

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022 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, 2023 and 2022, 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 9, 2023

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)

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
CASH AND CASH EQUIVALENTS (Note 6)	\$ 45,517,957	1	\$ 76,217,644	2	\$ 83,283,364	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 42)	164,709,280	5	152,916,314	4	125,023,408	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	321,304,338	9	360,749,273	10	390,233,043	12
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 45)	356,093,805	11	347,716,866	10	349,979,441	11
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 15, 42 and 45)	416,758,048	12	401,405,743	12	326,327,653	10
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	99,749	-	7,881,831	-	1,475,466	-
RECEIVABLES, NET (Notes 13 and 41)	118,966,103	4	125,988,674	4	119,207,262	4
CURRENT TAX ASSETS (Note 4)	24,547	-	15,510	-	37,850	-
DISCOUNTS AND LOANS, NET (Notes 14, 41 and 42)	1,929,348,089	56	1,934,791,917	56	1,826,344,075	55
OTHER FINANCIAL ASSETS, NET (Note 16)	6,888,285	-	4,920,274	-	8,464,947	-
INVESTMENT PROPERTIES, NET (Note 17)	1,825,819	-	1,830,028	-	1,904,129	-
PROPERTIES AND EQUIPMENT, NET (Note 18)	34,597,628	1	34,708,732	1	34,077,535	1
RIGHT-OF-USE ASSETS, NET (Note 19)	7,090,132	-	7,143,707	-	6,950,326	-
INTANGIBLE ASSETS, NET (Note 20)	6,167,181	-	6,109,490	-	6,121,535	-
DEFERRED TAX ASSETS (Note 4)	3,347,303	-	3,418,268	-	2,850,055	-
OTHER ASSETS, NET (Notes 19 and 21)	14,532,792	1	13,746,203	1	10,233,769	-
<b>TOTAL</b>	<u>\$ 3,427,271,056</u>	<u>100</u>	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,292,513,858</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 65,890,134	2	\$ 72,514,434	2	\$ 100,941,705	3
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 23)	-	-	-	-	14,503,500	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 28)	74,429,038	2	89,569,651	3	75,507,373	2
DERIVATIVES FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 11)	8,170	-	-	-	-	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 24)	15,065,933	1	18,495,295	1	18,943,335	1
COMMERCIAL PAPER ISSUED, NET (Note 25)	3,967,692	-	1,739,403	-	6,548,491	-
PAYABLES (Notes 26 and 41)	37,162,089	1	37,486,918	1	31,010,210	1
CURRENT TAX LIABILITIES (Note 4)	2,894,179	-	1,895,233	-	3,048,621	-
DEPOSITS AND REMITTANCES (Notes 27 and 41)	2,864,529,096	84	2,902,599,406	83	2,713,504,060	83
BONDS PAYABLE (Note 28)	45,750,000	1	43,850,000	1	41,370,000	1
OTHER BORROWINGS (Note 29)	2,810,317	-	3,500,491	-	2,098,740	-
PROVISIONS (Note 30)	1,077,955	-	1,114,461	-	1,096,243	-
OTHER FINANCIAL LIABILITIES (Notes 17 and 32)	98,826,188	3	99,337,181	3	78,885,357	2
LEASE LIABILITIES (Note 19)	4,228,114	-	4,303,812	-	4,046,214	-
DEFERRED TAX LIABILITIES (Note 4)	2,080,747	-	1,895,421	-	1,142,939	-
OTHER LIABILITIES (Note 33)	3,668,006	-	4,167,814	-	3,412,990	-
<b>Total liabilities</b>	<u>3,222,387,658</u>	<u>94</u>	<u>3,282,469,520</u>	<u>94</u>	<u>3,096,059,778</u>	<u>94</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC</b>						
Capital stock						
Common stock	142,751,000	4	142,751,000	4	133,546,000	4
Reserve for capitalization	179,000	-	-	-	205,000	-
Total capital stock	142,930,000	4	142,751,000	4	133,751,000	4
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	22,963,340	1	22,687,680	1	22,687,680	1
From treasury stock transactions	3,382,484	-	3,382,484	-	3,382,484	-
Total capital surplus	26,345,824	1	26,070,164	1	26,070,164	1
Retained earnings						
Legal reserve	16,897,898	-	16,897,898	1	14,784,546	-
Special reserve	1,238,321	-	1,238,321	-	164,235	-
Unappropriated earnings	21,490,621	1	15,336,000	-	25,951,250	1
Total retained earnings	39,626,840	1	33,472,219	1	40,900,031	1
Other equity	(4,188,297)	-	(5,367,107)	-	(4,427,565)	-
<b>Total equity attributable to owners of ESFHC</b>	<u>204,714,367</u>	<u>6</u>	<u>196,926,276</u>	<u>6</u>	<u>196,293,630</u>	<u>6</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>169,031</u>	<u>-</u>	<u>164,678</u>	<u>-</u>	<u>160,450</u>	<u>-</u>
<b>Total equity</b>	<u>204,883,398</u>	<u>6</u>	<u>197,090,954</u>	<u>6</u>	<u>196,454,080</u>	<u>6</u>
<b>TOTAL</b>	<u>\$ 3,427,271,056</u>	<u>100</u>	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,292,513,858</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			
	2023		2022	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 34 and 41)	\$ 19,116,060	121	\$ 9,885,772	73
INTEREST EXPENSE (Notes 34 and 41)	<u>(12,491,728)</u>	<u>(79)</u>	<u>(2,501,858)</u>	<u>(19)</u>
NET INTEREST	<u>6,624,332</u>	<u>42</u>	<u>7,383,914</u>	<u>54</u>
NET REVENUES AND GAINS OTHER THAN INTEREST				
Service fee and commission income, net (Notes 35 and 41)	4,942,677	31	5,173,074	38
Gains on financial assets and liabilities at fair value through profit or loss (Notes 8 and 36)	4,036,410	26	561,875	4
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	53,942	-	215,010	2
Foreign exchange gains, net	109,487	1	159,161	1
Reversal of impairment losses (impairment losses) on assets	3,362	-	(10,469)	-
Other noninterest gains, net	<u>30,000</u>	<u>-</u>	<u>68,422</u>	<u>1</u>
Total net revenues and gains other than interest	<u>9,175,878</u>	<u>58</u>	<u>6,167,073</u>	<u>46</u>
TOTAL NET REVENUES	<u>15,800,210</u>	<u>100</u>	<u>13,550,987</u>	<u>100</u>
REVERSAL OF (PROVISION FOR) BAD-DEBT EXPENSES AND REVERSAL OF (PROVISION FOR) LOSSES ON COMMITMENTS AND GUARANTEES (Note 14)	<u>1,884</u>	<u>-</u>	<u>(344,264)</u>	<u>(3)</u>
OPERATING EXPENSES (Notes 4, 18, 19, 20, 31, 37 and 41)				
Employee benefits	(3,619,188)	(23)	(3,562,720)	(26)
Depreciation and amortization	(953,628)	(6)	(946,412)	(7)
General and administrative	<u>(3,693,506)</u>	<u>(23)</u>	<u>(3,358,304)</u>	<u>(25)</u>
Total operating expenses	<u>(8,266,322)</u>	<u>(52)</u>	<u>(7,867,436)</u>	<u>(58)</u>
INCOME BEFORE INCOME TAX	7,535,772	48	5,339,287	39
INCOME TAX EXPENSE (Notes 4 and 38)	<u>(1,489,186)</u>	<u>(10)</u>	<u>(1,012,481)</u>	<u>(7)</u>
NET INCOME FOR THE PERIOD	<u>6,046,586</u>	<u>38</u>	<u>4,326,806</u>	<u>32</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			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4 and 38)				
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	\$ (763,453)	(5)	\$ (175,070)	(1)
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	1,014,420	7	1,078,081	8
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,322</u>	-	<u>5,405</u>	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>252,289</u>	<u>2</u>	<u>908,416</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of financial statements of foreign operations	(435,626)	(3)	1,236,092	9
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	1,635,166	10	(5,506,919)	(41)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(160,631)</u>	<u>(1)</u>	<u>492,093</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>1,038,909</u>	<u>6</u>	<u>(3,778,734)</u>	<u>(28)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>1,291,198</u>	<u>8</u>	<u>(2,870,318)</u>	<u>(21)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,337,784</u>	<u>46</u>	<u>\$ 1,456,488</u>	<u>11</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of ESFHC	\$ 6,042,191	38	\$ 4,325,267	32
Non-controlling interests	<u>4,395</u>	-	<u>1,539</u>	-
	<u>\$ 6,046,586</u>	<u>38</u>	<u>\$ 4,326,806</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of ESFHC	\$ 7,333,431	46	\$ 1,454,791	11
Non-controlling interests	<u>4,353</u>	-	<u>1,697</u>	-
	<u>\$ 7,337,784</u>	<u>46</u>	<u>\$ 1,456,488</u>	<u>11</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)

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	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)				
Basic	\$ 0.42		\$ 0.30	
Diluted	\$ 0.42		\$ 0.30	

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 40)	Total Equity
	Capital Stock (Note 40)			Capital Surplus (Note 39)	Retained Earnings (Notes 9, 38 and 40)			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9 and 38)	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, 2023	14,275,100	\$ 142,751,000	\$ -	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 15,336,000	\$ (385,903)	\$ (10,775,505)	\$ 5,794,301	\$ 164,678	\$ 197,090,954
Issuance of common stock from employees' compensation	-	-	179,000	275,660	-	-	-	-	-	-	-	454,660
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	112,430	-	(112,430)	-	-	-
Net income for the three months ended March 31, 2023	-	-	-	-	-	-	6,042,191	-	-	-	4,395	6,046,586
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	(349,870)	2,404,563	(763,453)	(42)	1,291,198
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	6,042,191	(349,870)	2,404,563	(763,453)	4,353	7,337,784
BALANCE AT MARCH 31, 2023	14,275,100	\$ 142,751,000	\$ 179,000	\$ 26,345,824	\$ 16,897,898	\$ 1,238,321	\$ 21,490,621	\$ (735,773)	\$ (8,483,372)	\$ 5,030,848	\$ 169,031	\$ 204,883,398
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	13,354,600	\$ 133,546,000	\$ 205,000	\$ 26,070,164	\$ 14,784,546	\$ 164,235	\$ 25,951,250	\$ (1,728,577)	\$ (1,872,491)	\$ (826,497)	\$ 160,450	\$ 196,454,080

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	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 7,535,772	\$ 5,339,287
Adjustments for:		
Depreciation expenses	780,931	759,374
Amortization expenses	172,697	187,038
Expected credit losses/bad-debt expenses	48,001	343,212
Gains on financial assets and liabilities at fair value through profit or loss	(4,036,410)	(561,875)
Interest expense	12,491,728	2,501,858
Interest revenue	(19,116,060)	(9,885,772)
Dividend income	(31,022)	(35,659)
Provision for losses on guarantees	(45,553)	(1,114)
Salary expenses on share-based payments	182,663	129,435
Gains on disposal of properties and equipment	(179)	(7,927)
Gains on disposal of investments	(22,920)	(179,351)
Others	2,396	1,331
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(11,807,436)	(1,923,369)
Financial assets at fair value through profit or loss	16,194,145	49,977,393
Financial assets at fair value through other comprehensive income	(7,716,696)	(13,397,192)
Investments in debt instruments at amortized cost	(16,211,328)	(16,088,924)
Receivables	7,722,523	5,892,484
Discounts and loans	5,656,713	(57,177,736)
Other financial assets	(1,938,010)	625,538
Other assets	(577,420)	7,236,188
Deposits from the Central Bank and other banks	(6,624,300)	17,460,547
Financial liabilities at fair value through profit or loss	10,856,699	(15,241,978)
Securities sold under repurchase agreements	(3,429,362)	2,294,696
Payables	(2,940,044)	(1,598,891)
Deposits and remittances	(38,070,310)	18,441,269
Provision for employee benefits	44	17
Other financial liabilities	2,419,796	10,454,975
Other liabilities	(496,861)	(8,137,160)
Cash used in operations	(48,999,803)	(2,592,306)
Interest received	19,268,228	10,673,824
Dividends received	74,493	25,913
Interest paid	(9,643,903)	(2,314,550)
Income tax paid	(408,487)	(273,673)
	(39,709,472)	5,519,208
Net cash generated from (used in) operating activities		(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	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	\$ (544,495)	\$ (636,583)
Proceeds from disposal of properties and equipment	230	34,351
Increase in settlement fund	(507)	(14,468)
Decrease in settlement fund	7,555	993
Increase in refundable deposits	(246,339)	(3,564,169)
Payments for intangible assets	(51,237)	(44,086)
Payments for right-of-use assets	(1,418)	(51)
	(836,211)	(4,224,013)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	1,114,880
Decrease in short-term borrowings	(659,543)	-
Increase in due to the Central Bank and other banks	-	482,490
Increase in commercial paper issued	2,230,000	1,760,000
Repayments of corporate bonds	-	(1,100,000)
Proceeds from issue of bank debentures	1,900,000	1,100,000
Repayments of long-term borrowings	(2,174)	(4,747)
Increase in guarantee deposits received	-	2,299,991
Decrease in guarantee deposits received	(2,930,789)	-
Repayments of the principal portion of lease liabilities	(336,584)	(286,316)
	200,910	5,366,298
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	1,848,534	(9,410,453)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(38,496,239)	(2,748,960)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	115,750,099	104,712,225
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	\$ 77,253,860	\$ 101,963,265

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

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>March 31</u>	
	<u>2023</u>	<u>2022</u>
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, 2023 AND 2022		
Cash and cash equivalents in the consolidated balance sheets	\$ 45,517,957	\$ 83,283,364
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”	31,636,154	17,204,435
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>99,749</u>	<u>1,475,466</u>
Cash and cash equivalents at the end of the period	<u>\$ 77,253,860</u>	<u>\$ 101,963,265</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **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, 2023, 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, 2023 and 2022, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,259 and 9,224, respectively. For the three months ended March 31, 2023 and 2022, the average number of employees of ESBC, UCB and BankPro was 1,026 and 967, respectively.

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

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 5, 2023, 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 IFRSs announced by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

The Company assessed that 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, 2022 for details of summary of the significant accounting policies.

1) Retirement 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) Income tax expense

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

3) Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately, in addition, if the derivatives were designated as effective hedging instruments, the timing that recognized in profit or loss will depend on the nature of the hedging relationship. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

4) Hedge accounting

The Company designates certain hedging instruments as fair value hedges.

Fair value hedges

Gains or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

**5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The same material 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, 2022. Please refer to Note 5 to the consolidated financial statements as of December 31, 2022 for the details of material accounting judgements and key sources of estimation uncertainty.

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand	\$ 15,228,832	\$ 21,310,770	\$ 15,236,917
Checks for clearing	3,797,345	8,558,300	2,321,869
Due from banks	26,138,313	46,109,059	65,754,799
Cash in transit	<u>381,293</u>	<u>275,192</u>	<u>1,177</u>
	45,545,783	76,253,321	83,314,762
Less: Allowance for possible losses	<u>(27,826)</u>	<u>(35,677)</u>	<u>(31,398)</u>
	<u>\$ 45,517,957</u>	<u>\$ 76,217,644</u>	<u>\$ 83,283,364</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 2023 and 2022 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2022 are stated below.

	<b>December 31, 2022</b>
Cash and cash equivalents, ending balance in the consolidated balance sheets	\$ 76,217,644
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"	31,650,624
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>7,881,831</u>
Cash and cash equivalents, ending balance in the consolidated statements of cash flows	<u>\$ 115,750,099</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Deposit reserves - account A	\$ 36,542,188	\$ 36,803,658	\$ 31,001,982
Deposit reserves - account B	65,044,645	63,704,247	58,027,098
Reserves for deposits - foreign currency deposits	716,233	777,317	758,483
Due from the Central Bank - other	18,499,103	21,298,772	16,326,987
Deposit in the Central Bank - deposits of government agencies	4,758	5,458	7,368
Call loans to banks	<u>43,949,995</u>	<u>30,360,654</u>	<u>18,955,850</u>
	164,756,922	152,950,106	125,077,768
Less: Allowance for possible losses	<u>(47,642)</u>	<u>(33,792)</u>	<u>(54,360)</u>
	<u>\$ 164,709,280</u>	<u>\$ 152,916,314</u>	<u>\$ 125,023,408</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 42 for information relating to deposit reserves pledged as security.

## 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Negotiable certificates of deposit	\$ 63,134,002	\$ 76,508,885	\$ 117,228,558
Commercial paper	83,317,166	94,737,469	86,552,259
Treasury bills	12,865,844	1,933,379	21,964,613
Corporate bonds	57,157,397	63,547,802	68,632,799
Bank debentures	46,871,522	48,509,761	48,986,628
Government bonds	-	-	727,850
Overseas bonds	8,470,789	8,477,240	-
Stocks	4,970,011	4,243,038	5,657,695
Mutual funds	546,129	627,988	604,626
Operating securities - dealing department	592,598	169,995	594,261
Operating securities - underwriting department	79,092	85,656	94,259
Currency swap contracts	18,883,618	33,337,361	23,962,005
Interest rate swap contracts	21,134,673	24,699,752	12,338,694
Currency option contracts	1,929,258	1,884,884	1,111,622
Forward contracts	522,273	721,165	333,726
Futures exchange margins	310,051	279,127	313,929
Non-deliverable forward contracts	424,843	829,893	1,062,043
Cross-currency swap contracts	94,923	155,242	64,364
Metal commodity swap contracts	-	-	3,112
Credit default swap contracts	149	636	-
	<u>\$ 321,304,338</u>	<u>\$ 360,749,273</u>	<u>\$ 390,233,043</u>

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	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Held-for-trading financial liabilities</u>			
Currency swap contracts	\$ 12,570,632	\$ 25,884,719	\$ 16,800,721
Interest rate swap contracts	19,646,165	22,058,694	8,708,122
Currency option contracts	1,951,010	2,579,681	1,712,072
Forward contracts	432,499	530,768	374,462
Cross-currency swap contracts	122,644	330,854	534,987
Non-deliverable forward contracts	195,175	296,913	688,599
Metal commodity swap contracts	311	1,044	-
Credit default swap contracts	23,030	22,468	17,939
Interest rate option contracts	66,865	59,421	39,978
Security borrowing	6,953	-	34,614
	<u>35,015,284</u>	<u>51,764,562</u>	<u>28,911,494</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>			
Bank debentures (Note 28)	<u>39,413,754</u>	<u>37,805,089</u>	<u>46,595,879</u>
	<u>\$ 74,429,038</u>	<u>\$ 89,569,651</u>	<u>\$ 75,507,373</u> (Concluded)

Refer to Note 42 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, 2023, December 31, 2022 and March 31, 2022, 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, 2023, December 31, 2022 and March 31, 2022, respectively, were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Currency swap contracts	\$ 1,708,025,491	\$ 1,626,401,629	\$ 1,835,246,290
Interest rate swap contracts	839,129,311	883,116,053	742,828,344
Currency option contracts	320,875,794	276,153,216	231,136,823
Interest rate option contracts	15,000,000	14,000,000	5,000,000
Forward contracts	46,322,290	38,615,247	34,895,647
Non-deliverable forward contracts	42,888,159	26,896,489	54,591,992
Cross-currency swap contracts	15,526,359	14,622,702	23,205,154
Metal commodity swap contracts	13,101	13,613	71,203
Credit default swap contracts	3,197,900	3,177,860	1,519,610

The open positions of futures transactions of E.SUN Bank as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, were as follows:

<b>March 31, 2023</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	24	\$ 53,284	\$ 53,690
	Commodity futures	Sell	20	44,694	44,743
	Interest rate futures	Buy	76	356,593	374,014
	Interest rate futures	Sell	104	344,658	365,001
<b>December 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	7	\$ 20,228	\$ 20,239
	Commodity futures	Sell	9	19,175	20,675
	Interest rate futures	Sell	13	49,158	53,426
<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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the amounts of futures exchange margins receivable held by E.SUN Securities were \$211,211 thousand, \$193,056 thousand and \$216,458 thousand, respectively.

The open position of futures and option transactions of E.SUN Securities as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

<b>March 31, 2023</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	25	\$ 21,883	\$ 21,794
	Stock Index Futures	Sell	1	369	382

		<b>December 31, 2022</b>				
<b>Items</b>	<b>Products</b>	<b>Buy/Sell</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
			<b>Number of Contracts</b>			
Futures contracts	Stock Index Futures	Buy	1		\$ 375	\$ 374
	Stock Index Futures	Sell	3		1,735	1,735

  

		<b>March 31, 2022</b>				
<b>Items</b>	<b>Products</b>	<b>Buy/Sell</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</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

The gains or losses resulting from the futures and option contracts of E.SUN Securities for the three months ended March 31, 2023 and 2022, were as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Gains (Losses) on Futures Contracts</b>	<b>Gains (Losses) on Option Transactions</b>	<b>Gains (Losses) on Futures Contracts</b>	<b>Gains (Losses) on Option Transactions</b>
Realized - non-hedge	\$ 6,333	\$ -	\$ 13,201	\$ -
Unrealized - non-hedge	<u>(73)</u>	<u>-</u>	<u>(128)</u>	<u>-</u>
	<u>\$ 6,260</u>	<u>\$ -</u>	<u>\$ 13,073</u>	<u>\$ -</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Investments in equity instruments at FVTOCI	\$ 15,876,404	\$ 14,546,562	\$ 22,799,811
Investments in debt instruments at FVTOCI	<u>340,217,401</u>	<u>333,170,304</u>	<u>327,179,630</u>
	<u>\$ 356,093,805</u>	<u>\$ 347,716,866</u>	<u>\$ 349,979,441</u>

### a. Investments in equity instruments at FVTOCI

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Listed shares and emerging stocks	\$ 14,476,034	\$ 13,152,115	\$ 21,370,730
Unlisted shares	<u>1,400,370</u>	<u>1,394,447</u>	<u>1,429,081</u>
	<u>\$ 15,876,404</u>	<u>\$ 14,546,562</u>	<u>\$ 22,799,811</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, 2023 and 2022, the Company sold shares of stocks for \$1,683,554 thousand and \$2,994,220 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gains of \$112,430 thousand and \$483,003 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$31,022 thousand and \$35,659 thousand were recognized in profit or loss for the three months ended March 31, 2023 and 2022, respectively. The dividends related to investments held at the end of the reporting period were \$31,022 thousand and \$35,659 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Bank debentures	\$ 169,212,485	\$ 165,856,290	\$ 159,900,489
Government bonds	53,287,500	53,132,650	60,858,146
Corporate bonds	107,009,837	103,810,275	98,929,614
Overseas bonds	10,402,288	10,042,713	7,202,557
Negotiable certificates of deposit	305,291	307,871	288,824
Discounted note	<u>-</u>	<u>20,505</u>	<u>-</u>
	<u>\$ 340,217,401</u>	<u>\$ 333,170,304</u>	<u>\$ 327,179,630</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the investments in debt instruments at FVTOCI, which amounted to \$15,840,101 thousand, \$19,335,552 thousand and \$19,231,594 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 45 for information relating to their credit risk management and impairment.

Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as security.

**10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Overseas bonds	\$ 37,692,400	\$ 33,694,068	\$ 14,400,149
Bank debentures	47,955,646	46,605,479	38,603,729
Corporate bonds	20,529,682	14,951,609	12,096,184
Negotiable certificates of deposit	288,074,340	286,077,350	257,931,220
Government bonds	22,369,403	19,929,604	3,083,186
Securitization products	<u>176,022</u>	<u>178,794</u>	<u>234,900</u>
	416,797,493	401,436,904	326,349,368
Less: Allowance for impairment loss	<u>(39,445)</u>	<u>(31,161)</u>	<u>(21,715)</u>
	<u>\$ 416,758,048</u>	<u>\$ 401,405,743</u>	<u>\$ 326,327,653</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the investments in debt instruments at amortized cost, which amounted to \$661,074 thousand, \$946,453 thousand and \$1,097,963 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 45 for information relating to their credit risk management and impairment.

Refer to Note 42 for information relating to investments in debt instruments at amortized cost pledged as security.

## 11. FINANCIAL INSTRUMENTS FOR HEDGING

March 31, 2023

### Financial liabilities for hedging

Fair value hedge - interest rate swaps \$ 8,170

### Fair value hedge

The debt instruments held by the Company may be subject to the risk of fair value fluctuations due to changes in interest rates; as the Company assessed that this risk may be material, it entered into interest rate exchange contracts.

The Company's fair value hedging information is summarized as follows:

March 31, 2023

Hedging Instrument	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount of Liabilities	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge					
Interest rate swap contracts	\$ 609,560	2031.10.29	Financial liabilities for hedging	\$ 8,170	\$ (8,172)

  

Hedged Item	Carrying Amount of Assets	Accumulated Amount of Fair Value Hedge Adjustments of Assets	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge			
Interest rate risk			
Financial assets at FVTOCI	\$ 523,092	\$ 5,799	\$ 5,799

For the three months ended March 31, 2023

Impact on Comprehensive Income	Amount of Hedge Ineffectiveness Recognized in Comprehensive Income	Line Item in Which Hedge Ineffectiveness Is Included in Comprehensive Income
Fair value hedge		
Interest rate risk		
Financial assets at FVTOCI	\$ 2,371	Other non-interest gains, net

## 12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$99,749 thousand, \$7,881,831 thousand and \$1,475,466 thousand under resell agreements as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, would subsequently be sold for \$99,824 thousand, \$7,899,935 thousand and \$1,476,043 thousand, respectively.

## 13. RECEIVABLES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Receivables on credit cards	\$ 84,375,238	\$ 93,047,186	\$ 76,520,431
Accounts receivable factored without recourse	9,068,562	10,412,770	13,574,510
Margin loans receivable	5,797,650	5,937,843	8,503,629
Accrued interest	9,468,394	8,888,775	5,115,465
Accounts receivable	2,172,183	1,973,788	6,073,403
Settlements receivable	3,318,687	2,399,213	4,402,098
Acceptances	1,313,604	1,381,774	1,194,908
Securities business money lending	1,437,446	1,629,361	1,614,364
Settlement consideration	1,122,276	-	1,274,521
Receivables on digital stimulus vouchers redemption	-	-	237,267
Others	<u>2,708,402</u>	<u>2,211,991</u>	<u>2,503,995</u>
	120,782,442	127,882,701	121,014,591
Less: Allowance for possible losses	<u>(1,816,339)</u>	<u>(1,894,027)</u>	<u>(1,807,329)</u>
	<u>\$ 118,966,103</u>	<u>\$ 125,988,674</u>	<u>\$ 119,207,262</u>

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

For the three months ended March 31, 2023

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, 2023	\$ 124,749	\$ 38,637	\$ 427,379	\$ 590,765	\$ 1,303,262	\$ 1,894,027
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(420)	831	(411)	-	-	-
Credit-impaired financial assets	(229)	(16,236)	16,465	-	-	-
12-month ECL	19,720	(16,424)	(3,296)	-	-	-
Derecognition of financial assets in the reporting period	(1,638)	(638)	(5,957)	(8,233)	-	(8,233)
New financial assets purchased or originated	2,321	465	362	3,148	-	3,148
Difference of impairment loss under regulations	-	-	-	-	(64,723)	(64,723)
Write-offs	-	-	(121,004)	(121,004)	-	(121,004)
Recovery of written-off receivables	-	-	111,288	111,288	-	111,288
Change in model or risk parameters	(70,625)	27,874	52,344	9,593	-	9,593
Change in exchange rates or others	<u>(8)</u>	<u>(1)</u>	<u>(363)</u>	<u>(372)</u>	<u>(7,385)</u>	<u>(7,757)</u>
Balance at March 31, 2023	<u>\$ 73,870</u>	<u>\$ 34,508</u>	<u>\$ 476,807</u>	<u>\$ 585,185</u>	<u>\$ 1,231,154</u>	<u>\$ 1,816,339</u>

For the three months ended March 31, 2022

<b>Allowance for Possible Losses</b>	<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	\$ 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>

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

For the three months ended March 31, 2023

<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, 2023	\$ 125,005,419	\$ 291,493	\$ 2,585,789	\$ 127,882,701
Transfers to				
Lifetime ECL	(264,577)	265,866	(1,289)	-
Credit-impaired financial assets	(145,262)	(116,253)	261,515	-
12-month ECL	138,267	(126,230)	(12,037)	-
Derecognition of financial assets in the reporting period	(31,256,068)	(6,138)	(178,058)	(31,440,264)
New financial assets purchased or originated	24,333,077	22,657	102,003	24,457,737
Write-offs	-	-	(121,004)	(121,004)
Change in exchange rates or others	<u>3,706</u>	<u>(6)</u>	<u>(428)</u>	<u>3,272</u>
Balance at March 31, 2023	<u>\$ 117,814,562</u>	<u>\$ 331,389</u>	<u>\$ 2,636,491</u>	<u>\$ 120,782,442</u>

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	\$ 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>

**14. DISCOUNTS AND LOANS, NET**

	March 31, 2023	December 31, 2022	March 31, 2022
Loans			
Short-term	\$ 292,165,086	\$ 298,077,932	\$ 303,436,441
Medium-term	512,244,793	520,695,187	466,824,634
Long-term	1,144,640,653	1,135,959,195	1,074,835,303
Overdue loans	1,966,892	2,594,751	2,292,521
Bills negotiated and discounts	<u>2,259,380</u>	<u>1,940,308</u>	<u>1,942,988</u>
	1,953,276,804	1,959,267,373	1,849,331,887
Less: Allowance for possible losses	(23,914,238)	(24,457,810)	(23,028,891)
Adjustment of premium or discount	<u>(14,477)</u>	<u>(17,646)</u>	<u>41,079</u>
	<u>\$ 1,929,348,089</u>	<u>\$ 1,934,791,917</u>	<u>\$ 1,826,344,075</u>

Refer to Note 42 for information relating to discounts and loans pledged as security.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$1,869,466 thousand, \$2,575,008 thousand and \$2,236,097 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$14,568 thousand and \$8,353 thousand for the three months ended March 31, 2023 and 2022, respectively.

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

For the three months ended March 31, 2023

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, 2023	\$ 1,594,898	\$ 1,507,384	\$ 3,130,969	\$ 6,233,251	\$ 18,224,559	\$ 24,457,810
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(9,109)	19,751	(10,642)	-	-	-
Credit-impaired financial assets	(2,031)	(213,782)	215,813	-	-	-
12-month ECL	97,310	(82,144)	(15,166)	-	-	-
Derecognition of financial assets in the reporting period	(110,729)	(18,031)	(98,805)	(227,565)	-	(227,565)
New financial assets purchased or originated	263,837	29,163	60,174	353,174	-	353,174
Difference of impairment loss under regulations	-	-	-	-	(487,329)	(487,329)
Write-offs	-	-	(738,102)	(738,102)	-	(738,102)
Recovery of written-off credits	-	-	124,752	124,752	-	124,752
Change in model or risk parameters	(256,863)	592,176	114,830	450,143	-	450,143
Change in exchange rates or others	(1,803)	(158)	(310)	(2,271)	(16,374)	(18,645)
Balance at March 31, 2023	<u>\$ 1,575,510</u>	<u>\$ 1,834,359</u>	<u>\$ 2,783,513</u>	<u>\$ 6,193,382</u>	<u>\$ 17,720,856</u>	<u>\$ 23,914,238</u>

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	11,705	150	9	11,864	82,548	94,412
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>

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

For the three months ended March 31, 2023

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Total
Balance at January 1, 2023	\$ 1,942,716,929	\$ 7,867,961	\$ 8,682,483	\$ 1,959,267,373
Transfers to				
Lifetime ECL	(2,475,141)	2,591,913	(116,772)	-
Credit-impaired financial assets	(427,713)	(656,133)	1,083,846	-
12-month ECL	445,358	(331,948)	(113,410)	-
Derecognition of financial assets in the reporting period	(286,064,397)	(453,033)	(577,724)	(287,095,154)
New financial assets purchased or originated	281,017,410	650,983	95,819	281,764,212
Write-offs	-	-	(738,102)	(738,102)
Change in exchange rates or others	82,892	(3,423)	(994)	78,475
Balance at March 31, 2023	<u>\$ 1,935,295,338</u>	<u>\$ 9,666,320</u>	<u>\$ 8,315,146</u>	<u>\$ 1,953,276,804</u>

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>

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, 2023 and 2022 were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Provision (reversal of provision) for possible losses on due from banks	\$ (7,694)	\$ 12,635
Provision for possible losses on call loans to other banks	13,369	6,843
Reversal of provision for possible losses on receivables	(60,215)	(314,019)
Provision for possible losses on discounts and loans	88,423	635,464
Reversal of provision for possible losses on overdue receivables	(33)	(829)
Reversal of provision for possible losses on remittance	-	(10)
Reversal of provision for possible losses on guarantees	(45,553)	(1,114)
Provision for possible losses on financing commitments	<u>9,819</u>	<u>5,294</u>
	<u>\$ (1,884)</u>	<u>\$ 344,264</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 advances for trade finance) and loans for house purchases, renovations and constructions. As of March 31, 2023, December 31, 2022 and March 31, 2022, E.SUN Bank was in compliance with the FSC's provision requirement for both types of credit assets.

**15. UNCONSOLIDATED STRUCTURED ENTITIES**

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

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

- b. As of March 31, 2023, the carrying amounts of the unconsolidated structured entities recognized by E.SUN Bank were as below:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Assets securitization products and asset - based loan</u>			
Investments in debt instruments at amortized cost	\$ 174,374	\$ 177,156	\$ 232,585
Discounts and loans	<u>752,726</u>	<u>780,184</u>	<u>789,256</u>
	<u>\$ 927,100</u>	<u>\$ 957,340</u>	<u>\$ 1,021,841</u>

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

#### 16. OTHER FINANCIAL ASSETS, NET

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Overdue receivable	\$ 185,608	\$ 185,641	\$ 198,272
Less: Allowance for possible losses	<u>(185,608)</u>	<u>(185,641)</u>	<u>(198,272)</u>
Overdue receivable, net	-	-	-
Due from banks	5,179,910	3,118,088	6,583,513
Guarantee deposits received on futures contracts	1,696,825	1,802,186	1,804,495
Others	<u>11,550</u>	<u>-</u>	<u>76,939</u>
	<u>\$ 6,888,285</u>	<u>\$ 4,920,274</u>	<u>\$ 8,464,947</u>

Guarantee deposits received on futures contracts were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Deposits in bank	\$ 926,199	\$ 868,442	\$ 1,072,284
Deposits held by futures commission merchants as a clearing member	<u>770,626</u>	<u>933,744</u>	<u>732,211</u>
	<u>\$ 1,696,825</u>	<u>\$ 1,802,186</u>	<u>\$ 1,804,495</u>
Guarantee deposits received on futures contracts	\$ 1,696,825	\$ 1,802,186	\$ 1,804,495
Less: Commission revenue	(651)	(648)	(632)
Futures transaction tax	(331)	(256)	(313)
Temporary receipts	<u>(1,288)</u>	<u>(1,783)</u>	<u>(1,050)</u>
Customers' equity accounts - futures (Note 32)	<u>\$ 1,694,555</u>	<u>\$ 1,799,499</u>	<u>\$ 1,802,500</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.

## 17. INVESTMENT PROPERTIES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 208,875	\$ 208,875	\$ 208,876
Buildings	1,569,984	1,573,931	1,647,247
Right-of-use assets	<u>46,960</u>	<u>47,222</u>	<u>48,006</u>
	<u>\$ 1,825,819</u>	<u>\$ 1,830,028</u>	<u>\$ 1,904,129</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, 2023 and 2022.

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the fair values of investment properties were \$2,603,124 thousand, \$2,591,680 thousand and \$2,941,280 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

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

	For the Three Months Ended March 31	
	2023	2022
Rental income from investment properties	\$ 10,354	\$ 8,286
Direct operating expenses of investment properties that generate rental income	(13,261)	(13,134)
Direct operating expenses of investment properties that do not generate rental income	<u>(138)</u>	<u>(138)</u>
	<u>\$ (3,045)</u>	<u>\$ (4,986)</u>

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of March 31, 2023, December 31, 2022 and March 31, 2022, refundable deposits on these leases totaled \$12,643 thousand, \$12,579 thousand and \$12,799 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	\$ 52,012	\$ 43,314	\$ 53,053
Year 2	47,000	37,516	40,048
Year 3	2,876	9,811	37,199
Year 4	1,836	1,836	1,760
Year 5	<u>651</u>	<u>1,110</u>	<u>720</u>
	<u>\$ 104,375</u>	<u>\$ 93,587</u>	<u>\$ 132,780</u>

## 18. PROPERTIES AND EQUIPMENT, NET

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 14,703,676	\$ 14,706,278	\$ 14,684,043
Buildings	13,516,869	12,920,775	12,884,595
Computers	2,756,135	2,813,881	2,872,046
Transportation equipment	442,353	444,029	389,107
Miscellaneous equipment	1,499,725	1,539,979	1,466,054
Prepayments for properties and equipment	<u>1,678,870</u>	<u>2,283,790</u>	<u>1,781,690</u>
	<u>\$ 34,597,628</u>	<u>\$ 34,708,732</u>	<u>\$ 34,077,535</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
<u>Cost</u>							
Balance, January 1, 2023	\$ 14,706,278	\$ 18,530,243	\$ 7,690,853	\$ 1,022,451	\$ 4,164,787	\$ 2,283,790	\$ 48,398,402
Addition	-	20,968	65,065	17,391	22,328	420,775	546,527
Disposal	-	-	(30,545)	(2,653)	(42,575)	-	(75,773)
Net exchange difference	(2,602)	924	(519)	(445)	(5,780)	590	(7,832)
Reclassification and others	-	747,908	83,536	3,283	392	(1,026,285)	(191,166)
Balance, March 31, 2023	<u>\$ 14,703,676</u>	<u>\$ 19,300,043</u>	<u>\$ 7,808,390</u>	<u>\$ 1,040,027</u>	<u>\$ 4,139,152</u>	<u>\$ 1,678,870</u>	<u>\$ 48,670,158</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>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2023	\$ -	\$ (5,609,468)	\$ (4,876,972)	\$ (578,422)	\$ (2,624,808)	\$ (13,689,670)
Disposal	-	-	30,497	2,652	42,573	75,722
Depreciation expenses	-	(173,997)	(206,165)	(22,200)	(60,261)	(462,623)
Net exchange difference	-	291	385	296	3,069	4,041
Balance, March 31, 2023	<u>\$ -</u>	<u>\$ (5,783,174)</u>	<u>\$ (5,052,255)</u>	<u>\$ (597,674)</u>	<u>\$ (2,639,427)</u>	<u>\$ (14,072,530)</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>

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

## 19. LEASE ARRANGEMENTS

### a. Right-of-use assets, net

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land and superficies royalties	\$ 3,752,245	\$ 3,772,244	\$ 3,832,240
Buildings	3,328,372	3,359,786	3,103,832
Office equipment	5,322	6,412	9,396
Transportation equipment	<u>4,193</u>	<u>5,265</u>	<u>4,858</u>
	<u>\$ 7,090,132</u>	<u>\$ 7,143,707</u>	<u>\$ 6,950,326</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Additions to right-of-use assets		<u>\$ 257,484</u>	<u>\$ 292,200</u>
Depreciation charge for right-of-use assets			
Land and superficies royalties		\$ 19,999	\$ 19,999
Buildings		282,988	280,582
Office equipment		1,127	1,115
Transportation equipment		<u>1,091</u>	<u>1,033</u>
		<u>\$ 305,205</u>	<u>\$ 302,729</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 17. 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, 2023 and 2022.

### b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts	<u>\$ 4,228,114</u>	<u>\$ 4,303,812</u>	<u>\$ 4,046,214</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.09%	1.09%	1.09%
Buildings	0.37%-7.50%	0.37%-7.50%	0.37%-7.50%
Office equipment	0.70%-2.63%	0.70%-2.98%	0.37%-2.98%
Transportation equipment	0.73%-2.98%	0.73%-2.98%	0.35%-2.98%

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, 2023, December 31, 2022 and March 31, 2022, refundable deposits on these leases totaled \$743,532 thousand, \$774,327 thousand and \$766,922 thousand, respectively.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17.

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 9,238</u>	<u>\$ 29,630</u>
Expenses relating to low-value asset leases	<u>\$ 150</u>	<u>\$ 91</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 137</u>	<u>\$ 129</u>
Total cash outflow for leases	<u>\$ (346,123)</u>	<u>\$ (316,166)</u>

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

**20. INTANGIBLE ASSETS, NET**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Goodwill	\$ 4,482,328	\$ 4,487,263	\$ 4,445,090
Computer software	1,153,866	1,084,592	1,164,171
Banking licenses	486,185	490,109	456,578
Core deposits	13,055	13,733	15,767
Developed technology	20,522	21,891	25,996
Customer relationship	<u>11,225</u>	<u>11,902</u>	<u>13,933</u>
	<u>\$ 6,167,181</u>	<u>\$ 6,109,490</u>	<u>\$ 6,121,535</u>

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Banking Licenses</b>	<b>Core Deposits</b>	<b>Developed Technology</b>	<b>Customer Relationship</b>	<b>Total</b>
Balance, January 1, 2023	\$ 4,487,263	\$ 1,084,592	\$ 490,109	\$ 13,733	\$ 21,891	\$ 11,902	\$ 6,109,490
Separate acquisition	-	47,793	-	-	-	-	47,793
Amortization expenses	-	(169,811)	-	(678)	(1,369)	(677)	(172,535)
Reclassification	-	191,150	-	-	-	-	191,150
Net exchange difference	<u>(4,935)</u>	<u>142</u>	<u>(3,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,717)</u>
Balance, March 31, 2023	<u>\$ 4,482,328</u>	<u>\$ 1,153,866</u>	<u>\$ 486,185</u>	<u>\$ 13,055</u>	<u>\$ 20,522</u>	<u>\$ 11,225</u>	<u>\$ 6,167,181</u>
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	<u>18,720</u>	<u>4,198</u>	<u>14,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,801</u>
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>

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.

## 21. OTHER ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits, net	\$ 11,633,382	\$ 11,387,043	\$ 7,668,680
Operating deposits and settlement funds	576,653	583,701	583,421
Prepayments	1,321,362	489,187	960,846
Defined benefit assets	839,903	689,543	527,086
Collections for underwriting stock value	350	443,866	174,022
Others	<u>161,142</u>	<u>152,863</u>	<u>319,714</u>
	<u>\$ 14,532,792</u>	<u>\$ 13,746,203</u>	<u>\$ 10,233,769</u>

## 22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Call loans from banks	\$ 38,283,184	\$ 43,812,095	\$ 94,472,129
Deposits from Chunghwa Post Co., Ltd.	22,276,177	22,276,985	2,276,985
Call loans from the Central Bank	2,133,460	3,379,640	1,431,100
Banks overdrafts	321,621	1,217,016	193,806
Deposits from banks	2,845,692	1,801,904	2,540,576
Deposits from the Central Bank	<u>30,000</u>	<u>26,794</u>	<u>27,109</u>
	<u>\$ 65,890,134</u>	<u>\$ 72,514,434</u>	<u>\$ 100,941,705</u>

## 23. DUE TO THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Due to the Central Bank	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,503,500</u>

## 24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$15,065,933 thousand, \$18,495,295 thousand and \$18,943,335 thousand under repurchase agreements as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, would subsequently be purchased for \$15,119,833 thousand, \$18,555,769 thousand and \$19,006,655 thousand, respectively.

## 25. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$3,970,000 thousand, \$1,740,000 thousand and \$6,550,000 thousand, and the annual discount rates were from 1.23%-1.40%, 1.31%-1.38% and 0.34%-0.70%, as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively. These financial instruments were accepted and guaranteed by financial institutions.

## 26. PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Checks for clearing	\$ 3,797,344	\$ 8,558,300	\$ 2,321,869
Accrued interest	8,502,147	5,665,301	2,181,662
Accrued expenses	2,976,262	5,361,454	3,080,416
Accounts payable	2,781,673	924,173	7,041,863
Factored accounts payable	4,673,573	3,211,212	3,012,141
Settlements payable	4,319,860	2,171,613	5,555,670
Acceptances	1,328,053	1,410,606	1,238,513
Payables on credit cards	44,539	938,983	879,209
Payables for short-sale transactions	494,515	1,704,602	379,509
Deposits on short-sale transactions	492,011	1,863,556	350,399
Tax payable	326,319	474,923	248,980
Collections payable	531,626	852,666	717,607
Other payables - universal cash payment	2,262,288	-	-
Others	4,631,879	4,349,529	4,002,372
	<u>\$ 37,162,089</u>	<u>\$ 37,486,918</u>	<u>\$ 31,010,210</u>

## 27. DEPOSITS AND REMITTANCES

	March 31, 2023	December 31, 2022	March 31, 2022
Deposits			
Checking	\$ 12,757,163	\$ 19,642,986	\$ 12,783,250
Demand	681,379,698	746,940,194	802,416,124
Savings - demand	733,864,127	715,721,562	715,666,899
Time	992,510,490	1,006,834,922	834,899,946
Negotiable certificates of deposit	9,546,951	9,398,169	25,345,495
Savings - time	418,292,041	386,458,484	307,829,033
Treasury deposits	15,167,978	15,918,036	12,747,157
Remittances	<u>1,010,648</u>	<u>1,685,053</u>	<u>1,816,156</u>
	<u>\$ 2,864,529,096</u>	<u>\$ 2,902,599,406</u>	<u>\$ 2,713,504,060</u>

## 28. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Bank debentures	\$ 39,750,000	\$ 37,850,000	\$ 35,370,000
ESFHC's unsecured corporate bonds - first issue in 2019	4,000,000	4,000,000	4,000,000
ESFHC's unsecured corporate bonds - first issue in 2021	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 45,750,000</u>	<u>\$ 43,850,000</u>	<u>\$ 41,370,000</u>

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:

	March 31, 2023	December 31, 2022	March 31, 2022
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
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
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

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ 4,500,000	\$ 4,500,000	\$ 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).	3,650,000	3,650,000	3,750,000
Two types of subordinated bonds issued on March 30, 2018; interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,000,000	4,000,000	4,000,000
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	-	-	3,000,000
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	1,600,000
Bonds issued on March 18, 2022; interest rate at 0.71%; interest payable annually; principal repayable on maturity (5 years after the issue date).	1,100,000	1,100,000	1,100,000

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Two types of subordinated bonds issued on June 15, 2022; interest rate at (a) 1.90% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ 2,700,000	\$ 2,700,000	\$ -
Bonds issued on July 27, 2022; interest rate at 1.60%; interest payable annually; principal repayable on maturity (3 years after the issue date).	7,300,000	7,300,000	-
Subordinated bonds issued on December 27, 2022; interest rate at 2.30%; interest payable annually; principal repayable on maturity.	2,300,000	2,300,000	-
Bonds issued on March 16, 2023; interest rate at 1.40%; interest payable annually; principal repayable on maturity (5 years after the issue date).	<u>1,900,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 39,750,000</u>	<u>\$ 37,850,000</u>	<u>\$ 35,370,000</u> (Concluded)

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

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 3,121,341	\$ 2,983,976	\$ 3,360,666
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	1,586,073	1,553,813	2,149,169
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,260,782	2,173,492	2,474,164
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	803,592	805,369	1,092,730
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,258,191	8,330,092	9,302,223
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	5,347,595	5,360,604	7,065,217
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	2,816,244	2,656,420	3,224,610
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	2,156,867	2,145,343	2,819,648 (Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	\$ 2,065,649	\$ 2,062,697	\$ 2,708,841
Unsecured USD-denominated bonds issued on May 19, 2017	1,686,758	1,598,987	1,978,202
Unsecured USD-denominated bonds issued on November 21, 2017	3,679,314	3,482,836	4,329,163
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	<u>4,631,348</u>	<u>4,651,460</u>	<u>6,091,246</u>
	<u>\$ 39,413,754</u>	<u>\$ 37,805,089</u>	<u>\$ 46,595,879</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 sustainable business development and the government's green finance policy, on September 20, 2022, the FSC approved the issuance of unsecured bank debentures amounting to NT\$30 billion (or foreign currency equivalent) with no more than 40 years to maturity and can be issued in installments.

To strengthen operating capital and capital structure, on November 11, 2022, E.SUN Bank's board of directors approved the issuance of unsecured foreign currency bank debentures and offshore structured products amounting to US\$50,000 thousand (or foreign currency equivalent) with no more than 30 years of maturity and can be issued in installments within 10 years. On January 19, 2023, the FSC approved the issuance of US\$50,000 thousand (or foreign currency equivalent) of unsecured foreign currency bank debentures and E.SUN Bank's application for offshore structured products is subject to approval by the FSC.

As of the date the consolidated financial statements were authorized for issue, bank debentures amounting to NT\$28.1 billion and US\$50,000 thousand (or foreign currency equivalent) has not yet been issued.

## 29. OTHER BORROWINGS

	<b>March 31, 2023</b>		<b>December 31, 2022</b>		<b>March 31, 2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Short-term borrowings	\$ 2,455,466	1.98-6.08	\$ 3,140,581	1.94-6.15	\$ 1,757,320	1.16-1.95
Long-term borrowings	<u>354,851</u>	4.31-4.95	<u>359,910</u>	4.31-4.95	<u>341,420</u>	2.26-3.00
	<u>\$ 2,810,317</u>		<u>\$ 3,500,491</u>		<u>\$ 2,098,740</u>	

## 30. PROVISIONS

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Provision for losses on financing commitments	\$ 620,519	\$ 611,342	\$ 575,728
Provision for employee benefits	3,537	3,493	3,739
Provision for losses on guarantees	285,759	331,511	349,085
Others	<u>168,140</u>	<u>168,115</u>	<u>167,691</u>
	<u>\$ 1,077,955</u>	<u>\$ 1,114,461</u>	<u>\$ 1,096,243</u>

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

For the three months ended March 31, 2023

	<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, 2023	\$ 110,707	\$ 47,755	\$ 3,228	\$ 161,690	\$ 781,163	\$ 942,853
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(29)	29	-	-	-	-
Credit-impaired financial instruments	(1)	(72)	73	-	-	-
12-month ECL	5,967	(5,421)	(546)	-	-	-
Derecognition of financial instruments in the reporting period	(4,874)	(73)	(11)	(4,958)	-	(4,958)
New financial instruments purchased or originated	22,488	7	11	22,506	-	22,506
Difference of impairment loss under regulations	-	-	-	-	(43,932)	(43,932)
Change in model or risk parameters	(2,359)	(7,733)	742	(9,350)	-	(9,350)
Change in exchange rates or others	<u>(7)</u>	<u>(2)</u>	<u>-</u>	<u>(9)</u>	<u>(832)</u>	<u>(841)</u>
Balance at March 31, 2023	<u>\$ 131,892</u>	<u>\$ 34,490</u>	<u>\$ 3,497</u>	<u>\$ 169,879</u>	<u>\$ 736,399</u>	<u>\$ 906,278</u>

For the three months ended March 31, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 95,148	\$ 99,444	\$ 4,171	\$ 198,763	\$ 719,207	\$ 917,970
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(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>

### 31. 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 \$110,085 thousand and \$104,295 thousand in the consolidated statements of comprehensive income for the three months ended March 31, 2023 and 2022, 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 2023 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, 2023 and 2022, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$1,759 thousand and \$4,097 thousand, respectively.

### 32. OTHER FINANCIAL LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Principal of structured products	\$ 92,874,503	\$ 90,349,763	\$ 72,844,134
Guarantee deposits received	4,257,130	7,187,919	4,238,723
Customers' equity accounts - futures	<u>1,694,555</u>	<u>1,799,499</u>	<u>1,802,500</u>
	<u>\$ 98,826,188</u>	<u>\$ 99,337,181</u>	<u>\$ 78,885,357</u>

### 33. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Advance receipts	\$ 2,934,923	\$ 3,033,789	\$ 2,562,254
Deferred revenue	714,450	677,997	663,148
Collections for underwriting stock value	291	443,726	174,006
Others	<u>18,342</u>	<u>12,302</u>	<u>13,582</u>
	<u>\$ 3,668,006</u>	<u>\$ 4,167,814</u>	<u>\$ 3,412,990</u>

### 34. NET INTEREST

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest revenue		
From discounts and loans	\$ 13,516,413	\$ 7,581,177
From investments	3,933,489	1,666,644
From revolving interests of credit cards	499,385	477,090
From due from banks and call loans to other banks	915,030	127,063
Others	<u>251,743</u>	<u>33,798</u>
	<u>19,116,060</u>	<u>9,885,772</u>
Interest expense		
From deposits	(11,127,574)	(2,038,204)
From due to the Central Bank and other banks	(502,863)	(130,208)
From issuing bonds payable	(162,838)	(137,844)
From lease liabilities	(11,432)	(10,688)
Others	<u>(687,021)</u>	<u>(184,914)</u>
	<u>(12,491,728)</u>	<u>(2,501,858)</u>
	<u>\$ 6,624,332</u>	<u>\$ 7,383,914</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Service fee and commission income		
From credit cards	\$ 2,376,181	\$ 2,149,481
From insurance	948,506	800,340
From trust business	1,077,245	1,440,702
From loans	470,602	553,565
From brokerage	554,752	664,238
Others	<u>526,451</u>	<u>592,305</u>
	<u>5,953,737</u>	<u>6,200,631</u>
Service charge and commission expenses		
From agency	(503,542)	(492,230)
From credit cards	(177,204)	(174,755)
From cross - bank transactions	(85,396)	(81,565)
From computer processing	(69,550)	(48,991)
Others	<u>(175,368)</u>	<u>(230,016)</u>
	<u>(1,011,060)</u>	<u>(1,027,557)</u>
	<u>\$ 4,942,677</u>	<u>\$ 5,173,074</u>

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

	For the Three Months Ended March 31, 2023				
	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	\$ 7,470	\$ 638,475	\$ 9,206,534	\$ (32,526,963)	\$ (22,674,484)
Held-for-trading financial liabilities	-	-	(5,973,968)	33,942,409	27,968,441
Financial liabilities designated as at fair value through profit or loss	-	(591,086)	-	(666,461)	(1,257,547)
	<u>\$ 7,470</u>	<u>\$ 47,389</u>	<u>\$ 3,232,566</u>	<u>\$ 748,985</u>	<u>\$ 4,036,410</u>

  

	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>

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

	For the Three Months Ended March 31	
	2023	2022
Employee benefits		
Salaries	\$ 2,979,978	\$ 2,923,346
Insurance	272,414	267,623
Excessive interest from preferential rates	-	26,744
Post-employment benefits	111,844	108,392
Others	254,952	236,615
Depreciation expenses	780,931	759,374
Amortization expenses	172,697	187,038

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, 2023 and 2022, the employees' compensation were \$182,663 thousand and \$129,671 thousand, respectively; and the remuneration of directors were \$31,000 thousand and \$22,000 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, 2022 and 2021 that have been approved by ESFHC's board of directors on February 20, 2023 and March 11, 2022, respectively, were as follows:

	2022	2021
Employees' compensation - cash	\$ 1,105	\$ 2,915
Employees' compensation - stock	454,660	612,950
Remuneration of directors - cash	65,000	81,800

ESFHC announced the distribution of 17,900 thousand shares and 20,500 thousand shares as employees' compensation for 2022 and 2021, respectively, which were determined by the closing price (NT\$25.40 and NT\$29.90) 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, 2022 and 2021, respectively, were resulted from a change in the accounting estimate. The differences recognized in profit or loss for 2023 and 2022, respectively, were as follows:

	2022		2021	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved by ESFHC's board of directors	<u>\$ 455,765</u>	<u>\$ 65,000</u>	<u>\$ 615,865</u>	<u>\$ 81,800</u>
Amounts recognized in the consolidated financial statements	<u>\$ 455,765</u>	<u>\$ 73,000</u>	<u>\$ 616,101</u>	<u>\$ 106,000</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>).

### 38. 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	
	2023	2022
Current tax		
Current period	\$ 1,392,698	\$ 1,233,966
Deferred tax		
Current period	<u>96,488</u>	<u>(221,485)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,489,186</u>	<u>\$ 1,012,481</u>

b. Income tax expense recognized in equity

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
Disposals of investment in equity instruments at fair value through other comprehensive income	\$ (684)	\$ -
Deferred tax		
Disposals of investment in equity instruments at fair value through other comprehensive income	<u>684</u>	<u>-</u>
Income tax expense recognized in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<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	\$ (1,322)	\$ (5,405)
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	(85,714)	242,799
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>246,345</u>	<u>(734,892)</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ 159,309</u>	<u>\$ (497,498)</u>

d. 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>
2017	2017	2017	2017

### 39. 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, 2023</u>			
Basic earnings per share	\$ 6,042,191	14,283,056	<u>\$ 0.42</u>
Effect of dilutive common shares:			
Employees' compensation	<u>                  -</u>	<u>          17,164</u>	
Diluted earnings per share	<u>\$ 6,042,191</u>	<u>14,300,220</u>	<u>\$ 0.42</u>
<u>For the three months ended March 31, 2022</u>			
Basic earnings per share	\$ 4,325,267	14,259,383	<u>\$ 0.30</u>
Effect of dilutive common shares:			
Employees' compensation	<u>                  -</u>	<u>          19,640</u>	
Diluted earnings per share	<u>\$ 4,325,267</u>	<u>14,279,023</u>	<u>\$ 0.30</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, 2022 were retrospectively adjusted as follows:

	Unit: NT\$ Per Share	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 0.32</u>	<u>\$ 0.30</u>
Diluted earnings per share	<u>\$ 0.32</u>	<u>\$ 0.30</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.

#### 40. EQUITY

##### a. Capital stock

###### Common stock

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Authorized number of shares (in thousands)	<u>20,000,000</u>	<u>20,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued (in thousands)	<u>14,275,100</u>	<u>14,275,100</u>	<u>13,354,600</u>
Common stock issued	<u>\$ 142,751,000</u>	<u>\$ 142,751,000</u>	<u>\$ 133,546,000</u>

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

In 2022, the stockholders of ESFHC resolved to use \$9,000,000 thousand from the 2021 unappropriated earnings as stock bonus to stockholders and \$612,950 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 920,500 thousand shares, were approved by the FSC. The issuance was approved by the 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, 2023, ESFHC issued 507 thousand units (equal to 12,684 thousand shares) because of capital increase, the deposit agents reissued 5,529 thousand units (equal to 138,218 thousand shares), and the GDS holders had canceled 20,825 thousand units (equal to 520,621 thousand shares). Therefore, the outstanding GDSs were 11 thousand units, which were equal to 281 thousand shares, or 0.001968% 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, 2023, 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	2,137,408
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>
	31,394,713

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>
	\$ 26,345,824

c. Special reserve

	March 31, 2023	December 31, 2022	March 31, 2022
Reclassification of the trading loss reserve and default loss reserve	\$ 164,235	\$ 164,235	\$ 164,235
The debit balance of other equity	<u>1,074,086</u>	<u>1,074,086</u>	<u>-</u>
	<u>\$ 1,238,321</u>	<u>\$ 1,238,321</u>	<u>\$ 164,235</u>

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

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

d. Appropriation of earnings

Under ESFHC's Articles of Incorporation, in order to continue to strengthen the financial structure and enhance profitability while maintaining an adequate level of own capital, a residual dividend policy is adopted whereby stock dividends are distributed to preserve the required capital, and the remaining surplus is distributed in the form of cash dividends.

If made a profit in annual accounts, the profit shall be first utilized for paying all taxes, offsetting the 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 the 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. ESFHC may distribute cash dividends and (or) stock dividends in accordance with its operating strategy and future capital planning to determine the most appropriate dividend policy. 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 2022 and 2021 that were proposed by the board of directors on February 20, 2023 and approved by the stockholders in their meeting on June 17, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 1,532,804	\$ 2,113,352		
Special reserve	4,293,021	1,074,086		
Cash dividends	2,855,020	8,947,582	\$0.20	\$0.67
Stock dividends	5,710,000	9,000,000	0.40	0.67

The chairman is authorized to adjust the ratios of cash and stock dividends to ESFHC's outstanding shares, should there be changes in the number of ESFHC's outstanding shares and dividends per share after the appropriation of earnings for 2022 has been approved.

The number of shares outstanding and dividends per share after the proposed appropriation of earnings for 2022 was adjusted for the issuance of ordinary shares totaled 800,000 thousand in 2023. The adjusted dividend per share was as follows:

**Unit: NT\$ Per Share**

	<b>Before adjustment</b>	<b>After adjustment</b>
Cash dividends	<u>\$ 0.20</u>	<u>\$ 0.19</u>
Stock dividends	<u>\$ 0.40</u>	<u>\$ 0.38</u>

The appropriation of earnings for 2022 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>2023</b>	<b>2022</b>
Balance, January 1	\$ 164,678	\$ 158,753
Attributable to non-controlling interests:		
Net income	4,395	1,539
Exchange differences on the translation of financial statements of foreign operations	<u>(42)</u>	<u>158</u>
Balance, March 31	<u>\$ 169,031</u>	<u>\$ 160,450</u>

#### 41. 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

<u>Related Party</u>	<u>Relationship with the Company</u>
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>
For the three months ended <u>March 31, 2023</u>				
Key management	\$ 372,122	\$ 347,697	\$ 1,501	
Others	<u>3,800,268</u>	<u>3,668,250</u>	<u>15,407</u>	
	<u>\$ 4,172,390</u>	<u>\$ 4,015,947</u>	<u>\$ 16,908</u>	1.50-2.47
For the three months ended <u>March 31, 2022</u>				
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) Deposits

	<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, 2023</u>				
Key management	\$ 1,272,752	\$ 708,317	\$ 1,472	
Others	<u>4,785,405</u>	<u>3,756,612</u>	<u>10,515</u>	
	<u>\$ 6,058,157</u>	<u>\$ 4,464,929</u>	<u>\$ 11,987</u>	0-6.00
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

Note: The sum of the respective highest balances of each account for the three months ended March 31, 2023 and 2022.

	March 31, 2023	December 31, 2022	March 31, 2022
2) Interest receivable (part of receivables)			
Key management	\$ 270	\$ 307	\$ 212
Others	<u>2,765</u>	<u>2,653</u>	<u>1,599</u>
	<u>\$ 3,035</u>	<u>\$ 2,960</u>	<u>\$ 1,811</u>
3) Interest payable (part of payables)			
Key management	\$ 713	\$ 300	\$ 181
Others	<u>5,205</u>	<u>2,192</u>	<u>956</u>
	<u>\$ 5,918</u>	<u>\$ 2,492</u>	<u>\$ 1,137</u>

**For the Three Months Ended  
March 31**

<b>2023</b>	<b>2022</b>
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4) Donation (part of general and administrative expenses)		
Others - E.SUN Volunteer & Social Welfare Foundation	<u>\$ 12,122</u>	<u>\$ 10,418</u>

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

- 5) E.SUN Volunteer & Social Welfare Foundation entrusted some properties to E.SUN Bank. E.SUN Bank charged \$217 thousand and \$205 thousand (part of service fee and commission income, net) accordingly for the three months ended March 31, 2023 and 2022, 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>
<u>For the three months ended March 31, 2023</u>				
Subsidiaries	\$ 4,937,436	\$ 4,785,046	\$ 66,307	
Key management	372,122	347,697	1,501	
Others	<u>3,766,467</u>	<u>3,634,512</u>	<u>15,267</u>	
	<u>\$ 9,076,025</u>	<u>\$ 8,767,255</u>	<u>\$ 83,075</u>	1.50-6.14
<u>For the three months ended March 31, 2022</u>				
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

b) Deposits

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
<u>For the three months ended March 31, 2023</u>				
ESFHC	\$ 457,256	\$ 306,941	\$ 307	
Subsidiaries	89,677	10,392	22	
Sister companies	2,958,733	2,733,633	7,539	
Key management	1,272,752	708,317	1,472	
Others	<u>4,776,079</u>	<u>3,747,785</u>	<u>10,506</u>	
	<u>\$ 9,554,497</u>	<u>\$ 7,507,068</u>	<u>\$ 19,846</u>	0-6.00
<u>For the three months ended March 31, 2022</u>				
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

Note: The sum of the respective highest balances of each account for the three months ended March 31, 2023 and 2022.

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)			
ESBC	<u>\$ 7,259,815</u>	<u>\$ 8,274,660</u>	<u>\$ 7,291,890</u>
d) Accounts receivable (part of receivables)			
Sister companies	<u>\$ 14,969</u>	<u>\$ -</u>	<u>\$ 104,585</u>
e) Call loans from banks (part of deposits from the Central Bank and other banks)			
ESBC	<u>\$ 457,170</u>	<u>\$ 553,032</u>	<u>\$ -</u>
f) Deposits from banks (part of deposits from the Central Bank and other banks)			
Subsidiaries	<u>\$ 148,376</u>	<u>\$ 515,509</u>	<u>\$ 117,869</u>
g) Accounts payable (part of payables)			
Sister companies	<u>\$ -</u>	<u>\$ 630</u>	<u>\$ 100,480</u>
h) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	<u>\$ 1,978,228</u>	<u>\$ 1,247,468</u>	<u>\$ 2,118,782</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, 2023, December 31, 2022 and March 31, 2022, respectively, were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Deposits	<u>\$ 391,192</u>	<u>\$ 621,480</u>	<u>\$ 972,172</u>
Financial asset at amortized cost - current	<u>\$ 272,390</u>	<u>\$ 297,896</u>	<u>\$ 75,000</u>
Deposits - futures exchange margins	<u>\$ 715,261</u>	<u>\$ 357,260</u>	<u>\$ 613,276</u>
Restricted assets - current	<u>\$ 244,000</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>\$ 138,685</u>	<u>\$ 138,973</u>	<u>\$ 313,137</u>
Deposits - collections for underwriting stock value	<u>\$ 350</u>	<u>\$ 443,866</u>	<u>\$ 174,022</u>

- b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to both \$4,500,000 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022. 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, 2023, December 31, 2022 and March 31, 2022, 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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
ESFHC	<u>\$ 97,718</u>	<u>\$ 50,650</u>	<u>\$ 364,756</u>

3) ESVC

- Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Deposits - E.SUN Bank	<u>\$ 463,746</u>	<u>\$ 371,766</u>	<u>\$ 225,409</u>

d. Remuneration of key management

The remuneration of the directors and other key management for the three months ended March 31, 2023 and 2022 are summarized as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and other short-term employment benefits	\$ 138,357	\$ 146,954
Post-employment benefits	717	821
Interest arising from the employees' preferential rates in excess of normal rates	<u>-</u>	<u>86</u>
	<u>\$ 139,074</u>	<u>\$ 147,861</u>

**42. PLEDGED ASSETS**

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Financial assets at fair value through profit or loss (face value)	\$ 25,305,000	\$ 25,305,000	\$ 25,200,000
Investments in debt instruments at amortized cost (face value)	5,876,929	5,169,139	5,531,608
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>8,752,752</u>	<u>8,345,679</u>	<u>5,716,455</u>
	<u>\$ 39,934,681</u>	<u>\$ 38,819,818</u>	<u>\$ 36,448,063</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the foregoing bonds and securities, with aggregate face value of \$20,305,000 thousand, \$20,305,000 thousand and \$20,200,000 thousand, respectively, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as E.SUN Bank's liquidity reserve. For covering its call loans from the CB, E.SUN Bank had provided collaterals consisting of securities with aggregate face values of \$5,000,000 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, 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>Date</b>	<b>(In Thousands of U.S. Dollars)</b>	
	<b>Pledged Amount</b>	<b>Collateral Value</b>
March 31, 2023	<u>\$ 265,800</u>	<u>\$ 241,232</u>
December 31, 2022	<u>\$ 250,800</u>	<u>\$ 227,365</u>
March 31, 2022	<u>\$ 173,000</u>	<u>\$ 158,800</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, up to \$20,000,000 thousand in E.SUN Bank's deposit reserves - account B were provided as collaterals to the Central Bank in accordance with the relevant regulations.
- d. As of March 31, 2023, December 31, 2022 and March 31, 2022, UCB has provided US\$11,959 thousand, US\$2,774 thousand and US\$3,703 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.

#### 43. 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, 2023, agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by E.SUN Bank's branches amounted to approximately \$4,122,932 thousand, and the remaining unpaid amount was approximately \$1,852,402 thousand.

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

As of March 31, 2023, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$115,552 thousand, and the remaining unpaid amount was approximately \$45,336 thousand.

#### 44. 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			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash and cash equivalents and other financial assets - due from banks	\$ 40,755,564	2.94	\$ 47,268,761	0.40
Call loans to banks	44,459,673	4.34	42,414,519	0.55
Due from the Central Bank	65,320,569	0.73	58,532,506	0.20
Financial assets mandatorily classified as at fair value through profit or loss - bonds	127,641,789	0.75	120,445,151	2.25
Financial assets mandatorily classified as at fair value through profit or loss - bills	174,090,787	0.92	245,868,714	0.33

(Continued)

	<b>For the Three Months Ended March 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Average Balance</b>	<b>Average Rate (%)</b>	<b>Average Balance</b>	<b>Average Rate (%)</b>
Securities purchased under resell agreements	\$ 2,642,516	1.70	\$ 2,570,562	0.33
Accounts receivable factored without recourse	4,643,821	5.32	9,512,330	0.95
Discounts and loans	1,902,915,026	2.70	1,780,639,358	1.56
Receivables on credit cards	32,666,669	6.17	30,516,825	6.32
Debt instruments at fair value through other comprehensive income	332,037,861	2.66	303,296,508	1.30
Investments in debt instruments at amortized cost	399,438,438	1.60	310,823,471	0.72

Interest-bearing liabilities

Deposits from the Central Bank and other banks	66,440,198	2.78	89,837,002	0.47
Due to the Central Bank and other banks	-	-	14,633,329	0.10
Financial liabilities at fair value through profit or loss	50,759,518	4.72	45,586,949	4.72
Securities sold under repurchase agreements	12,545,398	0.77	12,698,328	0.13
Demand deposits	681,504,490	0.61	773,994,929	0.04
Savings - demand deposits	741,219,200	0.48	731,624,963	0.07
Time deposits	983,663,429	3.02	811,056,654	0.53
Savings - time deposits	409,441,336	1.40	310,433,822	0.81
Negotiable certificates of deposit	9,387,017	3.29	19,847,704	0.37
Bank debentures	38,187,778	1.60	34,441,111	1.48
Principal of structured products	85,537,031	1.77	63,188,266	0.55
Lease liabilities	3,753,762	0.78	3,548,867	0.74

(Concluded)

#### 45. 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.

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	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	\$ 416,758,048	\$ 411,742,153	\$ 401,405,743	\$ 395,017,074	\$ 326,327,653	\$ 324,171,426
<u>Financial liabilities</u>						
Bonds payable	45,750,000	45,233,264	43,850,000	43,052,564	41,370,000	41,639,485

Fair value hierarchy as of March 31, 2023

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 411,742,153	\$ 53,030,087	\$ 358,712,066	\$ -
<u>Financial liabilities</u>				
Bonds payable	45,233,264	-	45,233,264	-

Fair value hierarchy as of December 31, 2022

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 395,017,074	\$ 42,828,785	\$ 352,188,289	\$ -
<u>Financial liabilities</u>				
Bonds payable	43,052,564	-	43,052,564	-

Fair value hierarchy as of March 31, 2022

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<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	-

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 Refinitiv on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method. 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, 2023, December 31, 2022 and March 31, 2022, the discount rates used ranged from 1.145% to 1.750%, 1.011% to 1.750% and 0.376% to 1.414%, respectively, for the New Taiwan dollar and from 3.284% to 5.345%, 3.454% to 5.285% and 0.320% to 2.562%, 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, 2023, December 31, 2022 and March 31, 2022 were as follows:

	<b>March 31, 2023</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	\$ 43,299,788	\$ 310,051	\$ 42,989,737	\$ -
Equity instruments	5,804,106	3,631,274	-	2,172,832
Debt instruments	112,556,596	8,971,398	103,585,198	-
Others	159,643,848	326,836	159,317,012	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	15,876,404	14,339,515	-	1,536,889
Debt instruments	340,217,401	155,561,406	184,655,995	-
<u>Financial liabilities at fair value through profit or loss</u>				
Held-for-trading - derivative instruments	35,008,331	-	35,008,331	-
Held-for-trading - others	6,953	6,953	-	-
Financial liabilities designated as at fair value through profit or loss	39,413,754	-	39,413,754	-
<u>Hedging financial liabilities</u>				
Derivative instruments	8,170	-	8,170	-

	<b>December 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	\$ 61,908,060	\$ 279,127	\$ 61,628,933	\$ -
Equity instruments	4,936,592	2,607,439	-	2,329,153
Debt instruments	120,599,359	8,624,036	111,975,323	-
Others	173,305,262	125,529	173,179,733	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,546,562	13,152,115	-	1,394,447
Debt instruments	333,170,304	149,175,333	183,994,971	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	51,764,562	-	51,764,562	-
Financial liabilities designated as at fair value through profit or loss	37,805,089	-	37,805,089	-
	<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	-
<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	-

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, 2023 and 2022.

d. Reconciliation of the financial instruments classified in Level 3

For the three months ended March 31, 2023

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2023	\$ 2,329,153	\$ 1,394,447
Valuation recognized in profit or loss	(84,309)	-
Valuation recognized in other comprehensive income	-	142,611
Acquisitions	92,525	-
Disposals	(47,269)	-
Transfers out of Level 3 (Note)	(117,268)	-
Change in exchange rates	-	(169)
Balance at March 31, 2023	<u>\$ 2,172,832</u>	<u>\$ 1,536,889</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>\$ (122,570)</u>	

For the three months ended March 31, 2022

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>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	-	559
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>	

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, 2023

	<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	\$ 1,005,545	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,167,287	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
Financial assets at fair value through other comprehensive income Investments in equity instruments	862,766	Market approach	Lack of liquidity discount	5%-30%	The higher the lack of liquidity, the lower the fair value is
	95,231	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	578,892	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is

December 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	\$ 1,062,625	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,266,528	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
Financial assets at fair value through other comprehensive income Investments in equity instruments	731,724	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	108,021	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
	554,702	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is

March 31, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 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 equity dispersion, 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 equity dispersion, 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, 2023

	Changes in Fair Value Reflected in Profit or Loss for the Current Period		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 217,283	\$ (217,283)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	153,689	(153,689)

December 31, 2022

	Changes in Fair Value Reflected in Profit or Loss for the Current Year		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 232,915	\$ (232,915)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	139,445	(139,445)

March 31, 2022

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 39,413,754	\$ 37,805,089	\$ 46,595,879
Amounts due on maturity	<u>51,829,410</u>	<u>51,650,659</u>	<u>47,522,362</u>
	<u>\$ (12,415,656)</u>	<u>\$ (13,845,570)</u>	<u>\$ (926,483)</u>

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

Accumulated amount of change	
As of March 31, 2023	<u>\$ (5,030,848)</u>
As of December 31, 2022	<u>\$ (5,794,301)</u>
As of March 31, 2022	<u>\$ 826,497</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, 2023, December 31, 2022 and March 31, 2022, 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 is 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 tests 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, 2023

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 350,358,237	\$ 416,797,493	\$ 767,155,730
Less: Allowance for impairment loss	<u>(101,425)</u>	<u>(39,445)</u>	<u>(140,870)</u>
Amortized cost	350,256,812	<u>\$ 416,758,048</u>	767,014,860
Adjustment to fair value	<u>(10,597,717)</u>		<u>(10,597,717)</u>
	<u>\$ 339,659,095</u>		<u>\$ 756,417,143</u>

December 31, 2022

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 344,957,546	\$ 401,436,904	\$ 746,394,450
Less: Allowance for impairment loss	<u>(113,585)</u>	<u>(31,161)</u>	<u>(144,746)</u>
Amortized cost	344,843,961	<u>\$ 401,405,743</u>	746,249,704
Adjustment to fair value	<u>(12,232,382)</u>		<u>(12,232,382)</u>
	<u>\$ 332,611,579</u>		<u>\$ 734,017,322</u>

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>

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, 2023

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	%-1.00%	\$ 767,127,118
Credit risk has increased significantly	The credit risk has increased significantly since initial recognition	Lifetime ECL (unimpaired)	6.90%	28,612

December 31, 2022

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	%-1.00%	\$ 746,379,987
Credit risk has increased significantly	The credit risk has increased significantly since initial recognition	Lifetime ECL (unimpaired)	6.90%	14,463

March 31, 2022

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
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

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, 2023

<b>Allowance for Impairment Loss</b>	<b>Credit Rating</b>		<b>Total</b>
	<b>Performing (12-Month ECL)</b>	<b>Credit Risk Has Increased Significantly (Expected Credit Loss and No Credit Loss During the Duration)</b>	
Balance at January 1, 2023	\$ 143,747	\$ 999	\$ 144,746
New financial assets purchased	6,023	1,976	7,999
Derecognition	(4,352)	(1,006)	(5,358)
Change in model or risk parameters	(6,001)	-	(6,001)
Change in exchange rates or others	<u>(523)</u>	<u>7</u>	<u>(516)</u>
Balance at March 31, 2023	<u>\$ 138,894</u>	<u>\$ 1,976</u>	<u>\$ 140,870</u>

For the three months ended March 31, 2022

	<u>Credit Rating</u>
	<u>Performing</u>
	<u>(12-Month</u>
	<u>ECL)</u>
<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>

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, 2023

	12-Month ECL	Lifetime ECL	Lifetime ECL (Credit - impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,355,433,775	\$ 936,029	\$ 90,380	\$ -	\$ 1,356,460,184
Allowance for possible losses	(131,892)	(34,490)	(3,497)	-	(169,879)
Difference of impairment loss under regulations	-	-	-	(736,399)	(736,399)
	<u>\$ 1,355,301,883</u>	<u>\$ 901,539</u>	<u>\$ 86,883</u>	<u>\$ (736,399)</u>	<u>\$ 1,355,553,906</u>

December 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	\$ 1,323,790,657	\$ 1,221,986	\$ 66,892	\$ -	\$ 1,325,079,535
Allowance for possible losses	(110,707)	(47,755)	(3,228)	-	(161,690)
Difference of impairment loss under regulations	-	-	-	(781,163)	(781,163)
	<u>\$ 1,323,679,950</u>	<u>\$ 1,174,231</u>	<u>\$ 63,664</u>	<u>\$ (781,163)</u>	<u>\$ 1,324,136,682</u>

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>

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, 2023

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,534,439	\$ -	\$ -	\$ -	\$ -
Others	101,743	-	-	-	-
Discounts and loans	8,315,146	4,168,642	-	-	4,168,642

December 31, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,494,404	\$ -	\$ -	\$ -	\$ -
Others	90,392	-	-	-	-
Discounts and loans	8,682,483	4,272,344	-	-	4,272,344

March 31, 2022

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

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

Credit Risk Profile by Group or Industry	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
	Natural person	\$ 968,984,275	50	\$ 966,057,987	50	\$ 916,684,206
Manufacturing	342,203,727	18	357,043,714	18	343,684,092	19
Finance, insurance and real estate	241,885,724	13	243,595,587	13	212,460,258	12

Credit Risk Profile by Regions	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,646,543,528	85	\$ 1,648,022,853	85	\$ 1,580,579,536	86

  

Credit Risk Profile by Collaterals	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 484,049,287	25	\$ 500,572,589	26	\$ 474,249,210	26
Secured						
Real estate	1,269,327,535	66	1,261,661,428	65	1,195,170,594	65

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Credit rating			
Strong	\$ 1,409,011,310	\$ 1,429,042,829	\$ 1,319,966,788
Medium	503,060,361	492,073,699	492,427,291
Weak	<u>23,223,667</u>	<u>21,600,401</u>	<u>22,110,547</u>
Carrying amount	1,935,295,338	1,942,716,929	1,834,504,626
Allowance for possible losses	<u>(1,575,510)</u>	<u>(1,594,898)</u>	<u>(1,679,126)</u>
	<u>\$ 1,933,719,828</u>	<u>\$ 1,941,122,031</u>	<u>\$ 1,832,825,500</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.

E.SUN Bank and its subsidiaries established a LIBOR transition project plan. The transition project considers the 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 the transition project will be implemented by the corresponding LIBOR transition response team. As of March 31, 2023, E.SUN Bank and its subsidiaries are finalizing the amendments to the related systems. E.SUN Bank and its subsidiaries are continuously discussing with the clients and counterparties how to revise the contracts which are expected to be impacted. In terms of credit business, E.SUN Bank and its subsidiaries have already completed the conversion of credit contracts whose rates ceased at the end of December 2021. The remaining USD credit contracts are subject to ongoing amendment negotiations. In terms of investments in debt instruments, E.SUN Bank and its subsidiaries are continuously negotiating with the counterparties about the contracts that have been identified.

E.SUN Bank and its subsidiaries are ceasing to sell financial instruments connected to LIBOR that are not authorized by authorities but will sell those that connect to alternative benchmark interest rates, TAIFX3 or local USD rates, 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 on March 31, 2023 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	\$ 17,712,274
Financial assets at FVTOCI	10,794,455
Investments in debt instruments at amortized cost	1,218,895
Discounts and loans	<u>41,454,528</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 71,180,152</u>

The following table contains details of derivative financial instruments held by the Company at March 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate.

	<b>Nominal Amount</b>	<b>Carrying Amount</b>	
		<b>Financial Assets</b>	<b>Financial Liabilities</b>
Derivative financial instruments that reference the USD LIBOR			
Interest rate swaps	\$ 371,359,780	\$ 13,338,621	\$ 12,346,913
Cross-currency swaps	304,780	35,341	-

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, 2023

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>March 31, 2023</b>
<u>By risk type</u>				
Currency	\$ 3,314,778	\$ 2,156,029	\$ 4,603,626	\$ 4,359,851
Interest	12,733,868	7,524,791	15,185,073	12,907,608
Equity	895,606	684,604	1,311,178	890,978
Risk diversification	<u>(9,458,702)</u>	-	-	<u>(10,036,230)</u>
Total risk exposure	<u>\$ 7,485,550</u>			<u>\$ 8,122,207</u>

For the three months ended March 31, 2022

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>By risk type</u>					
Currency	\$ 3,071,900	\$ 2,156,029	\$ 4,562,202	\$ 3,280,214	\$ 4,527,413
Interest	11,251,012	5,702,952	15,185,073	13,486,178	8,851,438
Equity	976,594	684,604	1,311,178	814,411	1,236,875
Risk diversification	<u>(8,318,495)</u>	-	-	<u>(9,409,144)</u>	<u>(8,763,536)</u>
Total risk exposure	<u>\$ 6,981,011</u>			<u>\$ 8,171,659</u>	<u>\$ 5,852,190</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 2023, December 2022 and March 2022 were 29.61%, 32.69% and 32.43%, 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, 2023	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	\$ 23,372,587	\$ 17,357,299	\$ 21,818,296	\$ 2,126,002	\$ 1,215,950	\$ 65,890,134
Nonderivative financial liabilities at fair value through profit or loss	-	-	839,181	-	50,990,229	51,829,410
Securities sold under repurchase agreements	4,371,593	1,957,981	43,471	4,306,465	4,440,323	15,119,833
Payables	24,095,881	3,467,036	1,356,150	1,365,133	115,453	30,399,653
Deposits and remittances	998,616,297	222,355,966	278,631,464	514,267,964	852,103,273	2,865,974,964
Bank debentures	-	1,500,000	-	2,200,000	36,050,000	39,750,000
Lease liabilities	53,129	168,469	274,918	511,871	3,399,944	4,408,331
Other items of cash outflow on maturity	10,986,553	3,632,749	25,047	3,139,234	82,162,614	99,946,197

December 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	\$ 36,100,630	\$ 12,536,682	\$ 2,319,318	\$ 20,506,455	\$ 1,051,349	\$ 72,514,434
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	563,970	51,086,689	51,650,659
Securities sold under repurchase agreements	7,017,134	1,686,572	893,711	3,791,737	5,166,615	18,555,769
Payables	25,355,286	1,903,153	978,906	1,202,633	99,617	29,539,595
Deposits and remittances	1,103,188,963	248,975,620	241,709,886	478,805,828	831,701,057	2,904,381,354
Bank debentures	-	-	1,500,000	-	36,350,000	37,850,000
Lease liabilities	120,510	162,118	259,028	519,949	3,406,422	4,468,027
Other items of cash outflow on maturity	69,467,603	14,526,405	520,580	4,147,740	12,379,558	101,041,886

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

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

March 31, 2023	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	\$ 85,189	\$ 48,099	\$ 48,175	\$ 21,397	\$ -	\$ 202,860
Interest derivatives	446	192	79	-	-	717

December 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	\$ 53,252	\$ 154,586	\$ 67,248	\$ 30,606	\$ -	\$ 305,692
Interest derivatives	2,023	2,309	24	-	-	4,356

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	\$ 187,181	\$ 334,085	\$ 109,112	\$ 93,241	\$ -	\$ 723,619
Interest derivatives	58	133	43	-	-	234

ii. Derivative financial liabilities to be settled at gross amounts

March 31, 2023	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	\$ 221,207,511	\$ 194,918,514	\$ 128,859,856	\$ 230,724,860	\$ 5,428,450	\$ 781,139,191
Cash inflow	217,168,628	191,127,044	126,828,677	227,227,031	5,293,415	767,644,795
Interest derivatives						
Cash outflow	1,227,115	991,982	2,162,226	2,602,361	19,515,848	26,499,532
Cash inflow	2,533,255	160,980	39,105	430,736	6,716,008	9,880,084
Total cash outflow	222,434,626	195,910,496	131,022,082	233,327,221	24,944,298	807,638,723
Total cash inflow	219,701,883	191,288,024	126,867,782	227,657,767	12,009,423	777,524,879
Net cash outflow	\$ 2,732,743	\$ 4,622,472	\$ 4,154,300	\$ 5,669,454	\$ 12,934,875	\$ 30,113,844

December 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	\$ 164,583,466	\$ 321,200,960	\$ 202,826,981	\$ 154,841,611	\$ 311,766,355	\$1,155,219,373
Cash inflow	158,082,611	310,568,594	197,128,511	152,999,296	298,893,531	1,117,672,543
Interest derivatives						
Cash outflow	833,737	1,114,348	1,806,581	3,715,871	22,096,164	29,566,701
Cash inflow	3,877,367	156,222	144,611	132,772	7,160,284	11,471,256
Total cash outflow	165,417,203	322,315,308	204,633,562	158,557,482	333,862,519	1,184,786,074
Total cash inflow	161,959,978	310,724,816	197,273,122	153,132,068	306,053,815	1,129,143,799
Net cash outflow	\$ 3,457,225	\$ 11,590,492	\$ 7,360,440	\$ 5,425,414	\$ 27,808,704	\$ 55,642,275

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

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, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,716,177	\$ 1,099,177	\$ 11,145,538	\$ 6,294,740	\$ 48,396,106	\$ 68,651,738
Credit card commitments	1,824,097	2,614,874	7,081,107	16,287,133	473,665,595	501,472,806
Letters of credit issued and yet unused	2,954,343	4,396,231	1,826,516	1,599,024	14,600	10,790,714
Other guarantees	6,417,967	5,755,488	2,320,339	5,344,614	6,006,878	25,845,286

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,190,229	\$ 989,097	\$ 3,933,361	\$ 10,788,710	\$ 40,392,202	\$ 57,293,599
Credit card commitments	3,875,042	1,481,556	5,797,131	16,760,772	461,717,325	489,631,826
Letters of credit issued and yet unused	2,989,408	4,754,014	1,011,988	1,874,069	120,811	10,750,290
Other guarantees	5,252,286	3,253,641	8,655,128	5,988,083	6,164,624	29,313,762

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

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:

Category of Financial Assets	March 31, 2023				
	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	\$ 15,840,101	\$ 14,469,738	\$ 15,840,101	\$ 14,469,738	\$ 1,370,363
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	661,074	596,195	676,839	596,195	80,644

December 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	\$ 19,335,552	\$ 17,569,699	\$ 19,335,552	\$ 17,569,699	\$ 1,765,853
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	946,453	925,596	964,224	925,596	38,628

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

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, 2023

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	\$ 43,299,788	\$ -	\$ 43,299,788	\$ (23,538,146)	\$ (5,216,562)	\$ 14,545,080
Resell agreements	99,760	-	99,760	(99,760)	-	-
Settlements	58,395	(43,974)	14,421	-	-	14,421
	<u>\$ 43,457,943</u>	<u>\$ (43,974)</u>	<u>\$ 43,413,969</u>	<u>\$ (23,637,906)</u>	<u>\$ (5,216,562)</u>	<u>\$ 14,559,501</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	\$ 35,008,331	\$ -	\$ 35,008,331	\$ (23,538,146)	\$ (10,068,783)	\$ 1,401,402
Repurchase agreements	15,102,870	-	15,102,870	(12,885,164)	-	2,217,706
Settlements	41,421	(30,950)	10,471	-	-	10,471
	<u>\$ 50,152,622</u>	<u>\$ (30,950)</u>	<u>\$ 50,121,672</u>	<u>\$ (36,423,310)</u>	<u>\$ (10,068,783)</u>	<u>\$ 3,629,579</u>

December 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	\$ 61,908,060	
Resell agreements	7,892,518	-	7,892,518	(7,892,518)	-	-
Settlements	11,964	-	11,964	-	-	11,964
	<u>\$ 69,812,542</u>	<u>\$ -</u>	<u>\$ 69,812,542</u>	<u>\$ (43,445,071)</u>	<u>\$ (7,849,094)</u>	<u>\$ 18,518,377</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	\$ 51,764,562	
Repurchase agreements	18,535,596	-	18,535,596	(18,535,596)	-	-
Settlements	384	-	384	-	-	384
	<u>\$ 70,300,542</u>	<u>\$ -</u>	<u>\$ 70,300,542</u>	<u>\$ (54,088,149)</u>	<u>\$ (9,847,389)</u>	<u>\$ 6,365,004</u>

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	
Resell agreements	1,475,979	-	1,475,979	(1,475,979)	-	-
Settlements	209,158	(1,791)	207,367	(99,046)	-	108,321
	<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	
Repurchase agreements	18,974,303	-	18,974,303	(18,974,303)	-	-
Settlements	1,292,852	(123,337)	1,169,515	(99,046)	-	1,070,469
	<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>

#### 46. 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:

	<b>E.SUN Bank</b>	<b>E.SUN Securities</b>	<b>Total</b>	<b>Allocation Method</b>
For the three months <u>ended March 31, 2023</u>				
Others	<u>\$ 66</u>	<u>\$ 63</u>	<u>\$ 129</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied
For the three months <u>ended March 31, 2022</u>				
Others	<u>\$ 64</u>	<u>\$ 62</u>	<u>\$ 126</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>2023</b>	<b>2022</b>
Revenue	<u>\$ 1,056</u>	<u>\$ 967</u>
Expense	<u>\$ 37,517</u>	<u>\$ 41,752</u>

#### 47. 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.

**48. 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, 2023				March 31, 2022		
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 Real estate development	\$ 9,479,400	4.78	Group B Manufacture of Monitors and Terminals	\$ 10,672,019	5.65
2	Group B Manufacture of other electronic parts and components not elsewhere classified	8,814,241	4.45	Group K Other activities auxiliary to financial service activities not elsewhere classified	10,013,400	5.30
3	Group C Activities of head offices	6,961,356	3.51	Group L Retail sale of computers, computer peripheral equipment and software	8,717,222	4.62
4	Company D Real estate activities for sale and rental with own or leased property	6,763,383	3.41	Group C Activities of head offices	8,423,422	4.46
5	Group E Manufacture of integrated circuits	6,541,076	3.30	Group A Real estate development	6,802,292	3.60
6	Group F Quarrying of rocks and gravel and other mining	6,206,200	3.13	Group M Electricity supply	6,305,189	3.34
7	Group G Manufacture of computers	5,732,848	2.89	Company D Real estate activities for sale and rental with own or leased property	5,672,060	3.00
8	Group H Packaging and testing of semi-conductors	5,574,808	2.81	Group I Wholesale of computers, computer peripheral equipment and software	5,664,305	3.00
9	Group I Wholesale of computers, computer peripheral equipment and software	5,328,235	2.69	Group E Manufacture of electronic passive devices	5,501,720	2.91
10	Group J Other holding companies	5,263,429	2.65	Group N Wired telecommunications activities	5,463,159	2.89

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, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,952,755,655	\$ 68,627,985	\$ 90,158,005	\$ 142,649,586	\$ 2,254,191,231
Interest rate-sensitive liabilities	1,599,254,429	78,973,049	152,953,963	121,106,914	1,952,288,355
Interest rate sensitivity gap	353,501,226	(10,345,064)	(62,795,958)	21,542,672	301,902,876
Net worth					181,102,495
Ratio of interest rate-sensitive assets to liabilities					115.46
Ratio of interest rate sensitivity gap to net worth					166.70

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

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, 2023

<b>Items</b>	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Interest rate-sensitive assets	\$ 15,748,817	\$ 1,240,132	\$ 569,114	\$ 3,340,350	\$ 20,898,413
Interest rate-sensitive liabilities	22,758,276	3,601,888	3,505,625	1,544,983	31,410,772
Interest rate sensitivity gap	(7,009,459)	(2,361,756)	(2,936,511)	1,795,367	(10,512,359)
Net worth					104,776
Ratio of interest rate-sensitive assets to liabilities					66.53
Ratio of interest rate sensitivity gap to net worth					(10,033.17)

March 31, 2022

<b>Items</b>	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
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)

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: %**

<b>Items</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Return on total assets	Before income tax	0.87
	After income tax	0.70
Return on equity	Before income tax	15.00
	After income tax	12.03
Net income ratio	38.27	31.93

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	11.57	8.41
	After income tax	11.55	8.45
Return on equity	Before income tax	12.06	8.83
	After income tax	12.04	8.86
Net income ratio		98.58	98.44

3) E.SUN Bank

Unit: %

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	0.82	0.58
	After income tax	0.66	0.46
Return on equity	Before income tax	14.18	9.66
	After income tax	11.29	7.80
Net income ratio		38.26	30.84

4) E.SUN Securities

Unit: %

Items		March 31, 2023	March 31, 2022
Return on total assets	Before income tax	7.20	5.25
	After income tax	6.18	4.19
Return on equity	Before income tax	19.22	20.21
	After income tax	16.48	16.13
Net income ratio		40.53	37.80

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} \div \text{Average total assets}$ .

Note 2:  $\text{Return on equity} = \text{Income before (after) income tax} \div \text{Average equity}$ .

Note 3:  $\text{Net income ratio} = \text{Income after income tax} \div \text{Total net revenues}$ .

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, 2023

	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	\$ 2,740,212,496	\$ 251,265,104	\$ 277,743,752	\$ 227,113,799	\$ 151,402,644	\$ 249,235,732	\$ 1,583,451,465
Main capital outflow on maturity	3,327,321,788	129,270,503	211,210,511	386,508,587	413,608,490	775,901,057	1,410,822,640
Gap	(587,109,292)	121,994,601	66,533,241	(159,394,788)	(262,205,846)	(526,665,325)	172,628,825

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

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, 2023

	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	\$ 57,403,708	\$ 14,950,372	\$ 11,856,372	\$ 6,107,318	\$ 10,576,256	\$ 13,913,390
Main capital outflow on maturity	67,233,751	15,234,545	18,727,852	11,826,573	17,786,900	3,657,881
Gap	(9,830,043)	(284,173)	(6,871,480)	(5,719,255)	(7,210,644)	10,255,509

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

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, 2023

	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	\$ 13,897,270	\$ 3,323,121	\$ 2,362,615	\$ 1,625,108	\$ 1,731,881	\$ 4,854,545
Main capital outflow on maturity	14,632,860	4,168,536	4,322,816	2,671,933	2,794,293	675,282
Gap	(735,590)	(845,415)	(1,960,201)	(1,046,825)	(1,062,412)	4,179,263

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

#### 49. 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, 2023, December 31, 2022 and March 31, 2022

Trust Assets	March 31, 2023	December 31, 2022	March 31, 2022	Trust Liabilities	March 31, 2023	December 31, 2022	March 31, 2022
Cash in banks	\$ 11,396,917	\$ 9,431,296	\$ 4,341,138	Accounts payable on administrative expense	\$ 4	\$ 4	\$ 5
Investments	318,860,066	311,318,781	302,519,399	Accounts payable on securities under custody	723,691,586	712,069,347	682,053,952
Receivables	280	276	275	Trust capital			
Real estate	7,054,588	7,144,272	5,782,809	Cash	325,868,893	316,148,363	303,601,213
Securities under custody	<u>723,691,586</u>	<u>712,069,347</u>	<u>682,053,952</u>	Securities	5,754,070	5,583,576	3,827,128
				Real estate	7,148,917	7,262,073	5,879,335
				Reserves and accumulated deficit	(3,667,373)	960,828	(1,586,875)
				Net income (loss)	<u>2,207,340</u>	<u>(2,060,219)</u>	<u>922,815</u>
Total assets	<u>\$ 1,061,003,437</u>	<u>\$ 1,039,963,972</u>	<u>\$ 994,697,573</u>	Total liabilities	<u>\$ 1,061,003,437</u>	<u>\$ 1,039,963,972</u>	<u>\$ 994,697,573</u>

Note: Investments of the OBU are included in total trust-related assets. As of March 31, 2023, December 31, 2022 and March 31, 2022, the amounts of the OBU's investments were \$25,340,447 thousand, \$25,468,930 thousand and \$26,179,305 thousand, respectively.

**Trust Property List**  
March 31, 2023, December 31, 2022 and March 31, 2022

	March 31, 2023	December 31, 2022	March 31, 2022
Cash in E.SUN Bank	\$ 11,380,644	\$ 9,421,860	\$ 4,335,297
Cash in other banks	16,273	9,436	5,841
Stocks	22,086,224	22,764,400	14,666,996
Mutual funds	235,980,491	232,504,986	242,428,935
Bonds	54,703,478	49,032,754	27,571,368
Structured products	5,971,933	6,886,924	17,738,622
Beneficial certificates pending settlement	117,940	129,717	113,478
Receivables	280	276	275
Real estate	7,054,588	7,144,272	5,782,809
Securities under custody	<u>723,691,586</u>	<u>712,069,347</u>	<u>682,053,952</u>
	<u>\$ 1,061,003,437</u>	<u>\$ 1,039,963,972</u>	<u>\$ 994,697,573</u>

**Statements of Income on Trust Accounts  
For the Three Months Ended March 31, 2023 and 2022**

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Revenues</u>		
Interest	\$ 22,451	\$ 2,263
Cash dividends	2,728,055	2,820,367
Realized capital gain - common stocks	86	19
Unrealized capital gain - common stocks	9,781	5,056
Property gain	841,896	985,100
Realized capital gain - bonds	796,639	770,853
Realized capital gain - mutual funds	74,732	71,055
Other revenues	-	6,000
Revenues from beneficial certificates	14,602	11,959
Total revenues	4,488,242	4,672,672
<u>Expenses</u>		
Management fees	84,864	120,446
Supervisor fees	5	-
Service fees	95	361
Property loss	2,148,441	3,568,354
Income tax	585	73
Other expenses	4,446	4,464
Realized capital loss - common stocks	-	11
Realized capital loss - bonds	540	-
Realized capital loss - mutual funds	41,926	54,334
Unrealized capital loss - common stocks	-	1,814
Total expenses	2,280,902	3,749,857
Net income	\$ 2,207,340	\$ 922,815

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

## 50. CASH FLOW INFORMATION

### Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2023

			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
Short-term borrowings	\$ 3,140,581	\$ (659,543)	\$ -	\$ -	\$ (25,572)	\$ 2,455,466
Commercial paper issued	1,739,403	2,230,000	-	-	(1,711)	3,967,692
Bonds payable	43,850,000	1,900,000	-	-	-	45,750,000
Long-term borrowings	359,910	(2,174)	-	-	(2,885)	354,851
Financial liabilities designated as at fair value through profit or loss - bank debentures	37,805,089	-	-	1,429,913	178,752	39,413,754
Guarantee deposits received	7,187,919	(2,930,789)	-	-	-	4,257,130
Lease liabilities	<u>4,303,812</u>	<u>(336,584)</u>	<u>256,066</u>	<u>-</u>	<u>4,820</u>	<u>4,228,114</u>
	<u>\$ 98,386,714</u>	<u>\$ 200,910</u>	<u>\$ 256,066</u>	<u>\$ 1,429,913</u>	<u>\$ 153,404</u>	<u>\$ 100,427,007</u>

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	<u>3,998,061</u>	<u>(286,316)</u>	<u>292,149</u>	<u>-</u>	<u>42,320</u>	<u>4,046,214</u>
	<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>

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

Please refer to Table 5 (attached).

## 52. BUSINESS SEGMENT FINANCIAL INFORMATION

Please refer to Table 6 (attached).

### **53. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

On February 20, 2023, the board of directors of ESFHC resolved to issue 800,000 thousand common shares at the premium issuance price of \$20 per share with a par value of \$10, which has been approved by the FSC. ESFHC reserved 15% of the shares for the granting of stock options to employees of the ESFHC and its subsidiaries according to the Company Act. ESFHC subsequently recognized share-based capital surplus of \$454,672 thousand based on the fair value at the grant date, with the base date set as April 28, 2023.

### **54. OTHER ITEMS**

On April 21, 2023, the board of directors of E.SUN Bank resolved to purchase a real estate located in the Xinzhuang District, New Taipei City from Chung Mao Property Development Company and Mr. Li for \$323,000 thousand. The real estate will be used for E.SUN Bank's business operations.

### **55. 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.

### **56. 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: None.
  - 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 9 (attached).
  - 11) Related information and proportionate share in investees: Exempt from disclosure.
  - 12) Derivative transactions: Notes 8 and 45 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 10 (attached).
- d. Business relationship and significant transactions among the parent company and subsidiaries: Table 11 (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 12 (attached).

## 57. 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)

	<b>For the Three Months Ended March 31, 2023</b>				
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Overseas Branches and Subsidiaries</b>	<b>Others</b>	<b>Total</b>
Net interest revenues (expenses)	\$ 7,534	\$ 6,717	\$ 2,347	\$ (9,974)	\$ 6,624
Total net revenues (expenses)	\$ 5,659	\$ 10,659	\$ 2,946	\$ (3,464)	\$ 15,800
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	126	(187)	(4)	67	2
Operating expenses	(1,465)	(5,328)	(726)	(747)	(8,266)
Income (loss) before income tax	\$ 4,320	\$ 5,144	\$ 2,216	\$ (4,144)	\$ 7,536
	<b>For the Three Months Ended March 31, 2022</b>				
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Overseas Branches and Subsidiaries</b>	<b>Others</b>	<b>Total</b>
Net interest revenues (expenses)	\$ 3,292	\$ 4,591	\$ 1,454	\$ (1,953)	\$ 7,384
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	(1,200)	(5,162)	(642)	(864)	(7,868)
Income (loss) before income tax	\$ 2,658	\$ 3,341	\$ 793	\$ (1,453)	\$ 5,339

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

**CONSOLIDATED ENTITIES**

**MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**

**Entities Included in the Consolidated Financial Statements**

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				March 31, 2023	December 31, 2022	March 31, 2022	
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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

## Loans

March 31, 2023

Type	Account Volume or Name	Highest Balance for the Three Months Ended March 31, 2023 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	74	\$ 34,480	\$ 29,949	\$ 29,949	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	421	3,065,338	2,843,488	2,843,488	-	Land and buildings	None
Other loans	Others	1,239,007	1,142,510	1,142,510	-	Land, buildings and plant	None

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

Note: The sum of the respective highest balances of each account for the three months ended March 31, 2023 and 2022.

## E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT  
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022  
(In Thousands)

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>									
Monetary items									
USD	\$ 24,639,819	30.4780	\$ 750,972,403	\$ 24,388,008	30.7240	\$ 749,297,158	\$ 23,203,352	28.6220	\$ 664,126,341
CNY	26,048,535	4.4337	115,491,390	24,748,728	4.4076	109,082,494	22,904,104	4.5083	103,258,572
AUD	6,558,221	20.3410	133,400,773	6,552,826	20.8330	136,515,024	6,404,016	21.4040	137,071,558
Non-monetary items									
USD	829,130	30.4780	25,270,224	1,116,306	30.7240	34,297,386	531,032	28.6220	15,199,198
CNY	146,874	4.4337	651,195	78,701	4.4076	346,883	118,262	4.5083	533,161
AUD	4,267	20.3410	86,795	976	20.8330	20,333	328	21.4040	7,021
<u>Financial liabilities</u>									
Monetary items									
USD	35,929,066	30.4780	1,095,046,074	38,168,195	30.7240	1,172,679,623	37,048,412	28.6220	1,060,399,648
CNY	25,679,403	4.4337	113,854,769	23,148,601	4.4076	102,029,774	24,569,263	4.5083	110,765,608
AUD	3,092,168	20.3410	62,897,789	3,007,740	20.8330	62,660,247	3,026,162	21.4040	64,771,971
Non-monetary items									
USD	558,682	30.4780	17,027,510	821,086	30.7240	25,227,046	406,133	28.6220	11,624,339
CNY	66,258	4.4337	293,768	106,458	4.4076	469,224	51,712	4.5083	233,133
AUD	3,756	20.3410	76,401	8,431	20.8330	175,643	2,315	21.4040	49,550

## E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES  
MARCH 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, %)

Period		March 31, 2023					March 31, 2022					
		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	\$ 1,509,746	\$ 468,326,029	0.32	\$ 5,357,918	354.89	\$ 1,024,604	\$ 442,267,734	0.23	\$ 5,040,423	491.94	
	Unsecured	305,869	458,800,932	0.07	4,964,480	1,623.07	599,475	440,759,528	0.14	5,153,748	859.71	
Consumer banking	Residential mortgage (Note 4)	230,220	530,668,428	0.04	7,759,026	3,370.27	228,637	506,379,463	0.05	7,408,120	3,240.12	
	Cash card	-	652	-	11	-	206	857	24.04	221	107.28	
	Small-scale credit loans (Note 5)	1,080,882	125,807,231	0.86	1,670,017	154.51	667,880	135,963,868	0.49	1,714,102	256.65	
	Other (Note 6)	Secured	171,081	310,516,388	0.06	3,168,364	1,851.97	207,321	270,217,387	0.08	2,789,477	1,345.49
		Unsecured	-	2,686,951	-	29,250	-	214	3,002,683	0.01	32,175	15,035.05
Loan		3,297,798	1,896,806,611	0.17	22,949,066	695.89	2,728,337	1,798,591,520	0.15	22,138,266	811.42	
		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		173,788	83,890,679	0.21	841,778	484.37	122,892	76,137,508	0.16	811,395	660.25	
Accounts receivable factored without recourse (Note 7)		-	8,784,139	-	116,644	-	-	13,253,135	-	172,671	-	
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)		3,335					5,050					
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)		10,394					19,363					
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)		1,227,299					1,225,215					
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)		1,544,331					1,640,240					

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, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

## 1. ESFHC's financial statements

## E.SUN Financial Holding Company, Ltd.

Balance Sheets  
(In Thousands of New Taiwan Dollars)

Assets	December 31,			Liabilities and Equity	December 31,		
	March 31, 2023	2022	March 31, 2022		March 31, 2023	2022	March 31, 2022
Cash and cash equivalents	\$ 272,472	\$ 441,727	\$ 801,073	Payables	\$ 330,462	\$ 661,396	\$ 319,057
Financial assets at fair value through other comprehensive income	121,779	126,149	129,608	Current tax liabilities	2,238,374	1,451,027	2,713,343
Receivables	140,742	80,203	110,233	Corporate bonds payable	6,000,000	6,000,000	6,000,000
Current tax assets	2,129,699	1,351,872	2,525,667	Lease liabilities	149,877	150,813	153,599
Investments under the equity method	210,557,279	203,005,975	201,702,178	Other financial liabilities	62	62	-
Property and equipment, net	2,176	2,680	4,141	Total liabilities	<u>8,718,775</u>	<u>8,263,298</u>	<u>9,185,999</u>
Right-of-use assets	145,088	146,277	149,844	Equity			
Intangible assets	2,167	2,492	3,467	Capital stock	142,930,000	142,751,000	133,751,000
Deferred tax assets	3,055	7,202	6,191	Capital surplus	26,345,824	26,070,164	26,070,164
Other assets	<u>58,685</u>	<u>24,997</u>	<u>47,227</u>	Retained earnings	39,626,840	33,472,219	40,900,031
				Other equity	<u>(4,188,297)</u>	<u>(5,367,107)</u>	<u>(4,427,565)</u>
				Total equity	<u>204,714,367</u>	<u>196,926,276</u>	<u>196,293,630</u>
Total	<u>\$ 213,433,142</u>	<u>\$ 205,189,574</u>	<u>\$ 205,479,629</u>	Total	<u>\$ 213,433,142</u>	<u>\$ 205,189,574</u>	<u>\$ 205,479,629</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</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 6,125,756	\$ 4,409,642
Other revenues and gains	<u>15,642</u>	<u>(2,569)</u>
Total revenues and gains	<u>6,141,398</u>	<u>4,407,073</u>
Expenses and losses		
Operating expenses	73,072	85,834
Other expenses and losses	<u>12,469</u>	<u>13,114</u>
Total expenses and losses	<u>85,541</u>	<u>98,948</u>
Income before income tax	6,055,857	4,308,125
Income tax benefit (expense)	<u>(13,666)</u>	<u>17,142</u>
Net income for the period	6,042,191	4,325,267
Other comprehensive income (loss)	<u>1,291,240</u>	<u>(2,870,476)</u>
 Total comprehensive income	 <u>\$ 7,333,431</u>	 <u>\$ 1,454,791</u>
 Earnings per share (New Taiwan dollars)		
Basic	<u>\$0.42</u>	<u>\$0.30</u>
Diluted	<u>\$0.42</u>	<u>\$0.30</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

	Capital Stock			Retained Earnings			Other Equity			Total Equity	
	Shares (In Thousands)	Common Stock	Reserve for Capitalization	Capital Surplus	Legal Reserve	Special Reserve	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, 2023	14,275,100	\$ 142,751,000	\$ -	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 15,336,000	\$ (385,903)	\$ (10,775,505)	\$ 5,794,301	\$ 196,926,276
Issuance of common stock from employees' compensation	-	-	179,000	275,660	-	-	-	-	-	-	454,660
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	112,430	-	(112,430)	-	-
Net income for the three months ended March 31, 2023	-	-	-	-	-	-	6,042,191	-	-	-	6,042,191
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	(349,870)	2,404,563	(763,453)	1,291,240
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	6,042,191	(349,870)	2,404,563	(763,453)	7,333,431
BALANCE AT MARCH 31, 2023	<u>14,275,100</u>	<u>\$ 142,751,000</u>	<u>\$ 179,000</u>	<u>\$ 26,345,824</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 21,490,621</u>	<u>\$ (735,773)</u>	<u>\$ (8,483,372)</u>	<u>\$ 5,030,848</u>	<u>\$ 204,714,367</u>
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>

(Continued)

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

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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operating activities		
Income before income tax	\$ 6,055,857	\$ 4,308,125
Adjustments for:		
Depreciation and amortization expenses	2,018	2,169
Interest expense	12,469	13,114
Interest revenue	-	(7)
Salary expenses on share-based payments	7,727	1,021
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(6,125,756)	(4,409,642)
Net changes in operating assets and liabilities		
Receivables	(15,539)	2,419
Other financial assets	-	1,100,000
Other assets	(33,688)	(26,059)
Payables	<u>(32,774)</u>	<u>(11,069)</u>
Cash generated from (used in) operating activities	(129,686)	980,071
Interest received	-	19
Interest paid	(38,000)	(50,100)
Income tax paid	<u>-</u>	<u>(58,569)</u>
Net cash generated from (used in) operating activities	<u>(167,686)</u>	<u>871,421</u>
Net cash used in financing activities		
Repayments of corporate bonds	-	(1,100,000)
Repayments of the principal portion of lease liabilities	<u>(1,569)</u>	<u>(1,570)</u>
Net cash used in financing activities	<u>(1,569)</u>	<u>(1,101,570)</u>
Net decrease in cash and cash equivalents	(169,255)	(230,149)
Cash and cash equivalents at the beginning of the period	<u>441,727</u>	<u>1,031,222</u>
Cash and cash equivalents at the end of the period	<u>\$ 272,472</u>	<u>\$ 801,073</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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>	<b>Liabilities and Equity</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash and cash equivalents	\$ 42,530,129	\$ 73,479,227	\$ 75,425,568	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	162,411,647	149,959,697	123,874,607	Deposits from the Central Bank and other banks	\$ 53,230,649	\$ 67,133,658	\$ 90,349,395
Financial assets at fair value through profit or loss	315,218,277	355,620,362	383,978,256	Due to the Central Bank and other banks	-	-	14,503,500
Financial assets at fair value through other comprehensive income	337,397,993	326,925,713	329,992,887	Financial liabilities at fair value through profit or loss	74,129,998	89,101,408	75,241,981
Investments in debt instruments at amortized cost	413,057,134	398,051,472	324,981,477	Financial liabilities - hedging, net	8,170	-	-
Securities purchased under resell agreements	99,749	7,881,831	1,475,466	Securities sold under repurchase agreements	12,849,083	12,280,579	12,406,142
Receivables, net	105,493,953	114,100,019	101,659,855	Payables	29,597,510	28,492,271	21,661,334
Current tax assets	18,682	9,544	128,038	Current tax liabilities	2,480,526	1,436,013	2,353,989
Discounts and loans, net	1,873,875,216	1,878,924,693	1,776,527,114	Deposits and remittances	2,816,058,667	2,851,621,558	2,667,732,438
Investments under the equity method, net	15,138,595	15,008,986	14,327,749	Bank debentures	39,750,000	37,850,000	35,370,000
Other financial assets, net	2,710,220	1,372,280	4,558,300	Other financial liabilities	91,430,384	90,837,889	74,030,209
Properties and equipment, net	31,575,191	31,648,604	31,083,342	Provisions	1,047,737	1,083,412	1,068,746
Right-of-use assets, net	6,509,950	6,585,747	6,417,438	Lease liabilities	3,614,109	3,720,012	3,482,321
Investment properties, net	571,598	572,777	567,827	Deferred tax liabilities	2,019,380	1,851,346	1,124,867
Intangible assets, net	4,852,192	4,779,939	4,856,174	Other liabilities	3,413,567	3,500,684	3,007,735
Deferred tax assets	3,019,747	3,125,750	2,563,724	Total liabilities	<u>3,129,629,780</u>	<u>3,188,908,830</u>	<u>3,002,332,657</u>
Other assets, net	<u>13,407,370</u>	<u>12,231,839</u>	<u>8,778,738</u>	<u>Equity</u>			
				Capital stock	103,637,000	103,637,000	98,937,000
				Capital surplus	27,583,733	27,412,151	27,104,298
				Retained earnings	71,032,745	65,422,036	67,018,310
				Other equity	(3,995,615)	(5,101,537)	(4,195,705)
				Total equity	<u>198,257,863</u>	<u>191,369,650</u>	<u>188,863,903</u>
Total	<u>\$ 3,327,887,643</u>	<u>\$ 3,380,278,480</u>	<u>\$ 3,191,196,560</u>	Total	<u>\$ 3,327,887,643</u>	<u>\$ 3,380,278,480</u>	<u>\$ 3,191,196,560</u>

(Continued)

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

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

<b>Assets</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>	<b>Liabilities and Equity</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 14,605,336	\$ 13,628,049	\$ 20,237,600	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	882,901	448,707	904,977	Current liabilities	\$ 12,003,736	\$ 10,928,187	\$ 16,904,268
Financial assets at fair value through other comprehensive income	1,717,082	1,643,797	1,387,012	Noncurrent liabilities	88,083	99,691	101,833
Investments in debt instruments at amortized cost	729,180	759,186	536,290	Total liabilities	<u>12,091,819</u>	<u>11,027,878</u>	<u>17,006,101</u>
Investments under the equity method	60,071	59,494	59,771	<u>Equity</u>			
Properties and equipment	344,280	354,316	336,543	Capital stock	4,000,000	4,000,000	4,000,000
Right-of-use assets	139,945	154,290	151,076	Capital surplus	128,624	125,386	123,324
Investment properties	19,129	19,218	19,482	Retained earnings	2,969,839	2,684,290	3,165,113
Intangible assets	22,374	27,357	31,217	Other equity	12,714	(61,094)	28,934
Deferred tax assets	30,477	30,273	28,844	Total equity	<u>7,111,177</u>	<u>6,748,582</u>	<u>7,317,371</u>
Other noncurrent assets	<u>652,221</u>	<u>651,773</u>	<u>630,660</u>				
Total	<u>\$ 19,202,996</u>	<u>\$ 17,776,460</u>	<u>\$ 24,323,472</u>	Total	<u>\$ 19,202,996</u>	<u>\$ 17,776,460</u>	<u>\$ 24,323,472</u>

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

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

<b>Assets</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>	<b>Liabilities and Equity</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 566,987	\$ 464,656	\$ 342,667	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	4,584,719	4,353,344	5,096,073	Current liabilities	\$ 108,252	\$ 63,529	\$ 58,604
Financial assets at fair value through other comprehensive income	138,421	134,972	144,683	Noncurrent liabilities	29,748	37,743	38,708
Properties and equipment	1,834	1,940	142	Total liabilities	<u>138,000</u>	<u>101,272</u>	<u>97,312</u>
Right-of-use assets	21,449	21,621	22,142	<u>Equity</u>			
Intangible assets	1,125	1,500	2,625	Capital stock	4,500,000	4,500,000	3,700,000
Deferred tax assets	366	358	350	Capital surplus	81,835	81,719	81,603
Other noncurrent assets	<u>232</u>	<u>232</u>	<u>232</u>	Retained earnings	904,988	608,771	2,103,358
				Other equity	(309,690)	(313,139)	(373,359)
				Total equity	<u>5,177,133</u>	<u>4,877,351</u>	<u>5,511,602</u>
Total	<u>\$ 5,315,133</u>	<u>\$ 4,978,623</u>	<u>\$ 5,608,914</u>	Total	<u>\$ 5,315,133</u>	<u>\$ 4,978,623</u>	<u>\$ 5,608,914</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	
	2023	2022
Interest revenue	\$ 18,126,852	\$ 9,015,576
Less: Interest expense	<u>(11,967,829)</u>	<u>(2,243,997)</u>
Net interest	6,159,023	6,771,579
Net revenues and gains other than interest	<u>8,212,146</u>	<u>5,141,817</u>
Total net revenues	14,371,169	11,913,396
Bad-debt expenses and provision for losses on commitments and guarantees	10,805	(303,427)
Operating expenses	<u>(7,476,317)</u>	<u>(7,058,100)</u>
Income before income tax	6,905,657	4,551,869
Income tax expense	<u>(1,407,378)</u>	<u>(878,127)</u>
Net income for the period	5,498,279	3,673,742
Other comprehensive income (loss)	<u>1,218,352</u>	<u>(2,882,543)</u>
Total comprehensive income	\$ <u>6,716,631</u>	\$ <u>791,199</u>
Earnings per share		
Basic	\$ <u>0.53</u>	\$ <u>0.35</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	
	2023	2022
Income	\$ 711,361	\$ 786,597
Service charge	(41,870)	(56,161)
Employee benefit expenses	(216,004)	(230,932)
Share of profit of subsidiaries accounted for using equity method	477	945
Operating expenses	(158,961)	(175,245)
Other profits and losses	<u>37,906</u>	<u>36,110</u>
Income before income tax	332,909	361,314
Income tax expense	<u>(47,360)</u>	<u>(72,857)</u>
Net income for the period	285,549	288,457
Other comprehensive income	<u>73,808</u>	<u>39,606</u>
Total comprehensive income	\$ <u>359,357</u>	\$ <u>328,063</u>
Earnings per share		
Basic	\$ <u>0.71</u>	\$ <u>0.72</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	
	2023	2022
Operating revenue	\$ 343,591	\$ 455,323
Operating expenses	<u>(9,676)</u>	<u>(3,073)</u>
Operating income	333,915	452,250
Non-operating income and expenses	<u>(607)</u>	<u>1,985</u>
Income before income tax	333,308	454,235
Income tax benefit (expense)	<u>7,909</u>	<u>(7,327)</u>
Net income for the period	341,217	446,908
Other comprehensive income	<u>3,449</u>	<u>5,681</u>
Total comprehensive income	\$ <u>344,666</u>	\$ <u>452,589</u>
Earnings per share		
Basic	\$ <u>0.76</u>	\$ <u>0.99</u>

(Concluded)

**TABLE 6****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****BUSINESS SEGMENT FINANCIAL INFORMATION  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

For the three months ended March 31, 2023

<b>Business Segment</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
<b>Items</b>				
Net interest revenues (expenses)	\$ 6,551,601	\$ 84,592	\$ (11,861)	\$ 6,624,332
Net revenues and gains other than interest	8,255,478	577,723	342,677	9,175,878
Total net revenues	14,807,079	662,315	330,816	15,800,210
Reversal of bad-debt expenses and reversal of losses on commitments and guarantees	1,166	718	-	1,884
Operating expenses	(7,816,458)	(367,067)	(82,797)	(8,266,322)
Income before income tax	6,991,787	295,966	248,019	7,535,772
Income tax expense	(1,435,950)	(47,360)	(5,876)	(1,489,186)
Net income	5,555,837	248,606	242,143	6,046,586

For the three months ended March 31, 2022

<b>Business Segment</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
<b>Items</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

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

## MARKETABLE SECURITIES HELD

MARCH 31, 2023

(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, 2023				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	\$ 35,820	0.30	\$ 35,820	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	63,997	4.26	63,997	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	23,490	0.37	23,490	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	88	6,257	0.38	6,257	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	108	8,761	0.05	8,761	
	Evergreen Aviation Technologies Corp	-	Financial assets at fair value through profit or loss	1,100	107,580	0.31	107,580	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	10,789	0.13	10,789	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	540	62,100	0.90	62,100	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,910	46,316	0.94	46,316	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	27,531	0.65	27,531	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	348	2,316	0.22	2,316	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	455	36,704	0.17	36,704	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210	3,622	0.38	3,622	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	18,168	1.33	18,168	
	Msscorks Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	174,510	2.69	174,510	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	39,050	0.17	39,050	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,047	0.19	2,047	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	169	45,225	0.04	45,225	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	14,815	0.38	14,815	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	78,315	0.26	78,315	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	3,832	0.11	3,832	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	1,238	0.36	1,238	
	Apex Dynamics, Inc.	-	Financial assets at fair value through profit or loss	258	53,922	0.32	53,922	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	26,439	0.15	26,439	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	45,600	0.06	45,600	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	39,060	0.17	39,060	
	CHENFULL PRECISION CO., LTD.	-	Financial assets at fair value through profit or loss	150	13,575	0.25	13,575	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	10	4,791	0.06	4,791	
	Gogoro Inc.	-	Financial assets at fair value through profit or loss	1,250	153,200	0.51	153,200	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	11,323	1.56	11,323	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,889	93,983	5.55	93,983	
	Perfect Medical Industry Co., Ltd.	-	Financial assets at fair value through profit or loss	516	8,757	1.13	8,757	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	5,999	0.67	5,999	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	7,842	0.73	7,842	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,668	49,556	3.00	49,556	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	829	\$ 48,206	2.74	\$ 48,206	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	487	26,698	1.34	26,698	
	Vetnostrum Animal Health Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000	76,006	0.30	76,006	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	626,850	6.73	626,850	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	140	17,037	0.08	17,037	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	680	52,088	0.73	52,088	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,652	159,093	2.75	159,093	
	Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,336	112,488	2.42	112,488	
	GREAT GIANT FIBRE GARMENT CO., LTD.	-	Financial assets at fair value through profit or loss	784	75,896	1.30	75,896	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	600	9,612	0.74	9,612	
	ALLIANCE MATERIAL CO., LTD.	-	Financial assets at fair value through profit or loss	300	6,291	1.10	6,291	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	31,131	2.36	31,131	
	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	8,776	3.05	8,776	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	23,651	6.15	23,651	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	1,107	1.98	1,107	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	24,277	1.56	24,277	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	5,050	160,857	4.17	160,857	
	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	19,894	0.18	19,894	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	788	38,551	5.02	38,551	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	17,243	0.81	17,243	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	13,789	1.33	13,789	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	20,457	13.07	20,457	
	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	32,393	2.28	32,393	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	1,216	2.35	1,216	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	733	54,061	7.82	54,061	
	High Performance Information Co., Ltd.	-	Financial assets at fair value through profit or loss	95	2,671	0.40	2,671	
	Sam Lam Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,700	-	6.07	-	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets at fair value through profit or loss	293	-	0.77	-	
	Remotek Corporation	-	Financial assets at fair value through profit or loss	506	3,590	0.73	3,590	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	14,411	4.55	14,411	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	11,316	2.35	11,316	
	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	20	2,168	5.00	2,168	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	8,128	145,444	2.86	145,444	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	5,279	0.41	5,279	
	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	7,092	4.00	7,092	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	7,060	3.69	7,060	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,564	\$ 40,483	4.64	\$ 40,483	
	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	53	363	0.39	363	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	7,818	1.93	7,818	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	3,634	8.97	3,634	
	Tapollop Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	666	-	8.67	-	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	24,752	2.03	24,752	
	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	41,580	0.82	41,580	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	6,263	59,718	4.76	59,718	
	Batom Co., Ltd.	-	Financial assets at fair value through profit or loss	391	17,381	1.24	17,381	
	Kee Fresh & Safe Foodtech Co., Ltd.	-	Financial assets at fair value through profit or loss	950	25,757	2.85	25,757	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	2,576	9.84	2,576	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	1,500	66,899	2.32	66,899	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	618	0.33	618	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	74,948	5.95	74,948	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	84,918	2.15	84,918	
	Chuan Shih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	-	5.79	-	
	Tera Xtal Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	206	-	0.11	-	
	Morrison Opto-electronics Ltd.	-	Financial assets at fair value through profit or loss	210	15,049	0.96	15,049	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	2,500	83,123	2.36	83,123	
	Rock BioMedical, Inc.	-	Financial assets at fair value through profit or loss	11,000	110,000	18.87	110,000	
	AmTrust Capital II Corp.	-	Financial assets at fair value through profit or loss	8,000	80,000	8.00	80,000	
	Innotech Logistics Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000	37,378	6.00	37,378	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	54,344	6.69	54,344	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	24,021	2.84	24,021	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	42,353	12.18	42,353	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,657	9,734	2.07	9,734	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	365	1,492	9.12	1,492	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	17,054	14.72	17,054	
	OME Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,457	31,963	2.30	31,963	
	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	-	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	3,958	1.24	3,958	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	3,706	6.85	3,706	
	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	1,261	5.26	1,261	
	WeForce Co., Ltd.	-	Investments in equity instruments at FVTOCI	182	1,066	0.77	1,066	
	Topray Mems Inc.	-	Investments in equity instruments at FVTOCI	975	1,874	2.14	1,874	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	6,441	1.53	6,441	
	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	9,474	0.33	9,474	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	<u>Fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	8,023	\$ 183,909	7.63	\$ 183,909	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	7,280	297,475	7.46	297,475	
	Delos Capital Fund 3	-	Financial assets at fair value through profit or loss	540	9,545	3.32	9,545	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	56,250	50,837	4.57	50,837	
	Rui Zhan Fund L.P.	-	Financial assets at fair value through profit or loss	4,364	4,364	9.09	4,364	

(Concluded)

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

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 10% OF THE PAID-IN CAPITAL  
 FOR THE THREE MONTHS ENDED MARCH 31, 2023  
 (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 Qingpu branch in Taoyuan  Xiaokuaishi branch in Taoyuan	2018.11.09	\$ 745,300 (Note) 500,000 308,000	\$650,544 has been paid as of March 31, 2023	Chun Yuan Construction Co., Ltd. Eight Point International Corp. Yang, Yang and Yang	-	-	-	-	\$ -	Tender	For the operation of the branch of E.SUN Bank	None
		2019.11.28		\$150,000 has been paid as of March 31, 2023		-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None
		2022.08.19		\$61,600 has been paid as of March 31, 2023		-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None

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

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS300 MILLION OR 10% OF THE PAID-IN CAPITAL**

**MARCH 31, 2023**

**(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	\$ 2,061,228 (Notes 1 and 2)	-	\$ -	-	\$ -	\$ -

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

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

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

## INVESTMENT IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					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	\$ 36,991	\$ 9,632,951	\$ -

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$9,758,742 (Note 1)	\$9,758,742 (Note 1)	\$119,062,727

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 230,323	Invest in Mainland China through the third-party company (Note 3)	\$ 30,000	\$ -	\$ -	\$ 30,000	(Note 4)	3.05	\$ -	(Note 5)	\$ -
Shanghai Vpon Ltd.	Data analysis and developing software	206,308	Direct	38,615	-	-	38,615	(Note 4)	8.93	-	\$ -	-
Shanghai Winking Entertainment Ltd.	Computer software development, design, production, transfer of own technology, sale of self-produced products, and to provide after-sales service and related technical consultation	444,263	Invest in Mainland China through the third-party company (Note 3)	23,683	-	-	23,683	(Note 4)	5.02	-	(Note 5)	-
Eccogene (Shanghai) Co., Ltd.	Providing innovative therapeutic solutions to address unmet medical needs globally, discovery and development of translational medicine in metabolic and immune-related diseases	25,144	Invest in Mainland China through the third-party company (Note 3)	10,989	-	-	10,989	(Note 4)	0.51	-	(Note 5)	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 7)
\$152,350	\$155,131	\$3,106,279

(Continued)

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

- a. Invested in Transound Electronics (Dongguan) Co., Ltd. through Transound Electronics Co., Ltd.
- b. Invested in Shanghai Winking Entertainment Ltd. through Winking Entertainment Ltd.
- c. 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)

## 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, 2023

(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	\$ 272,472	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	272,472	Note 4	0.01
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	1,978,228	Note 4	0.06
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	1,978,228	Note 4	0.06
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	663,582	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	663,582	Note 4	0.02
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	463,746	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	463,746	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	7,259,815	Note 4	0.21
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	7,259,815	Note 4	0.21
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	4,785,046	Note 4	0.14
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	4,785,046	Note 4	0.14
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Due from the Central Bank and call loans to other banks	457,170	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Deposits from the Central Bank and other banks	457,170	Note 4	0.01
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	104,249	Note 4	-
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Deposits from the Central Bank and other banks	104,249	Note 4	-

(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)

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

**INFORMATION ON MAJOR SHAREHOLDERS**

**MARCH 31, 2023**

<b>Name of Major Stockholder</b>	<b>Shareholding</b>	
	<b>Number of Shares</b>	<b>Percentage of Ownership (%)</b>
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.