E.SUN Commercial Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of E.SUN Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, and the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2023, December 31, 2022 and June 30, 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's consolidated financial statements for the six months ended June 30, 2023 are described as follows:

Assessment of Allowance for Possible Losses on Loans

The Company is engaged principally in providing loans to customers. As of June 30, 2023, the net amount of discounts and loans of the Company represented approximately 56% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of the Bank complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of the Bank, please refer to Notes 4, 5, and 13 to the consolidated financial statements.

We determined the assessment of allowance for possible losses on loans to be a key audit matter for the six months ended June 30, 2023 because the assessment made by the Bank to assess the classification of credit assets and recognize allowance for possible losses in accordance with the Regulations involves critical estimates and judgements.

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

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of E.SUN Commercial Bank, Ltd. as of and for the six months ended June 30, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 25, 2023

<u>*Notice to Readers*</u>

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

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	$ 55,974,816	2	$ 75,948,832	2	$ 72,074,032	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 39)	187,729,397	5	152,916,314	5	126,240,330	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 39)	291,786,194	8	355,947,222	10	380,533,258	12
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 39 and 41)	363,162,198	10	345,819,992	10	341,485,531	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 15, 38 and 41)	444,568,244	13	401,405,743	12	351,967,026	11
FINANCIAL ASSETS FOR HEDGING, NET (Notes 4 and 11)	10,603	-	-	-	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	10,954,787	-	7,881,831	-	1,684,169	-
RECEIVABLES, NET (Notes 4, 13 and 38)	142,813,253	4	115,768,162	3	103,000,709	3
CURRENT TAX ASSETS (Notes 4 and 38)	46,555	-	15,423	-	130,716	-
DISCOUNTS AND LOANS, NET (Notes 4, 14, 15, 38 and 39)	1,961,978,686	56	1,934,791,917	56	1,872,442,278	57
OTHER FINANCIAL ASSETS, NET (Note 16)	4,476,413	-	2,442,798	-	5,446,581	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	34,082,462	1	34,067,033	1	33,431,101	1
RIGHT-OF-USE ASSETS, NET (Note 18)	6,678,952	-	7,005,143	-	6,667,630	-
INVESTMENT PROPERTIES, NET (Note 19)	2,081,932	-	2,071,205	-	2,109,566	-
INTANGIBLE ASSETS, NET (Note 20)	6,287,028	-	6,076,961	-	6,080,857	-
DEFERRED TAX ASSETS (Note 4)	3,391,398	-	3,380,119	-	3,199,454	-
OTHER ASSETS, NET (Notes 18, 21 and 38)	15,666,101	1	12,485,250	1	12,030,137	-
TOTAL	$ 3,531,689,019	100	$ 3,458,023,945	100	$ 3,318,523,375	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	$ 73,387,894	2	$ 72,514,434	2	$ 73,606,922	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 26)	90,468,573	3	89,569,651	3	94,242,675	3
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 23)	19,804,182	1	18,495,295	-	17,873,538	1
PAYABLES (Notes 24 and 38)	27,962,793	1	30,054,581	1	32,689,022	1
CURRENT TAX LIABILITIES (Notes 5 and 38)	2,647,311	-	1,691,586	-	2,111,342	-
DEPOSITS AND REMITTANCES (Notes 25 and 38)	2,949,481,733	83	2,904,381,354	84	2,785,485,432	84
BANK DEBENTURES (Note 26)	38,250,000	1	37,850,000	1	34,850,000	1
OTHER FINANCIAL LIABILITIES (Notes 19, 27 and 38)	102,007,428	3	101,041,886	3	89,855,155	3
PROVISIONS (Note 28)	1,014,027	-	1,104,994	-	1,098,117	-
LEASE LIABILITIES (Note 18)	3,865,640	-	4,169,899	-	3,789,789	-
DEFERRED TAX LIABILITIES (Note 4)	1,998,173	-	1,882,213	-	1,378,160	-
OTHER LIABILITIES (Notes 30 and 38)	4,131,421	-	3,723,044	-	3,494,376	-
Total liabilities	3,315,019,175	94	3,266,478,937	94	3,140,474,528	95
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital stock						
Common stock	117,072,000	3	103,637,000	3	103,637,000	3
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	33,804,829	1	26,973,959	1	26,382,800	1
From treasury stock transactions	483	-	483	-	483	-
Others	745,488	-	437,709	-	799,080	-
Total capital surplus	34,550,800	1	27,412,151	1	27,182,363	1
Retained earnings						
Legal reserve	54,176,055	2	49,846,034	2	49,846,034	2
Special reserve	5,404,390	-	1,133,012	-	1,133,012	-
Unappropriated earnings	9,638,564	-	14,442,990	-	6,560,557	-
Total retained earnings	69,219,009	2	65,422,036	2	57,539,603	2
Other equity	(4,357,116)	-	(5,101,537)	-	(10,471,278)	(1)
Total equity attributable to owners of the Bank	216,484,693	6	191,369,650	6	177,887,688	5
NON-CONTROLLING INTERESTS	185,151	-	175,358	-	161,159	-
Total equity	216,669,844	6	191,545,008	6	178,048,847	5
TOTAL	$ 3,531,689,019	100	$ 3,458,023,945	100	$ 3,318,523,375	100

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 31 and 38)	$ 20,760,633	143	$ 11,564,482	101	$ 39,783,086	136	$ 21,324,058	89
INTEREST EXPENSE (Notes 31 and 38)	(13,481,491)	(93)	(3,792,462)	(33)	(25,957,146)	(89)	(6,274,469)	(26)
NET INTEREST	7,279,142	50	7,772,020	68	13,825,940	47	15,049,589	63
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee income, net (Notes 32 and 38)	4,595,892	32	4,073,711	36	9,020,436	31	8,640,459	36
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Note 33)	2,130,188	15	(597,605)	(5)	5,770,538	20	(478,477)	(2)
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	704,090	5	209,766	2	753,623	3	423,141	2
Foreign exchange (losses) gains, net	(303,255)	(2)	(141,257)	(1)	(193,220)	(1)	11,003	-
(Impairment losses) reversal of impairment losses on assets (Note 4)	(57)	-	11,075	-	3,303	-	624	-
Other noninterest gains, net (Note 38)	47,910	-	75,754	-	80,558	-	147,399	1
Total net revenues and gains other than interest	7,174,768	50	3,631,444	32	15,435,238	53	8,744,149	37
TOTAL NET REVENUES	14,453,910	100	11,403,464	100	29,261,178	100	23,793,738	100
PROVISION FOR BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)	(424,354)	(3)	(532,245)	(5)	(423,188)	(2)	(877,411)	(4)
OPERATING EXPENSES (Notes 4, 17, 18, 19, 20, 29, 34 and 38)								
Employee benefits	(3,920,987)	(27)	(3,185,540)	(28)	(7,261,698)	(25)	(6,431,383)	(27)
Depreciation and amortization	(935,537)	(6)	(896,934)	(8)	(1,854,309)	(6)	(1,809,410)	(8)
General and administrative	(4,052,842)	(28)	(3,220,518)	(28)	(7,662,864)	(26)	(6,482,732)	(27)
Total operating expenses	(8,909,366)	(61)	(7,302,992)	(64)	(16,778,871)	(57)	(14,723,525)	(62)
INCOME BEFORE INCOME TAX	5,120,190	36	3,568,227	31	12,059,119	41	8,192,802	34
INCOME TAX EXPENSE (Notes 4 and 35)	(1,106,817)	(8)	(931,305)	(8)	(2,542,767)	(9)	(1,880,507)	(8)
NET INCOME FOR THE PERIOD	4,013,373	28	2,636,922	23	9,516,352	32	6,312,295	26

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E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 35)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	$ 729,452	5	$ (2,856,192)	(25)	$ 1,670,108	6	$ (1,790,440)	(7)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(1,165,248)	(8)	105,078	1	(1,928,701)	(7)	(69,992)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,139)	-	23,280	-	183	-	28,685	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	(436,935)	(3)	(2,727,834)	(24)	(258,410)	(1)	(1,831,747)	(7)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	318,932	2	616,863	5	(109,677)	-	1,831,014	8
Unrealized (losses) gains on investments in debt instruments at fair value through other comprehensive income	(238,995)	(2)	(4,703,347)	(41)	1,390,030	5	(10,188,063)	(43)
Income tax relating to items that may be reclassified subsequently to profit or loss	6,241	-	305,655	3	(154,390)	(1)	797,748	3
Items that may be reclassified subsequently to profit or loss, net of income tax	86,178	-	(3,780,829)	(33)	1,125,963	4	(7,559,301)	(32)
Other comprehensive (loss) income for the period, net of income tax	(350,757)	(3)	(6,508,663)	(57)	867,553	3	(9,391,048)	(39)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 3,662,616	25	$ (3,871,741)	(34)	$ 10,383,905	35	$ (3,078,753)	(13)
NET INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 4,010,630	28	$ 2,627,507	23	$ 9,508,909	32	$ 6,301,249	26
Non-controlling interests	2,743	-	9,415	-	7,443	-	11,046	-
	$ 4,013,373	28	$ 2,636,922	23	$ 9,516,352	32	$ 6,312,295	26

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E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Bank	$ 3,659,763	25	$ (3,881,347)	(34)	$ 10,376,394	35	$ (3,090,148)	(13)
Non-controlling interests	2,853	-	9,606	-	7,511	-	11,395	-
	$ 3,662,616	25	$ (3,871,741)	(34)	$ 10,383,905	35	$ (3,078,753)	(13)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)								
Basic	$ 0.36		$ 0.24		$ 0.86		$ 0.58	

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank										
	Capital Stock (Note 37)			Retained Earnings (Notes 9, 35 and 37)			Other Equity				
	Shares (In Thousands)	Common Stock	Capital Surplus (Note 37)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operation	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9 and 35)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Non-controlling Interests (Note 37)	Total Equity
BALANCE AT JANUARY 1, 2023	10,363,700	$ 103,637,000	$ 27,412,151	$ 49,846,034	$ 1,133,012	$ 14,442,990	$ (414,660)	$ (10,481,178)	$ 5,794,301	$ 175,358	$ 191,545,008
Appropriation of 2022 earnings											
Legal reserve	-	-	-	4,330,021	-	(4,330,021)	-	-	-	-	-
Special reserve	-	-	-	-	4,271,378	(4,271,378)	-	-	-	-	-
Stock dividends	583,500	5,835,000	-	-	-	(5,835,000)	-	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	738,649	-	-	-	-	-	-	2,282	740,931
Issuance of shares for cash	760,000	7,600,000	6,400,000	-	-	-	-	-	-	-	14,000,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	123,064	-	(123,064)	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	9,508,909	-	-	-	7,443	9,516,352
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	(87,796)	2,883,982	(1,928,701)	68	867,553
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	9,508,909	(87,796)	2,883,982	(1,928,701)	7,511	10,383,905
BALANCE AT JUNE 30, 2023	11,707,200	$ 117,072,000	$ 34,550,800	$ 54,176,055	$ 5,404,390	$ 9,638,564	$ (502,456)	$ (7,720,260)	$ 3,865,600	$ 185,151	$ 216,669,844
BALANCE AT JANUARY 1, 2022	9,893,700	$ 98,937,000	$ 26,978,796	$ 44,398,657	$ 302,853	$ 18,160,055	$ (2,666,984)	$ 2,488,252	$ (651,427)	$ 169,084	$ 188,116,286
Appropriation of 2021 earnings											
Legal reserve	-	-	-	5,447,377	-	(5,447,377)	-	-	-	-	-
Special reserve	-	-	-	-	830,159	(830,159)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,172,933)	-	-	-	-	(7,172,933)
Stock dividends	470,000	4,700,000	-	-	-	(4,700,000)	-	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	203,567	-	-	-	-	-	-	-	203,567
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(19,320)	(19,320)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	249,722	-	(249,722)	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	6,301,249	-	-	-	11,046	6,312,295
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	1,464,532	(10,785,937)	(69,992)	349	(9,391,048)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	6,301,249	1,464,532	(10,785,937)	(69,992)	11,395	(3,078,753)
BALANCE AT JUNE 30, 2022	10,363,700	$ 103,637,000	$ 27,182,363	$ 49,846,034	$ 1,133,012	$ 6,560,557	$ (1,202,452)	$ (8,547,407)	$ (721,419)	$ 161,159	$ 178,048,847

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 12,059,119	$ 8,192,802
Adjustments for:		
Depreciation expenses	1,510,368	1,455,847
Amortization expenses	343,941	353,563
Expected credit losses/bad-debt expenses	496,404	860,310
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(5,770,538)	478,477
Interest expense	25,957,146	6,274,469
Interest revenue	(39,783,086)	(21,324,058)
Dividend income	(564,184)	(515,978)
Provision for losses on guarantees	(68,740)	3,517
Salary expenses on share-based payments	740,931	203,567
Losses (gains) on disposal of properties and equipment	433	(7,519)
(Gains) losses on disposal of investments	(189,439)	92,837
Others	522	(4,830)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(16,397,183)	4,061,428
Financial assets at fair value through profit or loss	67,604,201	98,053,490
Financial assets at fair value through other comprehensive income	(14,691,145)	(13,535,190)
Investments in debt instruments at amortized cost	(42,537,300)	(41,237,433)
Receivables	(25,001,760)	7,278,374
Discounts and loans	(28,988,041)	(104,397,569)
Other financial assets	(2,033,615)	1,061,935
Other assets	(821,098)	(459,676)
Deposits from the Central Bank and other banks	873,460	(9,874,236)
Financial liabilities at fair value through profit or loss	(242,125)	(42,022,973)
Securities sold under repurchase agreements	1,308,887	1,224,899
Payables	(4,092,460)	8,466,846
Deposits and remittances	45,100,379	87,414,625
Other financial liabilities	7,488,068	13,963,734
Other liabilities	417,846	(90,373)
Cash (used in) generated from operations	(17,279,009)	5,970,885
Interest received	39,816,164	21,911,021
Dividends received	59,208	188,458
Interest paid	(23,912,336)	(5,620,843)
Income tax paid	(1,722,249)	(1,391,077)
Net cash (used in) generated from operating activities	(3,038,222)	21,058,444

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	$ (1,404,876)	$ (1,060,064)
Proceeds from disposal of properties and equipment	267	34,937
Increase in refundable deposits	(2,360,191)	(6,662,060)
Payments for intangible assets	(159,166)	(117,857)
Payments for right-of-use assets	(1,410)	(105)
Net cash used in investing activities	(3,925,376)	(7,805,149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	703,167
Decrease in short-term borrowings	(1,834,366)	-
Decrease in due to the Central Bank and other banks	-	(14,021,010)
Proceeds from issue of bank debentures	1,900,000	3,800,000
Repayments of bank debentures	(1,500,000)	(3,220,000)
Repayments of long-term borrowings	(4,368)	(6,724)
Increase in guarantee deposits received	-	9,945,065
Decrease in guarantee deposits received	(4,696,770)	-
Repayments of the principal portion of lease liabilities	(576,434)	(532,369)
Cash dividends paid to owners of the Bank	-	(7,172,933)
Proceeds from issuance of shares	14,000,000	-
Net cash generated from (used in) financing activities	7,288,062	(10,504,804)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,190,376	(9,070,441)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,514,840	(6,321,950)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	115,481,287	104,486,305
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 116,996,127	$ 98,164,355

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	June 30	
	2023	**2022**
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2023 AND 2022		
Cash and cash equivalents in the consolidated balance sheets	$ 55,974,816	$ 72,074,032
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”	50,066,524	24,406,154
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	10,954,787	1,684,169
Cash and cash equivalents at the end of the period	$ 116,996,127	$ 98,164,355

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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

As of June 30, 2023, the Bank had 152 units, including a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), an insurance agent department, 8 overseas branches, and 138 domestic branches.

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

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

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

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

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

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

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

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

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

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

For the six months ended June 30, 2023 and 2022, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 8,530 and 8,435, respectively. For the six months ended June 30, 2023 and 2022, the average number of employees of ESBC, UCB and BankPro was 1,026 and 945, respectively.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of the Bank, in their meeting on August 25, 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 new IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

The Company assessed the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above 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 MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the interim consolidated financial statements is less than those required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities/assets that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

c. Basis of consolidation

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

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

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

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

d. Other material 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) Impairment of financial assets

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

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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

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

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

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

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

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

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

5) 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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated impairment of loans

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

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 16,029,974	$ 21,309,710	$ 14,958,145
Checks for clearing	1,990,397	8,558,300	1,959,305
Due from banks	37,973,931	45,841,307	55,189,191
Cash in transit	8,750	275,192	-
	56,003,052	75,984,509	72,106,641
Less: Allowance for possible losses	(28,236)	(35,677)	(32,609)
	$ 55,974,816	$ 75,948,832	$ 72,074,032

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of June 30, 2023 and 2022 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2022 are stated below.

	December 31, 2022
Cash and cash equivalents, ending balance in the consolidated balance sheets	$ 75,948,832
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"	7,881,831
Cash and cash equivalents, ending balance in the consolidated statements of cash flows	$ 115,481,287

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

	June 30, 2023	December 31, 2022	June 30, 2022
Deposit reserves - account A	$ 32,181,855	$ 36,803,658	$ 22,190,380
Deposit reserves - account B	69,181,596	63,704,247	58,965,942
Reserves for deposits - foreign currency deposits	716,496	777,317	787,739
Due from the Central Bank - other	18,960,959	21,298,772	17,624,041
Deposit in the Central Bank - deposits of government agencies	6,109	5,458	8,586
Call loans to banks	66,709,366	30,360,654	26,713,717
	187,756,381	152,950,106	126,290,405
Less: Allowance for possible losses	(26,984)	(33,792)	(50,075)
	$ 187,729,397	$ 152,916,314	$ 126,240,330

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

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

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at fair value through profit or loss			
Negotiable certificates of deposit	$ 26,617,137	$ 76,508,885	$ 102,778,661
Commercial paper	87,859,629	94,737,469	74,162,809
Treasury bills	6,898,200	1,933,379	16,967,303
Corporate bonds	54,960,201	63,547,802	68,085,517
Bank debentures	46,614,784	48,509,761	48,835,428
Overseas bonds	10,549,113	8,477,240	-
Listed stocks	1,176,245	517,682	480,623
Currency swap contracts	31,177,952	33,337,361	45,740,014
Interest rate swap contracts	22,719,686	24,699,752	19,829,423
Currency option contracts	1,638,774	1,884,884	1,877,063
Forward contracts	745,592	721,165	658,719
Futures exchange margins	118,745	86,071	79,058
Non-deliverable forward contracts	612,240	829,893	947,167
Metal commodity swap contracts	144	-	11,910
Cross-currency swap contracts	97,752	155,242	71,896
Credit default swap contracts	-	636	7,667
	$ 291,786,194	$ 355,947,222	$ 380,533,258
Held-for-trading financial liabilities			
Currency swap contracts	$ 24,014,243	$ 25,884,719	$ 28,505,845
Interest rate swap contracts	22,478,569	22,058,694	15,195,325
Currency option contracts	1,753,037	2,579,681	2,680,327
Forward contracts	562,232	530,768	558,389
Non-deliverable forward contracts	361,722	296,913	464,409
Cross-currency swap contracts	171,380	330,854	712,562
Credit default swap contracts	15,692	22,468	1,285
Metal commodity swap contracts	1,004	1,044	2,211
Interest rate option contracts	103,928	59,421	145,623
	49,461,807	51,764,562	48,265,976
Financial liabilities designated as at fair value through profit or loss			
Bank debentures (Note 26)	41,006,766	37,805,089	45,976,699
	$ 90,468,573	$ 89,569,651	$ 94,242,675

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

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

The contract (nominal) amounts of derivative transactions by the Company as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swap contracts	$ 1,706,109,559	$ 1,626,401,629	$ 1,847,136,267
Interest rate swap contracts	861,864,793	883,116,053	858,449,372
Currency option contracts	271,414,798	276,153,216	314,168,678
Interest rate option contracts	12,000,000	14,000,000	12,000,000
Forward contracts	42,710,598	38,615,247	51,494,067
Non-deliverable forward contracts	44,146,751	26,896,489	31,582,534
Cross-currency swap contracts	10,522,922	14,622,702	21,302,787
Metal commodity swap contracts	68,485	13,613	145,972
Credit default swap contracts	3,215,260	3,177,860	1,802,885
Equity option contracts	-	-	2,973
Equity swap contracts	-	-	2,973
Interest rate futures contracts	204,754	49,158	74,315
Commodity futures contracts	69,023	39,403	171,500

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

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments at FVTOCI	$ 14,288,713	$ 13,208,413	$ 18,312,443
Investments in debt instruments at FVTOCI	348,873,485	332,611,579	323,173,088
	$ 363,162,198	$ 345,819,992	$ 341,485,531

a. Investments in equity instruments at FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
Listed shares	$ 12,942,300	$ 12,074,935	$ 17,089,001
Unlisted shares	1,346,413	1,133,478	1,223,442
	$ 14,288,713	$ 13,208,413	$ 18,312,443

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

For the six months ended June 30, 2023 and 2022, the Company sold shares of stocks for $4,438,172 thousand and $7,426,884 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gains of $123,064 thousand and $249,722 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of $564,184 thousand and $515,978 thousand were recognized in profit or loss for the six months ended June 30, 2023 and 2022, respectively. The dividends related to investments held at the end of the reporting period were $558,272 thousand and $477,586 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
Bank debentures	$ 170,357,205	$ 165,856,290	$ 161,176,031
Government bonds	54,021,240	53,132,650	58,395,113
Corporate bonds	108,513,624	103,810,275	97,553,154
Overseas bonds	15,669,986	9,483,988	5,680,468
Negotiable certificates of deposit	311,430	307,871	300,259
Discounted note	-	20,505	68,063
	$ 348,873,485	$ 332,611,579	$ 323,173,088

As of June 30, 2023, December 31, 2022 and June 30, 2022, the investments in debt instruments at FVTOCI, which amounted to $19,874,014 thousand, $19,335,552 thousand and $17,773,474 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 41 for information relating to their credit risk management and impairment.

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

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Overseas bonds	$ 41,400,267	$ 33,694,068	$ 22,953,179
Bank debentures	49,612,217	46,605,479	44,288,553
Corporate bonds	21,674,366	14,951,609	12,612,144
Negotiable certificates of deposit	309,994,560	286,077,350	265,647,260
Government bonds	21,922,843	19,929,604	6,319,236
Securitization products	-	178,794	167,937
	444,604,253	401,436,904	351,988,309
Less: Allowance for impairment loss	(36,009)	(31,161)	(21,283)
	$ 444,568,244	$ 401,405,743	$ 351,967,026

As of June 30, 2023, December 31, 2022 and June 30, 2022, the investments in debt instruments at amortized cost, which amounted to $1,056,468 thousand, $946,453 thousand and $1,104,132 thousand, respectively, had been sold under repurchase agreements.

Refer to Note 41 for information relating to their credit risk management and impairment.

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

11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2023
Financial assets for hedging	
Fair value hedge - interest rate swaps	$ 10,603

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:

June 30, 2023

Hedging Instrument	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount of Assets	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge					
Interest rate swap contracts	$ 623,040	2031.10.29	Financial assets for hedging	$ 10,603	$ (10,609)

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	$ 518,613	$ (12,374)	$ 12,374

For the six months ended June 30, 2023

Impact on Comprehensive Income	Amount of Hedge Ineffectiveness Recognized in Comprehensive Income (Loss)		Line Item in Which Hedge Ineffectiveness Is Included in Comprehensive Income
	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2023	
Fair value hedge			
Interest rate risk			
Financial assets at FVTOCI	$ 600	$ (1,771)	Other non-interest gains, net

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $10,954,787 thousand, $7,881,831 thousand and $1,684,169 thousand under resell agreements as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, would subsequently be sold for $10,965,032 thousand, $7,899,935 thousand and $1,684,860 thousand, respectively.

13. RECEIVABLES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Receivables on credit cards	$ 119,416,613	$ 93,047,186	$ 76,652,526
Accounts receivable factored without recourse	8,492,731	10,412,770	13,994,808
Accrued interest	10,161,287	8,728,662	5,819,467
Accounts receivable	2,560,854	1,971,176	3,403,514
Acceptances	1,120,733	1,381,774	1,930,697
Receivables on digital stimulus vouchers redemption	-	-	286,745
Others	2,805,302	2,117,388	2,730,592
	144,557,520	117,658,956	104,818,349
Less: Allowance for possible losses	(1,744,267)	(1,890,794)	(1,817,640)
	$ 142,813,253	$ 115,768,162	$ 103,000,709

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

For the six months ended June 30, 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	$ 122,510	$ 38,637	$ 426,385	$ 587,532	$ 1,303,262	$ 1,890,794
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(452)	924	(472)	-	-	-
Credit-impaired financial assets	(560)	(18,892)	19,452	-	-	-
12-month ECL	14,446	(13,665)	(781)	-	-	-
Derecognition of financial assets in the reporting period	(4,911)	(2,122)	(18,070)	(25,103)	-	(25,103)
New financial assets purchased or originated	5,617	1,892	2,876	10,385	-	10,385
Difference of impairment loss under regulations	-	-	-	-	(242,690)	(242,690)
Write-offs	-	-	(285,705)	(285,705)	-	(285,705)
Recovery of written-off receivables	-	-	225,294	225,294	-	225,294
Change in model or risk parameters	(38,185)	30,710	196,995	189,520	-	189,520
Change in exchange rates or others	(16)	(4)	462	442	(18,670)	(18,228)
Balance at June 30, 2023	$ 98,449	$ 37,480	$ 566,436	$ 702,365	$ 1,041,902	$ 1,744,267

For the six months ended June 30, 2022

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

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

For the six months ended June 30, 2023

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 114,782,667	$ 291,493	$ 2,584,796	$ 117,658,956
Transfers to				
Lifetime ECL	(282,276)	283,520	(1,244)	-
Credit-impaired financial assets	(357,339)	(135,935)	493,274	-
12-month ECL	106,493	(104,244)	(2,249)	-
Derecognition of financial assets in the reporting period	(16,524,718)	(21,850)	(397,231)	(16,943,799)
New financial assets purchased or originated	44,060,233	47,814	38,161	44,146,208
Write-offs	-	-	(285,705)	(285,705)
Change in exchange rates or others	(18,579)	(92)	531	(18,140)
Balance at June 30, 2023	$ 141,766,481	$ 360,706	$ 2,430,333	$ 144,557,520

For the six months ended June 30, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	$ 107,920,525	$ 133,734	$ 2,605,923	$ 110,660,182
Transfers to				
Lifetime ECL	(146,028)	146,787	(759)	-
Credit-impaired financial assets	(342,141)	(62,659)	404,800	-
12-month ECL	60,004	(48,978)	(11,026)	-
Derecognition of financial assets in the reporting period	(22,913,749)	(8,066)	(286,890)	(23,208,705)
New financial assets purchased or originated	17,421,927	36,462	91,162	17,549,551

(Continued)

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Write-offs	$ -	$ -	$ (217,310)	$ (217,310)
Change in exchange rates or others	33,498	1,043	90	34,631
Balance at June 30, 2022	$ 102,034,036	$ 198,323	$ 2,585,990	$ 104,818,349

(Concluded)

14. DISCOUNTS AND LOANS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Loans			
Short-term	$ 299,495,464	$ 298,077,932	$ 299,749,483
Medium-term	517,039,628	520,695,187	486,206,479
Long-term	1,164,484,974	1,135,959,195	1,104,855,814
Overdue loans	2,802,489	2,594,751	2,121,323
Bills negotiated and discounts	2,458,041	1,940,308	2,878,290
	1,986,280,596	1,959,267,373	1,895,811,389
Less: Allowance for possible losses	(24,281,260)	(24,457,810)	(23,406,922)
Adjustment of premium or discount	(20,650)	(17,646)	37,811
	$ 1,961,978,686	$ 1,934,791,917	$ 1,872,442,278

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the loan and credit balances of the Bank, for which the accrual of interest revenues was discontinued, amounted to $2,709,506 thousand, $2,575,008 thousand and $2,103,026 thousand, respectively. The unrecognized interest revenues on these loans and credits of the Bank were $32,908 thousand and $17,561 thousand for the six months ended June 30, 2023 and 2022, respectively.

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

For the six months ended June 30, 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	(8,963)	43,455	(34,492)	-	-	-
Credit-impaired financial assets	(7,147)	(235,768)	242,915	-	-	-
12-month ECL	134,771	(110,819)	(23,952)	-	-	-
Derecognition of financial assets in the reporting period	(232,929)	(38,320)	(282,888)	(554,137)	-	(554,137)
New financial assets purchased or originated	591,535	72,151	192,227	855,913	-	855,913
Difference of impairment loss under regulations	-	-	-	-	(255,809)	(255,809)
Write-offs	-	-	(1,040,647)	(1,040,647)	-	(1,040,647)
Recovery of written-off credits	-	-	258,680	258,680	-	258,680
Change in model or risk parameters	(363,039)	538,768	375,159	550,888	-	550,888
Change in exchange rates or others	(10,059)	(516)	(1,173)	(11,748)	20,310	8,562
Balance at June 30, 2023	$ 1,699,067	$ 1,776,335	$ 2,816,798	$ 6,292,200	$ 17,989,060	$ 24,281,260

For the six months ended June 30, 2022

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

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

For the six months ended June 30, 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	(2,226,003)	2,477,263	(251,260)	-
Credit-impaired financial assets	(1,299,637)	(692,181)	1,991,818	-
12-month ECL	800,950	(573,293)	(227,657)	-
Derecognition of financial assets in the reporting period	(441,850,265)	(1,240,111)	(1,397,531)	(444,487,907)
New financial assets purchased or originated	470,563,787	2,186,547	669,856	473,420,190
Write-offs	-	-	(1,040,647)	(1,040,647)
Change in exchange rates or others	(827,077)	(54,337)	3,001	(878,413)
Balance at June 30, 2023	$ 1,967,878,684	$ 9,971,849	$ 8,430,063	$ 1,986,280,596

For the six months ended June 30, 2022

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

The bad-debt expenses and provision for losses on commitments and guarantees for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Provision (reversal of provision) for possible losses on due from banks	$ (85)	$ 325	$ (7,779)	$ 12,960
Provision (reversal of provision) for possible losses on call loans to other banks	(20,784)	(5,185)	(7,415)	1,658
Provision (reversal of provision) for possible losses on receivables	(8,358)	61,017	(67,888)	(252,929)
Provision for possible losses on discounts and loans	508,432	468,953	596,855	1,104,417
Reversal of provision for possible losses on remittance	-	-	-	(10)
Provision (reversal of provision) for possible losses on guarantees	(23,187)	4,631	(68,740)	3,517
Provision (reversal of provision) for possible losses on financing commitments	(31,664)	2,504	(21,845)	7,798
	$ 424,354	$ 532,245	$ 423,188	$ 877,411

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 June 30, 2023, December 31, 2022 and June 30, 2022, the Bank was in compliance with the FSC's provision requirement for both types of credit assets.

15. UNCONSOLIDATED STRUCTURED ENTITIES

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

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

b. The carrying amounts of the unconsolidated structured entities recognized by the Bank were as below:

	June 30, 2023	December 31, 2022	June 30, 2022
Assets securitization products and asset-based loan			
Investments in debt instruments at amortized cost	$ -	$ 177,156	$ 166,378
Discounts and loans	-	780,184	732,808
	$ -	$ 957,340	$ 899,186

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

16. OTHER FINANCIAL ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Due from banks	$ 4,476,413	$ 2,442,798	$ 5,446,581

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

17. PROPERTIES AND EQUIPMENT, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Land	$ 14,612,457	$ 14,382,742	$ 14,372,185
Buildings	13,715,093	12,836,705	12,692,541
Computers	2,573,192	2,643,425	2,618,788
Transportation equipment	454,037	441,207	392,118
Miscellaneous equipment	1,483,509	1,495,037	1,488,395
Prepayments for properties and equipment	1,244,174	2,267,917	1,867,074
	$ 34,082,462	$ 34,067,033	$ 33,431,101

Cost	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Balance, January 1, 2023	$ 14,382,742	$ 18,339,325	$ 7,160,669	$ 1,017,126	$ 3,888,560	$ 2,267,917	$ 47,056,339
Addition	258,480	322,851	189,026	41,543	75,650	515,898	1,403,448
Disposal	-	-	(49,185)	(6,987)	(84,319)	-	(140,491)
Net exchange difference	4,527	(24,364)	(5,230)	(551)	(1,604)	(306)	(27,528)
Reclassification and others	(33,292)	925,520	137,710	16,540	29,515	(1,539,335)	(463,342)
Balance, June 30, 2023	$ 14,612,457	$ 19,563,332	$ 7,432,990	$ 1,067,671	$ 3,907,802	$ 1,244,174	$ 47,828,426
Balance, January 1, 2022	$ 14,369,786	$ 18,614,172	$ 6,749,894	$ 968,679	$ 3,904,066	$ 1,390,375	$ 45,996,972
Addition	-	26,822	124,460	25,467	128,964	753,827	1,059,540
Disposal	(14,027)	(24,594)	(101,476)	(48,275)	(124,652)	-	(313,024)
Net exchange difference	21,547	79,546	14,952	2,966	40,352	1,145	160,508
Reclassification and others	(5,121)	24,946	46,369	3,253	93,116	(278,273)	(115,710)
Balance, June 30, 2022	$ 14,372,185	$ 18,720,892	$ 6,834,199	$ 952,090	$ 4,041,846	$ 1,867,074	$ 46,788,286

Accumulated depreciation and impairment	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Balance, January 1, 2023	$ -	$ (5,502,620)	$ (4,517,244)	$ (575,919)	$ (2,393,523)	$ (12,989,306)
Disposal	-	-	48,904	6,793	84,094	139,791
Depreciation expenses	-	(349,687)	(394,904)	(44,763)	(114,127)	(903,481)
Net exchange difference	-	3,529	3,446	255	(737)	6,493
Reclassification and others	-	539	-	-	-	539
Balance, June 30, 2023	$ -	$ (5,848,239)	$ (4,859,798)	$ (613,634)	$ (2,424,293)	$ (13,745,964)
Balance, January 1, 2022	$ -	$ (5,705,685)	$ (3,918,906)	$ (567,262)	$ (2,539,392)	$ (12,731,245)
Disposal	-	16,308	101,371	48,274	119,653	285,606
Depreciation expenses	-	(326,449)	(387,377)	(38,863)	(109,614)	(862,303)
Net exchange difference	-	(14,358)	(10,499)	(2,121)	(24,098)	(51,076)
Reclassification and others	-	1,833	-	-	-	1,833
Balance, June 30, 2022	$ -	$ (6,028,351)	$ (4,215,411)	$ (559,972)	$ (2,553,451)	$ (13,357,185)

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

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

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts			
Land and superficies royalties	$ 3,732,246	$ 3,772,244	$ 3,812,241
Buildings	2,935,223	3,221,222	2,842,904
Office equipment	4,072	6,412	8,668
Transportation equipment	7,411	5,265	3,817
	$ 6,678,952	$ 7,005,143	$ 6,667,630

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			$ 295,318	$ 498,251
Depreciation charge for right-of-use assets				
Land and superficies royalties	$ 19,998	$ 19,998	$ 39,997	$ 39,997
Buildings	265,910	254,291	535,592	522,350
Office equipment	1,111	1,117	2,238	2,232
Transportation equipment	948	959	2,039	1,992
	$ 287,967	$ 276,365	$ 579,866	$ 566,571

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 19. The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

Except for the additions, depreciation and sublease recognized above, the Company had no impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts	$ 3,865,640	$ 4,169,899	$ 3,789,789

Range of discount rates for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 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%	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 June 30, 2023, December 31, 2022 and June 30, 2022, refundable deposits on these leases totaled $712,951 thousand, $760,596 thousand and $739,188 thousand, respectively.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 19.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 5,817	$ 9,280	$ 14,656	$ 22,150
Expenses relating to low-value asset leases	$ 49	$ 82	$ 199	$ 173
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ (1)	$ 4,919	$ 136	$ 5,048
Total cash outflow for leases			$ (591,425)	$ (559,740)

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

19. INVESTMENT PROPERTIES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 419,453	$ 386,161	$ 386,161
Buildings	1,615,781	1,637,822	1,675,659
Right-of-use assets	46,698	47,222	47,746
	$ 2,081,932	$ 2,071,205	$ 2,109,566

	Land	Buildings	Right-of-use Assets	Total
Cost				
Balance, January 1, 2023	$ 386,186	$ 1,985,317	$ 48,788	$ 2,420,291
Net exchange difference	-	(51,426)	-	(51,426)
Reclassification	33,292	46,990	-	80,282
Balance, June 30, 2023	$ 419,478	$ 1,980,881	$ 48,788	$ 2,449,147
Balance, January 1, 2022	$ 381,065	$ 1,956,422	$ 48,788	$ 2,386,275
Net exchange difference	-	37,341	-	37,341
Reclassification	5,121	5,188	-	10,309
Balance, June 30, 2022	$ 386,186	$ 1,998,951	$ 48,788	$ 2,433,925
Accumulated depreciation and impairment				
Balance, January 1, 2023	$ (25)	$ (347,495)	$ (1,566)	$ (349,086)
Depreciation expenses	-	(26,497)	(524)	(27,021)
Net exchange difference	-	9,430	-	9,430
Reclassification	-	(538)	-	(538)
Balance, June 30, 2023	$ (25)	$ (365,100)	$ (2,090)	$ (367,215)
Balance, January 1, 2022	$ (25)	$ (289,618)	$ (519)	$ (290,162)
Depreciation expenses	-	(26,450)	(523)	(26,973)
Net exchange difference	-	(5,391)	-	(5,391)
Reclassification	-	(1,833)	-	(1,833)
Balance, June 30, 2022	$ (25)	$ (323,292)	$ (1,042)	$ (324,359)

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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the fair values of investment properties were $3,121,262 thousand, $3,098,075 thousand and $3,403,305 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Rental income from investment properties	$ 13,986	$ 13,741	$ 27,846	$ 25,471
Direct operating expenses of investment properties that generate rental income	(14,122)	(14,061)	(28,192)	(28,026)
Direct operating expenses of investment properties that do not generate rental income	(141)	(139)	(280)	(277)
	$ (277)	$ (459)	$ (626)	$ (2,832)

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of June 30, 2023, December 31, 2022 and June 30, 2022, refundable deposits on these leases totaled $16,595 thousand, $16,354 thousand and $16,409 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Year 1	$ 48,671	$ 58,018	$ 64,937
Year 2	45,245	52,396	50,523
Year 3	10,327	15,823	35,711
Year 4	8,073	6,732	5,896
Year 5	3,187	2,819	3,463
Year 5 onwards	381	-	-
	$ 115,884	$ 135,788	$ 160,530

20. INTANGIBLE ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Goodwill	$ 4,496,007	$ 4,487,419	$ 4,467,396
Computer software	1,252,004	1,051,907	1,086,300
Banking licenses	496,937	490,109	474,189
Core deposits	12,377	13,733	15,089
Developed technology	19,155	21,891	24,627
Customer relationship	10,548	11,902	13,256
	$ 6,287,028	$ 6,076,961	$ 6,080,857

	Goodwill	Computer Software	Banking Licenses	Core Deposits	Developed Technology	Customer Relationship	Total
Balance, January 1, 2023	$ 4,487,419	$ 1,051,907	$ 490,109	$ 13,733	$ 21,891	$ 11,902	$ 6,076,961
Separate acquisition	-	159,166	-	-	-	-	159,166
Amortization expenses	-	(338,495)	-	(1,356)	(2,736)	(1,354)	(343,941)
Reclassification	-	383,042	-	-	-	-	383,042
Net exchange difference	8,588	(3,616)	6,828	-	-	-	11,800
Balance, June 30, 2023	$ 4,496,007	$ 1,252,004	$ 496,937	$ 12,377	$ 19,155	$ 10,548	$ 6,287,028
Balance, January 1, 2022	$ 4,426,526	$ 1,207,580	$ 441,695	$ 16,445	$ 27,364	$ 14,610	$ 6,134,220
Separate acquisition	-	118,181	-	-	-	-	118,181
Amortization expenses	-	(348,116)	-	(1,356)	(2,737)	(1,354)	(353,563)
Reclassification	-	105,401	-	-	-	-	105,401
Net exchange difference	40,870	3,254	32,494	-	-	-	76,618
Balance, June 30, 2022	$ 4,467,396	$ 1,086,300	$ 474,189	$ 15,089	$ 24,627	$ 13,256	$ 6,080,857

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

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

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

21. OTHER ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits, net	$ 13,721,831	$ 11,361,640	$ 10,742,027
Prepaid expenses	1,143,890	482,071	795,501
Defined benefit assets	788,677	631,185	489,495
Others	11,703	10,354	3,114
	$ 15,666,101	$ 12,485,250	$ 12,030,137

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans from banks	$ 44,244,520	$ 43,812,095	$ 66,366,749
Deposits from Chunghwa Post Co., Ltd.	22,276,177	22,276,985	2,276,985
Call loans from the Central Bank	2,803,680	3,379,640	1,486,300
Banks overdrafts	686,500	1,217,016	598,322
Deposits from banks	3,347,237	1,801,904	2,852,158
Deposits from the Central Bank	29,780	26,794	26,408
	$ 73,387,894	$ 72,514,434	$ 73,606,922

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $19,804,182 thousand, $18,495,295 thousand and $17,873,538 thousand under repurchase agreements as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, would subsequently be purchased for $19,891,825 thousand, $18,555,769 thousand and $17,934,712 thousand, respectively.

24. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Checks for clearing	$ 1,990,397	$ 8,558,300	$ 1,959,305
Accrued interest	7,642,530	5,621,639	2,580,374
Accounts payable	3,815,407	1,694,949	2,509,127
Accrued expenses	3,319,358	4,414,817	3,266,996
Factored accounts payable	4,377,166	3,211,212	3,736,513
Acceptances	1,116,716	1,410,606	1,916,290
Collections payable	513,792	836,516	11,755,951
Tax payable	521,630	474,685	389,073
Interbank remittance clearing payables	1,988,148	2,075,617	1,740,021
Others	2,677,649	1,756,240	2,835,372
	$ 27,962,793	$ 30,054,581	$ 32,689,022

25. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits			
Checking	$ 11,449,059	$ 19,663,408	$ 13,337,400
Demand	708,265,862	748,403,824	785,376,060
Savings - demand	735,980,591	715,721,562	708,737,911
Time	1,022,359,138	1,007,132,818	920,047,686
Negotiable certificates of deposit	13,609,643	9,398,169	21,999,874
Savings - time	441,007,898	386,458,484	321,701,894
Treasury deposits	15,316,725	15,918,036	12,820,875
Remittances	1,492,817	1,685,053	1,463,732
	$ 2,949,481,733	$ 2,904,381,354	$ 2,785,485,432

26. BANK DEBENTURES

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

	June 30, 2023	December 31, 2022	June 30, 2022
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
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,200,000	2,200,000	2,200,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,500,000	4,500,000	4,500,000

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
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; the Bank may redeem the bond after 5 years and one month from the issue date.	4,000,000	4,000,000	4,000,000
Bonds issued on March 19, 2020; interest rate at 0.58%; interest payable annually; principal repayable on maturity (5 years after the issue date).	3,000,000	3,000,000	3,000,000
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
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	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	-

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Bonds issued on December 27, 2022; interest rate at 2.30%; interest payable annually; principal repayable on maturity (7 years after the issue date).	$ 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).	1,900,000	-	-
	$ 38,250,000	$ 37,850,000	$ 34,850,000

(Concluded)

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	$ 3,127,407	$ 2,983,976	$ 3,458,996
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	1,610,967	1,553,813	2,018,905
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,318,203	2,173,492	2,515,453
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	833,539	805,369	1,051,814
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,441,896	8,330,092	9,405,077
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	5,764,990	5,360,604	6,902,399
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	2,864,737	2,656,420	3,168,881
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	2,301,743	2,145,343	2,742,780
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	2,198,540	2,062,697	2,629,333
Unsecured USD-denominated bonds issued on May 19, 2017	1,731,205	1,598,987	1,926,312
Unsecured USD-denominated bonds issued on November 21, 2017	3,833,068	3,482,836	4,203,881
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	4,980,471	4,651,460	5,952,868
	$ 41,006,766	$ 37,805,089	$ 45,976,699

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

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

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

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

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

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

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

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

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

On May 19, 2017, the Bank issued unsecured bank debentures amounting to US$60,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures, the Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and each year afterward, or make bond repayments on the maturity date.

On November 21, 2017, the Bank issued unsecured bank debentures amounting to US$135,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures, the Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and each year afterward, or make bond repayments on the maturity date.

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

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

To support 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, the 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 the Bank's application for offshore structured products was approved the issuance of US$50,000 thousand (or foreign currency equivalent) by the FSC on July 28, 2023.

On July 28, 2023, the Bank issued unsecured foreign exchange-linked bank debentures amounting to US$21,300 thousand with a 6-month maturity, and the interest rate is determined by the exchange rate. If the USD/CNY exchange rate is 7.3 or higher, the interest rate is 5.85%; otherwise, it is 5.15%. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may calculate and pay interest at the maturity date and repay the full principal at that time.

On July 28, 2023, the Bank issued unsecured redeemable interest rate-linked bank debentures amounting to US$19,600 thousand with a 3-year maturity and a range of 5.5%-5.8% interest rate. It is determined by a 10-year fixed-term swap rate for USD (annual interest). In accordance with the terms of the bank debentures, the Bank may calculate and pay interest quarterly and repay the principal in full at maturity, unless the issuer exercises the redemption option.

On August 18, 2023, the Bank issued unsecured redeemable interest rate-linked bank debentures amounting to US$9,100 thousand with a 3-year maturity and a range of 5.5%-5.8% interest rate. It is determined by a 10-year fixed-term swap rate for USD (annual interest). In accordance with the terms of the bank debentures, the Bank may calculate and pay interest quarterly and repay the principal in full at maturity, unless the issuer exercises the redemption option.

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.

27. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Principal of structured products	$ 97,837,831	$ 90,349,763	$ 76,338,239
Guarantee deposits received	2,494,862	7,191,632	11,887,504
Long-term borrowings	360,473	359,910	352,465
Short-term borrowings	1,314,262	3,140,581	1,276,947
	$ 102,007,428	$ 101,041,886	$ 89,855,155

28. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Provision for losses on financing commitments	$ 590,127	$ 611,342	$ 580,447
Provision for losses on guarantees	262,784	331,511	354,424
Others	161,116	162,141	163,246
	$ 1,014,027	$ 1,104,994	$ 1,098,117

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

For the six months ended June 30, 2023

	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	$ 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	(34)	542	(508)	-	-	-
Credit-impaired financial instruments	(1)	(72)	73	-	-	-
12-month ECL	5,557	(5,503)	(54)	-	-	-
Derecognition of financial instruments in the reporting period	(8,648)	(139)	(25)	(8,812)	-	(8,812)
New financial instruments purchased or originated	32,308	270	76	32,654	-	32,654
Difference of impairment loss under regulations	-	-	-	-	(91,089)	(91,089)
Change in model or risk parameters	(8,820)	(15,092)	574	(23,338)	-	(23,338)
Change in exchange rates or others	(465)	(50)	-	(515)	1,158	643
Balance at June 30, 2023	$ 130,604	$ 27,711	$ 3,364	$ 161,679	$ 691,232	$ 852,911

For the six months ended June 30, 2022

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

29. POST-EMPLOYMENT BENEFIT PLAN

a. Defined contribution plan

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

The Company recognized expenses of $206,560 thousand and $197,373 thousand in the consolidated statements of comprehensive income for the six months ended June 30, 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.

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

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

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

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

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

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

For the six months ended June 30, 2023 and 2022, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to $2,461 thousand and $7,396 thousand, respectively.

30. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Advance receipts	$ 3,392,657	$ 3,034,614	$ 2,825,405
Deferred revenue	722,969	677,997	657,477
Others	15,795	10,433	11,494
	$ 4,131,421	$ 3,723,044	$ 3,494,376

31. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest revenue				
From discounts and loans	$ 14,321,271	$ 8,656,755	$ 27,751,596	$ 16,114,190
From investments	4,450,107	2,113,919	8,379,959	3,778,770
From revolving interests of credit cards	501,965	478,714	1,001,350	955,804
From due from banks and call loans to other banks	1,232,933	236,436	2,145,386	362,861
Others	254,357	78,658	504,795	112,433
	20,760,633	11,564,482	39,783,086	21,324,058

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expense				
From deposits	$ (11,948,781)	$ (3,208,842)	$ (23,081,157)	$ (5,248,421)
From due to the Central Bank and other banks	(550,380)	(212,767)	(1,053,243)	(342,975)
From issuing bank debentures	(155,339)	(128,945)	(306,342)	(254,324)
From lease liabilities	(11,005)	(10,000)	(22,055)	(20,242)
Others	(815,986)	(231,908)	(1,494,349)	(408,507)
	(13,481,491)	(3,792,462)	(25,957,146)	(6,274,469)
	$ 7,279,142	$ 7,772,020	$ 13,825,940	$ 15,049,589

(Concluded)

32. SERVICE FEE INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fee income				
From credit cards	$ 2,510,757	$ 2,173,975	$ 4,886,938	$ 4,323,456
From trust business	1,071,426	1,069,981	2,148,671	2,510,683
From insurance	1,083,473	710,987	2,031,979	1,511,327
From loans	516,722	524,890	987,324	1,078,455
Others	491,284	497,458	1,009,828	1,088,124
	5,673,662	4,977,291	11,064,740	10,512,045
Service charge				
From agency	(497,870)	(464,464)	(1,001,412)	(956,694)
From credit cards	(174,567)	(124,566)	(351,771)	(299,321)
From cross-bank transactions	(82,777)	(78,809)	(168,173)	(160,374)
From computer processing	(109,177)	(79,456)	(178,727)	(128,447)
Others	(213,379)	(156,285)	(344,221)	(326,750)
	(1,077,770)	(903,580)	(2,044,304)	(1,871,586)
	$ 4,595,892	$ 4,073,711	$ 9,020,436	$ 8,640,459

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

	For the Three Months Ended June 30, 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	$ 7,287	$ 600,213	$ 10,631,172	$ 16,693,124	$ 27,931,796
Held-for-trading financial liabilities	-	-	(6,135,561)	(20,393,224)	(26,528,785)
Financial liabilities designated as at fair value through profit or loss	-	(599,734)	-	1,326,911	727,177
	$ 7,287	$ 479	$ 4,495,611	$ (2,373,189)	$ 2,130,188

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

	For the Six Months Ended June 30, 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	$ 14,331	$ 1,237,048	$ 19,773,855	$ (16,163,982)	$ 4,861,252
Held-for-trading financial liabilities	-	-	(12,109,529)	13,549,185	1,439,656
Financial liabilities designated as at fair value through profit or loss	-	(1,190,820)	-	660,450	(530,370)
	$ 14,331	$ 46,228	$ 7,664,326	$ (1,954,347)	$ 5,770,538

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

34. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Employee benefits				
Salaries	$ 3,463,861	$ 2,744,670	$ 6,201,023	$ 5,402,576
Insurance	191,189	186,403	444,277	433,789
Excessive interest from preferential rates	-	-	-	26,744
Post-employment benefits	105,222	105,101	209,021	204,769
Others	160,715	149,366	407,377	363,505
Depreciation expenses	757,519	723,058	1,510,368	1,455,847
Amortization expenses	178,018	173,876	343,941	353,563

Under the Articles of Incorporation of the Bank, the Bank accrued employees' compensation and remuneration of directors at the rates 3% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors (after offsetting accumulated deficit). For the six months ended June 30, 2023 and 2022, the employees' compensation were $371,730 thousand and $246,485 thousand, respectively; and the remuneration of directors were $52,000 thousand and $34,000 thousand, respectively.

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

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 that have been approved by the board of directors on February 20, 2023 and March 11, 2022, respectively, were as follows:

	For the Year Ended December 31			
	Amounts Approved		Amounts Recognized	
	2022	2021	2022	2021
Employees' compensation - cash	$ 565,121	$ 636,352	$ 565,121	$ 636,352
Remuneration of directors - cash	54,000	68,000	72,000	89,000

The differences between the approved amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, respectively, were resulted from a change in the accounting estimate. The differences were recognized in profit or loss for 2023 and 2022, respectively.

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

35. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Current period	$ 1,299,939	$ 823,983	$ 2,635,656	$ 1,992,311
Additional income tax on unappropriated earnings	-	373	-	373
Prior year's adjustments	(20,498)	(79,373)	(20,498)	(79,373)
	1,279,441	744,983	2,615,158	1,913,311
Deferred tax				
Current period	(172,624)	186,322	(72,391)	(32,804)
Income tax expense recognized in profit or loss	$ 1,106,817	$ 931,305	$ 2,542,767	$ 1,880,507

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	$ (22,542)	$ (3,164)	$ (23,226)	$ (3,164)
Deferred tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	22,542	3,164	23,226	3,164
Income tax recognized directly in equity	$ -	$ -	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current period				
Income tax relating to items that will not be reclassified subsequently to profit or loss				
Fair value changes of financial assets in equity instruments at fair value through other comprehensive income	$ 1,139	$ (23,280)	$ (183)	$ (28,685)
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	63,765	123,334	(21,949)	366,133
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	(70,006)	(428,989)	176,339	(1,163,881)
Income tax expense (benefit) recognized in other comprehensive income	$ (5,102)	$ (328,935)	$ 154,207	$ (826,433)

d. The bank’s income tax returns through 2017 had been assessed by the tax authorities.

36. EARNINGS PER SHARE

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

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
For the three months ended June 30, 2023			
Basic earnings per share			
Net income	$ 4,010,630	11,247,859	$ 0.36
For the three months ended June 30, 2022			
Basic earnings per share			
Net income	$ 2,627,507	10,947,200	$ 0.24
For the six months ended June 30, 2023			
Basic earnings per share			
Net income	$ 9,508,909	11,098,360	$ 0.86
For the six months ended June 30, 2022			
Basic earnings per share			
Net income	$ 6,301,249	10,947,200	$ 0.58

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. Due to stock dividends distributed, the earnings per share was retrospectively adjusted as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Basic earnings per share	$ 0.25	$ 0.61	$ 0.24	$ 0.58

37. EQUITY

a. Capital stock

Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized number of shares (in thousands)	11,707,200	10,363,700	10,363,700
Authorized capital	$ 117,072,000	$ 103,637,000	$ 103,637,000
Number of shares issued (in thousands)	11,707,200	10,363,700	10,363,700
Common stock issued	$ 117,072,000	$ 103,637,000	$ 103,637,000

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Common stock issued			
Public offering	$ 57,040,453	$ 54,000,123	$ 54,000,123
Private placement	60,031,547	49,636,877	49,636,877
	$ 117,072,000	$ 103,637,000	$ 103,637,000

(Concluded)

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

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

On April 21, 2023, the board of directors, on behalf of the stockholders, resolved to increase cash capital by $14,000,000 thousand through private placement. A total of 760,000 thousand ordinary shares was issued at a premium of $18.421053 per share. ESFHC subscribed for all the new shares. This issuance was approved by the MOEA.

The stockholders resolved to use the 2022 unappropriated earnings of $5,835,000 thousand as stock dividends consisting of 583,500 thousand shares on April 21, 2023. This issuance was approved by the MOEA.

b. Capital surplus

On February 20, 2023, the board of directors of ESFHC resolved the issuance of ordinary stocks for cash and reserved 15% of the capital increase shares for the Company’s employees under related regulations. The Company’s grant date was the date that the employee’s subscription, the fair value determined at the share-based payment, was recognized as a capital surplus of $430,870 thousand for the six months ended June 30, 2023.

Under the Articles of Incorporation of ESFHC, the employees of ESFHC’s subsidiaries could be included in the distribution of employees’ compensation. Thus, the Bank recognized the estimated distribution of shares to the Bank’s employees under both salary expenses and capital surplus at $307,779 thousand and $203,567 thousand for the six months ended June 30, 2023 and 2022, respectively. Material differences between the estimated amounts and the amounts approved by ESFHC’s board of directors before the date the annual consolidated financial statements are authorized for issue are adjusted in the year which the amounts is recognized. If there is a change in the approved amounts after the annual consolidated financial statements were authorized for issue, the differences are recognized in the next fiscal year as a change in accounting estimate. The distributions of employees’ stock compensation of 2021 approved by the ESFHC’s board of directors to the Bank’s employees was $591,159 thousand under both salary expenses and capital surplus. The differences between the approved amounts of employees’ compensation and $595,513 thousand recognized in the consolidated financial statements resulted from a change in the accounting estimate was adjusted in profit or loss for the year ended December 31, 2022.

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

c. Special reserve

	June 30, 2023	December 31, 2022	June 30, 2022
Reclassification of the trading loss reserve and default loss reserve	$ 83,866	$ 83,866	$ 83,866
The debit balance of other equity	5,101,537	830,159	830,159
Fintech development employee transfer or placement expenditure	218,987	218,987	218,987
	$ 5,404,390	$ 1,133,012	$ 1,133,012

Under FSC guidelines, the Bank reclassified its trading loss reserve, which was accrued until December 31, 2010 to special reserve. The reclassification of this special reserve is only permitted in compliance with regulatory requirements; any other use is strictly prohibited.

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

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

d. Appropriation of earnings

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

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

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

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

The appropriations of earnings for 2022 and 2021 that were approved in the stockholders' meetings on April 21, 2023 and April 22, 2022, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2022	**2021**	**2022**	**2021**
Legal reserve	$ 4,330,021	$ 5,447,377		
Special reserve	4,271,378	830,159		
Cash dividends	-	7,172,933	$ -	$ 0.73
Stock dividends	5,835,000	4,700,000	0.56	0.48

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

e. Non-controlling interests

	For the Six Months Ended June 30	
	2023	**2022**
Balance, January 1	$ 175,358	$ 169,084
Share-based payment transactions of the parent company's stock to the Company's employees	2,282	-
Cash dividends distributed by subsidiary	-	(19,320)
Attributable to non-controlling interests:		
Net income	7,443	11,046
Exchange differences on the translation of financial statements of foreign operations	68	349
Balance, June 30	$ 185,151	$ 161,159

38. RELATED-PARTY TRANSACTIONS

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

a. Related parties

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

b. Significant transactions between the Company and related parties

1) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
For the six months ended June 30, 2023				
Sister companies	$ 70,000	$ -	$ 5	
Key management	453,200	429,239	3,183	
Others	4,242,151	3,934,127	31,498	
	$ 4,765,351	$ 4,363,366	$ 34,686	1.70-2.53
For the six months ended June 30, 2022				
Key management	$ 355,289	$ 319,503	$ 1,967	
Others	3,416,495	3,059,513	18,518	
	$ 3,771,784	$ 3,379,016	$ 20,485	1.37-2.10

2) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the six months ended June 30, 2023				
ESFHC	$ 28,329,061	$ 2,374,346	$ 8,839	
Sister companies	2,958,733	2,695,318	14,674	
Key management	1,196,691	501,923	2,281	
Others	5,715,502	3,599,720	22,331	
	$ 38,199,987	$ 9,171,307	$ 48,125	0-6.55
For the six months ended June 30, 2022				
ESFHC	$ 9,137,050	$ 8,039,568	$ 1,396	
Sister companies	10,089,525	2,813,855	3,331	
Key management	861,115	411,355	460	
Others	2,414,986	1,628,553	4,242	
	$ 22,502,676	$ 12,893,331	$ 9,429	0-4.40

Note: The sum of the respective highest balances of each account for the six months ended June 30, 2023 and 2022.

3) Lease arrangements - the Bank as lessor

The Bank leases out investment properties to its associate - ESFHC and sister companies under operating leases with lease terms of 2 to 5 years.

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

	June 30, 2023	December 31, 2022	June 30, 2022
ESFHC	$ 15	$ 30	$ 30
Sister companies	1,011	856	853
	$ 1,026	$ 886	$ 883

Future lease payment receivables were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
ESFHC	$ 10,396	$ 12,292	$ 15,431
Sister companies	36,926	31,427	31,633
	$ 47,322	$ 43,719	$ 47,064

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

	For the Six Months Ended June 30 2023	For the Six Months Ended June 30 2022
ESFHC	$ 2,990	$ 2,990
Sister companies	4,958	4,428
	$ 7,948	$ 7,418

	June 30, 2023	December 31, 2022	June 30, 2022
4) Accounts receivable (part of receivables)			
Sister companies	$ 294,899	$ -	$ 1,288,475
5) Interest receivable (part of receivables)			
Key management	$ 351	$ 259	$ 205
Others	3,000	2,584	1,882
	$ 3,351	$ 2,843	$ 2,087
6) Consolidated tax return receivables (part of current tax assets)			
ESFHC	$ -	$ -	$ 96,592
7) Prepaid expense (part of other assets)			
Sister companies	$ 3,020	$ 3,020	$ 3,020
8) Accounts payable (part of payables)			
Sister companies	$ -	$ 630	$ -
9) Interest payable (part of payables)			
ESFHC	$ 248	$ 49	$ 749
Sister companies	1,000	1,197	259
Key management	366	261	101
Others	5,220	2,136	1,154
	$ 6,834	$ 3,643	$ 2,263
10) Remuneration of directors (part of payables)			
ESFHC	$ 106,000	$ 72,000	$ 102,000

	June 30, 2023	December 31, 2022	June 30, 2022
11) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	$ 1,795,144	$ 1,247,468	$ 1,677,481
12) Guarantee deposits received (part of other financial liabilities)			
ESFHC	$ 1,585	$ 1,562	$ 1,562
Sister companies	2,943	2,407	2,407
	$ 4,528	$ 3,969	$ 3,969

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

	For the Six Months Ended June 30	
	2023	2022
13) Service fee income (part of service fee income, net)		
Sister companies	$ 140	$ 137
14) Rental income from operating assets (part of other noninterest gains, net)		
ESFHC	$ 145	$ 173
Sister companies	2,210	2,649
	$ 2,355	$ 2,822
15) Donation (part of general and administrative expenses)		
E.SUN Volunteer & Social Welfare Foundation	$ 25,959	$ 20,461
16) Other (part of employee benefits, general and administrative expenses)		
ESFHC	$ 34,000	$ 13,000
Sister companies	9,060	9,060
	$ 43,060	$ 22,060

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

17) In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to the Bank. The Bank charged $217 thousand and $205 thousand (part of service fee income, net) accordingly for the six months ended June 30, 2023 and 2022, respectively.

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

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

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

c. Remuneration of key management

The remuneration of the directors and other key management for the six months ended June 30, 2023 and 2022 are summarized as follows:

	For the Six Months Ended June 30	
	2023	**2022**
Salaries and other short-term employment benefits	$ 172,163	$ 183,462
Post-employment benefits	1,229	1,280
Interest arising from the employees' preferential rates in excess of normal rates	-	109
	$ 173,392	$ 184,851

39. PLEDGED ASSETS

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

	June 30, 2023	December 31, 2022	June 30, 2022
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)	6,017,877	5,169,139	4,977,822
Investments in debt instruments at fair value through other comprehensive income (face value)	8,241,106	8,345,679	5,983,074
	$ 39,563,983	$ 38,819,818	$ 36,160,896

As of June 30, 2023, December 31, 2022 and June 30, 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 the Bank's liquidity reserve. For covering its call loans from the CB, the Bank had provided collaterals consisting of securities all with aggregate face values of $5,000,000 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

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

	(In Thousands of U.S. Dollars)	
Date	**Pledged Amount**	**Collateral Value**
June 30, 2023	$ 257,800	$ 237,093
December 31, 2022	$ 250,800	$ 227,365
June 30, 2022	$ 175,000	$ 156,021

c. As of June 30, 2023, December 31, 2022 and June 30, 2022, UCB has provided US$3,707 thousand, US$2,774 thousand and US$8,838 thousand, respectively, due from the National Bank of Cambodia as collaterals for guarantees of both loan and settlement accounts in the National Bank of Cambodia in accordance with relevant regulations.

40. CONTINGENCIES AND COMMITMENTS

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

a. E.SUN Bank

As of June 30, 2023, agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by the Bank's branches amounted to approximately $3,076,385 thousand, and the remaining unpaid amount was approximately $1,926,594 thousand.

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

As of June 30, 2023, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately $113,512 thousand, and the remaining unpaid amount was approximately $44,396 thousand.

41. FINANCIAL INSTRUMENTS

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

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets						
Investments in debt instruments at amortized cost	$ 444,568,244	$ 438,445,643	$ 401,405,743	$ 395,017,074	$ 351,967,026	$ 347,460,482
Financial liabilities						
Bank debentures	38,250,000	37,820,855	37,850,000	37,157,386	34,850,000	34,882,846

Fair value hierarchy as of June 30, 2023

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 438,445,643	$ 58,395,993	$ 380,049,650	$ -
Financial liabilities				
Bank debentures	37,820,855	-	37,820,855	-

Fair value hierarchy as of December 31, 2022

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 395,017,074	$ 42,828,785	$ 352,188,289	$ -
Financial liabilities				
Bank debentures	37,157,386	-	37,157,386	-

Fair value hierarchy as of June 30, 2022

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

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, unless the fair values of these two types of contracts are provided by counterparties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollars, U.S. dollars, etc.) to be used for payments. As of June 30, 2023, December 31, 2022 and June 30, 2022, the discount rates used ranged from 1.145% to 1.576%, 1.011% to 1.750% and 0.522% to 1.680%, respectively, for the New Taiwan dollar and from 3.528% to 5.885%, 3.454% to 5.285% and 1.650% to 3.515%, respectively, for the U.S. dollar.

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

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

c. The fair value hierarchies of the Company's financial instruments, which were measured at fair value on a recurring basis, as of June 30, 2023, December 31, 2022 and June 30, 2022, were as follows:

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative instruments	$ 57,110,885	$ 118,745	$ 56,992,140	$ -
Equity instruments	1,176,245	1,176,245	-	-
Debt instruments	112,124,098	10,792,435	101,331,663	-
Others	121,374,966	-	121,374,966	-
Financial assets at fair value through other comprehensive income				
Equity instruments	14,288,713	12,788,128	-	1,500,585
Debt instruments	348,873,485	158,448,850	190,424,635	-

(Continued)

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets for hedging - net				
Derivative instruments	$ 10,603	$ -	$ 10,603	$ -
Financial liabilities at fair value through profit or loss				
Derivative instruments	49,461,807	-	49,461,807	-
Financial liabilities designated as at fair value through profit or loss	41,006,766	-	41,006,766	-

(Concluded)

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative instruments	$ 61,715,004	$ 86,071	$ 61,628,933	$ -
Equity instruments	517,682	517,682	-	-
Debt instruments	120,534,803	8,559,480	111,975,323	-
Others	173,179,733	-	173,179,733	-
Financial assets at fair value through other comprehensive income				
Equity instruments	13,208,413	12,074,935	-	1,133,478
Debt instruments	332,611,579	149,175,333	183,436,246	-
Financial liabilities at fair value through profit or loss				
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	-

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative instruments	$ 69,222,917	$ 79,059	$ 69,143,858	$ -
Equity instruments	480,623	480,623	-	-
Debt instruments	116,920,945	191,935	116,729,010	-
Others	193,908,773	-	193,908,773	-
Financial assets at fair value through other comprehensive income				
Equity instruments	18,312,443	17,089,001	-	1,223,442
Debt instruments	323,173,088	163,660,525	159,512,563	-
Financial liabilities at fair value through profit or loss				
Derivative instruments	48,265,976	-	48,265,976	-
Financial liabilities designated as at fair value through profit or loss	45,976,699	-	45,976,699	-

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

There were no significant transfers between Level 1 and Level 2 for the six months ended June 30, 2023 and 2022.

d. Reconciliation of the financial instruments classified in Level 3

For the six months ended June 30, 2023

	Financial Assets in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at January 1, 2023	$ 1,133,478
Valuation recognized in other comprehensive income	315,328
Additions	51,480
Change in exchange rates	299
Balance at June 30, 2023	$ 1,500,585

For the six months ended June 30, 2022

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

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, or referring to the appraisal report issued by an external impartial third party as the basis for the value evaluation.

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

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

June 30, 2023

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 632,929	Market approach	Lack of liquidity discount	5%-20%	The higher the lack of liquidity, the lower the fair value is
	259,523	Asset approach	Lack of liquidity discount; allowance of minority interest	20%; 10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	608,133	Income approach	Lack of liquidity discount; allowance of minority interest	10%-20%; -%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

December 31, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 504,758	Market approach	Lack of liquidity discount	10%-20%	The higher the lack of liquidity, the lower the fair value is
	91,070	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-20%; -%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	537,650	Income approach	Lack of liquidity discount; allowance of minority interest	10%-20%; -%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

June 30, 2022

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

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

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

June 30, 2023

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 150,059	$ (150,059)

December 31, 2022

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Year	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 113,348	$ (113,348)

June 30, 2022

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

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

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Difference between carrying amounts and the amounts due on maturity			
Fair value	$ 41,006,766	$ 37,805,089	$ 45,976,699
Amounts due on maturity	53,584,085	51,650,659	49,922,496
	$ (12,577,319)	$ (13,845,570)	$ (3,945,797)

	Change in Fair Values Resulting from Credit Risk Variations
Accumulated amount of change	
As of June 30, 2023	$ (3,865,600)
As of December 31, 2022	$ (5,794,301)
As of June 30, 2022	$ 721,419

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

i. Information on financial risk management

1) Risk management

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

2) Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Due from and call loans to other banks

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

c) Investments in debt instruments and derivatives

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

June 30, 2023

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 359,834,848	$ 444,604,253	$ 804,439,101
Less: Allowance for impairment loss	(105,130)	(36,009)	(141,139)
Amortized cost	359,729,718	$ 444,568,244	804,297,962
Adjustment to fair value	(10,856,233)		(10,856,233)
	$ 348,873,485		$ 793,441,729

December 31, 2022

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

June 30, 2022

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

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

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

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

June 30, 2023

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-1.00%	$ 804,439,101

December 31, 2022

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

June 30, 2022

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

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

For the six months ended June 30, 2023

Allowance for Impairment Loss	Credit Rating Performing (12-month ECL)	Credit Rating Risk Increase Significantly (Lifetime ECL and Not Credit-impaired)	Total
Balance at January 1, 2023	$ 143,747	$ 999	$ 144,746
New financial assets purchased	9,744	1,976	11,720
Derecognition	(12,820)	(3,019)	(15,839)
Change in model or risk parameters	816	-	816
Change in exchange rates or others	(348)	44	(304)
Balance at June 30, 2023	$ 141,139	$ -	$ 141,139

For the six months ended June 30, 2022

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

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

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

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

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

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

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

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

June 30, 2023

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	$ 1,336,737,494	$ 854,722	$ 79,780	$ -	$ 1,337,671,996
Allowance for possible losses	(130,604)	(27,711)	(3,364)	-	(161,679)
Difference of impairment loss under regulations	-	-	-	(691,232)	(691,232)
	$ 1,336,606,890	$ 827,011	$ 76,416	$ (691,232)	$ 1,336,819,085

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)
	$ 1,323,679,950	$ 1,174,231	$ 63,664	$ (781,163)	$ 1,324,136,682

June 30, 2022

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

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

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

June 30, 2023

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
Credit-impaired financial assets					
Receivables					
Credit cards	$ 2,351,842	$ -	$ -	$ -	$ -
Others	78,491	-	-	-	-
Discounts and loans	8,430,063	4,277,883	-	-	4,277,883

December 31, 2022

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

June 30, 2022

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

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

Credit Risk Profile by Group or Industry	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
Natural person	$ 987,081,590	50	$ 966,057,987	50	$ 942,667,020	50
Manufacturing	342,918,382	17	357,043,714	18	351,902,595	19
Finance, insurance and real estate	255,191,319	13	243,595,587	13	225,004,892	12

Credit Risk Profile by Regions	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
Domestic	$ 1,676,829,615	86	$ 1,648,022,853	85	$ 1,616,665,423	86

Credit Risk Profile by Collaterals	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
Unsecured	$ 495,339,356	25	$ 500,572,589	26	$ 489,061,972	26
Secured						
Real estate	1,284,349,696	66	1,261,661,428	65	1,223,605,412	65

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Credit rating			
Strong	$ 1,413,015,642	$ 1,429,042,829	$ 1,372,979,737
Medium	508,037,963	492,073,699	484,866,225
Weak	46,825,079	21,600,401	22,704,576
Carrying amount	1,967,878,684	1,942,716,929	1,880,550,538
Allowance for possible losses	(1,699,067)	(1,594,898)	(1,694,749)
	$ 1,966,179,617	$ 1,941,122,031	$ 1,878,855,789

3) Market risk

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

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

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

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

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

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

<u>Effect of interest rate benchmark reform</u>

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of LIBOR with alternative, nearly risk-free rates. Under the announcement of the Financial Conduct Authority of the United Kingdom, the non-USD LIBOR and USD LIBOR 1-week and 2-month day tenors have been discontinued at the end of 2021, while the USD LIBOR other day tenors will be retired at the end of June 2023.

The risks arising from the transition relate principally to the potential impact of interest rate basis risk. E.SUN Bank and its subsidiaries have established a LIBOR transition project plan. The transition project considers product conversion, contract modification, communication between customers and investors, adjustments to systems and processes, finance and tax implications, as well as the risk model. The transition project has been implemented by the corresponding LIBOR transition response team. As of June 30, 2023, E.SUN Bank and its subsidiaries have finished the amendments to the related systems and operational processes, contract conversions with counterparties and due diligence customer rights notifications. For those parts of financial instruments for which contractual conversions have not yet been completed, negotiations and conversions will continue to ensure that the interest rate basis before and after modifications is economically appropriate.

The following table contains the details of non-derivative financial instruments held by the Company on June 30, 2023, which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference the USD LIBOR	
Financial assets at FVTOCI	$ 3,386,709
Investments in debt instruments at amortized cost	623,004
Discounts and loans	11,304,924
Non-derivative financial assets affected by the interest rate benchmark reform	$ 15,314,637

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

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

Information on the VaR of the Bank was as follows:

For the six months ended June 30, 2023

Historical Values at Risk (99%, 10-day)	**Average**	**Minimum**	**Maximum**	**June 30, 2023**
By risk type				
Currency	$ 3,660,406	$ 2,156,029	$ 5,111,666	$ 5,032,810
Interest	12,954,119	8,870,264	15,185,073	10,957,601
Equity	830,032	684,604	980,088	778,511
Risk diversification	(9,472,444)	-	-	(8,330,767)
Total risk exposure	$ 7,972,113			$ 8,438,155

For the year ended December 31, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2022	June 30, 2022
By risk type					
Currency	$ 3,071,900	$ 2,156,029	$ 4,562,202	$ 3,280,214	$ 3,152,614
Interest	11,251,012	5,702,952	15,185,073	13,486,178	12,918,164
Equity	976,594	684,604	1,311,178	814,411	920,598
Risk diversification	(8,318,495)	-	-	(9,409,144)	(10,225,415)
Total risk exposure	$ 6,981,011			$ 8,171,659	$ 6,765,961

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

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

4) Liquidity risk

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

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

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

The liquidity reserve ratios of the Bank for June 30, 2023, December 31, 2022 and June 30, 2022 were 27.05%, 32.69% and 32.23%, respectively.

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

June 30, 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	$ 41,302,974	$ 25,687,019	$ 3,030,190	$ 2,147,452	$ 1,220,259	$ 73,387,894
Nonderivative financial liabilities at fair value through profit or loss	1,143,652	-	-	-	52,440,433	53,584,085
Securities sold under repurchase agreements	6,936,069	3,295,497	5,158,596	3,759,731	741,932	19,891,825
Payables	13,080,999	3,317,741	1,905,341	1,150,322	7,935,923	27,390,326
Deposits and remittances	1,014,143,468	260,460,769	290,909,177	497,495,569	886,472,750	2,949,481,733
Bank debentures	-	-	-	2,200,000	36,050,000	38,250,000
Lease liabilities	86,832	164,162	266,895	453,111	3,209,103	4,180,103
Other items of cash outflow on maturity	6,314,230	4,546,910	1,402,354	457,934	89,286,000	102,007,428

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

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

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

a) Derivative financial liabilities to be settled at net amounts

June 30, 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	$ 84,441	$ 123,021	$ 81,237	$ 73,121	$ -	$ 361,820
Interest derivatives	293	723	70	-	-	1,086

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

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

b) Derivative financial liabilities to be settled at gross amounts

June 30, 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	$ 174,932,832	$ 173,088,594	$ 184,364,897	$ 220,889,469	$ 5,976,142	$ 759,251,934
Cash inflow	170,006,419	167,020,626	176,904,383	205,832,678	5,843,996	725,608,102
Interest derivatives						
Cash outflow	941,707	1,775,152	1,885,188	3,593,347	20,742,925	28,938,319
Cash inflow	1,318,703	46,775	75,707	514,435	6,354,658	8,310,278
Total cash outflow	175,874,539	174,863,746	186,250,085	224,482,816	26,719,067	788,190,253
Total cash inflow	171,325,122	167,067,401	176,980,090	206,347,113	12,198,654	733,918,380
Net cash outflow	$ 4,549,417	$ 7,796,345	$ 9,269,995	$ 18,135,703	$ 14,520,413	$ 54,271,873

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

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

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

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 3,361,436	$ 5,050,001	$ 3,889,270	$ 6,480,229	$ 50,834,048	$ 69,614,984
Credit card commitments	2,195,417	6,555,798	13,582,152	27,191,485	552,563,706	602,088,558
Letters of credit issued and yet unused	2,098,499	6,100,064	1,393,240	448,718	605,325	10,645,846
Other guarantees	4,741,415	4,306,576	2,604,721	6,930,481	6,574,979	25,158,172

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

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

j. Transfers of financial assets

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

June 30, 2023					
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	$ 19,874,014	$ 18,897,601	$ 19,874,014	$ 18,897,601	$ 976,413
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	1,056,468	906,581	947,116	906,581	40,535

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

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

k. Offsetting financial assets and financial liabilities

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

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

June 30, 2023

				Related Amounts Not Offset in the Balance Sheet		
Financial Assets	**Gross Amounts of Recognized Financial Assets**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet**	**Net Amounts of Financial Assets Presented in the Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amounts**
Derivatives	$ 57,110,885	$ -	$ 57,110,885	$ (32,910,648)	$ (3,564,602)	$ 20,635,635
Resell agreements	10,958,978	-	10,958,978	(10,958,978)	-	-
Settlements	330,201	(35,302)	294,899	-	-	294,899
	$ 68,400,064	$ (35,302)	$ 68,364,762	$ (43,869,626)	$ (3,564,602)	$ 20,930,534

				Related Amounts Not Offset in the Balance Sheet		
Financial Liabilities	**Gross Amounts of Recognized Financial Liabilities**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet**	**Financial Instruments**	**Cash Collateral Pledged**	**Net Amounts**
Derivatives	$ 49,461,807	$ -	$ 49,461,807	$ (32,910,648)	$ (12,118,520)	$ 4,432,639
Repurchase agreements	19,855,019	-	19,855,019	(19,855,019)	-	-
Settlements	35,302	(35,302)	-	-	-	-
	$ 69,352,128	$ (35,302)	$ 69,316,826	$ (52,765,667)	$ (12,118,520)	$ 4,432,639

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	$ 61,715,004	$ -	$ 61,715,004	$ (35,552,553)	$ (7,849,094)	$ 18,313,357
Resell agreements	7,892,518	-	7,892,518	(7,892,518)	-	-
	$ 69,607,522	$ -	$ 69,607,522	$ (43,445,071)	$ (7,849,094)	$ 18,313,357

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	$ -	$ 51,764,562	$ (35,552,553)	$ (9,847,389)	$ 6,364,620
Repurchase agreements	18,535,596	-	18,535,596	(18,535,596)	-	-
	$ 70,300,158	$ -	$ 70,300,158	$ (54,088,149)	$ (9,847,389)	$ 6,364,620

June 30, 2022

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

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	$ 48,265,976	$ -	$ 48,265,976	$ (31,066,613)	$ (9,299,288)	$ 7,900,075
Repurchase agreements	17,901,884	-	17,901,884	(17,901,884)	-	-
Settlements	724,501	(147,002)	577,499	-	-	577,499
	$ 66,892,361	$ (147,002)	$ 66,745,359	$ (48,968,497)	$ (9,299,288)	$ 8,477,574

42. CAPITAL MANAGEMENT

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

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

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

Information on the Bank’s CAR was as follows:

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

<table>
<tr><th colspan="3" rowspan="2">Year
Items</th><th colspan="2">June 30, 2023</th></tr>
<tr><th>Standalone</th><th>Consolidated</th></tr>
<tr><td rowspan="4">Eligible capital</td><td colspan="2">Common equity</td><td>$ 205,134,904</td><td>$ 203,786,226</td></tr>
<tr><td colspan="2">Other Tier 1 capital</td><td>27,972,199</td><td>27,972,199</td></tr>
<tr><td colspan="2">Tier 2 capital</td><td>46,767,706</td><td>47,079,694</td></tr>
<tr><td colspan="2">Eligible capital</td><td>279,874,809</td><td>278,838,119</td></tr>
<tr><td rowspan="8">Risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized approach</td><td>1,640,614,955</td><td>1,665,573,961</td></tr>
<tr><td>Internal ratings-based approach</td><td>-</td><td>-</td></tr>
<tr><td>Securitization</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Operational risk</td><td>Basic indicator approach</td><td>-</td><td>-</td></tr>
<tr><td>Standardized approach/alternative standardized approach</td><td>86,796,463</td><td>90,641,113</td></tr>
<tr><td>Advanced measurement approach</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Market risk</td><td>Standardized approach</td><td>80,721,538</td><td>92,517,363</td></tr>
<tr><td>Internal model approach</td><td>-</td><td>-</td></tr>
<tr><td></td><td colspan="2">Risk-weighted assets</td><td>1,808,132,956</td><td>1,848,732,437</td></tr>
<tr><td colspan="3">Capital adequacy ratio (%)</td><td>15.48</td><td>15.08</td></tr>
<tr><td colspan="3">Ratio of common equity to risk-weighted assets (%)</td><td>11.35</td><td>11.02</td></tr>
<tr><td colspan="3">Ratio of Tier 1 capital to risk-weighted assets (%)</td><td>12.89</td><td>12.54</td></tr>
<tr><td colspan="3">Leverage ratio (%)</td><td>6.44</td><td>6.27</td></tr>
</table>

Items			December 31, 2022 Standalone	December 31, 2022 Consolidated
Eligible capital	Common equity		$ 179,150,743	$ 177,847,945
	Other Tier 1 capital		27,972,199	27,972,199
	Tier 2 capital		47,782,928	48,437,242
	Eligible capital		254,905,870	254,257,386
Risk-weighted assets	Credit risk	Standardized approach	1,574,982,859	1,627,327,924
		Internal ratings-based approach	-	-
		Securitization	2,214,444	2,214,444
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	121,515,048	126,897,558
		Advanced measurement approach	-	-
	Market risk	Standardized approach	79,983,088	84,941,150
		Internal model approach	-	-
	Risk-weighted assets		1,778,695,439	1,841,381,076
Capital adequacy ratio (%)			14.33	13.81
Ratio of common equity to risk-weighted assets (%)			10.07	9.66
Ratio of Tier 1 capital to risk-weighted assets (%)			11.64	11.18
Leverage ratio (%)			5.86	5.69

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

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

Note 2: Formulas used were as follows:

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

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

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

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

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

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

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

a. Asset quality: Table 4 (attached).

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	June 30, 2023			June 30, 2022		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity
1	Group A Manufacture of other electronic parts and components not elsewhere classified	$ 11,527,765	5.32	Group A Manufacture of other electronic parts and components not elsewhere classified	$ 10,637,399	5.98
2	Group B Real estate development	9,120,700	4.21	Group K Other activities auxiliary to financial service activities not elsewhere classified	8,528,113	4.79
3	Group C Manufacture of integrated circuits	7,394,863	3.42	Group L Manufacture of computers	7,329,266	4.12
4	Group D Real estate activities for sale and rental with own or leased property	6,856,815	3.17	Group E Activities of head offices	7,064,005	3.97
5	Group E Activities of head offices	6,809,464	3.15	Group B Real estate development	7,055,400	3.97
6	Group F Quarrying of rocks and gravel and other mining	6,312,081	2.92	Group M Electricity Supply	6,761,632	3.80
7	Group G Wholesale of computers, computer peripheral equipment and software	5,790,722	2.67	Group H Manufacture of computers	6,399,847	3.60
8	Group H Manufacture of computers	5,622,044	2.60	Group G Wholesale of computers, computer peripheral equipment and software	6,380,498	3.59
9	Group I Packaging and testing of semi-conductors	5,574,808	2.58	Group C Manufacture of integrated circuits	5,821,533	3.27
10	Group J Other holding companies	5,284,043	2.44	Group N Retail sale of computers, computer peripheral equipment and software	5,599,557	3.15

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

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

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

c. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

June 30, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,956,930,677	$ 112,287,779	$ 74,721,539	$ 138,880,776	$ 2,282,820,771
Interest rate-sensitive liabilities	1,658,545,541	97,675,944	163,861,784	125,478,629	2,045,561,898
Interest rate sensitivity gap	298,385,136	14,611,835	(89,140,245)	13,402,147	237,258,873
Net worth					197,967,964
Ratio of interest rate-sensitive assets to liabilities					111.60
Ratio of interest rate sensitivity gap to net worth					119.85

June 30, 2022

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

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

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

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

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

Interest Rate Sensitivity (U.S. Dollars)

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

June 30, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 16,183,828	$ 1,516,822	$ 818,880	$ 3,709,409	$ 22,228,939
Interest rate-sensitive liabilities	21,782,655	3,944,402	2,935,570	1,689,203	30,351,830
Interest rate sensitivity gap	(5,598,827)	(2,427,580)	(2,116,690)	2,020,206	(8,122,891)
Net worth					104,944
Ratio of interest rate-sensitive assets to liabilities					73.24
Ratio of interest rate sensitivity gap to net worth					(7,740.21)

June 30, 2022

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

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

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

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

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

d. Profitability

Unit: %

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.70	0.50
	After income tax	0.56	0.40
Return on equity	Before income tax	11.73	8.77
	After income tax	9.33	6.89
Net income ratio		33.56	27.60

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

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

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

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

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

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

June 30, 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	$ 2,769,777,702	$ 260,129,185	$ 267,623,458	$ 167,718,206	$ 226,453,210	$ 242,891,394	$ 1,604,962,249
Main capital outflow on maturity	3,351,448,878	84,608,731	161,661,998	390,092,319	490,770,641	764,017,387	1,460,297,802
Gap	(581,671,176)	175,520,454	105,961,460	(222,374,113)	(264,317,431)	(521,125,993)	144,664,447

June 30, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 2,681,479,836	$ 301,803,362	$ 251,988,219	$ 162,339,610	$ 170,069,898	$ 227,293,636	$ 1,567,985,111
Main capital outflow on maturity	3,129,174,284	120,447,951	200,868,832	339,972,911	425,195,325	593,872,633	1,448,816,632
Gap	(447,694,448)	181,355,411	51,119,387	(177,633,301)	(255,125,427)	(366,578,997)	119,168,479

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

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

(In Thousands of U.S. Dollars)

June 30, 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	$ 57,086,270	$ 11,724,365	$ 10,639,615	$ 9,794,565	$ 10,704,085	$ 14,223,640
Main capital outflow on maturity	66,820,276	14,371,527	17,446,094	14,318,276	16,494,603	4,189,776
Gap	(9,734,006)	(2,647,162)	(6,806,479)	(4,523,711)	(5,790,518)	10,033,864

June 30, 2022

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

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

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

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

(In Thousands of U.S. Dollars)

June 30, 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	$ 16,168,513	$ 4,192,684	$ 2,832,834	$ 2,264,608	$ 1,988,858	$ 4,889,529
Main capital outflow on maturity	16,888,739	5,189,916	5,118,495	3,104,405	2,711,382	764,541
Gap	(720,226)	(997,232)	(2,285,661)	(839,797)	(722,524)	4,124,988

June 30, 2022

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

44. TRUST BUSINESS UNDER THE TRUST ENTERPRISE ACT

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

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

Balance Sheets of Trust Accounts
June 30, 2023, December 31, 2022 and June 30, 2022

Trust Assets	June 30, 2023	December 31, 2022	June 30, 2022	Trust Liabilities	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks	$ 15,238,247	$ 9,431,296	$ 5,768,177	Accounts payable on administrative expense	$ 4	$ 4	$ 4
Investments	326,758,405	311,318,781	305,895,280	Accounts payable on securities under custody	807,207,643	712,069,347	688,462,780
Receivables	275	276	275	Trust capital			
Real estate	8,197,803	7,144,272	5,671,447	Cash	338,306,267	316,148,363	307,373,398
Securities under custody	807,207,643	712,069,347	688,462,780	Securities	5,840,939	5,583,576	5,283,640
				Real estate	8,291,257	7,262,073	5,772,450
				Reserves and accumulated deficit	(7,774,853)	960,828	(1,263,585)
				Net income	5,531,116	(2,060,219)	169,272
Total assets	$ 1,157,402,373	$ 1,039,963,972	$ 1,005,797,959	Total liabilities	$ 1,157,402,373	$ 1,039,963,972	$ 1,005,797,959

Note: Investments of the OBU are included in total trust-related assets. As of June 30, 2023, December 31, 2022 and June 30, 2022, the amounts of the OBU's investments were $25,590,987 thousand, $25,468,930 thousand and $27,118,407 thousand, respectively.

Trust Property List
June 30, 2023, December 31, 2022 and June 30, 2022

	June 30, 2023	December 31, 2022	June 30, 2022
Cash in banks	$ 15,226,531	$ 9,421,860	$ 5,758,961
Cash in other banks	11,716	9,436	9,216
Stocks	21,179,664	22,764,400	17,981,540
Mutual funds	238,365,929	232,504,986	237,141,564
Bonds	60,480,866	49,032,754	35,045,839
Structured products	6,622,564	6,886,924	15,712,337
Beneficial certificates pending settlement	109,382	129,717	14,000
Receivables	275	276	275
Real estate	8,197,803	7,144,272	5,671,447
Securities under custody	807,207,643	712,069,347	688,462,780
	$ 1,157,402,373	$ 1,039,963,972	$ 1,005,797,959

Statements of Income on Trust Accounts
For the Six Months Ended June 30, 2023 and 2022

	For the Six Months Ended June 30	
	2023	**2022**
Revenues		
Interest	$ 63,341	$ 4,608
Cash dividends	5,606,354	5,664,396
Realized capital gain - common stocks	11,372	82
Unrealized capital gain - common stocks	15,149	947
Property gain	2,254,503	1,619,924
Realized capital gain - bonds	1,446,665	1,424,030
Realized capital gain - mutual funds	119,604	224,347
Other revenues	200	8,800
Revenues from beneficial certificates	31,142	25,899
Total revenues	9,548,330	8,973,033
Expenses		
Management fees	156,926	217,121
Supervisor fees	10	-
Service fees	187	705
Property loss	3,767,635	8,399,636
Income tax	3,057	153
Tax expenditures	5,229	5,290
Other expenses	13,730	12,358
Realized capital loss - common stocks	2	13
Realized capital loss - bonds	552	-
Realized capital loss - mutual funds	69,886	154,585
Unrealized capital loss - common stocks	-	13,900
Total expenses	4,017,214	8,803,761
Net income	$ 5,531,116	$ 169,272

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

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

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

	Bank	E.SUN Securities	Total	Allocation Method
For the six months ended June 30, 2023				
Others	$ 131	$ 123	$ 254	Utilities - 50% each Building maintenance fee - based on space actually occupied
For the six months ended June 30, 2022				
Others	$ 124	$ 119	$ 243	Utilities - 50% each Building maintenance fee - based on space actually occupied

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

	For the Six Months Ended June 30	
	2023	2022
Revenue	$ 2,337	$ 1,940
Expense	$ 76,603	$ 80,247

46. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2023

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Non-cash Changes: Others	Closing Balance
Short-term borrowings	$ 3,140,581	$ (1,834,366)	$ -	$ -	$ 8,047	$ 1,314,262
Bank debentures	37,850,000	400,000	-	-	-	38,250,000
Long-term borrowings	359,910	(4,368)	-	-	4,931	360,473
Financial liabilities designated as at fair value through profit or loss - bank debentures	37,805,089	-	-	1,268,251	1,933,426	41,006,766
Guarantee deposits received	7,191,632	(4,696,770)	-	-	-	2,494,862
Lease liabilities	4,169,899	(576,434)	293,908	-	(21,733)	3,865,640
	$ 90,517,111	$ (6,711,938)	$ 293,908	$ 1,268,251	$ 1,924,671	$ 87,292,003

For the six months ended June 30, 2022

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

47. ADDITIONAL DISCLOSURES

a. Significant transactions and b. investees:

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

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

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

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

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

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

7) Financial asset securitization: None.

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

9) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None.

10) Sale of nonperforming loans: None.

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

12) Related information and proportionate share in investees: Table 6 (attached).

13) Derivative transactions: Notes 8 and 41 to the consolidated financial statements.

c. Investment in mainland China:

The information on major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in mainland China - is shown in Table 7 (attached).

d. Business relationship and significant transactions among the parent company and subsidiaries: Table 8 (attached).

48. OPERATING SEGMENTS

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

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

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

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

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

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

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

(In Millions of New Taiwan Dollars)

	For the Six Months Ended June 30, 2023				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	$ 15,926	$ 13,636	$ 4,848	$(20,584)	$ 13,826
Total net revenues (expenses)	$ 11,235	$ 21,627	$ 5,816	$ (9,417)	$ 29,261
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(74)	(573)	9	215	(423)
Operating expenses	(2,917)	(10,946)	(1,477)	(1,439)	(16,779)
Income (loss) before income tax	$ 8,244	$ 10,108	$ 4,348	$(10,641)	$ 12,059

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

Entities included in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				June 30, 2023	December 31, 2022	June 30, 2022	
E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	China	Banking	100.00	100.00	100.00	
	Union Commercial Bank PLC.	Cambodia	Banking	100.00	100.00	100.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	61.67	61.67	61.67	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	90.00	Note

Entities did not include in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				June 30, 2023	December 31, 2022	June 30, 2022	
None							

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Loans

June 30, 2023

Type	Account Volume or Name	Highest Balance for the Six Months Ended June 30, 2023 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	138	$ 81,030	$ 67,851	$ 67,851	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	506	3,628,277	2,823,432	2,823,432	-	Land and buildings	None
Other loans	Others	2,109,189	1,472,083	1,472,083	-	Land, buildings and plant	None

June 30, 2022

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

Note: The sum of the respective highest balances of each account for the six months ended June 30, 2023 and 2022.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(In Thousands)

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	$ 25,704,638	31.1520	$ 800,750,883	$ 24,388,008	30.7240	$ 749,297,158	$ 23,113,390	29.7260	$ 687,068,631
CNY	28,004,910	4.2820	119,917,025	24,748,728	4.4076	109,082,494	23,535,449	4.4409	104,518,575
AUD	6,043,662	20.6220	124,632,398	6,552,826	20.8330	136,515,024	6,340,286	20.4530	129,677,870
Non-monetary items									
USD	997,398	31.1520	31,070,942	1,116,306	30.7240	34,297,386	899,272	29.7260	26,731,759
CNY	324,863	4.2820	1,391,063	78,701	4.4076	346,883	119,930	4.4409	532,597
AUD	6,297	20.6220	129,857	976	20.8330	20,333	4,055	20.4530	82,937
Financial liabilities									
Monetary items									
USD	$ 34,384,460	31.1520	$ 1,071,144,698	$ 38,168,195	30.7240	$ 1,172,679,623	$ 37,668,334	29.7260	$ 1,119,728,896
CNY	26,035,599	4.2820	111,484,435	23,148,601	4.4076	102,029,774	24,442,282	4.4409	108,545,730
AUD	2,894,509	20.6220	59,690,565	3,007,740	20.8330	62,660,247	2,957,053	20.4530	60,480,605
Non-monetary items									
USD	787,283	31.1520	24,525,440	821,086	30.7240	25,227,046	676,925	29.7260	20,122,273
CNY	118,749	4.2820	508,483	106,458	4.4076	469,224	53,247	4.4409	236,465
AUD	2,467	20.6220	50,874	8,431	20.8330	175,643	2,217	20.4530	45,344

E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2023					June 30, 2022				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 1,590,005	$ 470,422,671	0.34	$ 5,415,897	340.62	$ 1,047,569	$ 449,976,911	0.23	$ 5,066,012	483.60
	Unsecured		292,074	473,843,867	0.06	5,093,097	1,743.77	706,584	452,857,788	0.16	5,205,526	736.72
Consumer banking	Residential mortgage (Note 4)		227,134	538,842,316	0.04	7,864,084	3,462.31	247,004	521,172,442	0.05	7,611,364	3,081.47
	Cash card		-	622	-	11	-	-	767	-	12	-
	Small-scale credit loans (Note 5)		1,070,522	123,506,618	0.87	1,634,216	152.66	809,299	137,654,723	0.59	1,714,551	211.86
	Other (Note 6)	Secured	194,628	321,377,077	0.06	3,267,320	1,678.75	215,640	280,013,646	0.08	2,881,179	1,336.11
		Unsecured	-	2,537,562	-	27,681	-	214	2,807,592	0.01	30,226	14,124.30
Loan			3,374,363	1,930,530,733	0.17	23,302,306	690.57	3,026,310	1,844,483,869	0.16	22,508,870	743.77
			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			168,883	118,502,651	0.14	799,987	473.69	117,067	76,174,545	0.15	842,808	719.94
Accounts receivable factored without recourse (Note 7)			-	8,209,291	-	107,605	-	-	13,681,145	-	172,367	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			3,110					4,706				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			13,140					17,784				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,248,531					1,224,470				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,525,661					1,613,287				

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).

TABLE 5

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 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	2018.11.09 2019.11.28 2023.02.20	$ 776,370 (Note)	$776,370 has been paid as of June 30, 2023	Chun Yuan Construction Co., Ltd.	-	-	-	-	$ -	Tender	For the operation of the branch of E.SUN Bank	None
	Qingpu branch in Taoyuan	2022.08.19 2022.09.15	500,000	$150,000 has been paid as of June 30, 2023	Eight Point International Corp.	-	-	-	-	-	Appraisal report	For the operation of the branch of E.SUN Bank	None
	Xiaokuaishi branch in Taoyuan	2022.08.19	308,000	$61,600 has been paid as of June 30, 2023	Yang, Yang and Yang	-	-	-	-	-	Appraisal report	For the operation of the branch of E.SUN Bank	None
	Xinzhuang Fuduxin branch	2023.04.21	323,000	$323,000 has been paid as of June 30, 2023	Chung Mao Property Development Co., Ltd., Lee	-	-	-	-	-	Appraisal report	For the operation of the branch of E.SUN Bank	None

Note: The initial transaction amount was $707,000 thousand, additional amount of $38,300 thousand and second additional amount of $31,070 thousand.

E.SUN COMMERCIAL BANK, LTD.

THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Amount	Investment Income	Proportionate Share of the Bank and its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Commercial Bank, Ltd. (The Bank)	Finance-related business										
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	$ 17,808	$ 1,408	160	-	160	0.81	
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	0.45	250,197	5,815	2,154	-	2,154	0.45	
	Financial Information Service Co., Ltd.	Taipei	Information service	2.28	603,394	-	11,876	-	11,876	2.28	
	Taiwan Asset Management Corporation	Taipei	Acquisition of delinquent loans	0.57	78,960	3,960	6,000	-	6,000	0.57	
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	39,250	-	5,000	-	5,000	2.94	
	Taiwan Finance Corp.	Taipei	Bills financing	0.41	20,988	-	2,120	-	2,120	0.41	
	All Win Fintech Company Limited	Taipei	Electronic payment	17.89	100,184	-	17,890	-	17,890	17.89	
	Sunny Asset Management Co.	Taipei	Acquisition of delinquent loans	4.35	4,739	354	261	-	261	4.35	
	Taiwan Mobile Payment Co.	Taipei	Information service	3.00	10,620	-	1,800	-	1,800	3.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	E-commerce application service	61.67	355,347	12,475	11,533	-	11,533	64.07	Note 3
	Union Commercial Bank PLC.	Phnom Penh Cambodia	Commercial banking	100.00	5,302,498	87,792	80	-	80	100.00	Note 3
	E.SUN Bank (China), Ltd.	Shenzhen, China	Commercial banking	100.00	9,436,680	129,214	-	-	-	100.00	Note 3
	EasyCard Corp.	Taipei	Electronic payment	1.93	154,172	-	1,349	-	1,349	1.93	
	Non-finance-related business										
	Taiwan Incubator Small & Medium Enterprises Development Co., Ltd.	Taipei	Small and medium enterprise incubation	3.44	20,033	1,213	2,425	-	2,425	3.44	
	EASYCARD Investment Holding Co., Ltd.	Taipei	Investment	4.82	178,576	-	3,208	-	3,208	4.82	

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

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

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

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

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 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	$ 129,214	$ 9,436,680	$ -

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$9,758,742 (Note 1)	$9,758,742 (Note 1)	$130,001,906

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

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 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 Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Due from the Central Bank and call loans other banks	$ 8,156,180	Note 4	0.23
1	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Deposits from the Central Bank and other banks	8,156,180	Note 4	0.23
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	a	Discounts and loans	4,797,408	Note 4	0.14
2	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	b	Other financial liabilities	4,797,408	Note 4	0.14
1	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Due from the Central Bank and call loans other banks	560,736	Note 4	0.02
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Deposits from the Central Bank and other banks	560,736	Note 4	0.02
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Interest revenue	121,867	Note 4	0.42
1	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Interest expense	121,867	Note 4	0.42
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	a	Interest revenue	139,278	Note 4	0.48
2	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	b	Interest expense	139,278	Note 4	0.48

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.