and loans	(57,177,736)	2,926,876
Other financial assets	625,538	606,195
Other assets	7,236,188	715,795
Deposits from the Central Bank and other banks	17,460,547	21,864,662
Financial liabilities at fair value through profit or loss	(15,241,978)	(2,745,930)
Securities sold under repurchase agreements	2,294,696	1,873,306
Payables	(1,598,891)	(2,953,306)
Deposits and remittances	18,441,269	(55,223,199)
Provision for employee benefits	17	(285,369)
Other financial liabilities	10,454,975	(6,766,178)
Other liabilities	(8,137,160)	(1,145,443)
Cash used in operations	(2,592,306)	(10,164,261)
Interest received	10,673,824	9,532,508
Dividends received	25,913	13,434
Interest paid	(2,314,550)	(2,858,601)
Income tax paid	(273,673)	(173,961)
Net cash generated from (used in) operating activities	5,519,208	(3,650,881)

(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 Three Months Ended March 31	
	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	\$ (636,583)	\$ (3,345,876)
Proceeds from disposal of properties and equipment	34,351	55,032
Increase in operating deposits	-	(10,000)
Increase in settlement fund	(14,468)	(33,179)
Decrease in settlement fund	993	17,265
Increase in refundable deposits	(3,564,169)	(1,480,405)
Payments for intangible assets	(44,086)	(64,496)
Payments for right-of-use assets	(51)	(85)
Increase in other assets	-	(822)
Net cash used in investing activities	<u>(4,224,013)</u>	<u>(4,862,566)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,114,880	-
Decrease in short-term borrowings	-	(181,352)
Increase in due to the Central Bank and other banks	482,490	1,996,490
Increase in commercial paper issued	1,760,000	1,665,823
Repayments of corporate bonds	(1,100,000)	-
Proceeds from issue of bank debentures	1,100,000	-
Repayments of bank debentures	-	(1,300,000)
Repayments of long-term borrowings	(4,747)	-
Increase in guarantee deposits received	2,299,991	-
Decrease in guarantee deposits received	-	(847,245)
Repayments of the principal portion of lease liabilities	<u>(286,316)</u>	<u>(284,600)</u>
Net cash generated from financing activities	<u>5,366,298</u>	<u>1,049,116</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(9,410,453)</u>	<u>1,236,382</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(2,748,960)</u>	<u>(6,227,949)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>104,712,225</u>	<u>70,065,700</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 101,963,265</u>	<u>\$ 63,837,751</u>

(Continued)

# **E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In Thousands of New Taiwan Dollars)**

**(Reviewed, Not Audited)**

---

	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2022 AND 2021</b>		
Cash and cash equivalents in the consolidated balance sheets	\$ 83,283,364	\$ 48,361,767
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”	17,204,435	11,994,171
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>1,475,466</u>	<u>3,481,813</u>
Cash and cash equivalents at the end of the period	<u>\$ 101,963,265</u>	<u>\$ 63,837,751</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 THREE MONTHS ENDED MARCH 31, 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 March 31, 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 three months ended March 31, 2022 and 2021, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,224 and 9,508, respectively. For the three months ended March 31, 2022 and 2021, the average number of employees of ESBC, UCB and BankPro was 967 and 937, 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 May 13, 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 announced by IASB but not yet endorsed and issued into effect by the FSC

<b>The New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

- 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: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

#### **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

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 15,236,917	\$ 17,692,744	\$ 16,064,003
Checks for clearing	2,321,869	7,259,513	1,816,630
Due from banks	65,754,799	60,156,212	30,508,850
Cash in transit	<u>1,177</u>	<u>146,713</u>	<u>835</u>
	83,314,762	85,255,182	48,390,318
Less: Allowance for possible losses	<u>(31,398)</u>	<u>(17,881)</u>	<u>(28,551)</u>
	<u>\$ 83,283,364</u>	<u>\$ 85,237,301</u>	<u>\$ 48,361,767</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 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

	March 31, 2022	December 31, 2021	March 31, 2021
Deposit reserves - account A	\$ 31,001,982	\$ 29,641,472	\$ 11,836,364
Deposit reserves - account B	58,027,098	56,784,785	54,240,559
Reserves for deposits - foreign currency deposits	758,483	733,759	641,947
Due from the Central Bank - other	16,326,987	16,141,834	14,366,402
Deposit in the Central Bank - deposits of government agencies	7,368	7,217	7,401
Call loans to banks	<u>18,955,850</u>	<u>22,107,264</u>	<u>13,497,410</u>
	125,077,768	125,416,331	94,590,083
Less: Allowance for possible losses	<u>(54,360)</u>	<u>(45,803)</u>	<u>(23,690)</u>
	<u>\$ 125,023,408</u>	<u>\$ 125,370,528</u>	<u>\$ 94,566,393</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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Negotiable certificates of deposit	\$ 117,228,558	\$ 150,682,911	\$ 388,490,355
Commercial paper	86,552,259	102,968,285	83,920,750
Treasury bills	21,964,613	16,974,413	25,848,948
Corporate bonds	68,632,799	69,377,840	78,416,571
Bank debentures	48,986,628	49,211,752	55,605,463
Government bonds	727,850	49,413	-
Stock	5,657,695	5,442,178	5,564,418
Mutual funds	604,626	579,729	393,967
Operating securities - dealing department	594,261	400,507	486,938
Operating securities - underwriting department	94,259	88,941	205,076
Beneficial certificates	-	-	19,891
Currency swap contracts	23,962,005	6,795,858	10,674,645
Interest rate swap contracts	12,338,694	6,854,657	7,535,227
Currency option contracts	1,111,622	862,308	446,773
Forward contracts	333,726	191,105	213,050
Futures exchange margins	313,929	219,486	203,108
Non-deliverable forward contracts	1,062,043	436,564	191,262
Cross-currency swap contracts	64,364	250,343	158,752
Metal commodity swap contracts	<u>3,112</u>	<u>3,246</u>	<u>1,704</u>
	<u>\$ 390,233,043</u>	<u>\$ 411,389,536</u>	<u>\$ 658,376,898</u>
<u>Held-for-trading financial liabilities</u>			
Currency swap contracts	\$ 16,800,721	\$ 8,704,446	\$ 8,267,180
Interest rate swap contracts	8,708,122	3,343,434	5,239,545
Currency option contracts	1,712,072	1,012,080	594,597
Forward contracts	374,462	237,722	153,845
Cross-currency swap contracts	534,987	118,998	154,722
Non-deliverable forward contracts	688,599	332,445	120,400
Metal commodity swap contracts	-	622	20,219
Credit default swap contracts	17,939	-	99
Interest rate option contracts	39,978	-	-
Borrowing	<u>34,614</u>	<u>-</u>	<u>-</u>
	<u>28,911,494</u>	<u>13,749,747</u>	<u>14,550,607</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>			
Bank debentures (Note 27)	<u>46,595,879</u>	<u>47,449,715</u>	<u>47,795,310</u>
	<u>\$ 75,507,373</u>	<u>\$ 61,199,462</u>	<u>\$ 62,345,917</u>

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 March 31, 2022, December 31, 2021 and March 31, 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 March 31, 2022, December 31, 2021 and March 31, 2021, respectively, were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Currency swap contracts	\$ 1,835,246,290	\$ 1,726,383,860	\$ 1,110,782,387
Interest rate swap contracts	742,828,344	556,286,337	613,633,235
Currency option contracts	231,136,823	203,125,623	111,783,268
Interest rate option contracts	5,000,000	-	-
Forward contracts	34,895,647	28,730,324	24,042,357
Non-deliverable forward contracts	54,591,992	70,101,658	20,502,730
Cross-currency swap contracts	23,205,154	25,804,441	19,297,188
Metal commodity swap contracts	71,203	74,842	266,171
Credit default swap contracts	1,519,610	-	38,643

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

		<b>March 31, 2022</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	1	\$ 2,708	\$ 2,972
	Commodity futures	Sell	26	73,965	77,230
	Interest rate futures	Buy	30	85,866	116,147
	Interest rate futures	Sell	100	572,440	606,563
		<b>December 31, 2021</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	10	\$ 39,230	\$ 41,550
	Commodity futures	Sell	32	77,430	82,379
		<b>March 31, 2021</b>			
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	54	\$ 270,811	\$ 282,631

As of March 31, 2022, December 31, 2021 and March 31, 2021, the amounts of futures exchange margins receivable held by E.SUN Securities were \$216,458 thousand, \$162,523 thousand and \$160,504 thousand, respectively.

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

<b>March 31, 2022</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Stock Index Futures	Sell	9	\$ 25,770	\$ 25,758
	Single Stock Futures	Buy	23	1,318	1,371
<b>December 31, 2021</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Single Stock Futures	Buy	250	\$ 9,589	\$ 9,800
	Single Stock Futures	Sell	699	32,013	32,014
<b>March 31, 2021</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Stock Index Futures	Buy	7	\$ 13,095	\$ 13,138
	Single Stock Futures	Sell	7	9,170	9,426

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

	For the Three Months Ended March 31			
	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	\$ 13,201	\$ -	\$ 3,215	\$ -
Unrealized - non-hedge	<u>(128)</u>	<u>-</u>	<u>(320)</u>	<u>-</u>
	<u>\$ 13,073</u>	<u>\$ -</u>	<u>\$ 2,895</u>	<u>\$ -</u>

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Investments in equity instruments at FVTOCI	\$ 22,799,811	\$ 21,054,970	\$ 14,742,969
Investments in debt instruments at FVTOCI	<u>327,179,630</u>	<u>312,344,729</u>	<u>295,087,716</u>
	<u>\$ 349,979,441</u>	<u>\$ 333,399,699</u>	<u>\$ 309,830,685</u>

### a. Investments in equity instruments at FVTOCI

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Listed shares and emerging stocks	\$ 21,370,730	\$ 19,621,701	\$ 13,423,812
Unlisted shares	<u>1,429,081</u>	<u>1,433,269</u>	<u>1,319,157</u>
	<u>\$ 22,799,811</u>	<u>\$ 21,054,970</u>	<u>\$ 14,742,969</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 three months ended March 31, 2022 and 2021, the Company sold shares of stocks for \$2,994,220 thousand and \$861,973 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gains of \$483,003 thousand and \$510,206 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$35,659 thousand and \$7,512 thousand were recognized in profit or loss for the three months ended March 31, 2022 and 2021, respectively. The dividends related to investments held at the end of the reporting period were \$35,659 thousand and \$7,512 thousand, respectively.

### b. Investments in debt instruments at FVTOCI

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Bank debentures	\$ 159,900,489	\$ 146,330,146	\$ 135,692,301
Government bonds	60,858,146	59,836,806	90,190,016
Corporate bonds	98,929,614	98,257,668	58,634,829
Overseas bonds	7,202,557	7,632,511	9,282,745
Negotiable certificates of deposit	288,824	278,728	857,929
Discounted note	<u>-</u>	<u>8,870</u>	<u>429,896</u>
	<u>\$ 327,179,630</u>	<u>\$ 312,344,729</u>	<u>\$ 295,087,716</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the investments in debt instruments at FVTOCI, which amounted to \$19,231,594 thousand, \$17,043,122 thousand and \$14,108,454 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

	March 31, 2022	December 31, 2021	March 31, 2021
Overseas bonds	\$ 14,400,149	\$ 12,518,061	\$ 11,079,772
Bank debentures	38,603,729	29,132,322	9,919,534
Corporate bonds	12,096,184	10,459,485	1,815,170
Negotiable certificates of deposit	257,931,220	256,124,601	128,390
Government bonds	3,083,186	-	-
Structured entities	<u>234,900</u>	<u>-</u>	<u>-</u>
	326,349,368	308,234,469	22,942,866
Less: Allowance for impairment loss	<u>(21,715)</u>	<u>(15,234)</u>	<u>(4,142)</u>
	<u>\$ 326,327,653</u>	<u>\$ 308,219,235</u>	<u>\$ 22,938,724</u>

As of March 31, 2022 and December 31, 2021, the investments in debt instruments at amortized cost, which amounted to \$1,097,963 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 \$1,475,466 thousand and \$3,481,813 thousand under resell agreements as of March 31, 2022 and 2021, respectively, would subsequently be sold for \$1,476,043 thousand and \$3,482,218 thousand, respectively.

## 12. RECEIVABLES, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Receivables on credit cards	\$ 76,520,431	\$ 83,514,302	\$ 75,099,702
Accounts receivable factored without recourse	13,574,510	12,904,407	10,119,617
Margin loans receivable	8,503,629	8,852,106	7,480,836
Accrued interest	5,115,465	4,898,335	3,972,155
Accounts receivable	6,073,403	1,864,600	3,326,341
Settlements receivable	4,402,098	4,475,801	6,680,134
Acceptances	1,194,908	1,342,125	1,739,797
Securities business money lending	1,614,364	1,388,096	1,089,750
Settlement consideration	1,274,521	798,287	-
Receivables on digital stimulus vouchers redemption	237,267	4,159,925	-
Others	<u>2,503,995</u>	<u>2,295,663</u>	<u>2,190,927</u>
	121,014,591	126,493,647	111,699,259
Less: Allowance for possible losses	<u>(1,807,329)</u>	<u>(2,081,523)</u>	<u>(1,853,120)</u>
	<u>\$ 119,207,262</u>	<u>\$ 124,412,124</u>	<u>\$ 109,846,139</u>

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

For the three months ended March 31, 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	(103)	1,262	(1,159)	-	-	-
Credit-impaired financial assets	(110)	(2,732)	2,842	-	-	-
12-month ECL	5,281	(2,731)	(2,550)	-	-	-
Derecognition of financial assets in the reporting period	(1,479)	(160)	(8,861)	(10,500)	-	(10,500)
New financial assets purchased or originated	2,590	585	4,469	7,644	-	7,644
Difference of impairment loss under regulations	-	-	-	-	(420,542)	(420,542)
Write-offs	-	-	(79,519)	(79,519)	-	(79,519)
Recovery of written-off receivables	-	-	116,021	116,021	-	116,021
Change in model or risk parameters	43,399	20,019	45,961	109,379	-	109,379
Change in exchange rates or others	24	4	388	416	2,907	3,323
Balance at March 31, 2022	<u>\$ 103,304</u>	<u>\$ 22,677</u>	<u>\$ 432,330</u>	<u>\$ 558,311</u>	<u>\$ 1,249,018</u>	<u>\$ 1,807,329</u>

For the three months ended March 31, 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	(429)	1,011	(582)	-	-	-
Credit-impaired financial assets	(463)	(12,842)	13,305	-	-	-
12-month ECL	13,107	(9,887)	(3,220)	-	-	-
Derecognition of financial assets in the reporting period	(5,000)	(612)	(6,556)	(12,168)	-	(12,168)
New financial assets purchased or originated	1,874	94	605	2,573	-	2,573
Difference of impairment loss under regulations	-	-	-	-	132,856	132,856
Write-offs	-	-	(109,917)	(109,917)	-	(109,917)
Recovery of written-off receivables	-	-	112,314	112,314	-	112,314
Change in model or risk parameters	(141,533)	5,652	14,586	(121,295)	-	(121,295)
Change in exchange rates or others	5	-	(354)	(349)	(389)	(738)
Balance at March 31, 2021	<u>\$ 48,515</u>	<u>\$ 9,227</u>	<u>\$ 389,989</u>	<u>\$ 447,731</u>	<u>\$ 1,405,389</u>	<u>\$ 1,853,120</u>

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

For the three months ended March 31, 2022

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2022	\$ 123,745,609	\$ 133,734	\$ 2,614,304	\$ 126,493,647
Transfers to				
Lifetime ECL	(144,632)	146,488	(1,856)	-
Credit-impaired financial assets	(163,511)	(53,541)	217,052	-
12-month ECL	69,164	(59,100)	(10,064)	-
Derecognition of financial assets in the reporting period	(34,986,502)	(4,489)	(169,457)	(35,160,448)
New financial assets purchased or originated	29,666,934	9,673	48,994	29,725,601
Write-offs	-	-	(79,519)	(79,519)
Change in exchange rates or others	<u>35,232</u>	<u>41</u>	<u>37</u>	<u>35,310</u>
Balance at March 31, 2022	<u>\$ 118,222,294</u>	<u>\$ 172,806</u>	<u>\$ 2,619,491</u>	<u>\$ 121,014,591</u>

For the three months ended March 31, 2021

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2021	\$ 115,718,626	\$ 159,613	\$ 2,657,467	\$ 118,535,706
Transfers to				
Lifetime ECL	(173,309)	174,324	(1,015)	-
Credit-impaired financial assets	(236,932)	(75,400)	312,332	-
12-month ECL	74,445	(63,212)	(11,233)	-
Derecognition of financial assets in the reporting period	(33,966,742)	(6,660)	(163,581)	(34,136,983)
New financial assets purchased or originated	27,386,182	5,743	27,675	27,419,600
Write-offs	-	-	(109,917)	(109,917)
Change in exchange rates or others	<u>(9,149)</u>	<u>2</u>	<u>-</u>	<u>(9,147)</u>
Balance at March 31, 2021	<u>\$ 108,793,121</u>	<u>\$ 194,410</u>	<u>\$ 2,711,728</u>	<u>\$ 111,699,259</u>

### 13. DISCOUNTS AND LOANS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Loans			
Short-term	\$ 303,436,441	\$ 309,127,045	\$ 283,116,815
Medium-term	466,824,634	436,923,515	388,199,892
Long-term	1,074,835,303	1,040,601,661	962,362,529
Overdue loans	2,292,521	2,189,227	2,203,044
Bills negotiated and discounts	<u>1,942,988</u>	<u>1,857,307</u>	<u>1,917,540</u>
	1,849,331,887	1,790,698,755	1,637,799,820
Less: Allowance for possible losses	(23,028,891)	(22,123,971)	(20,252,594)
Less: Adjustment of premium or discount	<u>41,079</u>	<u>66,457</u>	<u>(53,543)</u>
	<u>\$ 1,826,344,075</u>	<u>\$ 1,768,641,241</u>	<u>\$ 1,617,493,683</u>

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$2,236,097 thousand, \$2,134,217 thousand and \$2,203,044 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$8,353 thousand and \$9,621 thousand for the three months ended March 31, 2022 and 2021, respectively.

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

#### For the three months ended March 31, 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	(4,308)	12,002	(7,694)	-	-	-
Credit-impaired financial assets	(907)	(68,474)	69,381	-	-	-
12-month ECL	39,860	(26,517)	(13,343)	-	-	-
Derecognition of financial assets in the reporting period	(70,072)	(9,327)	(109,560)	(188,959)	-	(188,959)
New financial assets purchased or originated	196,790	16,963	78,900	292,653	-	292,653
Difference of impairment loss under regulations	-	-	-	-	371,131	371,131
Recovery of written-off credits	-	-	175,044	175,044	-	175,044
Change in model or risk parameters	398,499	(178,505)	(59,355)	160,639	-	160,639
Change in exchange rates or others	<u>11,705</u>	<u>150</u>	<u>9</u>	<u>11,864</u>	<u>82,548</u>	<u>94,412</u>
Balance at March 31, 2022	<u>\$ 1,679,126</u>	<u>\$ 905,841</u>	<u>\$ 2,818,723</u>	<u>\$ 5,403,690</u>	<u>\$ 17,625,201</u>	<u>\$ 23,028,891</u>



For the three months ended March 31, 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	(23,178)	54,819	(31,641)	-	-	-
Credit-impaired financial assets	(3,151)	(134,023)	137,174	-	-	-
12-month ECL	391,132	(364,107)	(27,025)	-	-	-
Derecognition of financial assets in the reporting period	(175,314)	(43,659)	(261,315)	(480,288)	-	(480,288)
New financial assets purchased or originated	80,822	41,963	78,652	201,437	-	201,437
Difference of impairment loss under regulations	-	-	-	-	3,005,531	3,005,531
Write-offs	-	-	(362,514)	(362,514)	-	(362,514)
Recovery of written-off credits	-	-	295,605	295,605	-	295,605
Change in model or risk parameters	(2,965,683)	229,718	(276,600)	(3,012,565)	-	(3,012,565)
Change in exchange rates or others	(196)	(290)	(105)	(591)	(2,742)	(3,333)
Balance at March 31, 2021	<u>\$ 840,667</u>	<u>\$ 876,839</u>	<u>\$ 3,280,733</u>	<u>\$ 4,998,239</u>	<u>\$ 15,254,355</u>	<u>\$ 20,252,594</u>

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

For the three months ended March 31, 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	(969,808)	1,052,145	(82,337)	-
Credit-impaired financial assets	(515,930)	(253,349)	769,279	-
12-month ECL	278,085	(96,300)	(181,785)	-
Derecognition of financial assets in the reporting period	(269,722,941)	(552,945)	(473,126)	(270,749,012)
New financial assets purchased or originated	327,143,019	243,282	178,750	327,565,051
Change in exchange rates or others	<u>1,812,620</u>	<u>4,417</u>	<u>56</u>	<u>1,817,093</u>
Balance at March 31, 2022	<u>\$ 1,834,504,626</u>	<u>\$ 6,928,011</u>	<u>\$ 7,899,250</u>	<u>\$ 1,849,331,887</u>

For the three months ended March 31, 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	(1,480,125)	1,640,927	(160,802)	-
Credit-impaired financial assets	(497,880)	(529,986)	1,027,866	-
12-month ECL	1,000,335	(856,155)	(144,180)	-
Derecognition of financial assets in the reporting period	(258,624,750)	(785,545)	(778,201)	(260,188,496)
New financial assets purchased or originated	257,293,228	232,341	122,368	257,647,937
Write-offs	-	-	(362,514)	(362,514)
Change in exchange rates or others	<u>(332,237)</u>	<u>(504)</u>	<u>(574)</u>	<u>(333,315)</u>
Balance at March 31, 2021	<u>\$ 1,625,842,589</u>	<u>\$ 4,014,737</u>	<u>\$ 7,942,494</u>	<u>\$ 1,637,799,820</u>

The provision (reversal of provision) for bad-debt expenses and provision (reversal of provision) for losses on commitments and guarantees for the three months ended March 31, 2022 and 2021 were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Provision for possible losses on due from banks	\$ 12,635	\$ 9,860
Provision (reversal of provision) for possible losses on call loans to other banks	6,843	(74,202)
Provision (reversal of provision) for possible losses on receivables	(314,019)	1,966
Provision (reversal of provision) for possible losses on discounts and loans	635,464	(285,885)
Reversal of provision for possible losses on overdue receivables	(829)	(1,731)
Reversal of provision for possible losses on remittance	(10)	-
Reversal of provision for possible losses on guarantees	(1,114)	(8,915)
Provision for possible losses on financing commitments	<u>5,294</u>	<u>1,018</u>
	<u>\$ 344,264</u>	<u>\$ (357,889)</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 March 31, 2022, December 31, 2021 and March 31, 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.

<b>Type of Structured Entity</b>	<b>Characteristic and Purpose</b>	<b>Equity Owned by E.SUN Bank</b>
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 March 31, 2022, the carrying amounts of the unconsolidated structured entities recognized by E.SUN Bank were as below:

**March 31, 2022**

##### Assets securitization products and asset-based loan

Investments in debt instruments at amortized cost	\$ 232,585
Discounts and loans	<u>789,256</u>
	<u>\$ 1,021,841</u>

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

**15. OTHER FINANCIAL ASSETS, NET**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Overdue receivable	\$ 198,272	\$ 199,102	\$ 201,897
Less: Allowance for possible losses	<u>(198,272)</u>	<u>(199,102)</u>	<u>(201,897)</u>
Overdue receivable, net	-	-	-
Due from banks	6,583,513	7,271,791	4,035,864
Guarantee deposits received on futures contracts	1,804,495	1,818,678	1,587,951
Others	<u>76,939</u>	<u>7</u>	<u>-</u>
	<u>\$ 8,464,947</u>	<u>\$ 9,090,476</u>	<u>\$ 5,623,815</u>

Guarantee deposits received on futures contracts were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Deposits in bank	\$ 1,072,284	\$ 859,884	\$ 748,821
Deposits held by futures commission merchants as a clearing member	<u>732,211</u>	<u>958,794</u>	<u>839,130</u>
	<u>\$ 1,804,495</u>	<u>\$ 1,818,678</u>	<u>\$ 1,587,951</u>
Guarantee deposits received on futures contracts	\$ 1,804,495	\$ 1,818,678	\$ 1,587,951
Less: Commission revenue	(632)	(410)	(692)
Futures transaction tax	(313)	(162)	(246)
Temporary receipts	<u>(1,050)</u>	<u>(952)</u>	<u>(1,081)</u>
Customers' equity accounts - futures (Note 31)	<u>\$ 1,802,500</u>	<u>\$ 1,817,154</u>	<u>\$ 1,585,932</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**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Land	\$ 208,876	\$ 203,085	\$ 203,085
Buildings	1,647,247	1,603,689	1,597,500
Right-of-use assets	<u>48,006</u>	<u>48,269</u>	<u>-</u>
	<u>\$ 1,904,129</u>	<u>\$ 1,855,043</u>	<u>\$ 1,800,585</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 three months ended March 31, 2022 and 2021.

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, the fair values of investment properties were \$2,941,280 thousand, \$2,847,699 thousand and \$2,665,922 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:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Rental income from investment properties	\$ 8,286	\$ 7,851
Direct operating expenses of investment properties that generate rental income	(13,134)	(12,578)
Direct operating expenses of investment properties that do not generate rental income	<u>(138)</u>	<u>(138)</u>
	<u>\$ (4,986)</u>	<u>\$ (4,865)</u>

Lease agreements on premises occupied by other companies and 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 March 31, 2022, December 31, 2021 and March 31, 2021, refundable deposits on these leases totaled \$12,799 thousand, \$12,344 thousand and \$12,157 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Year 1	\$ 53,053	\$ 49,064	\$ 46,828
Year 2	40,048	41,311	10,871
Year 3	37,199	35,835	10,117
Year 4	1,760	8,609	9,391
Year 5	<u>720</u>	<u>720</u>	<u>1,040</u>
	<u>\$ 132,780</u>	<u>\$ 135,539</u>	<u>\$ 78,247</u>

## 17. PROPERTIES AND EQUIPMENT, NET

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Carrying amount</u>			
Land	\$ 14,684,043	\$ 14,693,991	\$ 14,523,447
Buildings	12,884,595	12,994,887	9,707,562
Computers	2,872,046	2,994,141	2,779,187
Transportation equipment	389,107	402,706	417,988
Miscellaneous equipment	1,466,054	1,401,468	1,415,378
Prepayments for properties and equipment	<u>1,781,690</u>	<u>1,394,275</u>	<u>7,226,945</u>
	<u>\$ 34,077,535</u>	<u>\$ 33,881,468</u>	<u>\$ 36,070,507</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	-	2,836	69,276	4,957	68,348	492,687	638,104
Disposal	(14,026)	(24,594)	(39,223)	(12,261)	(91,941)	-	(182,045)
Net exchange difference	9,869	69,585	13,476	2,344	26,416	3,110	124,800
Reclassification and others	(5,791)	(2,273)	7,182	55	46,519	(108,382)	(62,690)
Balance, March 31, 2022	<u>\$ 14,684,043</u>	<u>\$ 18,849,788</u>	<u>\$ 7,294,120</u>	<u>\$ 967,555</u>	<u>\$ 4,214,247</u>	<u>\$ 1,781,690</u>	<u>\$ 47,791,443</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	-	5,546	65,358	6,748	22,411	3,248,761	3,348,824
Disposal	(30,809)	(36,368)	(37,552)	(6,235)	(4,006)	-	(114,970)
Net exchange difference	202	(10,518)	(2,486)	(709)	(5,108)	(133)	(18,752)
Reclassification and others	-	3,555	25,073	-	17,688	(147,057)	(100,741)
Balance, March 31, 2021	<u>\$ 14,523,447</u>	<u>\$ 15,052,353</u>	<u>\$ 6,677,439</u>	<u>\$ 966,284</u>	<u>\$ 4,058,983</u>	<u>\$ 7,226,945</u>	<u>\$ 48,505,451</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	39,120	12,261	87,932	155,621
Depreciation expenses	-	(164,380)	(202,674)	(19,410)	(57,189)	(443,653)
Net exchange difference	-	(11,224)	(9,252)	(1,545)	(15,499)	(37,520)
Reclassification and others	-	3,450	-	-	-	3,450
Balance, March 31, 2022	<u>\$ -</u>	<u>\$ (5,965,193)</u>	<u>\$ (4,422,074)</u>	<u>\$ (578,448)</u>	<u>\$ (2,748,193)</u>	<u>\$ (13,713,908)</u>
Balance, January 1, 2021	\$ -	\$ (5,223,468)	\$ (3,750,897)	\$ (534,880)	\$ (2,590,961)	\$ (12,100,206)
Disposal	-	20,716	37,516	6,141	3,945	68,318
Depreciation expenses	-	(143,169)	(186,325)	(19,859)	(59,102)	(408,455)
Net exchange difference	-	1,130	1,454	302	2,513	5,399
Balance, March 31, 2021	<u>\$ -</u>	<u>\$ (5,344,791)</u>	<u>\$ (3,898,252)</u>	<u>\$ (548,296)</u>	<u>\$ (2,643,605)</u>	<u>\$ (12,434,944)</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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land and superficies royalties	\$ 3,832,240	\$ 3,825,350	\$ -
Buildings	3,103,832	3,092,691	3,116,489
Office equipment	9,396	10,166	689
Transportation equipment	<u>4,858</u>	<u>5,053</u>	<u>5,365</u>
	<u>\$ 6,950,326</u>	<u>\$ 6,933,260</u>	<u>\$ 3,122,543</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2022</b>	<b>2021</b>
Additions to right-of-use assets		<u>\$ 292,200</u>	<u>\$ 235,668</u>
Depreciation charge for right-of-use assets			
Land and superficies royalties		\$ 19,999	\$ -
Buildings		280,582	271,031
Office equipment		1,115	730
Transportation equipment		<u>1,033</u>	<u>1,288</u>
		<u>\$ 302,729</u>	<u>\$ 273,049</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 three months ended March 31, 2022 and 2021.

### b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts	<u>\$ 4,046,214</u>	<u>\$ 3,998,061</u>	<u>\$ 3,224,486</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.09%	1.09%	-%
Buildings	0.37%-7.50%	0.37%-7.50%	0.37%-7.50%
Office equipment	0.37%-2.98%	0.37%-2.98%	0.80%-2.98%
Transportation equipment	0.35%-2.98%	0.35%-7.50%	0.66%-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 March 31, 2022, December 31, 2021 and March 31, 2021, refundable deposits on these leases totaled \$766,922 thousand, \$764,082 thousand and \$767,384 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.

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ 29,630	\$ 5,079
Expenses relating to low-value asset leases	\$ 91	\$ 54
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 129	\$ 63
Total cash outflow for leases	\$ (316,166)	\$ (289,796)

The Company's leases of certain land, buildings, transportation equipment and other equipment which 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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Goodwill	\$ 4,445,090	\$ 4,426,370	\$ 4,443,264
Computer software	1,164,171	1,249,795	1,201,057
Banking licenses	456,578	441,695	455,126
Core deposits	15,767	16,445	18,479
Developed technology	25,996	27,364	31,468
Customer relationship	13,933	14,610	16,641
	<u>\$ 6,121,535</u>	<u>\$ 6,176,279</u>	<u>\$ 6,166,035</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	-	41,722	-	-	-	-	41,722
Amortization expenses	-	(184,110)	-	(678)	(1,368)	(677)	(186,833)
Reclassification	-	52,566	-	-	-	-	52,566
Net exchange difference	18,720	4,198	14,883	-	-	-	37,801
Balance, March 31, 2022	<u>\$ 4,445,090</u>	<u>\$ 1,164,171</u>	<u>\$ 456,578</u>	<u>\$ 15,767</u>	<u>\$ 25,996</u>	<u>\$ 13,933</u>	<u>\$ 6,121,535</u>
Balance, January 1, 2021	\$ 4,442,843	\$ 1,200,916	\$ 454,791	\$ 19,157	\$ 32,836	\$ 17,318	\$ 6,167,861
Separate acquisition	-	63,648	-	-	-	-	63,648
Amortization expenses	-	(163,607)	-	(678)	(1,368)	(677)	(166,330)
Reclassification	-	100,741	-	-	-	-	100,741
Net exchange difference	421	(641)	335	-	-	-	115
Balance, March 31, 2021	<u>\$ 4,443,264</u>	<u>\$ 1,201,057</u>	<u>\$ 455,126</u>	<u>\$ 18,479</u>	<u>\$ 31,468</u>	<u>\$ 16,641</u>	<u>\$ 6,166,035</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

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits, net	\$ 7,668,680	\$ 4,104,511	\$ 7,136,411
Operating deposits and settlement funds	583,421	569,946	569,978
Prepayments	960,846	459,218	463,000
Defined benefit assets	527,086	407,809	129,799
Collections for underwriting stock value	174,022	7,968,291	-
Others	319,714	382,422	339,023
	<u>\$ 10,233,769</u>	<u>\$ 13,892,197</u>	<u>\$ 8,638,211</u>



**21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Call loans from banks	\$ 94,472,129	\$ 78,059,351	\$ 68,453,725
Deposits from Chunghwa Post Co., Ltd.	2,276,985	2,276,985	2,276,177
Call loans from the Central Bank	1,431,100	1,384,450	1,426,550
Banks overdrafts	193,806	213,519	686,782
Deposits from banks	2,540,576	1,520,217	3,963,633
Deposits from the Central Bank	<u>27,109</u>	<u>26,636</u>	<u>26,781</u>
	<u>\$ 100,941,705</u>	<u>\$ 83,481,158</u>	<u>\$ 76,833,648</u>

**22. DUE TO THE CENTRAL BANK AND OTHER BANKS**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Due to the Central Bank	<u>\$ 14,503,500</u>	<u>\$ 14,021,010</u>	<u>\$ 10,040,830</u>

**23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

Securities sold for \$18,943,335 thousand, \$16,648,639 thousand and \$13,178,554 thousand under repurchase agreements as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, would subsequently be purchased for \$19,006,655 thousand, \$16,686,012 thousand and \$13,202,232 thousand, respectively.

**24. COMMERCIAL PAPER ISSUED, NET**

The face values of commercial paper issued were \$6,550,000 thousand, \$4,790,000 thousand and \$4,924,000 thousand, and the annual discount rates were from 0.34%-0.70%, 0.30%-0.88% and 0.20%-0.25%, as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively. These financial instruments were accepted and guaranteed by financial institutions.

**25. PAYABLES**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Checks for clearing	\$ 2,321,869	\$ 7,259,513	\$ 1,816,630
Accrued interest	2,181,662	1,997,454	2,024,042
Accrued expenses	3,080,416	6,092,178	2,866,154
Accounts payable	7,041,863	1,345,301	5,440,547
Factored accounts payable	3,012,141	1,590,393	3,365,501
Settlements payable	5,555,670	5,705,230	6,528,472
Acceptances	1,238,513	1,356,990	1,753,338
Payable on credit cards	879,209	877,542	896,095
Payables for short-sale transactions	379,509	945,623	561,214
Deposits on short-sale transactions	350,399	849,623	521,668

(Continued)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Tax payable	\$ 248,980	\$ 342,306	\$ 221,843
Collections payable	717,607	719,346	459,585
Others	<u>4,002,372</u>	<u>3,674,749</u>	<u>3,808,548</u>
	<u>\$ 31,010,210</u>	<u>\$ 32,756,248</u>	<u>\$ 30,263,637</u> (Concluded)

## 26. DEPOSITS AND REMITTANCES

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Deposits			
Checking	\$ 12,783,250	\$ 18,633,621	\$ 12,810,901
Demand	802,416,124	801,742,311	712,145,808
Savings - demand	715,666,899	700,429,954	662,612,355
Time	834,899,946	829,792,461	732,249,080
Negotiable certificates of deposit	25,345,495	28,801,536	8,298,013
Savings - time	307,829,033	300,717,348	295,248,967
Treasury deposits	12,747,157	13,225,790	11,003,812
Remittances	<u>1,816,156</u>	<u>1,719,770</u>	<u>1,875,118</u>
	<u>\$ 2,713,504,060</u>	<u>\$ 2,695,062,791</u>	<u>\$ 2,436,244,054</u>

## 27. BONDS PAYABLE

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Bank debentures	\$ 35,370,000	\$ 34,270,000	\$ 32,670,000
ESFHC's unsecured corporate bonds - first issue in 2016	-	-	900,000
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>-</u>
	<u>\$ 41,370,000</u>	<u>\$ 41,370,000</u>	<u>\$ 38,670,000</u>

On September 22, 2016, ESFHC made a first issue of unsecured corporate bonds with aggregate face value of \$900,000 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 0.75%.

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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
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	\$ 2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,500,000	3,500,000	3,500,000
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).	5,000,000	5,000,000	5,000,000
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,750,000	3,750,000	3,750,000

(Continued)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Two types of subordinated bonds issued on March 30, 2018; interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	3,000,000	3,000,000	3,000,000
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; 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.	<u>1,100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,370,000</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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 3,360,666	\$ 3,260,716	\$ 3,350,153
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	2,149,169	2,267,118	2,194,297
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,474,164	2,419,752	2,474,402
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	1,092,730	1,193,531	1,174,095
			(Continued)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	\$ 9,302,223	\$ 9,194,851	\$ 9,343,403
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	7,065,217	7,186,673	7,364,080
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	3,224,610	3,283,492	3,312,578
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	2,819,648	2,943,007	2,927,599
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	2,708,841	2,808,747	2,777,922
Unsecured USD-denominated bonds issued on May 19, 2017	1,978,202	2,019,482	2,032,602
Unsecured USD-denominated bonds issued on November 21, 2017	4,329,163	4,459,863	4,439,292
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	<u>6,091,246</u>	<u>6,412,483</u>	<u>6,404,887</u>
	<u>\$ 46,595,879</u>	<u>\$ 47,449,715</u>	<u>\$ 47,795,310</u> (Concluded)

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 support business sustainable development and the government's green finance policy, the FSC approved on September 9, 2021, the issuance of unsecured bank debentures amounting to NT\$10 billion (or foreign currency equivalent) with no more than 40 years to maturity.

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 the date the consolidated financial statements were authorized for issue, bank debentures amounting to NT\$12.3 billion has not yet been issued.

## 28. OTHER BORROWINGS

	<b>March 31, 2022</b>		<b>December 31, 2021</b>		<b>March 31, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Short-term borrowings	\$ 1,757,320	1.16-1.95	\$ 623,780	1.15-1.38	\$ 687,659	1.16-4.50
Long-term borrowings	<u>341,420</u>	2.26-3.00	<u>335,037</u>	1.71-3.00	<u>345,225</u>	1.77-3.00
	<u>\$ 2,098,740</u>		<u>\$ 958,817</u>		<u>\$ 1,032,884</u>	

## 29. PROVISIONS

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Provision for losses on financing commitment	\$ 575,728	\$ 568,384	\$ 508,058
Provision for employee benefits	3,739	3,722	3,242
Provision for losses on guarantees	349,085	349,586	308,401
Others	<u>167,691</u>	<u>167,653</u>	<u>49,278</u>
	<u>\$ 1,096,243</u>	<u>\$ 1,089,345</u>	<u>\$ 868,979</u>

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

### For the three months ended March 31, 2022

	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
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	(7)	1,520	(1,513)	-	-	-
Credit-impaired financial instruments	-	(1)	1	-	-	-
12-month ECL	1,995	(1,810)	(185)	-	-	-
Derecognition of financial instruments in the reporting period	(19,094)	(23)	(18)	(19,135)	-	(19,135)
New financial instruments purchased or originated	12,151	7	14	12,172	-	12,172
Difference of impairment loss under regulations	-	-	-	-	87,125	87,125
Change in model or risk parameters	17,827	(93,805)	(4)	(75,982)	-	(75,982)
Change in exchange rates or others	<u>182</u>	<u>-</u>	<u>-</u>	<u>182</u>	<u>2,481</u>	<u>2,663</u>
Balance at March 31, 2022	<u>\$ 108,202</u>	<u>\$ 5,332</u>	<u>\$ 2,466</u>	<u>\$ 116,000</u>	<u>\$ 808,813</u>	<u>\$ 924,813</u>

For the three months ended March 31, 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	(55)	55	-	-	-	-
Credit-impaired financial instruments	(10)	(15)	25	-	-	-
12-month ECL	1,659	(1,604)	(55)	-	-	-
Derecognition of financial instruments in the reporting period	(14,011)	-	(812)	(14,823)	-	(14,823)
New financial instruments purchased or originated	8,489	3	32	8,524	-	8,524
Difference of impairment loss under regulations	-	-	-	-	338,102	338,102
Change in model or risk parameters	(342,376)	768	1,908	(339,700)	-	(339,700)
Change in exchange rates or others	(4)	-	-	(4)	(27)	(31)
Balance at March 31, 2021	<u>\$ 75,631</u>	<u>\$ 892</u>	<u>\$ 4,326</u>	<u>\$ 80,849</u>	<u>\$ 735,610</u>	<u>\$ 816,459</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 \$104,295 thousand and \$103,655 thousand in the consolidated statements of comprehensive income for the three months ended March 31, 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 three months ended March 31, 2022 and 2021, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$4,097 thousand and \$5,529 thousand, respectively.

### 31. OTHER FINANCIAL LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Principal of structured products	\$ 72,844,134	\$ 62,374,505	\$ 51,031,004
Guarantee deposits received	4,238,723	1,938,732	4,353,408
Customers' equity accounts - futures	<u>1,802,500</u>	<u>1,817,154</u>	<u>1,585,932</u>
	<u>\$ 78,885,357</u>	<u>\$ 66,130,391</u>	<u>\$ 56,970,344</u>

### 32. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Advance receipts	\$ 2,562,254	\$ 2,915,495	\$ 2,563,648
Deferred revenue	663,148	649,316	591,875
Collections for underwriting stock value	174,006	7,968,073	-
Others	<u>13,582</u>	<u>14,701</u>	<u>30,144</u>
	<u>\$ 3,412,990</u>	<u>\$ 11,547,585</u>	<u>\$ 3,185,667</u>

### 33. NET INTEREST

	For the Three Months Ended March 31	
	2022	2021
Interest revenue		
From discounts and loans	\$ 7,581,177	\$ 6,925,740
From investments	1,666,644	967,256
From revolving interests of credit cards	477,090	499,912
From due from banks and call loans to other banks	127,063	122,298
Others	<u>33,798</u>	<u>31,600</u>
	<u>9,885,772</u>	<u>8,546,806</u>
Interest expense		
From deposits	(2,038,204)	(2,061,991)
From due to the Central Bank and other banks	(130,208)	(91,497)
From issuing bonds payable	(137,844)	(141,681)
From lease liabilities	(10,688)	(9,843)
Others	<u>(184,914)</u>	<u>(159,378)</u>
	<u>(2,501,858)</u>	<u>(2,464,390)</u>
	<u>\$ 7,383,914</u>	<u>\$ 6,082,416</u>

### 34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended March 31	
	2022	2021
Service fee and commission income		
From credit cards	\$ 2,149,481	\$ 2,151,804
From insurance	800,340	465,246
From trust business	1,440,702	1,932,076
From loans	553,565	387,819
From brokerage	664,238	710,032
Others	<u>592,305</u>	<u>669,790</u>
	<u>6,200,631</u>	<u>6,316,767</u>
Service charge and commission expenses		
From agency	(492,230)	(406,829)
From credit cards	(174,755)	(249,146)
From cross - bank transactions	(81,565)	(84,636)
From computer processing	(48,991)	(78,479)
Others	<u>(230,016)</u>	<u>(224,707)</u>
	<u>(1,027,557)</u>	<u>(1,043,797)</u>
	<u>\$ 5,173,074</u>	<u>\$ 5,272,970</u>

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

	For the Three Months Ended March 31, 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	\$ 6,786	\$ 879,474	\$ 3,559,448	\$ 25,275,362	\$ 29,721,070
Held-for-trading financial liabilities	-	-	(1,955,647)	(29,775,692)	(31,731,339)
Financial liabilities designated as at fair value through profit or loss	-	(531,484)	-	3,103,628	2,572,144
	<u>\$ 6,786</u>	<u>\$ 347,990</u>	<u>\$ 1,603,801</u>	<u>\$ (1,396,702)</u>	<u>\$ 561,875</u>
	For the Three Months Ended March 31, 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	\$ 4,353	\$ 1,212,507	\$ 3,400,605	\$ (7,924,570)	\$ (3,307,105)
Held-for-trading financial liabilities	-	-	(1,817,892)	4,628,411	2,810,519
Financial liabilities designated as at fair value through profit or loss	-	(520,559)	158	2,990,453	2,470,052
	<u>\$ 4,353</u>	<u>\$ 691,948</u>	<u>\$ 1,582,871</u>	<u>\$ (305,706)</u>	<u>\$ 1,973,466</u>

### 36. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2022	2021
Employee benefits		
Salaries	\$ 2,923,346	\$ 3,021,293
Insurance	267,623	209,872
Excessive interest from preferential rates	26,744	49,850
Post-employment benefits	108,392	109,184
Others	236,615	196,790
Depreciation expenses	759,374	693,937
Amortization expenses	187,038	166,575

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 three months ended March 31, 2022 and 2021, the employees' compensation were \$129,671 thousand and \$159,026 thousand, respectively; and the remuneration of directors were \$22,000 thousand and \$34,000 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 March 11, 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 March 31	
	2022	2021
Current tax		
Current period	\$ 1,233,966	\$ 1,150,719
Deferred tax		
Current period	<u>(221,485)</u>	<u>(119,042)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,012,481</u>	<u>\$ 1,031,677</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	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	\$ (5,405)	\$ 4,655
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	242,799	15,434
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>(734,892)</u>	<u>(175,254)</u>
Income tax benefit recognized in other comprehensive income	<u>\$ (497,498)</u>	<u>\$ (155,065)</u>

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

<u>ESFHC</u>	<u>E.SUN Bank</u>	<u>E.SUN Securities</u>	<u>ESVC</u>
2016	2016	2016	2016

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

### 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 March 31, 2022</u>			
Basic earnings per share	\$ 4,325,267	13,359,383	<u>\$ 0.32</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>19,640</u>	
Diluted earnings per share	<u>\$ 4,325,267</u>	<u>13,379,023</u>	<u>\$ 0.32</u>
<u>For the three months ended March 31, 2021</u>			
Basic earnings per share	\$ 5,204,582	13,339,650	<u>\$ 0.39</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>21,043</u>	
Diluted earnings per share	<u>\$ 5,204,582</u>	<u>13,360,693</u>	<u>\$ 0.39</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 three months ended March 31, 2021 were retrospectively adjusted as follows:

**Unit: NT\$ Per Share**

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 0.41</u>	<u>\$ 0.39</u>
Diluted earnings per share	<u>\$ 0.41</u>	<u>\$ 0.39</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

	March 31, 2022	December 31, 2021	March 31, 2021
Authorized number of shares (in thousands)	15,000,000	15,000,000	15,000,000
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued (in thousands)	13,354,600	13,354,600	12,567,100
Common stock issued	<u>\$ 133,546,000</u>	<u>\$ 133,546,000</u>	<u>\$ 125,671,000</u>

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).

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 March 31, 2022, ESFHC issued 507 thousand units (equal to 12,672 thousand shares) because of capital increase, the deposit agents reissued 5,518 thousand units (equal to 137,951 thousand shares), and the GDS holders had canceled 20,825 thousand units (equal to 520,621 thousand shares). Therefore, the outstanding GDSs were 0.067 thousand units, which were equal to 2 thousand shares, or 0.000015% 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 entire 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 March 31, 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

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.



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 board of directors and the stockholders' meetings on March 11, 2022 and July 23, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
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.

The appropriation of earnings for 2021 are subject to the resolution of the stockholders' meeting. 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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance, January 1	\$ 158,753	\$ 132,185
Attributable to non-controlling interests:		
Net income	1,539	2,179
Exchange differences on the translation of financial statements of foreign operations	<u>158</u>	<u>4</u>
Balance, March 31	<u>\$ 160,450</u>	<u>\$ 134,368</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

<b>Related Party</b>	<b>Relationship with the Company</b>
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

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Ending Interest Rate (%)</b>
<b>For the three months ended March 31, 2022</b>				
Key management	\$ 397,026	\$ 370,788	\$ 1,060	
Others	<u>3,279,816</u>	<u>3,049,501</u>	<u>8,842</u>	
	<u>\$ 3,676,842</u>	<u>\$ 3,420,289</u>	<u>\$ 9,902</u>	0.80-2.10
<b>For the three months ended March 31, 2021</b>				
Key management	\$ 479,160	\$ 382,884	\$ 1,068	
Others	<u>3,632,822</u>	<u>2,792,188</u>	<u>8,054</u>	
	<u>\$ 4,111,982</u>	<u>\$ 3,175,072</u>	<u>\$ 9,122</u>	0.80-1.85

### b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the three months ended <u>March 31, 2022</u>				
Key management	\$ 1,318,407	\$ 699,108	\$ 360	
Others	<u>2,222,529</u>	<u>1,752,193</u>	<u>2,699</u>	
	<u>\$ 3,540,936</u>	<u>\$ 2,451,301</u>	<u>\$ 3,059</u>	0-4.30
For the three months ended <u>March 31, 2021</u>				
Key management	\$ 661,677	\$ 440,367	\$ 397	
Others	<u>1,952,327</u>	<u>1,527,553</u>	<u>4,224</u>	
	<u>\$ 2,614,004</u>	<u>\$ 1,967,920</u>	<u>\$ 4,621</u>	0-6.34

Note: The sum of the respective highest balances of each account for the three months ended March 31, 2022 and 2021.

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

	March 31, 2022	December 31, 2021	March 31, 2021
3) Interest receivable (part of receivables)			
Key management	\$ 212	\$ 250	\$ 225
Others	<u>1,599</u>	<u>1,630</u>	<u>1,501</u>
	<u>\$ 1,811</u>	<u>\$ 1,880</u>	<u>\$ 1,726</u>
4) Interest payable (part of payables)			
Key management	\$ 181	\$ 158	\$ 209
Others	<u>956</u>	<u>1,194</u>	<u>1,213</u>
	<u>\$ 1,137</u>	<u>\$ 1,352</u>	<u>\$ 1,422</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2022</b>	<b>2021</b>

- 5) Donation (part of general and administrative expenses)

Others - E.SUN Volunteer & Social Welfare Foundation	\$ 10,418	\$ 10,913
--	-----------	-----------

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 \$205 thousand and \$188 thousand (part of service fee and commission income, net) accordingly for the three months ended March 31, 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

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Ending Interest Rate (%)</b>
For the three months ended March 31, 2022				
Subsidiaries	\$ 4,384,890	\$ 3,383,120	\$ 9,239	
Key management	360,626	334,388	959	
Others	<u>3,200,280</u>	<u>2,972,045</u>	<u>8,624</u>	
	<u>\$ 7,945,796</u>	<u>\$ 6,689,553</u>	<u>\$ 18,822</u>	0.80-2.10
For the three months ended March 31, 2021				
Subsidiaries	\$ 2,684,115	\$ 2,539,259	\$ 7,116	
Key management	464,300	372,884	1,041	
Others	<u>3,560,993</u>	<u>2,745,041</u>	<u>7,922</u>	
	<u>\$ 6,709,408</u>	<u>\$ 5,657,184</u>	<u>\$ 16,079</u>	0.80-1.85

b) Deposits

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
For the three months ended March 31, 2022				
ESFHC	\$ 2,153,511	\$ 816,286	\$ 32	
Subsidiaries	79,743	21,059	1	
Sister companies	10,089,525	3,102,033	1,503	
Key management	909,537	524,643	349	
Others	<u>2,202,227</u>	<u>1,736,820</u>	<u>2,687</u>	
	<u>\$ 15,434,543</u>	<u>\$ 6,200,841</u>	<u>\$ 4,572</u>	0-4.30 (Continued)

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
For the three months ended <u>March 31, 2021</u>				
ESFHC	\$ 789,220	\$ 650,300	\$ 16	
Subsidiaries	73,406	26,776	-	
Sister companies	6,006,122	2,109,303	1,626	
Key management	653,934	433,511	395	
Others	<u>1,941,562</u>	<u>1,520,063</u>	<u>4,221</u>	
	<u>\$ 9,464,244</u>	<u>\$ 4,739,953</u>	<u>\$ 6,258</u>	0-6.34 (Concluded)

Note: The sum of the respective highest balances of each account for the three months ended March 31, 2022 and 2021.

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)			
ESBC	<u>\$ 7,291,890</u>	<u>\$ 8,146,620</u>	<u>\$ 7,960,180</u>
d) Accounts receivable (part of receivables)			
Sister companies	<u>\$ 104,585</u>	<u>\$ -</u>	<u>\$ -</u>
e) Consolidated tax return receivables (part of current tax assets)			
ESFHC	<u>\$ 96,592</u>	<u>\$ 157,875</u>	<u>\$ 154,487</u>
f) Deposits from banks (part of deposits from the Central Bank and other banks)			
Subsidiaries	<u>\$ 117,869</u>	<u>\$ 47,552</u>	<u>\$ 65,774</u>
g) Accounts payable (part of payables)			
Sister companies	<u>\$ 100,480</u>	<u>\$ 351,699</u>	<u>\$ 153,354</u>
h) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	<u>\$ 2,118,782</u>	<u>\$ 1,255,368</u>	<u>\$ 1,008,479</u>

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 March 31, 2022, December 31, 2021 and March 31, 2021, respectively, were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Deposits	<u>\$ 972,172</u>	<u>\$ 324,633</u>	<u>\$ 449,841</u>
Financial asset at amortized cost - current	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 716,149</u>
Deposits - futures exchange margins	<u>\$ 613,276</u>	<u>\$ 200,298</u>	<u>\$ 287,657</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>\$ 313,137</u>	<u>\$ 367,701</u>	<u>\$ 264,668</u>
Deposits - collections for underwriting stock value	<u>\$ 174,022</u>	<u>\$ 7,968,291</u>	<u>\$ -</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, \$4,500,000 thousand and \$4,000,000 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively. 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 March 31, 2022, December 31, 2021 and March 31, 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.
- d) Consolidated tax return payables (part of current tax liabilities)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
ESFHC	<u>\$ 364,756</u>	<u>\$ 295,521</u>	<u>\$ 226,013</u>

## 3) ESVC

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Deposits - E.SUN Bank	<u>\$ 225,409</u>	<u>\$ 421,309</u>	<u>\$ 208,833</u>

d. Remuneration of key management

The remuneration of the directors and other key management for the three months ended March 31, 2022 and 2021 are summarized as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Salaries and other short-term employment benefits	\$ 146,954	\$ 94,407
Post-employment benefits	821	747
Interest arising from the employees' preferential rates in excess of normal rates	<u>86</u>	<u>106</u>
	<u>\$ 147,861</u>	<u>\$ 95,260</u>

#### 41. PLEDGED ASSETS

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Financial assets at fair value through profit or loss (face value)	\$ 25,200,000	\$ 25,200,000	\$ 25,200,000
Investments in debt instruments at amortized cost (face value)	5,531,608	4,505,711	3,798,590
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>5,716,455</u>	<u>3,619,098</u>	<u>3,670,200</u>
	<u>\$ 36,448,063</u>	<u>\$ 33,324,809</u>	<u>\$ 32,668,790</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the foregoing bonds and securities, with aggregate face value of \$20,200,000 thousand, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as 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 March 31, 2022, December 31, 2021 and March 31, 2021, respectively. 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:

	<b>(In Thousands of U.S. Dollars)</b>	
<b>Date</b>	<b>Pledged Amount</b>	<b>Collateral Value</b>
March 31, 2022	<u>\$ 173,000</u>	<u>\$ 158,800</u>
December 31, 2021	<u>\$ 103,000</u>	<u>\$ 97,912</u>
March 31, 2021	<u>\$ 121,000</u>	<u>\$ 112,511</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 March 31, 2022, December 31, 2021 and March 31, 2021, up to \$20,000,000 thousand, \$15,000,000 thousand and \$15,000,000 thousand, respectively, 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 March 31, 2022, December 31, 2021 and March 31, 2021, UCB has provided US\$3,703 thousand, US\$4,805 thousand and US\$33,737 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 March 31, 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 \$2,976,208 thousand, and the remaining unpaid amount was approximately \$1,109,654 thousand.

- b. Union Commercial Bank (UCB)

As of March 31, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately \$7,642 thousand, and the remaining unpaid amount was approximately \$382 thousand.

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

As of March 31, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$103,058 thousand, and the remaining unpaid amount was approximately \$52,123 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 Three Months Ended March 31					
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	\$ 47,268,761	0.40	\$ 39,299,488	0.44	
Call loans to banks	42,414,519	0.55	20,770,029	1.14	
Due from the Central Bank	58,532,506	0.20	55,003,598	0.20	
Financial assets mandatorily classified as					
at fair value through profit or loss -					
bonds	120,445,151	2.25	134,331,609	2.40	
Financial assets mandatorily classified as					
at fair value through profit or loss -					
bills	245,868,714	0.33	509,763,515	0.32	
Securities purchased under resell					
agreements	2,570,562	0.33	3,124,701	0.22	
Accounts receivable factored without					
recourse	9,512,330	0.95	6,602,687	0.94	
Discounts and loans	1,780,639,358	1.56	1,598,093,127	1.60	
Receivables on credit cards	30,516,825	6.32	31,156,529	6.48	
Debt instruments at fair value through					
other comprehensive income	303,296,508	1.30	268,515,455	1.19	
Investments in debt instruments at					
amortized cost	310,823,471	0.72	16,891,134	0.88	
<u>Interest-bearing liabilities</u>					
Deposits from the Central Bank and					
other banks	89,837,002	0.47	72,661,121	0.36	
Due to the Central Bank and other banks	14,633,329	0.10	9,611,251	0.10	
Financial liabilities at fair value through					
profit or loss	45,586,949	4.72	45,138,006	4.72	
Securities sold under repurchase					
agreements	12,698,328	0.13	10,399,510	0.14	
Demand deposits	773,994,929	0.04	699,270,925	0.05	
Savings - demand deposits	731,624,963	0.07	667,785,949	0.08	
Time deposits	811,056,654	0.53	711,661,833	0.62	
Savings - time deposits	310,433,822	0.81	300,900,293	0.81	
Negotiable certificates of deposit	19,847,704	0.37	26,541,858	0.27	
Bank debentures	34,441,111	1.48	33,623,333	1.54	
Principal of structured products	63,188,266	0.55	51,139,419	0.51	
Lease liabilities	3,548,867	0.74	2,686,924	0.78	

#### 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.

	March 31, 2022		December 31, 2021		March 31, 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	\$ 326,327,653	\$ 324,171,426	\$ 308,219,235	\$ 308,865,486	\$ 22,938,724	\$ 22,957,127
<u>Financial liabilities</u>						
Bonds payable	41,370,000	41,639,485	41,370,000	44,087,402	38,670,000	40,876,322

##### Fair value hierarchy as of March 31, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 324,171,426	\$ 23,085,779	\$ 301,085,647	\$ -
<u>Financial liabilities</u>				
Bonds payable	41,639,485	-	41,639,485	-

##### 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 March 31, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 22,957,127	\$ 17,398,748	\$ 5,558,379	\$ -
<u>Financial liabilities</u>				
Bonds payable	40,876,322	-	40,876,322	-

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 March 31, 2022, December 31, 2021 and March 31, 2021, the discount rates used ranged from 0.376% to 1.414%, 0.174% to 1.150% and 0.171% to 0.828%, respectively, for the New Taiwan dollar and from 0.320% to 2.562%, 0.135% to 1.803% and 0.075% to 2.146%, 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 March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

	<b>March 31, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 39,189,495	\$ 313,929	\$ 38,875,566	\$ -
Equity instruments	6,654,526	4,492,950	-	2,161,576
Debt instruments	118,436,335	292,866	118,143,469	-
Others	225,952,687	207,257	225,745,430	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	22,799,811	21,347,040	-	1,452,771
Debt instruments	327,179,630	162,970,608	164,209,022	-

(Continued)

<b>March 31, 2022</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial liabilities at fair value through profit or loss</u>				
Held-for-trading - derivative instruments	\$ 28,876,880	\$ -	\$ 28,876,880	\$ -
Held-for-trading - others	34,614	34,614	-	-
Financial liabilities designated as at fair value through profit or loss	46,595,879	-	46,595,879	-
				(Concluded)
<b>December 31, 2021</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<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	-
<b>March 31, 2021</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 19,424,521	\$ 203,108	\$ 19,221,413	\$ -
Equity instruments	6,374,280	4,127,294	-	2,246,986
Debt instruments	134,163,709	1,088,970	133,074,739	-
Others	498,414,388	154,335	498,260,053	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,742,969	13,423,812	-	1,319,157
Debt instruments	295,087,716	138,780,670	156,307,046	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	14,550,607	-	14,550,607	-
Financial liabilities designated as at fair value through profit or loss	47,795,310	-	47,795,310	-

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 three months ended March 31, 2022 and 2021.

d. Reconciliation of the financial instruments classified in Level 3

For the three months ended March 31, 2022

	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 2,131,302	\$ 1,433,269
Valuation recognized in profit or loss	18,423	-
Valuation recognized in other comprehensive income	-	18,943
Acquisitions	144,507	-
Transfers out of Level 3 (Note)	(132,656)	-
Change in exchange rates	<u>-</u>	<u>559</u>
Balance at March 31, 2022	<u>\$ 2,161,576</u>	<u>\$ 1,452,771</u>
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>\$ (28,433)</u>	

For the three months ended March 31, 2021

	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 2,097,295	\$ 1,314,275
Valuation recognized in profit or loss	43,940	-
Valuation recognized in other comprehensive income	-	4,882
Acquisitions	264,166	-
Disposal	(41,954)	-
Transfers out of Level 3 (Note)	<u>(116,461)</u>	<u>-</u>
Balance at March 31, 2021	<u>\$ 2,246,986</u>	<u>\$ 1,319,157</u>
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>\$ 39,336</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:

March 31, 2022

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs and Fair Value</b>
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 916,156	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,245,420	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	683,626	Market approach	Lack of liquidity discount	5%-30%	The higher the lack of liquidity, the lower the fair value is
	220,646	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; -%-10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	548,499	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

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs and Fair Value</b>
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

March 31, 2021

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs and Fair Value</b>
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 1,258,688	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	988,298	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	1,242,744	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	68,129	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
	8,284	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:

March 31, 2022

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Period</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 216,158	\$ (216,158)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	145,277	(145,277)

December 31, 2021

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Year</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
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)



March 31, 2021

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Period</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 224,699	\$ (224,699)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	131,916	(131,916)

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 46,595,879	\$ 47,449,715	\$ 47,795,310
Amounts due on maturity	<u>47,522,362</u>	<u>45,447,639</u>	<u>46,274,521</u>
	<u>\$ (926,483)</u>	<u>\$ 2,002,076</u>	<u>\$ 1,520,789</u>
			<b>Change in Fair Values Resulting from Credit Risk Variations</b>
Accumulated amount of change			
As of March 31, 2022			<u>\$ 826,497</u>
As of December 31, 2021			<u>\$ 651,427</u>
As of March 31, 2021			<u>\$ 570,396</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 March 31, 2022, December 31, 2021 and March 31, 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.

March 31, 2022

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 332,533,626	\$ 326,349,368	\$ 658,882,994
Less: Allowance for impairment loss	<u>(105,173)</u>	<u>(21,715)</u>	<u>(126,888)</u>
Amortized cost	332,428,453	<u>\$ 326,327,653</u>	658,756,106
Adjustment to fair value	<u>(5,736,055)</u>		<u>(5,736,055)</u>
	<u>\$ 326,692,398</u>		<u>\$ 653,020,051</u>

December 31, 2021

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
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>

March 31, 2021

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 294,520,723	\$ 22,942,866	\$ 317,463,589
Less: Allowance for impairment loss	<u>(82,316)</u>	<u>(4,142)</u>	<u>(86,458)</u>
Amortized cost	294,438,407	<u>\$ 22,938,724</u>	317,377,131
Adjustment to fair value	<u>405,261</u>		<u>405,261</u>
	<u>\$ 294,843,668</u>		<u>\$ 317,782,392</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:

March 31, 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	-%-0.99%	\$ 658,882,994

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

March 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	-%-0.16%	\$ 317,463,589

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 three months ended March 31, 2022

	<u>Credit Rating</u> <b>Performing</b> <b>(12-Month</b> <b>ECL)</b>
<b>Allowance for Impairment Loss</b>	
Balance at January 1, 2022	\$ 115,437
New financial assets purchased	18,004
Derecognition	(4,844)
Change in model or risk parameters	(2,709)
Change in exchange rates or others	<u>1,000</u>
Balance at March 31, 2022	<u>\$ 126,888</u>

For the three months ended March 31, 2021

	<b><u>Credit Rating</u></b> <b><u>Performing</u></b> <b><u>(12-Month</u></b> <b><u>ECL)</u></b>
<b>Allowance for Impairment Loss</b>	
Balance at January 1, 2021	\$ 73,271
New financial assets purchased	13,398
Derecognition	(2,846)
Change in model or risk parameters	2,738
Change in exchange rates or others	<u>(103)</u>
Balance at March 31, 2021	<u>\$ 86,458</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:

### March 31, 2022

	12-Month ECL	Lifetime ECL	Lifetime ECL (Credit - Impaired Financial Assets)	Difference Of Impairment Loss Under Regulations	Total
Maximum exposure to credit risk	\$ 1,245,791,136	\$ 1,630,236	\$ 112,719	\$ -	\$ 1,247,534,091
Allowance for possible losses	(108,202)	(5,332)	(2,466)	-	(116,000)
Difference of impairment loss under regulations	-	-	-	(808,813)	(808,813)
	<u>\$ 1,245,682,934</u>	<u>\$ 1,624,904</u>	<u>\$ 110,253</u>	<u>\$ (808,813)</u>	<u>\$ 1,246,609,278</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>

### March 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	\$ 1,302,020,882	\$ 177,610	\$ 19,083,835	\$ -	\$ 1,321,282,327
Allowance for possible losses	(75,631)	(892)	(4,326)	-	(80,849)
Difference of impairment loss under regulations	-	-	-	(735,610)	(735,610)
	<u>\$ 1,301,945,251</u>	<u>\$ 176,718</u>	<u>\$ 19,079,509</u>	<u>\$ (735,610)</u>	<u>\$ 1,320,465,868</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:

March 31, 2022

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,535,106	\$ -	\$ -	\$ -	\$ -
Other	76,076	-	-	-	-
Discounts and loans	7,899,250	3,894,680	-	-	3,894,680

December 31, 2021

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

March 31, 2021

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,628,061	\$ -	\$ -	\$ -	\$ -
Other	75,665	-	-	-	-
Discounts and loans	7,942,494	3,658,713	-	-	3,658,713

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:

<b>Credit Risk Profile by Group or Industry</b>	<b>March 31, 2022</b>		<b>December 31, 2021</b>		<b>March 31, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Natural person	\$ 916,684,206	50	\$ 897,620,361	50	\$ 821,544,518	50
Manufacturing	343,684,092	19	347,834,553	19	305,986,295	19
Finance, insurance and real estate	212,460,258	12	189,689,679	11	172,921,482	11
<b>Credit Risk Profile by Regions</b>	<b>March 31, 2022</b>		<b>December 31, 2021</b>		<b>March 31, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Domestic	\$ 1,580,579,536	86	\$ 1,558,897,685	87	\$ 1,417,465,406	87
<b>Credit Risk Profile by Collaterals</b>	<b>March 31, 2022</b>		<b>December 31, 2021</b>		<b>March 31, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Unsecured	\$ 474,249,210	26	\$ 451,367,628	25	\$ 398,023,068	24
Secured						
Real estate	1,195,170,594	65	1,161,610,355	65	1,083,601,748	66

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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Credit rating			
Strong	\$ 1,319,966,788	\$ 1,258,199,636	\$ 880,992,640
Medium	492,427,291	492,556,246	705,849,981
Weak	<u>22,110,547</u>	<u>25,723,699</u>	<u>38,999,968</u>
Carrying amount	1,834,504,626	1,776,479,581	1,625,842,589
Allowance for possible losses	<u>(1,679,126)</u>	<u>(1,107,559)</u>	<u>(840,667)</u>
	<u>\$ 1,832,825,500</u>	<u>\$ 1,775,372,022</u>	<u>\$ 1,625,001,922</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 March 31, 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 March 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	<b>Carrying Amount</b>
Financial assets that reference the USD LIBOR	
Financial assets at FVTPL	\$ 26,019,521
Financial assets at FVTOCI	14,817,468
Investments in debt instruments at amortized cost	2,003,563
Discounts and loans	<u>105,367,681</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 148,208,233</u>

The following table contains details of derivative financial instruments held by the Company at March 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate.

		<b>Carrying Amount</b>	
	<b>Nominal Amount</b>	<b>Financial Assets</b>	<b>Financial Liabilities</b>
Derivative financial instruments that reference the USD LIBOR			
Interest Rate Swaps	\$ 359,043,813	\$ 6,770,396	\$ 4,052,552
Cross-currency swaps	286,220	13,324	-

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 three months ended March 31, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	March 31, 2022
<u>By risk type</u>				
Currency	\$ 3,372,513	\$ 2,402,325	\$ 4,527,413	\$ 4,527,413
Interest	5,641,585	4,159,639	9,770,791	8,851,438
Equity	906,951	649,966	1,284,015	1,236,875
Risk diversification	<u>(4,395,910)</u>	-	-	<u>(8,763,536)</u>
Total risk exposure	<u>\$ 5,525,139</u>			<u>\$ 5,852,190</u>

For the year ended December 31, 2021

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2021	March 31, 2021
<u>By risk type</u>					
Currency	\$ 3,340,311	\$ 2,402,325	\$ 4,155,766	\$ 3,516,984	\$ 3,284,502
Interest	5,288,307	3,518,810	6,988,286	5,170,067	5,489,276
Equity	806,523	649,966	1,236,931	1,236,931	793,231
Risk diversification	<u>(4,005,028)</u>	-	-	<u>(4,579,535)</u>	<u>(3,503,148)</u>
Total risk exposure	<u>\$ 5,430,113</u>			<u>\$ 5,344,447</u>	<u>\$ 6,063,861</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, debt instruments at amortized cost, etc.

The liquidity reserve ratios of E.SUN Bank for March 2022, December 2021 and March 2021 were 32.43%, 33.81% and 34.99%, 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.

March 31, 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	\$ 73,165,487	\$ 21,470,733	\$ 4,662,727	\$ 1,642,758	\$ -	\$ 100,941,705
Due to the Central Bank and other banks	-	-	14,503,500	-	-	14,503,500
Nonderivative financial liabilities at fair value through profit or loss	-	-	788,078	-	46,734,284	47,522,362
Securities sold under repurchase agreements	4,017,328	4,374,520	779,387	-	9,835,420	19,006,655
Payables	21,102,130	710,718	364,539	458,513	99,686	22,735,586
Deposits and remittances	1,023,672,485	240,051,669	268,185,598	452,540,114	731,179,080	2,715,628,946
Bank debentures	500,000	2,720,000	6,500,000	100,000	25,550,000	35,370,000
Lease liabilities	90,337	169,132	252,394	503,689	3,165,462	4,181,014
Other items of cash outflow on maturity	5,115,072	3,753,350	273,360	2,455,768	67,587,687	79,185,237

<b>December 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
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

<b>March 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 60,870,168	\$ 12,724,558	\$ 1,955,269	\$ 1,269,426	\$ 14,227	\$ 76,833,648
Due to the Central Bank and other banks	-	-	10,040,830	-	-	10,040,830
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	785,572	45,488,949	46,274,521
Securities sold under repurchase agreements	11,022,629	995,043	1,184,560	-	-	13,202,232
Payables	19,402,183	636,298	383,050	387,566	179,101	20,988,198
Deposits and remittances	890,926,209	190,084,908	259,407,466	405,161,400	692,180,701	2,437,760,684
Bank debentures	-	-	-	-	32,670,000	32,670,000
Lease liabilities	71,445	171,531	251,793	471,147	2,166,034	3,131,950
Other items of cash outflow on maturity	7,386,309	1,412,105	843,734	76,516	46,702,312	56,420,976

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

<b>March 31, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	\$ 187,181	\$ 334,085	\$ 109,112	\$ 93,241	\$ -	\$ 723,619
Interest derivatives	58	133	43	-	-	234

<b>December 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
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

<b>March 31, 2021</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	\$ 35,580	\$ 7	\$ 30,867	\$ 53,982	\$ -	\$ 120,436

ii. Derivative financial liabilities to be settled at gross amounts

March 31, 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	\$ 218,181,814	\$ 172,844,168	\$ 145,276,419	\$ 231,469,840	\$ 11,701,680	\$ 779,473,921
Cash inflow	214,244,046	168,776,636	141,334,136	224,562,291	11,290,223	760,207,332
Interest derivatives						
Cash outflow	534,075	217,513	492,642	1,411,020	14,266,275	16,921,525
Cash inflow	38,587	173,237	204,633	535,529	6,722,945	7,674,931
Total cash outflow	218,715,889	173,061,681	145,769,061	232,880,860	25,967,955	796,395,446
Total cash inflow	214,282,633	168,949,873	141,538,769	225,097,820	18,013,168	767,882,263
Net cash outflow	\$ 4,433,256	\$ 4,111,808	\$ 4,230,292	\$ 7,783,040	\$ 7,954,787	\$ 28,513,183

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

March 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	\$ 162,887,010	\$ 133,252,208	\$ 136,183,699	\$ 84,285,814	\$ 5,685,005	\$ 522,293,736
Cash inflow	160,825,773	130,824,558	133,589,257	83,458,227	5,596,516	514,294,331
Interest derivatives						
Cash outflow	3,426,290	2,625,755	3,804,352	6,087,254	63,122,099	79,065,750
Cash inflow	3,221,418	2,777,407	3,965,948	6,648,140	56,047,563	72,660,476
Total cash outflow	166,313,300	135,877,963	139,988,051	90,373,068	68,807,104	601,359,486
Total cash inflow	164,047,191	133,601,965	137,555,205	90,106,367	61,644,079	586,954,807
Net cash outflow	\$ 2,266,109	\$ 2,275,998	\$ 2,432,846	\$ 266,701	\$ 7,163,025	\$ 14,404,679

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.

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 480,285	\$ 648,113	\$ 3,985,286	\$ 7,873,043	\$ 46,004,199	\$ 58,990,926
Credit card commitments	7,010	6,091	291,589	9,267,416	477,136,133	486,708,239
Letters of credit issued and yet unused	3,714,024	6,973,686	1,979,745	872,975	106,900	13,647,330
Other guarantees	4,856,226	7,280,294	13,099,135	4,378,565	5,476,091	35,090,311

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

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,104,216	\$ 927,557	\$ 3,622,291	\$ 5,704,446	\$ 36,275,020	\$ 47,633,530
Credit card commitments	12,922	30,064	230,997	46,432	477,346,708	477,667,123
Letters of credit issued and yet unused	2,859,791	5,380,611	1,507,746	480,351	340,090	10,568,589
Other guarantees	4,340,626	5,940,241	3,638,160	14,370,166	5,270,491	33,559,684



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:

March 31, 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	\$ 19,231,594	\$ 17,868,818	\$ 19,231,594	\$ 17,868,818	\$ 1,362,776
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	1,097,963	1,074,517	1,118,479	1,074,517	43,962

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

March 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	\$ 14,108,454	\$ 13,178,554	\$ 14,108,454	\$ 13,178,554	\$ 929,900

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.

March 31, 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	\$ 39,189,495	\$ -	\$ 39,189,495	\$ (16,607,833)	\$ (5,271,485)	\$ 17,310,177
Resell agreements	1,475,979	-	1,475,979	(1,475,979)	-	-
Settlements	<u>209,158</u>	<u>(1,791)</u>	<u>207,367</u>	<u>(99,046)</u>	<u>-</u>	<u>108,321</u>
	<u>\$ 40,874,632</u>	<u>\$ (1,791)</u>	<u>\$ 40,872,841</u>	<u>\$ (18,182,858)</u>	<u>\$ (5,271,485)</u>	<u>\$ 17,418,498</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	\$ 28,876,880	\$ -	\$ 28,876,880	\$ (16,607,833)	\$ (6,193,148)	\$ 6,075,899
Repurchase agreements	18,974,303	-	18,974,303	(18,974,303)	-	-
Settlements	<u>1,292,852</u>	<u>(123,337)</u>	<u>1,169,515</u>	<u>(99,046)</u>	<u>-</u>	<u>1,070,469</u>
	<u>\$ 49,144,035</u>	<u>\$ (123,337)</u>	<u>\$ 49,020,698</u>	<u>\$ (35,681,182)</u>	<u>\$ (6,193,148)</u>	<u>\$ 7,146,368</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>

March 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	\$ 19,424,521	\$ -	\$ 19,424,521	\$ (9,392,824)	\$ (5,104,046)	\$ 4,927,651
Resell agreements	3,482,050	-	3,482,050	(3,482,050)	-	-
Settlements	<u>54,410</u>	<u>(48,842)</u>	<u>5,568</u>	<u>-</u>	<u>-</u>	<u>5,568</u>
	<u>\$ 22,960,981</u>	<u>\$ (48,842)</u>	<u>\$ 22,912,139</u>	<u>\$ (12,874,874)</u>	<u>\$ (5,104,046)</u>	<u>\$ 4,933,219</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	\$ 14,550,607	\$ -	\$ 14,550,607	\$ (9,392,824)	\$ (5,107,435)	\$ 50,348
Repurchase agreements	13,184,789	-	13,184,789	(13,184,789)	-	-
Settlements	<u>27,341</u>	<u>(11,361)</u>	<u>15,980</u>	<u>-</u>	<u>-</u>	<u>15,980</u>
	<u>\$ 27,762,737</u>	<u>\$ (11,361)</u>	<u>\$ 27,751,376</u>	<u>\$ (22,577,613)</u>	<u>\$ (5,107,435)</u>	<u>\$ 66,328</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 three months ended March 31, 2022				
Others	<u>\$ 64</u>	<u>\$ 62</u>	<u>\$ 126</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied

For the three months ended March 31, 2021				
Others	<u>\$ 68</u>	<u>\$ 104</u>	<u>\$ 172</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):

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ <u>967</u>	\$ <u>1,717</u>
Expense	\$ <u>41,752</u>	\$ <u>30,614</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, %)

March 31, 2022				March 31, 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 Monitors and Terminals	\$ 10,672,019	5.65	Group B Other activities auxiliary to financial service activities not elsewhere classified	\$ 10,306,435	5.65
2	Group B Other activities auxiliary to financial service activities not elsewhere classified	10,013,400	5.30	Group A Manufacture of other electronic parts and components not elsewhere classified	9,382,061	5.14
3	Group C Retail sale of computers, computer peripheral equipment and software	8,717,222	4.62	Group D Activities of head offices	8,318,222	4.56
4	Group D Activities of head offices	8,423,422	4.46	Group K Air transport	7,979,116	4.37
5	Group E Real estate development	6,802,292	3.60	Group L Manufacture of computers	6,944,160	3.81
6	Group F Electricity supply	6,305,189	3.34	Group E Real estate development	5,940,801	3.26
7	Company G Real estate activities for sale and rental with own or leased property	5,672,060	3.00	Company G Real estate activities for sale and rental with own or leased property	5,754,210	3.15
8	Group H Wholesale of computers, computer peripheral equipment and software	5,664,305	3.00	Group I Manufacture of integrated circuits	5,622,219	3.08
9	Group I Manufacture of electronic passive devices	5,501,720	2.91	Group M Manufacture of computers	5,490,292	3.01
10	Group J Wired telecommunications activities	5,463,159	2.89	Group N Financial institution	5,083,444	2.79

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, %)

March 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,838,952,444	\$ 57,500,860	\$ 82,200,930	\$ 208,276,279	\$ 2,186,930,513
Interest rate-sensitive liabilities	1,526,452,796	85,568,348	99,716,868	102,374,011	1,814,112,023
Interest rate sensitivity gap	312,499,648	(28,067,488)	(17,515,938)	105,902,268	372,818,490
Net worth					175,745,495
Ratio of interest rate-sensitive assets to liabilities					120.55
Ratio of interest rate sensitivity gap to net worth					212.14

March 31, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,727,875,384	\$ 66,781,167	\$ 94,973,427	\$ 143,625,166	\$ 2,033,255,144
Interest rate-sensitive liabilities	1,405,688,858	73,934,491	96,273,621	85,277,699	1,661,174,669
Interest rate sensitivity gap	322,186,526	(7,153,324)	(1,300,194)	58,347,467	372,080,475
Net worth					169,680,971
Ratio of interest rate-sensitive assets to liabilities					122.40
Ratio of interest rate sensitivity gap to net worth					219.28

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, %)

March 31, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 15,771,744	\$ 763,349	\$ 123,184	\$ 2,896,731	\$ 19,555,008
Interest rate-sensitive liabilities	23,975,145	4,322,135	3,274,590	1,708,544	33,280,414
Interest rate sensitivity gap	(8,203,401)	(3,558,786)	(3,151,406)	1,188,187	(13,725,406)
Net worth					141,079
Ratio of interest rate-sensitive assets to liabilities					58.76
Ratio of interest rate sensitivity gap to net worth					(9,728.88)

March 31, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 12,488,430	\$ 722,734	\$ 357,043	\$ 2,889,000	\$ 16,457,207
Interest rate-sensitive liabilities	18,855,735	4,562,601	2,857,188	1,682,463	27,957,987
Interest rate sensitivity gap	(6,367,305)	(3,839,867)	(2,500,145)	1,206,537	(11,500,780)
Net worth					137,983
Ratio of interest rate-sensitive assets to liabilities					58.86
Ratio of interest rate sensitivity gap to net worth					(8,334.93)

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		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	0.65	0.85
	After income tax	0.53	0.71
Return on equity	Before income tax	10.93	13.52
	After income tax	8.86	11.28
Net income ratio		31.93	38.01

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	8.41	10.97
	After income tax	8.45	10.83
Return on equity	Before income tax	8.83	11.43
	After income tax	8.86	11.29
Net income ratio		98.44	97.46

3) E.SUN Bank

Unit: %

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	0.58	0.74
	After income tax	0.46	0.62
Return on equity	Before income tax	9.66	11.70
	After income tax	7.80	9.82
Net income ratio		30.84	36.78

4) E.SUN Securities

Unit: %

Items		March 31, 2022	March 31, 2021
Return on total assets	Before income tax	5.25	9.11
	After income tax	4.19	7.61
Return on equity	Before income tax	20.21	33.33
	After income tax	16.13	27.86
Net income ratio		37.80	46.18

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)

March 31, 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	\$ 2,722,654,158	\$ 267,042,874	\$ 298,284,009	\$ 198,366,676	\$ 180,405,864	\$ 206,340,788	\$ 1,572,213,947
Main capital outflow on maturity	3,164,793,505	104,911,794	170,252,929	346,254,213	455,951,662	635,803,727	1,451,619,180
Gap	(442,139,347)	162,131,080	128,031,080	(147,887,537)	(275,545,798)	(429,462,939)	120,594,767

March 31, 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	\$ 2,450,355,159	\$ 276,814,973	\$ 267,118,361	\$ 202,529,496	\$ 141,747,422	\$ 229,944,773	\$ 1,332,200,134
Main capital outflow on maturity	2,863,649,122	117,038,740	180,150,548	346,088,908	383,926,140	505,450,170	1,330,994,616
Gap	(413,293,963)	159,776,233	86,967,813	(143,559,412)	(242,178,718)	(275,505,397)	1,205,518

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)

March 31, 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	\$ 61,137,725	\$ 13,728,610	\$ 9,792,882	\$ 9,448,705	\$ 13,824,181	\$ 14,343,347
Main capital outflow on maturity	69,845,629	14,840,245	15,355,418	15,504,021	20,709,222	3,436,723
Gap	(8,707,904)	(1,111,635)	(5,562,536)	(6,055,316)	(6,885,041)	10,906,624

March 31, 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	\$ 44,263,219	\$ 11,746,235	\$ 9,940,949	\$ 6,212,579	\$ 4,585,765	\$ 11,777,691
Main capital outflow on maturity	51,973,949	11,753,368	11,783,997	12,335,317	13,088,198	3,013,069
Gap	(7,710,730)	(7,133)	(1,843,048)	(6,122,738)	(8,502,433)	8,764,622



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)

March 31, 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	\$ 14,989,176	\$ 3,479,077	\$ 2,043,286	\$ 2,033,833	\$ 2,883,834	\$ 4,549,146
Main capital outflow on maturity	15,586,008	3,807,576	3,646,022	3,555,873	4,140,993	435,544
Gap	(596,832)	(328,499)	(1,602,736)	(1,522,040)	(1,257,159)	4,113,602

March 31, 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	\$ 9,655,216	\$ 2,958,767	\$ 1,810,417	\$ 638,220	\$ 787,899	\$ 3,459,913
Main capital outflow on maturity	9,933,016	3,342,159	2,370,146	1,864,362	1,962,124	394,225
Gap	(277,800)	(383,392)	(559,729)	(1,226,142)	(1,174,225)	3,065,688

**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**  
March 31, 2022, December 31, 2021 and March 31, 2021

Trust Assets	March 31, 2022	December 31, 2021	March 31, 2021	Trust Liabilities	March 31, 2022	December 31, 2021	March 31, 2021
Cash in banks	\$ 4,341,138	\$ 5,399,931	\$ 5,147,603	Accounts payable on administrative expense	\$ 5	\$ 4	\$ 3
Investments	302,519,399	293,835,419	285,554,987	Accounts payable on securities under custody	682,053,952	619,710,798	614,035,627
Receivables	275	275	250	Trust capital			
Real estate	5,782,809	4,864,484	3,583,527	Cash	303,601,213	294,987,173	287,890,214
Securities under custody	<u>682,053,952</u>	<u>619,710,798</u>	<u>614,035,627</u>	Securities	3,827,128	4,482,833	3,305,928
				Real estate	5,879,335	4,542,789	3,213,153
				Reserves and accumulated deficit	(1,586,875)	(15,128,998)	(4,450,215)
				Net income	<u>922,815</u>	<u>15,216,308</u>	<u>4,327,284</u>
Total assets	<u>\$ 994,697,573</u>	<u>\$ 923,810,907</u>	<u>\$ 908,321,994</u>	Total liabilities	<u>\$ 994,697,573</u>	<u>\$ 923,810,907</u>	<u>\$ 908,321,994</u>

Note: Investments of the OBU are included in total trust-related assets. As of March 31, 2022, December 31, 2021 and March 31, 2021, the amounts of the OBU's investments were \$26,179,305 thousand, \$24,857,118 thousand and \$24,465,162 thousand, respectively.

**Trust Property List**  
**March 31, 2022, December 31, 2021 and March 31, 2021**

	March 31, 2022	December 31, 2021	March 31, 2021
Cash in E.SUN Bank	\$ 4,335,297	\$ 5,395,438	\$ 5,146,008
Cash in other banks	5,841	4,493	1,595
Stocks	14,666,996	13,605,755	10,694,124
Mutual funds	242,428,935	237,275,855	236,561,556
Bonds	27,571,368	23,056,184	25,072,248
Structured products	17,738,622	19,890,149	12,975,582
Beneficial certificates pending settlement	113,478	7,476	251,477
Receivables	275	275	250
Real estate	5,782,809	4,864,484	3,583,527
Securities under custody	<u>682,053,952</u>	<u>619,710,798</u>	<u>614,035,627</u>
	<u>\$ 994,697,573</u>	<u>\$ 923,810,907</u>	<u>\$ 908,321,994</u>

**Statements of Income on Trust Accounts**  
**For the Three Months Ended March 31, 2022 and 2021**

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Revenues</u>		
Interest	\$ 2,263	\$ 3,086
Cash dividend	2,820,367	2,887,725
Realized capital gain - common stocks	19	395
Unrealized capital gain - common stocks	5,056	17,967
Property gain	985,100	2,741,367
Realized capital gain - bonds	770,853	567,672
Realized capital gain - mutual funds	71,055	321,819
Other revenues	6,000	-
Revenues from beneficial certificates	11,959	9,315
Revenues from rent for stocks	<u>-</u>	<u>78</u>
Total revenues	<u>4,672,672</u>	<u>6,549,424</u>
<u>Expenses</u>		
Management fees	120,446	248,445
Service fees	361	6
Property loss	3,568,354	1,962,401
Income tax	73	171
Tax expenditures	-	529
Other expenses	4,464	5,882
Realized capital loss - common stocks	11	20
Realized capital loss - mutual funds	54,334	4,686
Unrealized capital loss - common stocks	<u>1,814</u>	<u>-</u>
Total expenses	<u>3,749,857</u>	<u>2,222,140</u>
Net income	<u>\$ 922,815</u>	<u>\$ 4,327,284</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 three months ended March 31, 2022

				Non-cash Changes		
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ 14,021,010	\$ 482,490	\$ -	\$ -	\$ -	\$ 14,503,500
Short-term borrowings	623,780	1,114,880	-	-	18,660	1,757,320
Commercial paper issued	4,788,871	1,760,000	-	-	(380)	6,548,491
Bonds payable	41,370,000	-	-	-	-	41,370,000
Long-term borrowings	335,037	(4,747)	-	-	11,130	341,420
Financial liabilities designated as at fair value through profit or loss - bank debentures	47,449,715	-	-	(2,928,559)	2,074,723	46,595,879
Guarantee deposits received	1,938,732	2,299,991	-	-	-	4,238,723
Lease liabilities	3,998,061	(286,316)	292,149	-	42,320	4,046,214
	<u>\$ 114,525,206</u>	<u>\$ 5,366,298</u>	<u>\$ 292,149</u>	<u>\$ (2,928,559)</u>	<u>\$ 2,146,453</u>	<u>\$ 119,401,547</u>

For the three months ended March 31, 2021

				Non-cash Changes		
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ 8,044,340	\$ 1,996,490	\$ -	\$ -	\$ -	\$ 10,040,830
Short-term borrowings	868,371	(181,352)	-	-	640	687,659
Commercial paper issued	3,257,632	1,665,823	-	-	(321)	4,923,134
Bonds payable	39,970,000	(1,300,000)	-	-	-	38,670,000
Long-term borrowings	344,971	-	-	-	254	345,225
Financial liabilities designated as at fair value through profit or loss - bank debentures	50,303,457	-	-	(3,071,128)	562,981	47,795,310
Guarantee deposits received	5,200,653	(847,245)	-	-	-	4,353,408
Lease liabilities	3,275,399	(284,600)	232,805	-	882	3,224,486
	<u>\$ 111,264,823</u>	<u>\$ 1,049,116</u>	<u>\$ 232,805</u>	<u>\$ (3,071,128)</u>	<u>\$ 564,436</u>	<u>\$ 110,040,052</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 Three Months Ended March 31, 2022					
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	\$ <u>3,292</u>	\$ <u>4,591</u>	\$ <u>1,454</u>	\$ <u>(1,953)</u>	\$ <u>7,384</u>
Total net revenues (expenses)	\$ 4,006	\$ 8,431	\$ 1,657	\$ (543)	\$ 13,551
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(148)	72	(222)	(46)	(344)
Operating expenses	<u>(1,200)</u>	<u>(5,162)</u>	<u>(642)</u>	<u>(864)</u>	<u>(7,868)</u>
Income (loss) before income tax	\$ <u>2,658</u>	\$ <u>3,341</u>	\$ <u>793</u>	\$ <u>(1,453)</u>	\$ <u>5,339</u>
For the Three Months Ended March 31, 2021					
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	\$ <u>3,175</u>	\$ <u>4,228</u>	\$ <u>1,215</u>	\$ <u>(2,536)</u>	\$ <u>6,082</u>
Total net revenues (expenses)	\$ 4,508	\$ 8,171	\$ 1,606	\$ (587)	\$ 13,698
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(26)	(48)	88	343	357
Operating expenses	<u>(1,210)</u>	<u>(5,333)</u>	<u>(647)</u>	<u>(627)</u>	<u>(7,817)</u>
Income (loss) before income tax	\$ <u>3,272</u>	\$ <u>2,790</u>	\$ <u>1,047</u>	\$ <u>(871)</u>	\$ <u>6,238</u>

**TABLE 1**

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**

**CONSOLIDATED ENTITIES**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**

**Entities Included in the Consolidated Financial Statements**

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				March 31, 2022	December 31, 2021	March 31, 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  
MARCH 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

Loans

March 31, 2022

Type	Account Volume or Name	Highest Balance for the Three Months Ended March 31, 2022 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	101	\$ 30,476	\$ 26,258	\$ 26,258	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	379	2,578,243	2,377,022	2,377,022	-	Land and buildings	None
Other loans	Others	1,137,670	1,017,009	1,017,009	-	Land, buildings and plant	None

March 31, 2021

Type	Account Volume or Name	Highest Balance for the Three Months Ended March 31, 2021 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	101	\$ 40,972	\$ 36,426	\$ 36,426	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	356	2,354,276	2,192,708	2,192,708	-	Land and buildings	None
Other loans	Others	1,055,299	945,938	945,938	-	Land, buildings and plant	None

Note: The sum of the respective highest balances of each account for the three months ended March 31, 2022 and 2021.



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

	<b>March 31, 2022</b>			<b>December 31, 2021</b>			<b>March 31, 2021</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>									
Monetary items									
USD	\$ 23,203,352	28.6220	\$ 664,126,341	\$ 21,380,903	27.6890	\$ 592,015,823	\$ 19,094,099	28.5310	\$ 544,773,739
CNY	22,904,104	4.5083	103,258,572	24,287,793	4.3497	105,644,613	18,893,132	4.3468	82,124,666
AUD	6,404,016	21.4040	137,071,558	5,583,714	20.0990	112,227,068	4,509,208	21.7140	97,912,943
Non-monetary items									
USD	531,032	28.6220	15,199,198	283,991	27.6890	7,863,427	390,749	28.5310	11,148,460
CNY	118,262	4.5083	533,161	118,403	4.3497	515,018	3,634,192	4.3468	15,797,106
AUD	328	21.4040	7,021	1,866	20.0990	37,505	2,326	21.7140	50,507
<u>Financial liabilities</u>									
Monetary items									
USD	37,048,412	28.6220	1,060,399,648	36,791,140	27.6890	1,018,709,875	30,942,062	28.5310	882,807,971
CNY	24,569,263	4.5083	110,765,608	25,204,268	4.3497	109,631,005	28,333,814	4.3468	123,161,423
AUD	3,026,162	21.4040	64,771,971	2,963,613	20.0990	59,565,658	2,530,393	21.7140	54,944,954
Non-monetary items									
USD	406,133	28.6220	11,624,339	186,255	27.6890	5,157,215	213,493	28.5310	6,091,169
CNY	51,712	4.5083	233,133	41,375	4.3497	179,969	17,522	4.3468	76,165
AUD	2,315	21.4040	49,550	422	20.0990	8,482	539	21.7140	11,704

**TABLE 4**

**E.SUN COMMERCIAL BANK, LTD.**

**ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES**  
**MARCH 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars, %)

Period			March 31, 2022					March 31, 2021				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 1,024,604	\$ 442,267,734	0.23	\$ 5,040,423	491.94	\$ 956,766	\$ 409,736,982	0.23	\$ 4,556,917	476.28
	Unsecured		599,475	440,759,528	0.14	5,153,748	859.71	736,499	367,080,582	0.20	4,288,094	582.23
Consumer banking	Residential mortgage (Note 4)		228,637	506,379,463	0.05	7,408,120	3,240.12	301,309	453,795,597	0.07	6,589,396	2,186.92
	Cash card		206	857	24.04	221	107.28	-	1,072	-	219	-
	Small-scale credit loans (Note 5)		667,880	135,963,868	0.49	1,714,102	256.65	732,101	120,847,094	0.61	1,570,199	214.48
	Other (Note 6)	Secured	207,321	270,217,387	0.08	2,789,477	1,345.49	282,694	243,933,734	0.12	2,519,559	891.27
		Unsecured	214	3,002,683	0.01	32,175	15,035.05	214	1,868,060	0.01	20,071	9,378.97
Loan			2,728,337	1,798,591,520	0.15	22,138,266	811.42	3,009,583	1,597,263,121	0.19	19,544,455	649.41
			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			122,892	76,137,508	0.16	811,395	660.25	113,671	74,815,568	0.15	1,029,833	905.98
Accounts receivable factored without recourse (Note 7)			-	13,253,135	-	172,671	-	-	9,485,868	-	132,486	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			5,050					6,942				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			19,363					25,934				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,225,215					1,224,066				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,640,240					1,669,768				

- 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  
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021

## 1. ESFHC's financial statements

## E.SUN Financial Holding Company, Ltd.

Balance Sheets  
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2022	December 31, 2021	March 31, 2021	Liabilities and Equity	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash equivalents	\$ 801,073	\$ 1,031,222	\$ 636,442	Payables	\$ 319,057	\$ 851,277	\$ 333,629
Financial assets at fair value through other comprehensive income	129,608	162,827	120,816	Current tax liabilities	2,713,343	1,846,705	1,574,399
Receivables	110,233	112,664	104,055	Corporate bonds payable	6,000,000	7,100,000	6,000,000
Current tax assets	2,525,667	1,584,333	1,249,652	Lease liabilities	<u>153,599</u>	<u>154,520</u>	<u>157,259</u>
Investments under the equity method	201,702,178	200,001,380	193,142,084	Total liabilities	<u>9,185,999</u>	<u>9,952,502</u>	<u>8,065,287</u>
Other financial assets, net	-	1,100,000	-	Equity			
Property and equipment, net	4,141	4,796	7,054	Capital stock	133,751,000	133,546,000	125,866,000
Right-of-use assets	149,844	151,033	154,600	Capital surplus	26,070,164	25,662,214	25,662,214
Intangible assets	3,467	3,792	-	Retained earnings	40,900,031	36,091,761	36,018,856
Deferred tax assets	6,191	5,176	3,409	Other equity	<u>(4,427,565)</u>	<u>(1,074,086)</u>	<u>(156,137)</u>
Other assets	<u>47,227</u>	<u>21,168</u>	<u>38,108</u>	Total equity	<u>196,293,630</u>	<u>194,225,889</u>	<u>187,390,933</u>
Total	<u>\$ 205,479,629</u>	<u>\$ 204,178,391</u>	<u>\$ 195,456,220</u>	Total	<u>\$ 205,479,629</u>	<u>\$ 204,178,391</u>	<u>\$ 195,456,220</u>

(Continued)

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 4,409,642	\$ 5,289,843
Other revenues and gains	<u>(2,569)</u>	<u>65,032</u>
Total revenues and gains	<u>4,407,073</u>	<u>5,354,875</u>
Expenses and losses		
Operating expenses	85,834	69,207
Other expenses and losses	<u>13,114</u>	<u>14,682</u>
Total expenses and losses	<u>98,948</u>	<u>83,889</u>
Income before income tax	4,308,125	5,270,986
Income tax benefit (expense)	<u>17,142</u>	<u>(66,404)</u>
Net income for the period	4,325,267	5,204,582
Other comprehensive income (loss)	<u>(2,870,476)</u>	<u>210,959</u>
Total comprehensive income	<u>\$ 1,454,791</u>	<u>\$ 5,415,541</u>
Earnings per share (New Taiwan dollars)		
Basic	<u>\$0.32</u>	<u>\$0.39</u>
Diluted	<u>\$0.32</u>	<u>\$0.39</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

								Other Equity			Total Equity
	Shares (In Thousands)	Capital Stock Common Stock	Reserve for Capitalization	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains 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	
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
Issuance of common stock from employees' compensation	-	-	205,000	407,950	-	-	-	-	-	-	612,950
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	483,003	-	(483,003)	-	-
Net income for the three months ended March 31, 2022	-	-	-	-	-	-	4,325,267	-	-	-	4,325,267
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	993,135	(3,688,541)	(175,070)	(2,870,476)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	4,325,267	993,135	(3,688,541)	(175,070)	1,454,791
BALANCE AT MARCH 31, 2022	<u>13,354,600</u>	<u>\$ 133,546,000</u>	<u>\$ 205,000</u>	<u>\$ 26,070,164</u>	<u>\$ 14,784,546</u>	<u>\$ 164,235</u>	<u>\$ 25,951,250</u>	<u>\$ (1,728,577)</u>	<u>\$ (1,872,491)</u>	<u>\$ (826,497)</u>	<u>\$ 196,293,630</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
Issuance of common stock from employees' compensation	-	-	195,000	312,000	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	510,206	-	(510,206)	-	-
Net income for the three months ended March 31, 2021	-	-	-	-	-	-	5,204,582	-	-	-	5,204,582
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(100)	62,585	67,800	80,674	210,959
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	5,204,482	62,585	67,800	80,674	5,415,541
BALANCE AT MARCH 31, 2021	<u>12,567,100</u>	<u>\$ 125,671,000</u>	<u>\$ 195,000</u>	<u>\$ 25,662,214</u>	<u>\$ 13,078,728</u>	<u>\$ 164,235</u>	<u>\$ 22,775,893</u>	<u>\$ (2,026,814)</u>	<u>\$ 2,441,073</u>	<u>\$ (570,396)</u>	<u>\$ 187,390,933</u>

(Continued)

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities		
Income before income tax	\$ 4,308,125	\$ 5,270,986
Adjustments for:		
Depreciation and amortization expenses	2,169	1,954
Interest expense	13,114	14,682
Interest income	(7)	-
Salary expenses on share-based payments	1,021	(7,262)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(4,409,642)	(5,289,843)
Net changes in operating assets and liabilities		
Receivables	2,419	3,937
Other financial assets	1,100,000	-
Other assets	(26,059)	(21,928)
Payables	<u>(11,069)</u>	<u>(50,868)</u>
Cash generated from (used in) operating activities	980,071	(78,342)
Interest received	19	-
Interest paid	(50,100)	(50,100)
Income tax paid	<u>(58,569)</u>	<u>-</u>
Net cash generated from (used in) operating activities	<u>871,421</u>	<u>(128,442)</u>
Net cash used in financing activities		
Repayment of corporate bonds	(1,100,000)	-
Repayments of the principal portion of lease liabilities	<u>(1,570)</u>	<u>(1,569)</u>
Net cash used in financing activities	<u>(1,101,570)</u>	<u>(1,569)</u>
Net decrease in cash and cash equivalents	(230,149)	(130,011)
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>\$ 801,073</u>	<u>\$ 636,442</u>

(Continued)

2. Subsidiaries' condensed balance sheets

**E.SUN Commercial Bank, Ltd.**

**Condensed Balance Sheets**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>	<b>Liabilities and Equity</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Cash and cash equivalents	\$ 75,425,568	\$ 79,737,222	\$ 42,320,654	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	123,874,607	125,681,496	94,398,699	Deposits from the Central Bank and other banks	\$ 90,349,395	\$ 75,911,287	\$ 67,946,804
Financial assets at fair value through profit or loss	383,978,256	405,870,183	653,030,802	Due to the Central Bank and other banks	14,503,500	14,021,010	10,040,830
Financial assets at fair value through other comprehensive income	329,992,887	314,853,034	292,146,256	Financial liabilities at fair value through profit or loss	75,241,981	61,021,909	62,271,056
Investments in debt instruments at amortized cost	324,981,477	307,138,136	21,859,530	Securities sold under repurchase agreements	12,406,142	12,568,620	10,353,134
Securities purchased under resell agreements	1,475,466	-	3,481,813	Payables	21,661,334	22,440,661	19,994,001
Receivables, net	101,659,855	107,138,143	92,852,945	Current tax liabilities	2,353,989	1,467,901	1,163,236
Current tax assets	128,038	232,322	191,103	Deposits and remittances	2,667,732,438	2,651,792,392	2,397,257,607
Discounts and loans, net	1,776,527,114	1,721,019,982	1,577,692,044	Bank debentures	35,370,000	34,270,000	32,670,000
Investments under the equity method, net	14,327,749	13,735,097	13,166,292	Other financial liabilities	74,030,209	60,518,541	52,091,595
Other financial assets, net	4,558,300	6,139,587	2,638,080	Provisions	1,068,746	1,063,682	845,269
Properties and equipment, net	31,083,342	30,935,024	33,072,573	Lease liabilities	3,482,321	3,408,697	2,607,951
Right-of-use assets, net	6,417,438	6,363,802	2,527,606	Deferred tax liabilities	1,124,867	1,291,482	1,237,613
Investment properties, net	567,827	569,018	480,774	Other liabilities	<u>3,007,735</u>	<u>3,352,228</u>	<u>2,958,128</u>
Intangible assets, net	4,856,174	4,937,319	4,911,743	Total liabilities	<u>3,002,332,657</u>	<u>2,943,128,410</u>	<u>2,661,437,224</u>
Deferred tax assets	2,563,724	2,078,690	1,726,317	<u>Equity</u>			
Other assets, net	<u>8,778,738</u>	<u>4,646,557</u>	<u>7,354,186</u>	Capital stock	98,937,000	98,937,000	95,241,000
				Capital surplus	27,104,298	26,978,796	26,547,504
				Retained earnings	67,018,310	62,861,565	60,470,520
				Other equity	<u>(4,195,705)</u>	<u>(830,159)</u>	<u>155,169</u>
				Total equity	<u>188,863,903</u>	<u>187,947,202</u>	<u>182,414,193</u>
Total	<u>\$ 3,191,196,560</u>	<u>\$ 3,131,075,612</u>	<u>\$ 2,843,851,417</u>	Total	<u>\$ 3,191,196,560</u>	<u>\$ 3,131,075,612</u>	<u>\$ 2,843,851,417</u>

(Continued)

**E.SUN Securities Co., Ltd.**

**Condensed Balance Sheets**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>	<b>Liabilities and Equity</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current assets	\$ 20,237,600	\$ 27,094,470	\$ 18,253,768	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	904,977	651,971	872,409				
Financial assets at fair value through other comprehensive income	1,387,012	1,158,580	926,295	Current liabilities	\$ 16,904,268	\$ 23,686,914	\$ 15,762,381
Investments in debt instruments at amortized cost	536,290	616,290	716,149	Noncurrent liabilities	<u>101,833</u>	<u>112,694</u>	<u>131,397</u>
Investments under the equity method	59,771	58,748	58,598	Total liabilities	<u>17,006,101</u>	<u>23,799,608</u>	<u>15,893,778</u>
Properties and equipment	336,543	351,396	316,858	<u>Equity</u>			
Right-of-use assets	151,076	164,844	180,006				
Investment properties	19,482	12,876	13,050	Capital stock	4,000,000	4,000,000	4,000,000
Intangible assets	31,217	33,699	35,473	Capital surplus	123,324	120,512	107,290
Deferred tax assets	28,844	28,845	34,249	Retained earnings	3,165,113	2,876,656	2,124,823
Other noncurrent assets	<u>630,660</u>	<u>614,385</u>	<u>680,619</u>	Other equity	<u>28,934</u>	<u>(10,672)</u>	<u>(38,417)</u>
				Total equity	<u>7,317,371</u>	<u>6,986,496</u>	<u>6,193,696</u>
Total	<u>\$ 24,323,472</u>	<u>\$ 30,786,104</u>	<u>\$ 22,087,474</u>	Total	<u>\$ 24,323,472</u>	<u>\$ 30,786,104</u>	<u>\$ 22,087,474</u>

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

**Condensed Balance Sheets**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>	<b>Liabilities and Equity</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current assets	\$ 342,667	\$ 457,727	\$ 226,845	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	5,096,073	4,616,770	4,194,494				
Financial assets at fair value through other comprehensive income	144,683	139,002	139,845	Current liabilities	\$ 58,604	\$ 148,455	\$ 30,245
Other financial assets	-	8,002	-	Noncurrent liabilities	<u>38,708</u>	<u>40,386</u>	<u>31,742</u>
Properties and equipment	142	156	198	Total liabilities	<u>97,312</u>	<u>188,841</u>	<u>61,987</u>
Right-of-use assets	22,142	22,315	22,836	<u>Equity</u>			
Intangible assets	2,625	3,000	4,125				
Deferred tax assets	350	<u>551</u>	304	Capital stock	3,700,000	3,700,000	3,300,000
Other noncurrent assets	<u>232</u>	<u>232</u>	<u>232</u>	Capital surplus	81,603	81,504	81,082
				Retained earnings	2,103,358	1,656,450	1,524,006
				Other equity	<u>(373,359)</u>	<u>(379,040)</u>	<u>(378,196)</u>
				Total equity	<u>5,511,602</u>	<u>5,058,914</u>	<u>4,526,892</u>
Total	<u>\$ 5,608,914</u>	<u>\$ 5,247,755</u>	<u>\$ 4,588,879</u>	Total	<u>\$ 5,608,914</u>	<u>\$ 5,247,755</u>	<u>\$ 4,588,879</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 Three Months Ended March 31	
	2022	2021
Interest revenue	\$ 9,015,576	\$ 7,802,966
Less: Interest expense	<u>(2,243,997)</u>	<u>(2,203,555)</u>
Net interest	6,771,579	5,599,411
Net revenues and gains other than interest	<u>5,141,817</u>	<u>6,414,690</u>
Total net revenues	11,913,396	12,014,101
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(303,427)	323,850
Operating expenses	<u>(7,058,100)</u>	<u>(7,069,994)</u>
Income before income tax	4,551,869	5,267,957
Income tax expense	<u>(878,127)</u>	<u>(849,710)</u>
Net income for the period	3,673,742	4,418,247
Other comprehensive income (loss)	<u>(2,882,543)</u>	<u>186,073</u>
Total comprehensive income	<u>\$ 791,199</u>	<u>\$ 4,604,320</u>
Earnings per share		
Basic	<u>\$ 0.37</u>	<u>\$ 0.45</u>

**E.SUN Securities Co., Ltd.**

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

Items	For the Three Months Ended March 31	
	2022	2021
Income	\$ 786,597	\$ 933,981
Service charge	(56,161)	(59,741)
Employee benefit expenses	(230,932)	(245,963)
Share of profit of subsidiaries accounted for using equity method	945	279
Operating expenses	(175,245)	(159,688)
Other profits and losses	<u>36,110</u>	<u>28,834</u>
Income before income tax	361,314	497,702
Income tax expense	<u>(72,857)</u>	<u>(81,648)</u>
Net income for the period	288,457	416,054
Other comprehensive income	<u>39,606</u>	<u>21,996</u>
Total comprehensive income	<u>\$ 328,063</u>	<u>\$ 438,050</u>
Earnings per share		
Basic	<u>\$ 0.72</u>	<u>\$ 1.04</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 Three Months Ended March 31	
	2022	2021
Operating revenue	\$ 455,323	\$ 463,375
Operating expenses	<u>(3,073)</u>	<u>(6,362)</u>
Operating income	452,250	457,013
Non-operating income and expenses	<u>1,985</u>	<u>(667)</u>
Income before income tax	454,235	456,346
Income tax expense	<u>(7,327)</u>	<u>(1,426)</u>
Net income for the period	446,908	454,920
Other comprehensive income (loss)	<u>5,681</u>	<u>(7,254)</u>
Total comprehensive income	<u>\$ 452,589</u>	<u>\$ 447,666</u>
Earnings per share		
Basic	<u>\$ 1.21</u>	<u>\$ 1.23</u>

(Concluded)

**TABLE 6****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**
**BUSINESS SEGMENT FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

For the three months ended March 31, 2022

<b>Business Segment</b> <b>Items</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
Net interest revenues (expenses)	\$ 7,278,943	\$ 117,548	\$ (12,577)	\$ 7,383,914
Net revenues and gains other than interest	5,107,933	602,601	456,539	6,167,073
Total net revenues	12,386,876	720,149	443,962	13,550,987
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(345,166)	902	-	(344,264)
Operating expenses	(7,376,251)	(397,707)	(93,478)	(7,867,436)
Income before income tax	4,665,459	323,344	350,484	5,339,287
Income tax benefit (expense)	(949,202)	(72,857)	9,578	(1,012,481)
Net income	3,716,257	250,487	360,062	4,326,806

For the three months ended March 31, 2021

<b>Business Segment</b> <b>Items</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
Net interest revenues (expenses)	\$ 6,002,357	\$ 94,111	\$ (14,052)	\$ 6,082,416
Net revenues and gains other than interest	6,377,878	774,766	462,519	7,615,163
Total net revenues	12,380,235	868,877	448,467	13,697,579
Reversal of bad-debt expenses and reversal of losses on commitments and guarantees	355,468	2,421	-	357,889
Operating expenses	(7,411,879)	(398,896)	(6,255)	(7,817,030)
Income before income tax	5,323,824	472,402	442,212	6,238,438
Income tax expense	(882,117)	(81,648)	(67,912)	(1,031,677)
Net income	4,441,707	390,754	374,300	5,206,761

TABLE 7

## E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 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	\$ 30,447	0.30	\$ 30,447	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	50,649	4.26	50,649	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	21,240	0.37	21,240	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	88	6,477	0.41	6,477	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	108	11,946	0.05	11,946	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	12,958	0.13	12,958	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	477	50,838	0.79	50,838	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	818	29,244	0.45	29,244	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	28,044	0.65	28,044	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	348	4,312	0.22	4,312	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	2,255	124,936	0.85	124,936	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	878	12,025	1.60	12,025	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	19,446	1.33	19,446	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	26,754	0.17	26,754	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,577	0.19	2,577	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	333	71,510	0.09	71,510	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	15,965	0.38	15,965	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	70,035	0.26	70,035	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	4,687	0.11	4,687	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	2,125	0.43	2,125	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	23,877	0.15	23,877	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	43,190	0.17	43,190	
	CHENFULL PRECISION CO., LTD.	-	Financial assets at fair value through profit or loss	150	12,570	0.25	12,570	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	10	6,886	0.01	6,886	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	11,348	1.56	11,348	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	1,100	83,490	0.31	83,490	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,889	83,573	5.55	83,573	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	7,498	0.67	7,498	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	8,352	0.73	8,352	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,783	62,191	3.30	62,191	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	881	126,815	3.79	126,815	
	Msscrops Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	223,864	3.05	223,864	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	14,878	8.97	14,878	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	421,960	6.73	421,960	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	4,030	876,597	2.19	876,597	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	\$ 1,794	0.03	\$ 1,794	
	APEX DYNAMICS, INC.	-	Financial assets at fair value through profit or loss	157	42,414	0.22	42,414	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,758	155,425	3.07	155,425	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	93,816	0.07	93,816	
	GREAT GIANT FIBRE GARMENT CO., LTD.	-	Financial assets at fair value through profit or loss	157	24,333	0.26	24,333	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	600	7,362	0.74	7,362	
	ALLIANCE MATERIAL CO., LTD.	-	Financial assets at fair value through profit or loss	300	13,260	1.12	13,260	
	Gogoro Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	1,429	118,579	0.62	118,579	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	31,907	2.36	31,907	
	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	14,580	3.13	14,580	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	53,406	4.93	53,406	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	1,057	1.98	1,057	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	28,576	1.56	28,576	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	5,050	155,898	6.94	155,898	
	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	18,990	0.18	18,990	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	2,935	21,564	5.02	21,564	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	19,722	0.81	19,722	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	14,020	1.33	14,020	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	26,349	13.07	26,349	
	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	20,193	2.28	20,193	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	14,942	2.35	14,942	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	333	11,717	3.55	11,717	
	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	4,009	0.73	4,009	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	15,205	4.55	15,205	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	15,357	2.35	15,357	
	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	5,524	5.00	5,524	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	9,500	140,120	2.86	140,120	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	6,675	0.41	6,675	
	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	6,920	4.00	6,920	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	6,348	3.69	6,348	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,164	16,993	4.20	16,993	
	Auria Solar Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	-	0.57	-	
	XPEC Art Center Inc.	-	Financial assets at fair value through profit or loss	48	121	0.39	121	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	6,680	1.93	6,680	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	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	9,842	1.21	9,842	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	20,667	2.03	20,667	
	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	10,000	105,087	4.76	105,087	
	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	30,240	2.85	30,240	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	7,253	9.84	7,253	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	500	32,668	2.05	32,668	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	1,244	11,520	1.80	11,520	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	122,319	5.95	122,319	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	84,463	2.15	84,463	
	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	200	27,600	0.96	27,600	
	Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,122	51,180	2.47	51,180	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	1,500	30,000	0.20	30,000	
	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	45,979	6.69	45,979	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	27,474	2.84	27,474	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	30,553	12.18	30,553	
	Asia Carbons & Technology Inc.	-	Investments in equity instruments at FVTOCI	-	-	-	-	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	2,411	12,727	4.02	12,727	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	1,140	1,065	9.12	1,065	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	17,806	14.72	17,806	
	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	894	2.75	894	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	1,427	1.24	1,427	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	4,101	6.85	4,101	
	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	1,372	5.26	1,372	
	WeForce Co., Ltd.	-	Investments in equity instruments at FVTOCI	167	1,822	0.87	1,822	
	Topray Memos Inc.	-	Investments in equity instruments at FVTOCI	975	2,028	2.36	2,028	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	6,243	1.53	6,243	
	Celestial Talent Limited	-	Investments in equity instruments at FVTOCI	1,457	33,353	2.42	33,353	
	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	23,689	0.33	23,689	
	<u>Fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	7,866	190,183	7.63	190,183	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	9,057	391,588	7.46	391,588	
	Delos Capital Fund 3	-	Financial assets at fair value through profit or loss	143	4,105	3.32	4,105	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	18,750	18,750	4.57	18,750	

(Concluded)

TABLE 8

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 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)	\$529,028 has been paid as of March 31, 2022	Chun Yuan Construction Co., Ltd.	-	-	-	-	\$ -	Tender	For the operation of the branch of E.SUN Bank	None

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

**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 YEAR ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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	\$ 1,257,547	\$ 596,602	\$ 11,373	\$ 6,186	0.90	1.04



**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  
MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 2,205,782 (Notes 1 and 3)	-	\$ -	-	\$ -	\$ -
	E.SUN Securities Co., Ltd.	Subsidiary	378,676 (Notes 2 and 3)	-	-	-	-	-

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

Note 2: The receivables come from remuneration of directors and receivables related to consolidated tax returns from E.SUN Securities Co., Ltd.

Note 3: 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 THREE MONTHS ENDED MARCH 31, 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 March 31, 2022	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 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	\$ 79,010	\$ 9,520,810	\$ -

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$9,758,742 (Note 1)	\$9,758,742 (Note 1)	\$113,420,866

(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 March 31, 2022	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 234,198	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	209,779	Direct	38,615	-	-	38,615	(Note 4)	8.93	-	-	-
Sichuan Clover Biopharmaceuticals Inc.	Pharmaceutical production; engineering and technical research and experimental development; medical research and experimental development (except for the development and application of human stem cells, gene diagnosis and treatment technology); goods import and export; technology import and export	445,403	Invest in Mainland China through the third-party company (Note 3)	27,589	-	-	27,589	(Note 4)	0.47	-	(Note 5)	-
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	451,738	Invest in Mainland China through the third-party company (Note 3)	23,683	-	-	23,683	(Note 4)	5.02	-	(Note 5)	-

(Continued)

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 March 31, 2022	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow						
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	\$ 25,567	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 March 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 7)
\$179,939	\$182,720	\$3,306,961

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.

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

- Invested in Transound Electronics (Dongguan) Co., Ltd. through Transound Electronics Co., Ltd.
- Invested in Sichuan Clover Biopharmaceuticals Inc. through Delos Capital Fund II, LP.
- Invested in Shanghai Winking Entertainment Ltd. through Winking Entertainment Ltd.
- Invested in Eccogene (Shanghai) Co., Ltd. through Delos Capital Fund II, LP.

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: 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 THREE MONTHS ENDED MARCH 31, 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	\$ 801,073	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	801,073	Note 4	0.02
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	2,118,782	Note 4	0.06
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	2,118,782	Note 4	0.06
0	E.SUN Financial Holding Company, Ltd.	E.SUN Securities Co., Ltd.	a	Receivable on consolidated tax returns	364,756	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	364,756	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Accounts receivable	104,585	Note 4	-
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Accounts payable	104,585	Note 4	-
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Accounts receivable	100,480	Note 4	-
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Accounts payable	100,480	Note 4	-
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	1,047,172	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	1,047,172	Note 4	0.03
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	225,409	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	225,409	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Due from the Central Bank and call loans to other banks	7,291,890	Note 4	0.22
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	7,291,890	Note 4	0.22
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	3,383,120	Note 4	0.10
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	3,383,120	Note 4	0.10

(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****MARCH 31, 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.