

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

Opinion

We have audited the accompanying consolidated financial statements of E.SUN Financial Holding Company, Ltd. (ESFHC) 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, as well as 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 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 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 55% 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 E.SUN Commercial Bank, Ltd. (E.SUN Bank), a subsidiary of ESFHC, 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 E.SUN Bank, please refer to Notes 4, 5 and 14 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 E.SUN 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 E.SUN Bank's loan impairment assessment.
2. We acquired the loan evaluation form used by management of E.SUN 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 E.SUN 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 E.SUN Bank in order to assess whether it complied with the Regulations.

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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 audit resulting in this independent auditors' report are Chen-Hsiu Yang and Kuan-Hao Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 25, 2023

Notice to Readers

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

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 56,330,275	2	\$ 76,217,644	2	\$ 72,247,105	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 41)	187,729,397	5	152,916,314	4	126,240,330	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 41)	297,788,644	8	360,749,273	10	385,764,801	12
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 41 and 43)	365,220,324	10	347,716,866	10	343,425,353	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 15, 41 and 43)	444,568,244	13	401,405,743	12	351,967,026	11
FINANCIAL ASSETS-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 40)	155,976,530	5	125,988,674	4	116,586,439	4
CURRENT TAX ASSETS (Note 4)	46,555	-	15,510	-	34,215	-
DISCOUNTS AND LOANS, NET (Notes 4, 14, 15, 40 and 41)	1,961,978,686	55	1,934,791,917	56	1,872,442,278	56
OTHER FINANCIAL ASSETS, NET (Note 16)	7,037,886	-	4,920,274	-	7,857,144	-
INVESTMENT PROPERTIES, NET (Note 17)	1,762,009	-	1,830,028	-	1,867,552	-
PROPERTIES AND EQUIPMENT, NET (Note 18)	34,808,283	1	34,708,732	1	34,036,367	1
RIGHT-OF-USE ASSETS, NET (Note 19)	6,791,104	-	7,143,707	-	6,837,228	-
INTANGIBLE ASSETS, NET (Note 20)	6,313,105	-	6,109,490	-	6,114,130	-
DEFERRED TAX ASSETS (Note 4)	3,422,304	-	3,418,268	-	3,238,549	-
OTHER ASSETS, NET (Notes 19 and 21)	<u>16,637,136</u>	<u>1</u>	<u>13,746,203</u>	<u>1</u>	<u>12,971,662</u>	-
TOTAL	<u>\$ 3,557,375,872</u>	<u>100</u>	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,343,314,348</u>	<u>100</u>
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 27)	90,474,505	3	89,569,651	3	94,247,886	3
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 23)	19,804,182	1	18,495,295	1	17,873,538	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	4,117,209	-	1,739,403	-	3,818,380	-
PAYABLES (Notes 25 and 40)	38,438,078	1	37,486,918	1	48,918,052	1
CURRENT TAX LIABILITIES (Note 4)	3,006,312	-	1,895,233	-	2,520,443	-
DEPOSITS AND REMITTANCES (Notes 26 and 40)	2,946,182,973	83	2,902,599,406	83	2,776,162,645	83
BONDS PAYABLE (Note 27)	44,250,000	1	43,850,000	1	40,850,000	1
OTHER BORROWINGS (Note 28)	1,674,735	-	3,500,491	-	1,629,412	-
PROVISIONS (Note 29)	1,023,538	-	1,114,461	-	1,106,338	-
OTHER FINANCIAL LIABILITIES (Notes 17 and 31)	102,154,203	3	99,337,181	3	89,945,852	3
LEASE LIABILITIES (Note 19)	3,974,200	-	4,303,812	-	3,955,634	-
DEFERRED TAX LIABILITIES (Note 4)	2,028,765	-	1,895,421	-	1,460,377	-
OTHER LIABILITIES (Note 32)	<u>4,132,518</u>	<u>-</u>	<u>4,167,814</u>	<u>-</u>	<u>3,495,654</u>	<u>-</u>
Total liabilities	<u>3,334,649,112</u>	<u>94</u>	<u>3,282,469,520</u>	<u>94</u>	<u>3,159,591,133</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC						
Capital stock						
Common stock	150,751,000	4	142,751,000	4	133,546,000	4
Reserve for capitalization	<u>5,889,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,205,000</u>	<u>-</u>
Total capital stock	<u>156,640,000</u>	<u>4</u>	<u>142,751,000</u>	<u>4</u>	<u>142,751,000</u>	<u>4</u>
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	31,418,013	1	22,687,680	1	22,687,680	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>34,800,497</u>	<u>1</u>	<u>26,070,164</u>	<u>1</u>	<u>26,070,164</u>	<u>1</u>
Retained earnings						
Legal reserve	18,430,702	1	16,897,898	1	16,897,898	1
Special reserve	5,531,342	-	1,238,321	-	1,238,321	-
Unappropriated earnings	<u>11,590,044</u>	<u>-</u>	<u>15,336,000</u>	<u>-</u>	<u>7,332,424</u>	<u>-</u>
Total retained earnings	<u>35,552,088</u>	<u>1</u>	<u>33,472,219</u>	<u>1</u>	<u>25,468,643</u>	<u>1</u>
Other equity	<u>(4,439,666)</u>	<u>-</u>	<u>(5,367,107)</u>	<u>-</u>	<u>(10,717,960)</u>	<u>-</u>
Total equity attributable to owners of ESFHC	222,552,919	6	196,926,276	6	183,571,847	6
NON-CONTROLLING INTERESTS	<u>173,841</u>	<u>-</u>	<u>164,678</u>	<u>-</u>	<u>151,368</u>	<u>-</u>
Total equity	<u>222,726,760</u>	<u>6</u>	<u>197,090,954</u>	<u>6</u>	<u>183,723,215</u>	<u>6</u>
TOTAL	<u>\$ 3,557,375,872</u>	<u>100</u>	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,343,314,348</u>	<u>100</u>

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	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 33 and 40)	\$ 20,862,048	135	\$ 11,688,434	96	\$ 39,978,108	128	\$ 21,574,206	84
INTEREST EXPENSE (Notes 33 and 40)	<u>(13,491,035)</u>	<u>(87)</u>	<u>(3,812,168)</u>	<u>(31)</u>	<u>(25,982,763)</u>	<u>(83)</u>	<u>(6,314,026)</u>	<u>(25)</u>
NET INTEREST	<u>7,371,013</u>	<u>48</u>	<u>7,876,266</u>	<u>65</u>	<u>13,995,345</u>	<u>45</u>	<u>15,260,180</u>	<u>59</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 34 and 40)	5,174,214	33	4,649,137	38	10,116,891	32	9,822,211	38
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 8 and 35)	2,472,507	16	(575,016)	(5)	6,508,917	21	(13,141)	-
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	734,412	5	234,635	2	788,354	3	449,645	2
Foreign exchange gains (losses), net	(290,749)	(2)	(137,085)	(1)	(181,262)	(1)	22,076	-
Reversal of impairment losses (impairment losses) on assets (Note 4)	(65)	-	11,089	-	3,297	-	620	-
Other noninterest gains, net	<u>42,755</u>	<u>-</u>	<u>73,746</u>	<u>1</u>	<u>72,755</u>	<u>-</u>	<u>142,168</u>	<u>1</u>
Total net revenues and gains other than interest	<u>8,133,074</u>	<u>52</u>	<u>4,256,506</u>	<u>35</u>	<u>17,308,952</u>	<u>55</u>	<u>10,423,579</u>	<u>41</u>
TOTAL NET REVENUES	<u>15,504,087</u>	<u>100</u>	<u>12,132,772</u>	<u>100</u>	<u>31,304,297</u>	<u>100</u>	<u>25,683,759</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISIONS FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)	<u>(424,268)</u>	<u>(3)</u>	<u>(531,280)</u>	<u>(4)</u>	<u>(422,384)</u>	<u>(2)</u>	<u>(875,544)</u>	<u>(3)</u>
OPERATING EXPENSES (Notes 4, 17, 18, 19, 20, 30, 36 and 40)								
Employee benefits	(4,227,821)	(27)	(3,459,609)	(29)	(7,847,009)	(25)	(7,022,329)	(28)
Depreciation and amortization	(969,061)	(6)	(930,909)	(8)	(1,922,689)	(6)	(1,877,321)	(7)
General and administrative	<u>(4,168,655)</u>	<u>(27)</u>	<u>(3,309,764)</u>	<u>(27)</u>	<u>(7,862,161)</u>	<u>(25)</u>	<u>(6,668,068)</u>	<u>(26)</u>
Total operating expenses	<u>(9,365,537)</u>	<u>(60)</u>	<u>(7,700,282)</u>	<u>(64)</u>	<u>(17,631,859)</u>	<u>(56)</u>	<u>(15,567,718)</u>	<u>(61)</u>
INCOME BEFORE INCOME TAX	5,714,282	37	3,901,210	32	13,250,054	42	9,240,497	36
INCOME TAX EXPENSE (Notes 4 and 37)	<u>(1,210,999)</u>	<u>(8)</u>	<u>(1,132,971)</u>	<u>(9)</u>	<u>(2,700,185)</u>	<u>(8)</u>	<u>(2,145,452)</u>	<u>(8)</u>
NET INCOME FOR THE PERIOD	<u>4,503,283</u>	<u>29</u>	<u>2,768,239</u>	<u>23</u>	<u>10,549,869</u>	<u>34</u>	<u>7,095,045</u>	<u>28</u>

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	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 37)								
Items that will not be reclassified subsequently to profit or loss:								
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	\$ (1,165,248)	(7)	\$ 105,078	1	\$ (1,928,701)	(6)	\$ (69,992)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	806,467	5	(2,897,298)	(24)	1,820,887	6	(1,819,217)	(7)
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	(359,920)	(2)	(2,768,940)	(23)	(107,631)	-	(1,860,524)	(7)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	333,606	2	649,257	5	(102,020)	-	1,885,349	7
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(239,501)	(2)	(4,719,387)	(39)	1,395,665	4	(10,226,306)	(40)
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	100,346	-	(3,764,475)	(31)	1,139,255	3	(7,543,209)	(30)
Other comprehensive income (loss) for the period, net of income tax	(259,574)	(2)	(6,533,415)	(54)	1,031,624	3	(9,403,733)	(37)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 4,243,709	27	\$ (3,765,176)	(31)	\$ 11,581,493	37	\$ (2,308,688)	(9)

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E.SUN FINANCIAL HOLDING COMPANY, 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	%
NET INCOME								
ATTRIBUTABLE TO:								
Owners of ESFHC	\$ 4,500,722	29	\$ 2,759,405	23	\$ 10,542,913	34	\$ 7,084,672	28
Non-controlling interests	<u>2,561</u>	<u>-</u>	<u>8,834</u>	<u>-</u>	<u>6,956</u>	<u>-</u>	<u>10,373</u>	<u>-</u>
	<u>\$ 4,503,283</u>	<u>29</u>	<u>\$ 2,768,239</u>	<u>23</u>	<u>\$ 10,549,869</u>	<u>34</u>	<u>\$ 7,095,045</u>	<u>28</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of ESFHC	\$ 4,241,038	27	\$ (3,774,201)	(31)	\$ 11,574,469	37	\$ (2,319,410)	(9)
Non-controlling interests	<u>2,671</u>	<u>-</u>	<u>9,025</u>	<u>-</u>	<u>7,024</u>	<u>-</u>	<u>10,722</u>	<u>-</u>
	<u>\$ 4,243,709</u>	<u>27</u>	<u>\$ (3,765,176)</u>	<u>(31)</u>	<u>\$ 11,581,493</u>	<u>37</u>	<u>\$ (2,308,688)</u>	<u>(9)</u>
EARNINGS PER SHARE								
(NEW TAIWAN DOLLARS; RETROSPECTIVELY ADJUSTED FOR THE EFFECTS OF THE STOCK DIVIDENDS DISTRIBUTED; Note 38)								
Basic	<u>\$ 0.29</u>		<u>\$ 0.19</u>		<u>\$ 0.70</u>		<u>\$ 0.48</u>	
Diluted	<u>\$ 0.29</u>		<u>\$ 0.19</u>		<u>\$ 0.70</u>		<u>\$ 0.48</u>	

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of ESFHC							Other Equity			Non-controlling Interests (Note 39)	Total Equity
	Capital Stock (Note 39)			Capital Surplus (Note 39)	Retained Earnings (Notes 9, 37 and 39)		Exchange Differences on Translation of the Financial Statements of Foreign Operations	(Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9 and 37)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss			
	Shares (In Thousands)	Common Stock	Reserve for Capitalization		Legal Reserve	Special Reserve				Unappropriated Earnings		
BALANCE AT JANUARY 1, 2023	14,275,100	\$ 142,751,000	\$ -	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 15,336,000	\$ (385,903)	\$ (10,775,505)	\$ 5,794,301	\$ 164,678	\$ 197,090,954
Appropriation of 2022 earnings												
Legal reserve	-	-	-	-	1,532,804	-	(1,532,804)	-	-	-	-	-
Special reserve	-	-	-	-	-	4,293,021	(4,293,021)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(2,855,020)	-	-	-	-	(2,855,020)
Stock dividends	-	-	5,710,000	-	-	-	(5,710,000)	-	-	-	-	-
Issuance of shares for cash	800,000	8,000,000	-	8,000,000	-	-	-	-	-	-	-	16,000,000
Issuance of common stock from employees' compensation	-	-	179,000	275,660	-	-	-	-	-	-	-	454,660
Share-based payment for the subscription of new shares by employees	-	-	-	454,673	-	-	(2,139)	-	-	-	2,139	454,673
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	104,115	-	(104,115)	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	10,542,913	-	-	-	6,956	10,549,869
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	(80,139)	3,040,396	(1,928,701)	68	1,031,624
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	10,542,913	(80,139)	3,040,396	(1,928,701)	7,024	11,581,493
BALANCE AT JUNE 30, 2023	15,075,100	\$ 150,751,000	\$ 5,889,000	\$ 34,800,497	\$ 18,430,702	\$ 5,531,342	\$ 11,590,044	\$ (466,042)	\$ (7,839,224)	\$ 3,865,600	\$ 173,841	\$ 222,726,760
BALANCE AT JANUARY 1, 2022	13,354,600	\$ 133,546,000	\$ -	\$ 25,662,214	\$ 14,784,546	\$ 164,235	\$ 21,142,980	\$ (2,721,712)	\$ 2,299,053	\$ (651,427)	\$ 158,753	\$ 194,384,642
Appropriation of 2021 earnings												
Legal reserve	-	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-	-
Special reserve	-	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(8,947,582)	-	-	-	-	(8,947,582)
Stock dividends	-	-	9,000,000	-	-	-	(9,000,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	-	-	205,000	407,950	-	-	-	-	-	-	-	612,950
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(18,107)	(18,107)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	239,792	-	(239,792)	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	7,084,672	-	-	-	10,373	7,095,045
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	1,518,867	(10,852,957)	(69,992)	349	(9,403,733)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	7,084,672	1,518,867	(10,852,957)	(69,992)	10,722	(2,308,688)
BALANCE AT JUNE 30, 2022	13,354,600	\$ 133,546,000	\$ 9,205,000	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 7,332,424	\$ (1,202,845)	\$ (8,793,696)	\$ (721,419)	\$ 151,368	\$ 183,723,215

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 13,250,054	\$ 9,240,497
Adjustments for:		
Depreciation expenses	1,566,412	1,509,489
Amortization expenses	356,277	367,832
Expected credit losses/bad-debt expenses	495,606	858,447
Losses (gains) on financial assets and liabilities at fair value through profit or loss	(6,508,917)	13,141
Interest expense	25,982,763	6,314,026
Interest revenue	(39,978,108)	(21,574,206)
Dividend income	(598,915)	(542,482)
Provision for losses on guarantees	(68,740)	3,517
Salary expenses on share-based payments	774,005	214,258
Losses (gains) on disposal of properties and equipment	439	(7,514)
Losses (gains) 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	67,040,390	98,573,921
Financial assets at fair value through other comprehensive income	(14,695,989)	(14,089,229)
Investments in debt instruments at amortized cost	(42,537,300)	(41,237,433)
Receivables	(27,172,210)	10,974,873
Discounts and loans	(28,988,041)	(104,397,569)
Other financial assets	(2,087,612)	1,233,342
Other assets	(577,538)	7,596,669
Deposits from the Central Bank and other banks	873,460	(9,874,236)
Financial liabilities at fair value through profit or loss	(236,193)	(42,017,762)
Securities sold under repurchase agreements	1,308,887	1,224,899
Payables	(4,454,202)	5,518,094
Deposits and remittances	43,583,567	81,099,854
Provision for employee benefits	44	17
Other financial liabilities	7,514,350	13,870,464
Other liabilities	(25,784)	(8,057,045)
Cash generated from (used in) operations	(21,769,395)	965,299
Interest received	40,041,373	22,142,162
Dividends received	104,242	226,192
Interest paid	(23,964,634)	(5,696,604)
Income tax paid	(1,699,601)	(1,676,466)
Net cash generated from (used in) operating activities	(7,288,015)	15,960,583

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, 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	\$ (1,440,385)	\$ (1,077,239)
Proceeds from disposal of properties and equipment	267	34,937
Increase in settlement fund	(205)	(27,823)
Decrease in settlement fund	7,248	14,060
Increase in refundable deposits	(2,350,454)	(6,662,689)
Payments for intangible assets	(164,000)	(122,242)
Payments for right-of-use assets	(1,410)	(105)
Increase in other assets	(821)	-
Decrease in other assets	<u>-</u>	<u>1</u>
Net cash used in investing activities	<u>(3,949,760)</u>	<u>(7,841,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	653,167
Decrease in short-term borrowings	(1,834,366)	-
Decrease in due to the Central Bank and other banks	-	(14,021,010)
Increase in commercial paper issued	2,380,000	-
Decrease in commercial paper issued	-	(970,000)
Repayments of corporate bonds	-	(1,100,000)
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	-	9,944,997
Decrease in guarantee deposits received	(4,697,328)	-
Repayments of the principal portion of lease liabilities	(602,709)	(558,597)
Proceeds from issuance of shares	<u>16,000,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>11,641,229</u>	<u>(5,478,167)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,198,033</u>	<u>(9,016,113)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,601,487	(6,374,797)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>115,750,099</u>	<u>104,712,225</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 117,351,586</u>	<u>\$ 98,337,428</u>

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, 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	\$ 56,330,275	\$ 72,247,105
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”	<u>10,954,787</u>	<u>1,684,169</u>
Cash and cash equivalents at the end of the period	<u>\$ 117,351,586</u>	<u>\$ 98,337,428</u>

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

1. ORGANIZATION AND OPERATIONS

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

ESFHC invests in and manages financial institutions.

E.SUN Bank engages in banking activities permitted by the Banking Act of the ROC. The operations of E.SUN Bank's Trust Department consist of planning, managing and operating the trust business. These operations are regulated under the Banking Act and Trust Enterprise Act of the ROC. As of June 30, 2023, E.SUN Bank had a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), an insurance agent department, 8 overseas branches, and 138 domestic branches.

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

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

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

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

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

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

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

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

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

For the six months ended June 30, 2023 and 2022, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,209 and 9,112, 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).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of ESFHC, in their meeting on 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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 that the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of 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 that the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the interim consolidated financial statements is less than those required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of ESFHC, and the entities controlled by ESFHC, including E.SUN Bank, UCB (subsidiary of E.SUN Bank), ESBC (subsidiary of E.SUN Bank), BankPro (subsidiary of E.SUN Bank), E.SUN Securities, E.SUN Securities Investment Consulting Corp. (subsidiary of E.SUN Securities), and ESVC.

The accounting policies of ESFHC and subsidiaries are consistent.

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

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

d. Other 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, E.SUN 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.

E.SUN 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	\$ 16,031,034	\$ 21,310,770	\$ 14,959,205
Checks for clearing	1,990,397	8,558,300	1,959,305
Due from banks	38,328,330	46,109,059	55,361,204
Cash in transit	<u>8,750</u>	<u>275,192</u>	<u>-</u>
	56,358,511	76,253,321	72,279,714
Less: Allowance for possible losses	<u>(28,236)</u>	<u>(35,677)</u>	<u>(32,609)</u>
	<u>\$ 56,330,275</u>	<u>\$ 76,217,644</u>	<u>\$ 72,247,105</u>

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	\$ 76,217,644
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	31,650,624
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>7,881,831</u>
Cash and cash equivalents, ending balance in the consolidated statements of cash flows	<u>\$ 115,750,099</u>

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

	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	<u>66,709,366</u>	<u>30,360,654</u>	<u>26,713,717</u>
	187,756,381	152,950,106	126,290,405
Less: Allowance for possible losses	<u>(26,984)</u>	<u>(33,792)</u>	<u>(50,075)</u>
	<u>\$ 187,729,397</u>	<u>\$ 152,916,314</u>	<u>\$ 126,240,330</u>

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

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

Refer to Note 41 for information relating to deposit reserves pledged as security.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
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	-
Stocks	5,588,266	4,243,038	4,319,517
Mutual funds	555,656	627,988	785,461
Operating securities - dealing department	750,570	169,995	279,665
Operating securities - underwriting department	72,507	85,656	97,060
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	330,441	279,127	309,521
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
	<u>\$ 297,788,644</u>	<u>\$ 360,749,273</u>	<u>\$ 385,764,801</u>
<u>Held-for-trading financial liabilities</u>			
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
Security borrowing	5,932	-	5,211
	<u>49,467,739</u>	<u>51,764,562</u>	<u>48,271,187</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>			
Bank debentures (Note 27)	<u>41,006,766</u>	<u>37,805,089</u>	<u>45,976,699</u>
	<u>\$ 90,474,505</u>	<u>\$ 89,569,651</u>	<u>\$ 94,247,886</u>

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

The contract (nominal) amounts of derivative transactions by ESFHC as of June 30, 2023, December 31, 2022 and June 30, 2022 were zero.

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

The contract (nominal) amounts of derivative transactions by E.SUN Bank as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, 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
Stock index futures contract	3,320	2,110	31,130
Single stock futures contract	12,286	-	20,361

As of June 30, 2023, December 31, 2022 and June 30, 2022, the amounts of futures exchange margins receivable held by E.SUN Securities were \$211,696 thousand, \$193,056 thousand and \$230,463 thousand, respectively.

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	\$ 15,777,525	\$ 14,546,562	\$ 19,704,130
Investments in debt instruments at FVTOCI	<u>349,442,799</u>	<u>333,170,304</u>	<u>323,721,223</u>
	<u>\$ 365,220,324</u>	<u>\$ 347,716,866</u>	<u>\$ 343,425,353</u>

a. Investments in equity instruments at FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
Listed shares and emerging stocks	\$ 14,171,239	\$ 13,152,115	\$ 18,185,320
Unlisted shares	<u>1,606,286</u>	<u>1,394,447</u>	<u>1,518,810</u>
	<u>\$ 15,777,525</u>	<u>\$ 14,546,562</u>	<u>\$ 19,704,130</u>

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

For the six months ended June 30, 2023 and 2022, the Company sold shares of stocks for \$4,439,996 thousand and \$7,442,782 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gains of \$104,115 thousand and \$239,792 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$598,915 thousand and \$542,482 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 \$593,003 thousand and \$504,090 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	16,239,300	10,042,713	6,228,603
Negotiable certificates of deposit	311,430	307,871	300,259
Discounted note	<u>-</u>	<u>20,505</u>	<u>68,063</u>
	<u>\$ 349,442,799</u>	<u>\$ 333,170,304</u>	<u>\$ 323,721,223</u>

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 43 for information relating to their credit risk management and impairment.

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

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	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)
	<u>\$ 444,568,244</u>	<u>\$ 401,405,743</u>	<u>\$ 351,967,026</u>

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 43 for information relating to their credit risk management and impairment.

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

11. 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
Margin loans receivable	6,509,710	5,937,843	6,901,105
Accrued interest	10,294,851	8,888,775	5,993,492
Accounts receivable	2,296,331	1,973,788	2,144,042
Settlements receivable	4,965,232	2,399,213	5,997,677
Acceptances	1,120,733	1,381,774	1,930,697
Securities business money lending	1,585,235	1,629,361	1,727,982
Settlement consideration	144,397	-	-
Receivables on digital stimulus vouchers redemption	-	-	286,745
Others	<u>2,897,507</u>	<u>2,211,991</u>	<u>2,785,477</u>
	157,723,340	127,882,701	118,414,551
Less: Allowance for possible losses	<u>(1,746,810)</u>	<u>(1,894,027)</u>	<u>(1,828,112)</u>
	<u>\$ 155,976,530</u>	<u>\$ 125,988,674</u>	<u>\$ 116,586,439</u>

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	\$ 124,749	\$ 38,637	\$ 427,379	\$ 590,765	\$ 1,303,262	\$ 1,894,027
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(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)	(18,858)	(25,891)	-	(25,891)
New financial assets purchased or originated	5,617	1,892	2,974	10,483	-	10,483
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	<u>\$ 100,688</u>	<u>\$ 37,480</u>	<u>\$ 566,740</u>	<u>\$ 704,908</u>	<u>\$ 1,041,902</u>	<u>\$ 1,746,810</u>

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	\$ 53,702	\$ 6,430	\$ 354,738	\$ 414,870	\$ 1,666,653	\$ 2,081,523
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(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)	(14,295)	(16,863)	-	(16,863)
New financial assets purchased or originated	4,598	2,052	10,953	17,603	-	17,603
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	<u>\$ 104,121</u>	<u>\$ 26,256</u>	<u>\$ 420,022</u>	<u>\$ 550,399</u>	<u>\$ 1,277,713</u>	<u>\$ 1,828,112</u>

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	\$ 125,005,419	\$ 291,493	\$ 2,585,789	\$ 127,882,701
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	(26,747,421)	(21,850)	(398,019)	(27,167,290)
New financial assets purchased or originated	57,225,700	47,814	38,260	57,311,774
Write-offs	-	-	(285,705)	(285,705)
Change in exchange rates or others	<u>(18,579)</u>	<u>(92)</u>	<u>531</u>	<u>(18,140)</u>
Balance at June 30, 2023	<u>\$ 154,931,997</u>	<u>\$ 360,706</u>	<u>\$ 2,430,637</u>	<u>\$ 157,723,340</u>

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	\$ 123,745,609	\$ 133,734	\$ 2,614,304	\$ 126,493,647
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	(38,738,780)	(8,066)	(291,149)	(39,037,995)
New financial assets purchased or originated	31,009,845	36,462	95,271	31,141,578
Write-offs	-	-	(217,310)	(217,310)
Change in exchange rates or others	<u>33,498</u>	<u>1,043</u>	<u>90</u>	<u>34,631</u>
Balance at June 30, 2022	<u>\$ 115,622,007</u>	<u>\$ 198,323</u>	<u>\$ 2,594,221</u>	<u>\$ 118,414,551</u>

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	<u>2,458,041</u>	<u>1,940,308</u>	<u>2,878,290</u>
	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	<u>(20,650)</u>	<u>(17,646)</u>	<u>37,811</u>
	<u>\$ 1,961,978,686</u>	<u>\$ 1,934,791,917</u>	<u>\$ 1,872,442,278</u>

Refer to Note 41 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 E.SUN 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 E.SUN 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	<u>(10,059)</u>	<u>(516)</u>	<u>(1,173)</u>	<u>(11,748)</u>	<u>20,310</u>	<u>8,562</u>
Balance at June 30, 2023	<u>\$ 1,699,067</u>	<u>\$ 1,776,335</u>	<u>\$ 2,816,798</u>	<u>\$ 6,292,200</u>	<u>\$ 17,989,060</u>	<u>\$ 24,281,260</u>

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	<u>\$ 1,694,749</u>	<u>\$ 1,421,693</u>	<u>\$ 2,848,615</u>	<u>\$ 5,965,057</u>	<u>\$ 17,441,865</u>	<u>\$ 23,406,922</u>

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	<u>(827,077)</u>	<u>(54,337)</u>	<u>3,001</u>	<u>(878,413)</u>
Balance at June 30, 2023	<u>\$ 1,967,878,684</u>	<u>\$ 9,971,849</u>	<u>\$ 8,430,063</u>	<u>\$ 1,986,280,596</u>

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	<u>1,935,022</u>	<u>5,778</u>	<u>66</u>	<u>1,940,866</u>
Balance at June 30, 2022	<u>\$ 1,880,550,538</u>	<u>\$ 7,459,796</u>	<u>\$ 7,801,055</u>	<u>\$ 1,895,811,389</u>

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	(8,363)	60,941	(68,578)	(253,078)
Provision for possible losses on discounts and loans	508,432	468,953	596,855	1,104,417
Reversal of provision for possible losses on overdue receivables	(81)	(889)	(114)	(1,718)
Reversal of provision for possible losses on remittance	-	-	-	(10)
Provision for possible losses on guarantees	(23,187)	4,631	(68,740)	3,517
Provision (reversal of provision) for possible losses on financing commitments	<u>(31,664)</u>	<u>2,504</u>	<u>(21,845)</u>	<u>7,798</u>
	<u>\$ 424,268</u>	<u>\$ 531,280</u>	<u>\$ 422,384</u>	<u>\$ 875,544</u>

The FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in mainland China (pertaining to short-term advances for trade finance) and loans for house purchases, renovations and constructions. As of June 30, 2023, December 31, 2022 and June 30, 2022, E.SUN Bank was in compliance with the FSC's provision requirement for both types of credit assets.

15. UNCONSOLIDATED STRUCTURED ENTITIES

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

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

- b. As of June 30, 2023, the carrying amounts of the unconsolidated structured entities recognized by E.SUN 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	<u>-</u>	<u>780,184</u>	<u>732,808</u>
	<u>\$ -</u>	<u>\$ 957,340</u>	<u>\$ 899,186</u>

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
Overdue receivable	\$ 173,158	\$ 185,641	\$ 197,384
Less: Allowance for possible losses	<u>(173,158)</u>	<u>(185,641)</u>	<u>(197,384)</u>
Overdue receivable, net	-	-	-
Due from banks	5,181,703	3,118,088	6,121,871
Guarantee deposits received on futures contracts	1,828,315	1,802,186	1,726,239
Others	<u>27,868</u>	<u>-</u>	<u>9,034</u>
	<u>\$ 7,037,886</u>	<u>\$ 4,920,274</u>	<u>\$ 7,857,144</u>

Guarantee deposits received on futures contracts were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits in bank	\$ 1,177,915	\$ 868,442	\$ 1,135,192
Deposits held by futures commission merchants as a clearing member	<u>650,400</u>	<u>933,744</u>	<u>591,047</u>
	<u>\$ 1,828,315</u>	<u>\$ 1,802,186</u>	<u>\$ 1,726,239</u>
Guarantee deposits received on futures contracts	\$ 1,828,315	\$ 1,802,186	\$ 1,726,239
Less: Commission revenue	(625)	(648)	(888)
Futures transaction tax	(266)	(256)	(413)
Temporary receipts	<u>(1,643)</u>	<u>(1,783)</u>	<u>(1,054)</u>
Customers' equity accounts - futures (Note 31)	<u>\$ 1,825,781</u>	<u>\$ 1,799,499</u>	<u>\$ 1,723,884</u>

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

17. INVESTMENT PROPERTIES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 208,875	\$ 208,875	\$ 208,875
Buildings	1,506,436	1,573,931	1,610,931
Right-of-use assets	<u>46,698</u>	<u>47,222</u>	<u>47,746</u>
	<u>\$ 1,762,009</u>	<u>\$ 1,830,028</u>	<u>\$ 1,867,552</u>

	Land	Buildings	Right-of-use Assets	Total
<u>Cost</u>				
Balance, January 1, 2023	\$ 208,900	\$ 1,899,627	\$ 48,788	\$ 2,157,315
Net exchange difference	<u>-</u>	<u>(51,426)</u>	<u>-</u>	<u>(51,426)</u>
Balance, June 30, 2023	<u>\$ 208,900</u>	<u>\$ 1,848,201</u>	<u>\$ 48,788</u>	<u>\$ 2,105,889</u>
Balance, January 1, 2022	\$ 203,110	\$ 1,871,588	\$ 48,788	\$ 2,123,486
Net exchange difference	-	37,341	-	37,341
Reclassification	<u>5,790</u>	<u>4,332</u>	<u>-</u>	<u>10,122</u>
Balance, June 30, 2022	<u>\$ 208,900</u>	<u>\$ 1,913,261</u>	<u>\$ 48,788</u>	<u>\$ 2,170,949</u>
<u>Accumulated depreciation and Impairment</u>				
Balance, January 1, 2023	\$ (25)	\$ (325,696)	\$ (1,566)	\$ (327,287)
Depreciation expenses	-	(25,499)	(524)	(26,023)
Net exchange difference	<u>-</u>	<u>9,430</u>	<u>-</u>	<u>9,430</u>
Balance, June 30, 2023	<u>\$ (25)</u>	<u>\$ (341,765)</u>	<u>\$ (2,090)</u>	<u>\$ (343,880)</u>
Balance, January 1, 2022	\$ (25)	\$ (267,899)	\$ (519)	\$ (268,443)
Depreciation expenses	-	(25,591)	(523)	(26,114)
Net exchange difference	-	(5,391)	-	(5,391)
Reclassification	<u>-</u>	<u>(3,449)</u>	<u>-</u>	<u>(3,449)</u>
Balance, June 30, 2022	<u>\$ (25)</u>	<u>\$ (302,330)</u>	<u>\$ (1,042)</u>	<u>\$ (303,397)</u>

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

Investment properties (except for land) are depreciated through 25 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 \$2,536,611 thousand, \$2,591,680 thousand and \$2,907,028 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	\$ 10,126	\$ 10,283	\$ 20,480	\$ 18,569
Direct operating expenses of investment properties that generate rental income	(13,126)	(13,293)	(26,387)	(26,427)
Direct operating expenses of investment properties that do not generate rental income	<u>(142)</u>	<u>(139)</u>	<u>(280)</u>	<u>(277)</u>
	<u>\$ (3,142)</u>	<u>\$ (3,149)</u>	<u>\$ (6,187)</u>	<u>\$ (8,135)</u>

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of June 30, 2023, December 31, 2022 and June 30, 2022, refundable deposits on these leases totaled \$12,261 thousand, \$12,579 thousand and \$12,634 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	\$ 31,463	\$ 43,314	\$ 51,005
Year 2	32,261	37,516	36,609
Year 3	2,486	9,811	26,042
Year 4	1,836	1,836	1,370
Year 5	1,092	1,110	540
Over 5 years	<u>360</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,498</u>	<u>\$ 93,587</u>	<u>\$ 115,566</u>

18. PROPERTIES AND EQUIPMENT, NET

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount</u>			
Land	\$ 14,969,285	\$ 14,706,278	\$ 14,695,721
Buildings	13,843,065	12,920,775	12,779,001
Computers	2,740,047	2,813,881	2,767,986
Transportation equipment	456,520	444,029	393,255
Miscellaneous equipment	1,526,555	1,539,979	1,520,749
Prepayments for properties and equipment	<u>1,272,811</u>	<u>2,283,790</u>	<u>1,879,655</u>
	<u>\$ 34,808,283</u>	<u>\$ 34,708,732</u>	<u>\$ 34,036,367</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
<u>Cost</u>							
Balance, January 1, 2023	\$ 14,706,278	\$ 18,530,243	\$ 7,690,853	\$ 1,022,451	\$ 4,164,787	\$ 2,283,790	\$ 48,398,402
Addition	258,480	322,851	201,869	41,543	80,255	533,959	1,438,957
Disposal	-	-	(55,432)	(6,987)	(123,097)	-	(185,516)
Net exchange difference	4,527	(24,364)	(5,230)	(551)	(1,604)	(306)	(27,528)
Reclassification and others	-	972,511	142,312	16,540	29,515	(1,544,632)	(383,754)
Balance, June 30, 2023	<u>\$ 14,969,285</u>	<u>\$ 19,801,241</u>	<u>\$ 7,974,372</u>	<u>\$ 1,072,996</u>	<u>\$ 4,149,856</u>	<u>\$ 1,272,811</u>	<u>\$ 49,240,561</u>
Balance, January 1, 2022	\$ 14,693,991	\$ 18,804,234	\$ 7,243,409	\$ 972,460	\$ 4,164,905	\$ 1,394,275	\$ 47,273,274
Addition	-	26,822	130,999	25,467	130,225	763,202	1,076,715
Disposal	(14,027)	(24,594)	(107,366)	(48,275)	(126,924)	-	(321,186)
Net exchange difference	21,547	79,546	14,952	2,966	40,352	1,145	160,508
Reclassification and others	(5,790)	25,802	46,369	3,253	93,116	(278,967)	(116,217)
Balance, June 30, 2022	<u>\$ 14,695,721</u>	<u>\$ 18,911,810</u>	<u>\$ 7,328,363</u>	<u>\$ 955,871</u>	<u>\$ 4,301,674</u>	<u>\$ 1,879,655</u>	<u>\$ 48,073,094</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2023	\$ -	\$ (5,609,468)	\$ (4,876,972)	\$ (578,422)	\$ (2,624,808)	\$ (13,689,670)
Disposal	-	-	55,146	6,793	122,871	184,810
Depreciation expenses	-	(352,237)	(415,945)	(45,102)	(120,627)	(933,911)
Net exchange difference	-	3,529	3,446	255	(737)	6,493
Balance, June 30, 2023	<u>\$ -</u>	<u>\$ (5,958,176)</u>	<u>\$ (5,234,325)</u>	<u>\$ (616,476)</u>	<u>\$ (2,623,301)</u>	<u>\$ (14,432,278)</u>
Balance, January 1, 2022	\$ -	\$ (5,809,347)	\$ (4,249,268)	\$ (569,754)	\$ (2,763,437)	\$ (13,391,806)
Disposal	-	16,308	107,261	48,274	121,920	293,763
Depreciation expenses	-	(328,861)	(407,871)	(39,015)	(115,310)	(891,057)
Net exchange difference	-	(14,358)	(10,499)	(2,121)	(24,098)	(51,076)
Reclassification and others	-	3,449	-	-	-	3,449
Balance, June 30, 2022	<u>\$ -</u>	<u>\$ (6,132,809)</u>	<u>\$ (4,560,377)</u>	<u>\$ (562,616)</u>	<u>\$ (2,780,925)</u>	<u>\$ (14,036,727)</u>

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

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	1 to 20 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amounts</u>			
Land and superficies royalties	\$ 3,732,246	\$ 3,772,244	\$ 3,812,241
Buildings	3,047,375	3,359,786	3,012,502
Office equipment	4,072	6,412	8,668
Transportation equipment	<u>7,411</u>	<u>5,265</u>	<u>3,817</u>
	<u>\$ 6,791,104</u>	<u>\$ 7,143,707</u>	<u>\$ 6,837,228</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			<u>\$ 295,318</u>	<u>\$ 532,196</u>
Depreciation charge for right-of-use assets				
Land and superficieses				
royalties	\$ 19,998	\$ 19,998	\$ 39,997	\$ 39,997
Buildings	279,216	267,515	562,204	548,097
Office equipment	1,111	1,117	2,238	2,232
Transportation equipment	<u>948</u>	<u>959</u>	<u>2,039</u>	<u>1,992</u>
	<u>\$ 301,273</u>	<u>\$ 289,589</u>	<u>\$ 606,478</u>	<u>\$ 592,318</u>

The Company has been subleasing part of its acquired superficieses and above-ground buildings under operating leases. The related right-of-use assets are presented as investment properties. Please refer to Note 17. The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

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

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts	<u>\$ 3,974,200</u>	<u>\$ 4,303,812</u>	<u>\$ 3,955,634</u>

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 \$726,502 thousand, \$774,327 thousand and \$752,511 thousand, respectively.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 6,361	\$ 9,744	\$ 15,599	\$ 22,928
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			\$ (618,661)	\$ (586,756)

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

20. INTANGIBLE ASSETS, NET

	June 30, 2023		December 31, 2022		June 30, 2022	
Goodwill	\$ 4,495,851		\$ 4,487,263		\$ 4,467,240	
Computer software	1,278,237		1,084,592		1,119,729	
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	
	<u>\$ 6,313,105</u>		<u>\$ 6,109,490</u>		<u>\$ 6,114,130</u>	

	Goodwill	Computer Software	Banking Licenses	Core Deposits	Developed Technology	Customer Relationship	Total
Balance, January 1, 2023	\$ 4,487,263	\$ 1,084,592	\$ 490,109	\$ 13,733	\$ 21,891	\$ 11,902	\$ 6,109,490
Separate acquisition	-	164,000	-	-	-	-	164,000
Amortization expenses	-	(350,478)	-	(1,356)	(2,736)	(1,354)	(355,924)
Reclassification	-	383,739	-	-	-	-	383,739
Net exchange difference	8,588	(3,616)	6,828	-	-	-	11,800
Balance, June 30, 2023	<u>\$ 4,495,851</u>	<u>\$ 1,278,237</u>	<u>\$ 496,937</u>	<u>\$ 12,377</u>	<u>\$ 19,155</u>	<u>\$ 10,548</u>	<u>\$ 6,313,105</u>
Balance, January 1, 2022	\$ 4,426,370	\$ 1,249,795	\$ 441,695	\$ 16,445	\$ 27,364	\$ 14,610	\$ 6,176,279
Separate acquisition	-	122,566	-	-	-	-	122,566
Amortization expenses	-	(361,981)	-	(1,356)	(2,737)	(1,354)	(367,428)
Reclassification	-	106,095	-	-	-	-	106,095
Net exchange difference	40,870	3,254	32,494	-	-	-	76,618
Balance, June 30, 2022	<u>\$ 4,467,240</u>	<u>\$ 1,119,729</u>	<u>\$ 474,189</u>	<u>\$ 15,089</u>	<u>\$ 24,627</u>	<u>\$ 13,256</u>	<u>\$ 6,114,130</u>

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

Computer software	2 to 10 years
Core deposits	16 years
Developed technology	11 years
Customer relationship	11 to 17 years

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

21. OTHER ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits, net	\$ 13,737,497	\$ 11,387,043	\$ 10,767,200
Operating deposits and settlement funds	576,658	583,701	583,709
Prepayments	1,196,948	489,187	828,862
Defined benefit assets	848,374	689,543	532,797
Collections for underwriting stock value	380	443,866	177
Others	<u>277,279</u>	<u>152,863</u>	<u>258,917</u>
	<u>\$ 16,637,136</u>	<u>\$ 13,746,203</u>	<u>\$ 12,971,662</u>

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	<u>29,780</u>	<u>26,794</u>	<u>26,408</u>
	<u>\$ 73,387,894</u>	<u>\$ 72,514,434</u>	<u>\$ 73,606,922</u>

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. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$4,120,000 thousand, \$1,740,000 thousand and \$3,820,000 thousand, and the annual discount rates were from 1.32%-1.62%, 1.31%-1.38% and 0.72%-0.95%, as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively. These financial instruments were accepted and guaranteed by financial institutions.

25. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Checks for clearing	\$ 1,990,397	\$ 8,558,300	\$ 1,959,305
Dividends payable	2,855,477	457	8,947,985
Accrued interest	7,660,989	5,665,301	2,598,108
Accrued expenses	4,085,266	5,361,454	3,937,884
Accounts payable	4,047,151	1,863,156	2,696,984
Factored accounts payable	4,377,166	3,211,212	3,736,513
Settlements payable	4,807,869	2,171,613	2,953,090
Acceptances	1,116,716	1,410,606	1,916,290
Payables for short-sale transactions	643,833	1,704,602	824,907
Deposits on short-sale transactions	598,657	1,863,556	748,595
Tax payable	521,864	474,923	389,281
Collections payable	545,116	852,666	11,783,731
Interbank remittance clearing payables	1,988,148	2,075,617	1,740,021
Others	<u>3,199,429</u>	<u>2,273,455</u>	<u>4,685,358</u>
	<u>\$ 38,438,078</u>	<u>\$ 37,486,918</u>	<u>\$ 48,918,052</u>

26. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits			
Checking	\$ 11,448,603	\$ 19,642,986	\$ 13,319,013
Demand	705,142,559	746,940,194	783,316,660
Savings - demand	735,980,591	715,721,562	708,737,911
Time	1,022,184,137	1,006,834,922	912,802,686
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	<u>1,492,817</u>	<u>1,685,053</u>	<u>1,463,732</u>
	<u>\$ 2,946,182,973</u>	<u>\$ 2,902,599,406</u>	<u>\$ 2,776,162,645</u>

27. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Bank debentures	\$ 38,250,000	\$ 37,850,000	\$ 34,850,000
ESFHC's unsecured corporate bonds - first issue in 2019	4,000,000	4,000,000	4,000,000
ESFHC's unsecured corporate bonds - first issue in 2021	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 44,250,000</u>	<u>\$ 43,850,000</u>	<u>\$ 40,850,000</u>

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

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

To strengthen operating capital and fulfill maturing debt obligations, on August 25, 2023, ESFHC's board of directors resolved to apply for the issuance of up to NT\$90 billion in unsecured subordinate corporate bonds. The issuance may occur in multiple tranches, pending regulatory approval.

Details of bank debentures issued by E.SUN 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
			(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,650,000	3,650,000	3,750,000
Two types of subordinated bonds issued on March 30, 2018; interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,000,000	4,000,000	4,000,000
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	-	-	3,000,000
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; E.SUN Bank may redeem the bond after 5 years and one month from the issue date.	4,000,000	4,000,000	4,000,000
Bonds issued on March 19, 2020; interest rate at 0.58%; interest payable annually; principal repayable on maturity (5 years after the issue date).	3,000,000	3,000,000	3,000,000
Two types of bonds issued on October 28, 2021; interest rate at (a) 0.37% for type A bond and (b) 0.47% for type B bond; interest payable annually for both bond types; principal repayable on maturity (3 years for type A bond and 7 years for type B bond after the issue date).	1,600,000	1,600,000	1,600,000
Bonds issued on March 18, 2022; interest rate at 0.71%; interest payable annually; principal repayable on maturity (5 years after the issue date).	1,100,000	1,100,000	1,100,000

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Two types of subordinated bonds issued on June 15, 2022; interest rate at (a) 1.90% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ 2,700,000	\$ 2,700,000	\$ 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	-
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).	<u>1,900,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 38,250,000</u>	<u>\$ 37,850,000</u>	<u>\$ 34,850,000</u> (Concluded)

E.SUN 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 (Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
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	<u>4,980,471</u>	<u>4,651,460</u>	<u>5,952,868</u>
	<u>\$ 41,006,766</u>	<u>\$ 37,805,089</u>	<u>\$ 45,976,699</u> (Concluded)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To strengthen operating capital and capital structure, on November 11, 2022, E.SUN Bank's board of directors approved the issuance of unsecured foreign currency bank debentures and offshore structured products amounting to US\$50,000 thousand (or foreign currency equivalent) with no more than 30 years of maturity and can be issued in installments within 10 years. On January 19, 2023, the FSC approved the issuance of US\$50,000 thousand (or foreign currency equivalent), of unsecured foreign currency bank debentures and E.SUN Bank's application for offshore structured products was approved the issuance of US\$50,000 thousand (or foreign currency equivalent) by the FSC on July 28, 2023.

On July 28, 2023, E.SUN 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, E.SUN Bank may calculate and pay interest at the maturity date and repay the full principal at that time.

On July 28, 2023, E.SUN 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, E.SUN 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, E.SUN 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, E.SUN 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.

28. OTHER BORROWINGS

	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Short-term borrowings	\$ 1,314,262	2.12-6.66	\$ 3,140,581	1.94-6.15	\$ 1,276,947	1.16-2.83
Long-term borrowings	<u>360,473</u>	6.85-7.51	<u>359,910</u>	4.31-4.95	<u>352,465</u>	2.35-4.31
	<u>\$ 1,674,735</u>		<u>\$ 3,500,491</u>		<u>\$ 1,629,412</u>	

29. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Provision for losses on financing commitments	\$ 590,127	\$ 611,342	\$ 580,447
Provision for employee benefits	3,537	3,493	3,739
Provision for losses on guarantees	262,784	331,511	354,424
Others	<u>167,090</u>	<u>168,115</u>	<u>167,728</u>
	<u>\$ 1,023,538</u>	<u>\$ 1,114,461</u>	<u>\$ 1,106,338</u>

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	<u>\$ 130,604</u>	<u>\$ 27,711</u>	<u>\$ 3,364</u>	<u>\$ 161,679</u>	<u>\$ 691,232</u>	<u>\$ 852,911</u>

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	<u>\$ 107,775</u>	<u>\$ 22,401</u>	<u>\$ 2,584</u>	<u>\$ 132,760</u>	<u>\$ 802,111</u>	<u>\$ 934,871</u>

30. POST-EMPLOYMENT BENEFIT PLAN

a. Defined contribution plan

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

The Company recognized expenses of \$223,000 thousand and \$214,902 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.

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

E.SUN Bank makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Workers’ Retirement Preparation Fund, which manages the fund. The difference between the contributions and the pension costs based on actuarial calculations for E.SUN Bank is deposited in a financial institution in the name of the employees’ pension fund administration committee.

E.SUN Securities makes monthly contributions, equal to 4% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan under management of the Bureau. However, E.SUN Securities paused in making monthly contributions from January 2017 to December 2023 with the approval of Department of Labor, Taipei City Government.

Starting from July 1, 2005, the Company has made monthly contributions to the pension fund by the foregoing pension calculation for the employees that choose to continue being subject to the Labor Standards Act.

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

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

- 1) Investment risk: The plan assets are invested in domestic (and foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

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

For the 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 \$2,254 thousand and \$7,390 thousand, respectively.

31. 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	2,490,591	7,187,919	11,883,729
Customers' equity accounts - futures	<u>1,825,781</u>	<u>1,799,499</u>	<u>1,723,884</u>
	<u>\$ 102,154,203</u>	<u>\$ 99,337,181</u>	<u>\$ 89,945,852</u>

32. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Advance receipts	\$ 3,391,695	\$ 3,033,789	\$ 2,824,587
Deferred revenue	722,969	677,997	657,477
Collections for underwriting stock value	321	443,726	118
Others	<u>17,533</u>	<u>12,302</u>	<u>13,472</u>
	<u>\$ 4,132,518</u>	<u>\$ 4,167,814</u>	<u>\$ 3,495,654</u>

33. 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	\$ 14,414,490	\$ 8,777,466	\$ 27,930,903	\$ 16,358,643
From investments	4,453,882	2,116,342	8,387,371	3,782,986
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	1,235,803	237,210	2,150,833	364,273
Others	<u>255,908</u>	<u>78,702</u>	<u>507,651</u>	<u>112,500</u>
	<u>20,862,048</u>	<u>11,688,434</u>	<u>39,978,108</u>	<u>21,574,206</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expense				
From deposits	\$ (11,930,291)	\$ (3,205,620)	\$ (23,057,865)	\$ (5,243,824)
From due to the Central Bank and other banks	(550,380)	(212,767)	(1,053,243)	(342,975)
From issuing bonds payable	(167,307)	(140,912)	(330,145)	(278,756)
From lease liabilities	(11,344)	(10,450)	(22,776)	(21,138)
Others	<u>(831,713)</u>	<u>(242,419)</u>	<u>(1,518,734)</u>	<u>(427,333)</u>
	<u>(13,491,035)</u>	<u>(3,812,168)</u>	<u>(25,982,763)</u>	<u>(6,314,026)</u>
	<u>\$ 7,371,013</u>	<u>\$ 7,876,266</u>	<u>\$ 13,995,345</u>	<u>\$ 15,260,180</u> (Concluded)

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fee and commission income				
From credit cards	\$ 2,510,757	\$ 2,173,975	\$ 4,886,938	\$ 4,323,456
From insurance	1,083,473	710,987	2,031,979	1,511,327
From trust business	1,071,426	1,069,981	2,148,671	2,510,683
From loans	516,722	524,890	987,324	1,078,455
From brokerage	625,611	630,214	1,180,363	1,294,452
Others	<u>498,896</u>	<u>498,030</u>	<u>1,025,347</u>	<u>1,090,335</u>
	<u>6,306,885</u>	<u>5,608,077</u>	<u>12,260,622</u>	<u>11,808,708</u>
Service charge and commission expenses				
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	<u>(268,280)</u>	<u>(211,645)</u>	<u>(443,648)</u>	<u>(441,661)</u>
	<u>(1,132,671)</u>	<u>(958,940)</u>	<u>(2,143,731)</u>	<u>(1,986,497)</u>
	<u>\$ 5,174,214</u>	<u>\$ 4,649,137</u>	<u>\$ 10,116,891</u>	<u>\$ 9,822,211</u>

35. 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	\$ 20,075	\$ 602,205	\$ 10,712,860	\$ 16,938,919	\$ 28,274,059
Held-for-trading financial liabilities	-	-	(6,135,561)	(20,393,168)	(26,528,729)
Financial liabilities designated as at fair value through profit or loss	-	(599,734)	-	1,326,911	727,177
	<u>\$ 20,075</u>	<u>\$ 2,471</u>	<u>\$ 4,577,299</u>	<u>\$ (2,127,338)</u>	<u>\$ 2,472,507</u>
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	\$ 20,020	\$ 502,164	\$ 5,196,638	\$ 39,071,564	\$ 44,790,386
Held-for-trading financial liabilities	-	-	(3,703,006)	(44,014,856)	(47,717,862)
Financial liabilities designated as at fair value through profit or loss	-	(561,776)	-	2,914,236	2,352,460
	<u>\$ 20,020</u>	<u>\$ (59,612)</u>	<u>\$ 1,493,632</u>	<u>\$ (2,029,056)</u>	<u>\$ (575,016)</u>
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	\$ 27,545	\$ 1,240,680	\$ 19,919,394	\$(15,588,044)	\$ 5,599,575
Held-for-trading financial liabilities	-	-	(12,109,529)	13,549,241	1,439,712
Financial liabilities designated as at fair value through profit or loss	-	(1,190,820)	-	660,450	(530,370)
	<u>\$ 27,545</u>	<u>\$ 49,860</u>	<u>\$ 7,809,865</u>	<u>\$ (1,378,353)</u>	<u>\$ 6,508,917</u>
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	\$ 26,806	\$ 1,381,638	\$ 8,756,086	\$ 64,346,926	\$ 74,511,456
Held-for-trading financial liabilities	-	-	(5,658,653)	(73,790,548)	(79,449,201)
Financial liabilities designated as at fair value through profit or loss	-	(1,093,260)	-	6,017,864	4,924,604
	<u>\$ 26,806</u>	<u>\$ 288,378</u>	<u>\$ 3,097,433</u>	<u>\$ (3,425,758)</u>	<u>\$ (13,141)</u>

36. 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	\$ 3,738,271	\$ 2,985,810	\$ 6,718,249	\$ 5,909,156
Insurance	207,028	202,365	479,442	469,988
Excessive interest from preferential rates	-	-	-	26,744
Post-employment benefits	113,410	113,900	225,254	222,292
Others	169,112	157,534	424,064	394,149
Depreciation expenses	785,481	750,115	1,566,412	1,509,489
Amortization expenses	183,580	180,794	356,277	367,832

Under the Articles of Incorporation of ESFHC, ESFHC accrued employees' compensation and remuneration of directors at the rates from 2.0% to 5.0% and no higher than 0.9%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors (after offsetting accumulated deficit). For the six months ended June 30, 2023 and 2022, the employees' compensation were \$319,332 thousand and \$214,494 thousand, respectively; and the remuneration of directors were \$55,000 thousand and \$37,000 thousand, respectively.

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

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

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

ESFHC announced the distribution of 17,900 thousand shares and 20,500 thousand shares as employees' compensation for 2022 and 2021, respectively, which were determined by the closing price (NT\$25.40 and NT\$29.90) of the day before the board of directors approved the distribution.

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

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

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

37. INCOME TAX

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

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

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Current period	\$ 1,339,463	\$ 952,622	\$ 2,732,161	\$ 2,186,588
Additional income tax on unappropriated earnings	46,860	10,610	46,860	10,610
Prior year's adjustments	<u>(31,070)</u>	<u>(81,484)</u>	<u>(31,070)</u>	<u>(81,484)</u>
	<u>1,355,253</u>	<u>881,748</u>	<u>2,747,951</u>	<u>2,115,714</u>
Deferred tax				
Current period	<u>(144,254)</u>	<u>251,223</u>	<u>(47,766)</u>	<u>29,738</u>
Income tax expense recognized in profit or loss	<u>\$ 1,210,999</u>	<u>\$ 1,132,971</u>	<u>\$ 2,700,185</u>	<u>\$ 2,145,452</u>

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	<u>22,542</u>	<u>3,164</u>	<u>23,226</u>	<u>3,164</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current period				
Income tax relating to items that will not be reclassified subsequently to profit or loss				
Fair value changes of financial assets in equity instruments at fair value through other comprehensive income	\$ 1,139	\$ (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	<u>(70,006)</u>	<u>(428,989)</u>	<u>176,339</u>	<u>(1,163,881)</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ (5,102)</u>	<u>\$ (328,935)</u>	<u>\$ 154,207</u>	<u>\$ (826,433)</u>

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

<u>ESFHC</u>	<u>E.SUN Bank</u>	<u>E.SUN Securities</u>	<u>ESVC</u>
2017	2017	2017	2017

38. EARNINGS PER SHARE

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

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
<u>For the three months ended June 30, 2023</u>			
Basic earnings per share	\$ 4,500,722	15,417,646	\$ <u>0.29</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>12,258</u>	
Diluted earnings per share	\$ <u>4,500,722</u>	<u>15,429,904</u>	\$ <u>0.29</u>
<u>For the three months ended June 30, 2022</u>			
Basic earnings per share	\$ 2,759,405	14,815,798	\$ <u>0.19</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>7,396</u>	
Diluted earnings per share	\$ <u>2,759,405</u>	<u>14,823,194</u>	\$ <u>0.19</u>
<u>For the six months ended June 30, 2023</u>			
Basic earnings per share	\$ 10,542,913	15,122,341	\$ <u>0.70</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>17,203</u>	
Diluted earnings per share	\$ <u>10,542,913</u>	<u>15,139,544</u>	\$ <u>0.70</u>
<u>For the six months ended June 30, 2022</u>			
Basic earnings per share	\$ 7,084,672	14,807,687	\$ <u>0.48</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>15,507</u>	
Diluted earnings per share	\$ <u>7,084,672</u>	<u>14,823,194</u>	\$ <u>0.48</u>

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 in 2023, the earnings per share was retrospectively adjusted as follows:

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Before retrospective adjustment				
Basic earnings per share	\$ <u>0.30</u>	\$ <u>0.19</u>	\$ <u>0.72</u>	\$ <u>0.50</u>
Diluted earnings per share	\$ <u>0.30</u>	\$ <u>0.19</u>	\$ <u>0.72</u>	\$ <u>0.50</u>
After retrospective adjustment				
Basic earnings per share	\$ <u>0.29</u>	\$ <u>0.19</u>	\$ <u>0.70</u>	\$ <u>0.48</u>
Diluted earnings per share	\$ <u>0.29</u>	\$ <u>0.19</u>	\$ <u>0.70</u>	\$ <u>0.48</u>

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

39. EQUITY

a. Capital stock

Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized number of shares (in thousands)	20,000,000	20,000,000	20,000,000
Authorized capital	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000
Number of shares issued (in thousands)	15,075,100	14,275,100	13,354,600
Common stock issued	\$ 150,751,000	\$ 142,751,000	\$ 133,546,000

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

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

On February 20, 2023, the ESFHC's board of directors resolved to issue 800,000 thousand ordinary shares. The ESFHC has decided on \$20 per share, which increased the share capital issued. The issuance was approved by the MOEA.

In 2023, the stockholders of ESFHC resolved to use \$5,710,000 thousand from the 2022 unappropriated earnings as a stock bonus to stockholders and \$454,660 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 588,900 thousand shares, were approved by the FSC. The date of issuance is August 3, 2023. This issuance was approved by the MOEA.

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

The GDS holders are entitled to present their GDSs for cancellation and receive the corresponding number of underlying common shares, and the common shares can be traded in the domestic stock exchange market. As of June 30, 2023, ESFHC issued 507 thousand units (equal to 12,684 thousand shares) because of capital increase, the deposit agents reissued 5,529 thousand units (equal to 138,218 thousand shares), and the GDS holders had canceled 20,828 thousand units (equal to 520,695 thousand shares). Therefore, the outstanding GDSs were 8 thousand units, which were equal to 207 thousand shares, or 0.001373% of ESFHC's total outstanding common shares.

b. Capital surplus

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

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

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

As of June 30, 2023, the capital surplus came from treasury stock transactions and the issuance of shares in excess of par value. Capital surplus sources and uses were as follows:

Sources

From subsidiaries

Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 413,733
Legal reserve	2,776,834
Special reserve	109,230
Unappropriated earnings	<u>2,919,727</u>
	6,219,524
Total capital stock of subsidiaries in excess of ESFHC's issuance	<u>600,000</u>
Balance on January 28, 2002	6,819,524
From E.SUN Securities Investment Trust Corp. (ESSIT) which became a 100% subsidiary of ESFHC in 2003 through a share swap	
Legal reserve	4,350
Unappropriated earnings	<u>7,861</u>
	6,831,735
Corporate bonds converted into capital stock	7,407,345
Treasury stock transactions recognized from subsidiaries	3,015,943
Transferring of shares to employees by subsidiaries	483
Cash dividends from ESFHC received by subsidiaries	208,161
Transferring of shares to employees by ESFHC	157,897
The difference between par value and issue price for the issuance of common stock from bonus to employees	401,166
The difference between par value and issue price for the issuance of common stock from compensation to employees	2,137,408
Additional paid-in capital from ESFHC's share issuance in excess of par value	18,562,422
Share-based payment for the subscription for ESFHC's new shares by the employees of ESFHC and its subsidiaries	<u>1,126,826</u>
	39,849,386
	(Continued)

Uses

Remuneration of directors and supervisors and bonus to employees by subsidiaries	\$ (156,458)
Issuance of ESFHC's stock dividends in 2002	(1,800,000)
Offset of deficit in 2003	(3,091,451)
Difference between par value and issue price for the issuance of common stock from bonus to employees in 2009	<u>(980)</u>
	<u>\$ 34,800,497</u>
	(Concluded)

c. Special reserve

	June 30, 2023	December 31, 2022	June 30, 2022
Reclassification of the trading loss reserve and default loss reserve	\$ 164,235	\$ 164,235	\$ 164,235
The debit balance of other equity	<u>5,367,107</u>	<u>1,074,086</u>	<u>1,074,086</u>
	<u>\$ 5,531,342</u>	<u>\$ 1,238,321</u>	<u>\$ 1,238,321</u>

Under FSC guidelines, ESFHC reclassified the trading loss reserve and default loss reserve made before 2010 to special reserve. This reclassification is only allowed when in adherence to regulatory mandates, and any other usage is expressly forbidden. The special reserve from equity investments under the equity method was \$164,235 thousand.

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

d. Appropriation of earnings

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

If made a profit in annual accounts, the profit shall be first utilized for paying all taxes, offsetting the deficit of previous years, setting aside a legal reserve and special reserve in accordance with related regulations, setting aside a special reserve if needed, and then any remaining profit together with the reversal of special reserve and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders. ESFHC may distribute cash dividends and (or) stock dividends in accordance with its operating strategy and future capital planning to determine the most appropriate dividend policy. Cash dividends must be at least 10% of total dividends declared unless the resulting cash dividend per share falls below NT\$0.10.

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

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

The appropriations of earnings for 2022 and 2021 that were approved in the stockholders' meetings on June 9, 2023 and June 17, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 1,532,804	\$ 2,113,352		
Special reserve	4,293,021	1,074,086		
Cash dividends	2,855,020	8,947,582	\$0.19	\$0.67
Stock dividends	5,710,000	9,000,000	0.38	0.67

Under any condition causing changes in both numbers of ESFHC's outstanding shares and dividends per share after above approved appropriations of earnings for 2022, the chairman of the board of directors was given authorization to adjust the ratios of cash and stock dividends to ESFHC's outstanding shares.

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

e. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Balance, January 1	\$ 164,678	\$ 158,753
Share-based payment for the subscription of new shares by employees	2,139	-
Cash dividends distributed by subsidiary	-	(18,107)
Attributable to non-controlling interests:		
Net income	6,956	10,373
Exchange differences on the translation of financial statements of foreign operations	<u>68</u>	<u>349</u>
Balance, June 30	<u>\$ 173,841</u>	<u>\$ 151,368</u>

40. RELATED-PARTY TRANSACTIONS

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

a. Related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	Related parties in substance
Others	Key management of the Company and other related parties

b. Significant transactions between the Company and related parties

1) Loans and deposits

a) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
<u>For the six months ended June 30, 2023</u>				
Key management	\$ 453,200	\$ 429,239	\$ 3,183	
Others	<u>4,276,674</u>	<u>3,967,822</u>	<u>31,781</u>	
	<u>\$ 4,729,874</u>	<u>\$ 4,397,061</u>	<u>\$ 34,964</u>	1.70-2.53
<u>For the six months ended June 30, 2022</u>				
Key management	\$ 394,189	\$ 358,403	\$ 2,192	
Others	<u>3,496,031</u>	<u>3,134,323</u>	<u>18,984</u>	
	<u>\$ 3,890,220</u>	<u>\$ 3,492,726</u>	<u>\$ 21,176</u>	1.37-2.10

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
<u>For the six months ended June 30, 2023</u>				
Key management	\$ 1,196,691	\$ 501,923	\$ 2,281	
Others	<u>5,725,770</u>	<u>3,603,243</u>	<u>22,350</u>	
	<u>\$ 6,922,461</u>	<u>\$ 4,105,166</u>	<u>\$ 24,631</u>	0-6.55

(Continued)

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the six months ended <u>June 30, 2022</u>				
Key management	\$ 1,269,985	\$ 528,013	\$ 486	
Others	<u>2,436,493</u>	<u>1,644,621</u>	<u>4,272</u>	
	<u>\$ 3,706,478</u>	<u>\$ 2,172,634</u>	<u>\$ 4,758</u>	0-4.40 (Concluded)

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

	June 30, 2023	December 31, 2022	June 30, 2022
2) Interest receivable (part of receivables)			
Key management	\$ 351	\$ 307	\$ 245
Others	<u>3,029</u>	<u>2,653</u>	<u>1,942</u>
	<u>\$ 3,380</u>	<u>\$ 2,960</u>	<u>\$ 2,187</u>
3) Interest payable (part of payables)			
Key management	\$ 366	\$ 300	\$ 110
Others	<u>5,221</u>	<u>2,192</u>	<u>1,180</u>
	<u>\$ 5,587</u>	<u>\$ 2,492</u>	<u>\$ 1,290</u>
	For the Six Months Ended June 30		
	2023	2022	

4) Donation (part of general and administrative expenses)

Others - E.SUN Volunteer & Social Welfare Foundation	<u>\$ 25,959</u>	<u>\$ 20,461</u>
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The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity.

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

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

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

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

1) E.SUN Bank

a) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
Subsidiaries	\$ 5,046,624	\$ 4,797,408	\$ 139,278	
Sister companies	70,000	-	5	
Key management	453,200	429,239	3,183	
Others	<u>4,242,151</u>	<u>3,934,127</u>	<u>31,498</u>	
	<u>\$ 9,811,975</u>	<u>\$ 9,160,774</u>	<u>\$ 173,964</u>	1.70-6.41
For the six months ended <u>June 30, 2022</u>				
Subsidiaries	\$ 4,554,023	\$ 4,167,585	\$ 25,217	
Key management	355,289	319,503	1,967	
Others	<u>3,416,495</u>	<u>3,059,513</u>	<u>18,518</u>	
	<u>\$ 8,325,807</u>	<u>\$ 7,546,601</u>	<u>\$ 45,702</u>	1.37-2.65

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the six months ended <u>June 30, 2023</u>				
ESFHC	\$ 28,329,061	\$ 2,374,346	\$ 8,839	
Subsidiaries	89,677	6,235	38	
Sister companies	2,958,733	2,695,318	14,674	
Key management	1,196,691	501,923	2,281	
Others	<u>5,715,502</u>	<u>3,599,720</u>	<u>22,331</u>	
	<u>\$ 38,289,664</u>	<u>\$ 9,177,542</u>	<u>\$ 48,163</u>	0-6.55
For the six months ended <u>June 30, 2022</u>				
ESFHC	\$ 9,137,050	\$ 8,039,568	\$ 1,396	
Subsidiaries	79,743	24,710	2	
Sister companies	10,089,525	2,813,855	3,331	
Key management	861,115	411,355	460	
Others	<u>2,414,986</u>	<u>1,628,553</u>	<u>4,242</u>	
	<u>\$ 22,582,419</u>	<u>\$ 12,918,041</u>	<u>\$ 9,431</u>	0-4.40

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

	June 30, 2023	December 31, 2022	June 30, 2022
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)			
ESBC	\$ <u>8,156,180</u>	\$ <u>8,274,660</u>	\$ <u>7,266,670</u>
d) Accounts receivable (part of receivables)			
Sister companies	\$ <u>294,899</u>	\$ <u>-</u>	\$ <u>1,288,475</u>
e) Call loans from banks (part of deposits from the Central Bank and other banks)			
Sister companies	\$ <u>560,376</u>	\$ <u>553,032</u>	\$ <u>-</u>
f) Deposits from banks (part of deposits from the Central Bank and other banks)			
Subsidiaries	\$ <u>96,410</u>	\$ <u>515,509</u>	\$ <u>78,852</u>
g) Remuneration of directors (part of payables)			
ESFHC	\$ <u>106,000</u>	\$ <u>72,000</u>	\$ <u>102,000</u>
h) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	\$ <u>1,795,144</u>	\$ <u>1,247,468</u>	\$ <u>1,677,481</u>

The consolidated tax return receivable and payable refer to ESFHC's filed consolidated corporate tax returns from 2003.

	For the Six Months Ended June 30	
	2023	2022
i) Interest revenue from call loans to banks		
Subsidiaries	\$ <u>121,867</u>	\$ <u>73,168</u>

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

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

2) E.SUN Securities

- a) Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits	\$ 412,946	\$ 621,480	\$ 419,998
Financial asset at amortized cost - current	\$ 175,000	\$ 297,896	\$ 75,000
Deposits - futures exchange margins	\$ 769,984	\$ 357,260	\$ 583,651
Restricted assets - current	\$ 244,000	\$ 214,000	\$ 214,000
Operating deposits	\$ 445,000	\$ 445,000	\$ 445,000
Deposits - settlements	\$ 253,200	\$ 138,973	\$ 254,834
Deposits - collections for underwriting stock value	\$ 380	\$ 443,866	\$ 177

- b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to \$4,500,000 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022. For this overdraft, E.SUN Securities provided time deposits and real estate to E.SUN Bank as collaterals. Other financial institutions provided guarantee for the overdraft. As of June 30, 2023, December 31, 2022 and June 30, 2022, there was no overdraft amount.
- c) For its business needs, E.SUN Securities applied for a short-term loan up to \$200,000 thousand from E.SUN Bank.
- d) The amount of dividends payable to parent company (part of other payables) as of June 30, 2023 and 2022 were \$665,200 thousand and \$1,207,640 thousand, respectively.

	June 30, 2023	December 31, 2022	June 30, 2022
e) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	\$ 105,050	\$ 50,650	\$ 141,249
f) Accounts payable for settlement (part of payables)			
Sister companies	\$ 294,899	\$ -	\$ 1,288,475

3) ESVC

- a) Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits - E.SUN Bank	\$ 324,294	\$ 371,766	\$ 745,721

- b) The amount of dividends payable to parent company as of June 30, 2023 and 2022 were \$45,000 thousand and \$260,000 thousand, respectively.

d. 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	\$ 191,594	\$ 192,570
Post-employment benefits	1,354	1,489
Interest arising from the employees' preferential rates in excess of normal rates	-	86
	<u>\$ 192,948</u>	<u>\$ 194,145</u>

41. 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)	<u>8,241,106</u>	<u>8,345,679</u>	<u>5,983,074</u>
	<u>\$ 39,563,983</u>	<u>\$ 38,819,818</u>	<u>\$ 36,160,896</u>

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 E.SUN Bank's liquidity reserve. For covering its call loans from the CB, E.SUN Bank had provided collaterals consisting of securities with aggregate face values of \$5,000,000 thousand as of 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, E.SUN Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. The information on the securities and loans pledged by the Branch for this access was as follows:

(In Thousands of U.S. Dollars)

Date	Pledged Amount	Collateral Value
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.

42. CONTINGENCIES AND COMMITMENTS

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

- a. E.SUN Bank

As of June 30, 2023, agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by E.SUN Bank's branches amounted to approximately \$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.

43. 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
<u>Financial assets</u>						
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
<u>Financial liabilities</u>						
Bonds payable	44,250,000	43,750,890	43,850,000	43,052,564	40,850,000	40,787,044

Fair value hierarchy as of June 30, 2023

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 438,445,643	\$ 58,395,993	\$ 380,049,650	\$ -

Financial liabilities

Bonds payable	43,750,890	-	43,750,890	-
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Fair value hierarchy as of December 31, 2022

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

Financial liabilities

Bonds payable	43,052,564	-	43,052,564	-
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Fair value hierarchy as of June 30, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 347,460,482	\$ 31,933,389	\$ 315,527,093	\$ -

Financial liabilities

Bonds payable	40,787,044	-	40,787,044	-
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The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

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

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

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

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollars, U.S. dollars, etc.) to be used for payments. As of 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
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 57,322,581	\$ 330,441	\$ 56,992,140	\$ -
Equity instruments	6,533,143	4,141,150	-	2,391,993
Debt instruments	112,195,118	10,863,455	101,331,663	-
Others	121,737,802	362,836	121,374,966	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	15,777,525	14,017,067	-	1,760,458
Debt instruments	349,442,799	158,448,850	190,993,949	-
<u>Financial assets - hedging, net</u>				
Derivative instruments	10,603	-	10,603	-
<u>Financial liabilities at fair value through profit or loss</u>				
Held-for-trading - derivative instruments	49,461,807	-	49,461,807	-
Held-for-trading - others	5,932	5,932	-	-
Financial liabilities designated as at fair value through profit or loss	41,006,766	-	41,006,766	-

December 31, 2022				
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 61,908,060	\$ 279,127	\$ 61,628,933	\$ -
Equity instruments	4,936,592	2,607,439	-	2,329,153
Debt instruments	120,599,359	8,624,036	111,975,323	-
Others	173,305,262	125,529	173,179,733	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,546,562	13,152,115	-	1,394,447
Debt instruments	333,170,304	149,175,333	183,994,971	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	51,764,562	-	51,764,562	-
Financial liabilities designated as at fair value through profit or loss	37,805,089	-	37,805,089	-
June 30, 2022				
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 69,453,380	\$ 309,521	\$ 69,143,859	\$ -
Equity instruments	5,224,999	2,887,386	-	2,337,613
Debt instruments	117,012,805	283,795	116,729,010	-
Others	194,073,617	164,844	193,908,773	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	19,704,130	18,185,320	-	1,518,810
Debt instruments	323,721,223	163,660,525	160,060,698	-
<u>Financial liabilities at fair value through profit or loss</u>				
Held-for-trading - derivative instruments	48,265,976	-	48,265,976	-
Held-for-trading - others	5,211	5,211	-	-
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 at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 2,329,153	\$ 1,394,447
Valuation recognized in profit or loss	77,625	-
Valuation recognized in other comprehensive income	-	316,056
Acquisitions	287,023	51,480
Transfers into Level 3	1,088	-
Disposals	(47,269)	(1,824)
Transfers out of Level 3 (Note)	(255,627)	-
Change in exchange rates	-	299
Balance at June 30, 2023	<u>\$ 2,391,993</u>	<u>\$ 1,760,458</u>
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ (10,283)</u>	

For the six months ended June 30, 2022

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 2,131,302	\$ 1,433,269
Valuation recognized in profit or loss	602,239	-
Valuation recognized in other comprehensive income	-	94,709
Acquisitions	261,039	35,715
Disposals	(21,097)	(15,898)
Transfers out of Level 3 (Note)	(635,870)	(30,229)
Change in exchange rates	-	1,244
Balance at June 30, 2022	<u>\$ 2,337,613</u>	<u>\$ 1,518,810</u>
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ 169,936</u>	

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

e. Valuation process on fair value in Level 3

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

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

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

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 profit or loss					
Investments in equity instruments	\$ 1,387,342	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,004,651	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	864,257	Market approach	Lack of liquidity discount	5%-30%	The higher the lack of liquidity, the lower the fair value is
	277,922	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	618,279	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

December 31, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 1,062,625	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,266,528	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

(Continued)

	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	\$ 731,724	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	108,021	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; -%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	554,702	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
					(Concluded)

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 profit or loss					
Investments in equity instruments	\$ 868,542	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,469,071	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	685,900	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	216,436	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; -%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	616,474	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

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 Reflected in Profit or Loss for the Current Period		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 239,199	\$ (239,199)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	176,046	(176,046)

December 31, 2022

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

June 30, 2022

	Changes in Fair Value Reflected in Profit or Loss for the Current Period		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss				
Investments in equity instruments	\$ 233,761	\$ (233,761)	\$ -	\$ -
Financial assets at fair value through other comprehensive income				
Investments in equity instruments	-	-	151,881	(151,881)

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	<u>53,584,085</u>	<u>51,650,659</u>	<u>49,922,496</u>
	<u>\$ (12,577,319)</u>	<u>\$ (13,845,570)</u>	<u>\$ (3,945,797)</u>
			Change in Fair Values Resulting from Credit Risk Variations
Accumulated amount of change			
As of June 30, 2023			<u>\$ (3,865,600)</u>
As of December 31, 2022			<u>\$ (5,794,301)</u>
As of June 30, 2022			<u>\$ 721,419</u>

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

i. Information on financial risk management

1) ESFHC

a) Risk management

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

b) Market risk

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

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

The operation of ESFHC involves currencies different from its functional currency, i.e., foreign currencies; thus, ESFHC is exposed to foreign-exchange risks. As of June 30, 2023, December 31, 2022 and June 30, 2022, ESFHC does not conduct any businesses involves currencies different from its functional currency.

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

c) Credit risk

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

d) Liquidity risk

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

2) E.SUN Bank and its subsidiaries

a) Risk management

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

b) Credit risk

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

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

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

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

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

E.SUN Bank and its subsidiaries adopt the 12-month ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that is credit impaired.

E.SUN Bank and its subsidiaries consider both the 12-month and lifetime probability of default (PD) of the borrower with the loss given default (LGD), multiplying, the exposure at default (EAD), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

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

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

E.SUN Bank and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days, or the credit investigation appears to be abnormal, E.SUN Bank and its subsidiaries determine that the financial assets are defaulted and credit impaired.

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

For risk management purposes, E.SUN Bank and its subsidiaries rate credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

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

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

E.SUN Bank and its subsidiaries evaluate the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, E.SUN Bank and its subsidiaries annually conduct validity tests and back testing on the models using data on customers' actual defaults.

ii. Due from and call loans to other banks

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

iii. Investments in debt instruments and derivatives

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

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	<u>(105,130)</u>	<u>(36,009)</u>	<u>(141,139)</u>
Amortized cost	359,729,718	<u>\$ 444,568,244</u>	804,297,962
Adjustment to fair value	<u>(10,856,233)</u>		<u>(10,856,233)</u>
	<u>\$ 348,873,485</u>		<u>\$ 793,441,729</u>

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	<u>(113,585)</u>	<u>(31,161)</u>	<u>(144,746)</u>
Amortized cost	344,843,961	<u>\$ 401,405,743</u>	746,249,704
Adjustment to fair value	<u>(12,232,382)</u>		<u>(12,232,382)</u>
	<u>\$ 332,611,579</u>		<u>\$ 734,017,322</u>

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	<u>(95,128)</u>	<u>(21,283)</u>	<u>(116,411)</u>
Amortized cost	333,611,467	<u>\$ 351,967,026</u>	685,578,493
Adjustment to fair value	<u>(10,438,379)</u>		<u>(10,438,379)</u>
	<u>\$ 323,173,088</u>		<u>\$ 675,140,114</u>

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

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

E.SUN Bank and its subsidiaries consider the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. E.SUN Bank and its subsidiaries' current credit risk grading framework comprises the following categories:

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		Total
	Performing (12-Month ECL)	Credit Risk Has Increased Significantly (Expected Credit Loss and No Credit Loss During the Duration)	
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	<u>(348)</u>	<u>44</u>	<u>(304)</u>
Balance at June 30, 2023	<u>\$ 141,139</u>	<u>\$ -</u>	<u>\$ 141,139</u>

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	<u>1,598</u>
Balance at June 30, 2022	<u>\$ 116,411</u>

E.SUN Bank and its subsidiaries identify and manage credit risks from debt instruments using external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparties risks.

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

E.SUN Bank and its subsidiaries classify the debt instruments and derivatives into different categories, which are mainly based on the credit ratings provided by external credit agencies (Moody's, S&P, Fitch or Taiwan Ratings).

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

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

E.SUN Bank and its subsidiaries settle most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

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

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)
	<u>\$ 1,336,606,890</u>	<u>\$ 827,011</u>	<u>\$ 76,416</u>	<u>\$ (691,232)</u>	<u>\$ 1,336,819,085</u>

December 31, 2022

	12-Month ECL	Lifetime ECL	Lifetime ECL (Credit-Impaired Financial Assets)	Difference of Impairment Loss Under Regulations	Total
Maximum exposure to credit risk	\$ 1,323,790,657	\$ 1,221,986	\$ 66,892	\$ -	\$ 1,325,079,535
Allowance for possible losses	(110,707)	(47,755)	(3,228)	-	(161,690)
Difference of impairment loss under regulations	-	-	-	(781,163)	(781,163)
	<u>\$ 1,323,679,950</u>	<u>\$ 1,174,231</u>	<u>\$ 63,664</u>	<u>\$ (781,163)</u>	<u>\$ 1,324,136,682</u>

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)
	<u>\$ 1,262,612,604</u>	<u>\$ 1,358,781</u>	<u>\$ 90,272</u>	<u>\$ (802,111)</u>	<u>\$ 1,263,259,546</u>

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

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

June 30, 2023

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

December 31, 2022

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

June 30, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,502,366	\$ -	\$ -	\$ -	\$ -
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. E.SUN Bank and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Group or industry, regions and collaterals that were 10% or more of total outstanding loans of E.SUN Bank were as follows:

Credit Risk Profile by Group or Industry	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	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		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	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		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	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 E.SUN Bank and its subsidiaries, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have rather high credit ratings.

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

	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	<u>46,825,079</u>	<u>21,600,401</u>	<u>22,704,576</u>
Carrying amount	1,967,878,684	1,942,716,929	1,880,550,538
Allowance for possible losses	<u>(1,699,067)</u>	<u>(1,594,898)</u>	<u>(1,694,749)</u>
	<u>\$ 1,966,179,617</u>	<u>\$ 1,941,122,031</u>	<u>\$ 1,878,855,789</u>

c) Market risk

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

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

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

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

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

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

Effects of interest rate benchmark reform

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 at 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	\$ 3,480,720
Investments in debt instruments at amortized cost	623,004
Discounts and loans	<u>11,304,924</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 15,408,648</u>

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

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

Information on the VaR of E.SUN Bank was as follows:

For the six months ended June 30, 2023

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	June 30, 2023
<u>By risk type</u>				
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	<u>(9,472,444)</u>	-	-	<u>(8,330,767)</u>
Total risk exposure	<u>\$ 7,972,113</u>			<u>\$ 8,438,155</u>

For the year ended December 31, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2022	June 30, 2022
<u>By risk type</u>					
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	<u>(8,318,495)</u>	-	-	<u>(9,409,144)</u>	<u>(10,225,415)</u>
Total risk exposure	<u>\$ 6,981,011</u>			<u>\$ 8,171,659</u>	<u>\$ 6,765,961</u>

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

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

d) Liquidity risk

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

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

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

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

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

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

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

i. Derivative financial liabilities to be settled at net amounts

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

ii. 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

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

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

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	\$ 57,322,581	\$ -	\$ 57,322,581	\$ (32,910,648)	\$ (3,564,602)	\$ 20,847,331
Resell agreements	10,958,978	-	10,958,978	(10,958,978)	-	-
Settlements	16,221	(15,660)	561	-	-	561
	<u>\$ 68,297,780</u>	<u>\$ (15,660)</u>	<u>\$ 68,282,120</u>	<u>\$ (43,869,626)</u>	<u>\$ (3,564,602)</u>	<u>\$ 20,847,892</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 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	74,106	(33,160)	40,946	-	-	40,946
	<u>\$ 69,390,932</u>	<u>\$ (33,160)</u>	<u>\$ 69,357,772</u>	<u>\$ (52,765,667)</u>	<u>\$ (12,118,520)</u>	<u>\$ 4,473,585</u>

December 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 61,908,060	\$ -	\$ 61,908,060	\$ (35,552,553)	\$ (7,849,094)	\$ 18,506,413
Resell agreements	7,892,518	-	7,892,518	(7,892,518)	-	-
Settlements	11,964	-	11,964	-	-	11,964
	<u>\$ 69,812,542</u>	<u>\$ -</u>	<u>\$ 69,812,542</u>	<u>\$ (43,445,071)</u>	<u>\$ (7,849,094)</u>	<u>\$ 18,518,377</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 51,764,562	\$ -	\$ 51,764,562	\$ (35,552,553)	\$ (9,847,389)	\$ 6,364,620
Repurchase agreements	18,535,596	-	18,535,596	(18,535,596)	-	-
Settlements	384	-	384	-	-	384
	<u>\$ 70,300,542</u>	<u>\$ -</u>	<u>\$ 70,300,542</u>	<u>\$ (54,088,149)</u>	<u>\$ (9,847,389)</u>	<u>\$ 6,365,004</u>

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	\$ 69,453,380	\$ -	\$ 69,453,380	\$ (31,066,613)	\$ (12,434,623)	\$ 25,952,144
Resell agreements	1,684,658	-	1,684,658	(1,684,658)	-	-
Settlements	67,076	(43,072)	24,004	-	-	24,004
	<u>\$ 71,205,114</u>	<u>\$ (43,072)</u>	<u>\$ 71,162,042</u>	<u>\$ (32,751,271)</u>	<u>\$ (12,434,623)</u>	<u>\$ 25,976,148</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 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	620,571	(43,072)	577,499	-	-	577,499
	<u>\$ 66,788,431</u>	<u>\$ (43,072)</u>	<u>\$ 66,745,359</u>	<u>\$ (48,968,497)</u>	<u>\$ (9,299,288)</u>	<u>\$ 8,477,574</u>

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

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

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
For the 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 E.SUN Bank and E.SUN Securities were as follows (the amounts below refer to E.SUN Bank):

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

45. CAPITAL MANAGEMENT

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

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

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

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

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations. The CARs of E.SUN Securities as of June 30, 2023, December 31, 2022 and June 30, 2022 were 565%, 680% and 391%, respectively.

Please refer to related information in Table 14 (attached).

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

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

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

(In Thousands of New Taiwan Dollars, %)

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 Current Period's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Period's Equity
1	Group A Manufacture of other electronic parts and components not elsewhere classified	\$ 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. E.SUN Bank’s 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 E.SUN Bank (i.e., excluding foreign currency).

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

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

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

Interest Rate Sensitivity (U.S. Dollars)

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

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 E.SUN Bank and excluded contingent assets and contingent liabilities.

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

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

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

d. Profitability

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

Unit: %

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.75	0.56
	After income tax	0.60	0.43
Return on equity	Before income tax	12.62	9.78
	After income tax	10.05	7.51
Net income ratio		33.70	27.62

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	9.63	7.00
	After income tax	9.60	6.99
Return on equity	Before income tax	10.09	7.52
	After income tax	10.05	7.50
Net income ratio		98.10	97.74

3) E.SUN Bank

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

4) E.SUN Securities

Unit: %

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	7.33	5.29
	After income tax	6.27	4.29
Return on equity	Before income tax	20.99	20.80
	After income tax	17.97	16.86
Net income ratio		40.44	37.78

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

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

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

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

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

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

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

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 E.SUN 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 E.SUN Bank.

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

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

47. E.SUN BANK'S TRUST BUSINESS UNDER THE TRUST ENTERPRISE ACT

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

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

Balance Sheets of Trust Accounts
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	<u>807,207,643</u>	<u>712,069,347</u>	<u>688,462,780</u>	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	<u>5,531,116</u>	<u>(2,060,219)</u>	<u>169,272</u>
Total assets	<u>\$ 1,157,402,373</u>	<u>\$ 1,039,963,972</u>	<u>\$ 1,005,797,959</u>	Total liabilities	<u>\$ 1,157,402,373</u>	<u>\$ 1,039,963,972</u>	<u>\$ 1,005,797,959</u>

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 E.SUN Bank	\$ 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	<u>807,207,643</u>	<u>712,069,347</u>	<u>688,462,780</u>
	<u>\$ 1,157,402,373</u>	<u>\$ 1,039,963,972</u>	<u>\$ 1,005,797,959</u>

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
<u>Revenues</u>		
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	<u>31,142</u>	<u>25,899</u>
Total revenues	<u>9,548,330</u>	<u>8,973,033</u>
<u>Expenses</u>		
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	<u>-</u>	<u>13,900</u>
Total expenses	<u>4,017,214</u>	<u>8,803,761</u>
Net income	<u>\$ 5,531,116</u>	<u>\$ 169,272</u>

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

48. CASH FLOW INFORMATION

a. Non-cash financing activities

The cash dividend approved at ESFHC's stockholders' meeting had not yet been distributed as of June 30, 2023 and 2022 were \$2,855,020 thousand and \$8,947,582 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2023

				Non-cash Changes			
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance	
Short-term borrowings	\$ 3,140,581	\$ (1,834,366)	\$ -	\$ -	\$ 8,047	\$ 1,314,262	
Commercial paper issued	1,739,403	2,380,000	-	-	(2,194)	4,117,209	
Bonds payable	43,850,000	400,000	-	-	-	44,250,000	
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	7,187,919	(4,697,328)	-	-	-	2,490,591	
Lease liabilities	<u>4,303,812</u>	<u>(602,709)</u>	<u>293,908</u>	<u>-</u>	<u>(20,811)</u>	<u>3,974,200</u>	
	<u>\$ 98,386,714</u>	<u>\$ (4,358,771)</u>	<u>\$ 293,908</u>	<u>\$ 1,268,251</u>	<u>\$ 1,923,399</u>	<u>\$ 97,513,501</u>	

For the six months ended June 30, 2022

				Non-cash Changes			
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance	
Due to the Central Bank and other banks	\$ 14,021,010	\$ (14,021,010)	\$ -	\$ -	\$ -	\$ -	
Short-term borrowings	623,780	653,167	-	-	-	1,276,947	
Commercial paper issued	4,788,871	(970,000)	-	-	(491)	3,818,380	
Bonds payable	41,370,000	(520,000)	-	-	-	40,850,000	
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	1,938,732	9,944,997	-	-	-	11,883,729	
Lease liabilities	<u>3,998,061</u>	<u>(558,597)</u>	<u>532,091</u>	<u>-</u>	<u>(15,921)</u>	<u>3,955,634</u>	
	<u>\$ 114,525,206</u>	<u>\$ (5,478,167)</u>	<u>\$ 532,091</u>	<u>\$ (5,947,873)</u>	<u>\$ 4,482,597</u>	<u>\$ 108,113,854</u>	

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

Please refer to Table 5 (attached).

50. BUSINESS SEGMENT FINANCIAL INFORMATION

Please refer to Table 6 (attached).

51. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please refer to Table 15 (attached).

52. E.SUN SECURITIES' FINANCIAL RATIOS OF FUTURES BUSINESS

The financial ratios of E.SUN Securities were in compliance with the requirements of the Regulations Governing Futures Commission Merchants. Please refer to Table 17 (attached).

53. FUTURES BROKERAGE AND DEALING BUSINESS RISK

a. Futures brokerage business

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

b. Futures dealing business

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

54. ADDITIONAL DISCLOSURES

Following are additional disclosures for ESFHC and its investees:

a. Significant transactions and b. investees:

- 1) Financing provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 2) Endorsement/guarantee provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 3) Marketable securities held: ESFHC, E.SUN Bank, UCB, ESBC and E.SUN Securities - not applicable; investee: Table 7 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (ESFHC, E.SUN Bank, UCB and ESBC disclosed its investments acquired or disposed of): E.SUN Securities - not applicable; ESFHC and investee: Table 8 (attached).
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: None.
- 7) Financial asset securitization: None.
- 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 10 (attached).
- 9) Sale of nonperforming loans by subsidiaries: None.
- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 11 (attached).
- 11) Related information and proportionate share in investees: Table 16 (attached).
- 12) Derivative transactions: Notes 8 and 43 to the consolidated financial statements.
- 13) Other significant transactions that may affect the decisions of users of financial reports: None.

c. Investment in mainland China:

The information on major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in mainland China is shown in Table 12 (attached).

- d. Business relationship and significant transactions among the parent company and subsidiaries: Table 13 (attached).
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholder: Table 18 (attached).

55. OPERATING SEGMENTS

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

- a. Corporate banking unit, which handles corporate loans, foreign exchange business, and financial banking operations, etc.;
- b. Individual banking unit, which handles residential mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;
- c. Overseas branches and subsidiaries, including overseas branches and subsidiaries' business; and
- d. Others, including other performance units except for the above operating segments.

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

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

(In Millions of New Taiwan Dollars)

	For the 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	\$ (20,415)	\$ 13,995
Total net revenues (expenses)	\$ 11,235	\$ 21,627	\$ 5,816	\$ (7,374)	\$ 31,304
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(74)	(573)	9	216	(422)
Operating expenses	(2,917)	(10,946)	(1,477)	(2,292)	(17,632)
Income (loss) before income tax	\$ 8,244	\$ 10,108	\$ 4,348	\$ (9,450)	\$ 13,250

	For the Six Months Ended June 30, 2022				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	<u>\$ 5,961</u>	<u>\$ 9,983</u>	<u>\$ 3,135</u>	<u>\$ (3,819)</u>	<u>\$ 15,260</u>
Total net revenues (expenses)	\$ 7,651	\$ 17,387	\$ 3,635	\$ (2,989)	\$ 25,684
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(182)	(402)	(253)	(39)	(876)
Operating expenses	<u>(2,405)</u>	<u>(10,148)</u>	<u>(1,316)</u>	<u>(1,699)</u>	<u>(15,568)</u>
Income (loss) before income tax	<u>\$ 5,064</u>	<u>\$ 6,837</u>	<u>\$ 2,066</u>	<u>\$ (4,727)</u>	<u>\$ 9,240</u>

TABLE 1

E.SUN FINANCIAL HOLDING COMPANY, 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 Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	100.00	100.00	
	E.SUN Securities Co., Ltd.	Taipei	Underwriting, brokering, dealing securities and operating in brokerage of futures	100.00	100.00	100.00	
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	100.00	100.00	
E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	Mainland China	Banking	100.00	100.00	100.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	61.67	61.67	61.67	
E.SUN Venture Capital Co., Ltd.	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	2.40	2.40	2.40	
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Cambodia	Banking	100.00	100.00	100.00	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	90.00	Note
E.SUN Securities Co., Ltd.	E.SUN Securities Investment Consulting Co., Ltd.	Taipei	Security consulting	100.00	100.00	100.00	

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
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	139	\$ 81,830	\$ 67,851	\$ 67,851	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	509	3,660,328	2,855,376	2,855,376	-	Land and buildings	None
Other loans	Others	2,110,939	1,473,834	1,473,834	-	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	\$ 26,459	\$ 26,459	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	401	2,801,292	2,434,364	2,434,364	-	Land and buildings	None
Other loans	Others	1,213,444	1,031,903	1,031,903	-	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.

TABLE 3**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
<u>Financial assets</u>									
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
<u>Financial liabilities</u>									
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

TABLE 4

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 six months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.
- Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).
- Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**

1. ESFHC's financial statements

E.SUN Financial Holding Company, Ltd.

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

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 2,340,360	\$ 441,727	\$ 8,030,158	Payables	\$ 3,361,458	\$ 661,396	\$ 9,380,716
Financial assets at fair value through other comprehensive income	121,187	126,149	138,612	Current tax liabilities	2,154,153	1,451,027	2,184,638
Receivables	833,490	80,203	1,595,779	Corporate bonds payable	6,000,000	6,000,000	6,000,000
Current tax assets	1,900,558	1,351,872	1,869,778	Lease liabilities	149,815	150,813	152,674
Investments under the equity method	228,813,631	203,005,975	189,447,865	Other financial liabilities	<u>62</u>	<u>62</u>	<u>-</u>
Property and equipment, net	1,703	2,680	3,920	Total liabilities	<u>11,665,488</u>	<u>8,263,298</u>	<u>17,718,028</u>
Right-of-use assets	144,763	146,277	148,655	Equity			
Intangible assets	1,842	2,492	3,142	Capital stock	156,640,000	142,751,000	142,751,000
Deferred tax assets	3,526	7,202	6,763	Capital surplus	34,800,497	26,070,164	26,070,164
Other assets	<u>57,347</u>	<u>24,997</u>	<u>45,203</u>	Retained earnings	35,552,088	33,472,219	25,468,643
				Other equity	<u>(4,439,666)</u>	<u>(5,367,107)</u>	<u>(10,717,960)</u>
				Total equity	<u>222,552,919</u>	<u>196,926,276</u>	<u>183,571,847</u>
Total	<u>\$ 234,218,407</u>	<u>\$ 205,189,574</u>	<u>\$ 201,289,875</u>	Total	<u>\$ 234,218,407</u>	<u>\$ 205,189,574</u>	<u>\$ 201,289,875</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenues and gains				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 4,594,667	\$ 2,848,420	\$ 10,720,423	\$ 7,258,062
Other revenues and gains	<u>36,269</u>	<u>18,757</u>	<u>51,911</u>	<u>16,188</u>
Total revenues and gains	<u>4,630,936</u>	<u>2,867,177</u>	<u>10,772,334</u>	<u>7,274,250</u>
Expenses and losses				
Operating expenses	94,038	62,536	167,110	148,370
Other expenses and losses	<u>12,597</u>	<u>12,613</u>	<u>25,066</u>	<u>25,727</u>
Total expenses and losses	<u>106,635</u>	<u>75,149</u>	<u>192,176</u>	<u>174,097</u>
Income before income tax	4,524,301	2,792,028	10,580,158	7,100,153
Income tax expense	<u>(23,579)</u>	<u>(32,623)</u>	<u>(37,245)</u>	<u>(15,481)</u>
Net income for the period	4,500,722	2,759,405	10,542,913	7,084,672
Other comprehensive income (loss)	<u>(259,684)</u>	<u>(6,533,606)</u>	<u>1,031,556</u>	<u>(9,404,082)</u>
Total comprehensive income (loss)	<u>\$ 4,241,038</u>	<u>\$ (3,774,201)</u>	<u>\$ 11,574,469</u>	<u>\$ (2,319,410)</u>
Earnings per share (New Taiwan dollars; retrospectively adjusted for the effects of the stock dividends distributed)				
Basic	<u>\$0.29</u>	<u>\$0.19</u>	<u>\$0.70</u>	<u>\$0.48</u>
Diluted	<u>\$0.29</u>	<u>\$0.19</u>	<u>\$0.70</u>	<u>\$0.48</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

	Capital Stock			Capital Surplus	Retained Earnings			Other Equity			Total Equity
	Shares (In Thousands)	Common Stock	Reserve for Capitalization		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	
BALANCE AT JANUARY 1, 2023	14,275,100	\$ 142,751,000	\$ -	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 15,336,000	\$ (385,903)	\$ (10,775,505)	\$ 5,794,301	\$ 196,926,276
Appropriation of 2022 earnings											
Legal reserve	-	-	-	-	1,532,804	-	(1,532,804)	-	-	-	-
Special reserve	-	-	-	-	-	4,293,021	(4,293,021)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(2,855,020)	-	-	-	(2,855,020)
Stock dividends	-	-	5,710,000	-	-	-	(5,710,000)	-	-	-	-
Issuance of shares for cash	800,000	8,000,000	-	8,000,000	-	-	-	-	-	-	16,000,000
Issuance of common stock from employees' compensation	-	-	179,000	275,660	-	-	-	-	-	-	454,660
Share-based payment for the subscription of new shares by employees	-	-	-	454,673	-	-	(2,139)	-	-	-	452,534
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	104,115	-	(104,115)	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	10,542,913	-	-	-	10,542,913
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	(80,139)	3,040,396	(1,928,701)	1,031,556
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	10,542,913	(80,139)	3,040,396	(1,928,701)	11,574,469
BALANCE AT JUNE 30, 2023	<u>15,075,100</u>	<u>\$ 150,751,000</u>	<u>\$ 5,889,000</u>	<u>\$ 34,800,497</u>	<u>\$ 18,430,702</u>	<u>\$ 5,531,342</u>	<u>\$ 11,590,044</u>	<u>\$ (466,042)</u>	<u>\$ (7,839,224)</u>	<u>\$ 3,865,600</u>	<u>\$ 222,552,919</u>
BALANCE AT JANUARY 1, 2022	13,354,600	\$ 133,546,000	\$ -	\$ 25,662,214	\$ 14,784,546	\$ 164,235	\$ 21,142,980	\$ (2,721,712)	\$ 2,299,053	\$ (651,427)	\$ 194,225,889
Appropriation of 2021 earnings											
Legal reserve	-	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-
Special reserve	-	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(8,947,582)	-	-	-	(8,947,582)
Stock dividends	-	-	9,000,000	-	-	-	(9,000,000)	-	-	-	-
Issuance of common stock from employees' compensation	-	-	205,000	407,950	-	-	-	-	-	-	612,950
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	239,792	-	(239,792)	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	7,084,672	-	-	-	7,084,672
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	1,518,867	(10,852,957)	(69,992)	(9,404,082)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	7,084,672	1,518,867	(10,852,957)	(69,992)	(2,319,410)
BALANCE AT JUNE 30, 2022	<u>13,354,600</u>	<u>\$ 133,546,000</u>	<u>\$ 9,205,000</u>	<u>\$ 26,070,164</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 7,332,424</u>	<u>\$ (1,202,845)</u>	<u>\$ (8,793,696)</u>	<u>\$ (721,419)</u>	<u>\$ 183,571,847</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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	\$ 10,580,158	\$ 7,100,153
Adjustments for:		
Depreciation and amortization expenses	4,037	4,352
Interest expense	25,066	25,727
Interest revenue	(8,640)	(1,367)
Salary expenses on share-based payments	10,952	5,396
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(10,720,423)	(7,258,062)
Net changes in operating assets and liabilities		
Receivables	(43,087)	(14,770)
Other financial assets	-	1,100,000
Other assets	(32,327)	(24,035)
Payables	<u>4,566</u>	<u>16,217</u>
Cash generated from (used in) operating activities	(179,698)	953,611
Interest received	8,640	662
Dividend received	-	7,172,933
Interest paid	(48,000)	(60,101)
Income tax refund	<u>120,871</u>	<u>35,419</u>
Net cash generated from (used in) operating activities	<u>(98,187)</u>	<u>8,102,524</u>
Cash flows from investing activities		
Acquisition of equity-method investments	(14,000,000)	-
Payments for properties and equipment	(32)	(448)
Increase in refundable deposits	<u>(23)</u>	<u>-</u>
Net cash used in investing activities	<u>(14,000,055)</u>	<u>(448)</u>
Cash flows from financing activities		
Repayment of corporate bonds	-	(1,100,000)
Repayments of the principal portion of lease liabilities	(3,125)	(3,140)
Proceeds from issuance of shares	<u>16,000,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>15,996,875</u>	<u>(1,103,140)</u>
Net increase in cash and cash equivalents	1,898,633	6,998,936
Cash and cash equivalents at the beginning of the period	<u>441,727</u>	<u>1,031,222</u>
Cash and cash equivalents at the end of the period	<u>\$ 2,340,360</u>	<u>\$ 8,030,158</u>

(Continued)

2. Subsidiaries' condensed balance sheets

E.SUN Commercial Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	\$ 53,324,575	\$ 73,479,227	\$ 65,922,702	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	187,849,976	149,959,697	124,249,902	Deposits from the Central Bank and other banks	\$ 63,092,242	\$ 67,133,658	\$ 66,625,419
Financial assets at fair value through profit or loss	290,426,827	355,620,362	380,267,798	Financial liabilities at fair value through profit or loss	89,957,945	89,101,408	94,007,758
Financial assets at fair value through other comprehensive income	341,931,240	326,925,713	325,287,591	Securities sold under repurchase agreements	14,751,422	12,280,579	11,434,233
Investments in debt instruments at amortized cost	440,829,468	398,051,472	350,274,820	Payables	26,584,000	28,492,271	31,461,786
Hedging financial assets - net	10,603	-	-	Current tax liabilities	2,469,971	1,436,013	1,891,781
Securities purchased under resell agreements	10,954,787	7,881,831	1,684,169	Deposits and remittances	2,898,385,299	2,851,621,558	2,736,213,463
Receivables, net	141,278,356	114,100,019	101,670,584	Bank debentures	38,250,000	37,850,000	34,850,000
Current tax assets	46,367	9,544	125,336	Other financial liabilities	93,424,796	90,837,889	84,581,597
Discounts and loans, net	1,907,241,284	1,878,924,693	1,822,042,630	Provisions	980,250	1,083,412	1,080,782
Investments under the equity method, net	15,094,525	15,008,986	14,551,277	Lease liabilities	3,412,925	3,720,012	3,382,421
Other financial assets, net	2,619,200	1,372,280	4,490,900	Deferred tax liabilities	1,918,950	1,851,346	1,353,503
Properties and equipment, net	31,772,851	31,648,604	31,030,472	Other liabilities	<u>3,911,041</u>	<u>3,500,684</u>	<u>3,241,548</u>
Right-of-use assets, net	6,261,860	6,585,747	6,297,207	Total liabilities	<u>3,237,138,841</u>	<u>3,188,908,830</u>	<u>3,070,124,291</u>
Investment properties, net	650,004	572,777	575,135	<u>Equity</u>			
Intangible assets, net	4,944,124	4,779,939	4,822,619	Capital stock	117,072,000	103,637,000	103,637,000
Deferred tax assets	3,098,835	3,125,750	2,959,400	Capital surplus	34,550,800	27,412,151	27,182,363
Other assets, net	<u>15,288,652</u>	<u>12,231,839</u>	<u>11,759,437</u>	Retained earnings	69,219,009	65,422,036	57,539,603
				Other equity	<u>(4,357,116)</u>	<u>(5,101,537)</u>	<u>(10,471,278)</u>
				Total equity	<u>216,484,693</u>	<u>191,369,650</u>	<u>177,887,688</u>
Total	<u>\$ 3,453,623,534</u>	<u>\$ 3,380,278,480</u>	<u>\$ 3,248,011,979</u>	Total	<u>\$ 3,453,623,534</u>	<u>\$ 3,380,278,480</u>	<u>\$ 3,248,011,979</u>

(Continued)

E.SUN Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 16,515,222	\$ 13,628,049	\$ 17,588,492	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	1,034,773	448,707	607,188				
Financial assets at fair value through other comprehensive income	1,800,914	1,643,797	1,659,368	Current liabilities	\$ 14,292,022	\$ 10,928,187	\$ 15,210,917
Investments in debt instruments at amortized cost	636,290	759,186	536,290	Noncurrent liabilities	<u>82,527</u>	<u>99,691</u>	<u>110,154</u>
Investments under the equity method	60,175	59,494	60,629	Total liabilities	<u>14,374,549</u>	<u>11,027,878</u>	<u>15,321,071</u>
Properties and equipment	349,346	354,316	325,673	<u>Equity</u>			
Right-of-use assets	135,044	154,290	175,748				
Investment properties	19,042	19,218	19,394	Capital stock	4,000,000	4,000,000	4,000,000
Intangible assets	22,556	27,357	26,548	Capital surplus	146,332	125,386	125,627
Deferred tax assets	26,688	30,273	31,691	Retained earnings	2,631,270	2,684,290	2,231,119
Other noncurrent assets	<u>649,119</u>	<u>651,773</u>	<u>637,211</u>	Other equity	<u>97,018</u>	<u>(61,094)</u>	<u>(9,585)</u>
				Total equity	<u>6,874,620</u>	<u>6,748,582</u>	<u>6,347,161</u>
Total	<u>\$ 21,249,169</u>	<u>\$ 17,776,460</u>	<u>\$ 21,668,232</u>	Total	<u>\$ 21,249,169</u>	<u>\$ 17,776,460</u>	<u>\$ 21,668,232</u>

E.SUN Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30, 2023	December 31, 2022	June 30, 2022	Liabilities and Equity	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 420,472	\$ 464,656	\$ 840,263	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	4,967,677	4,353,344	4,624,356				
Financial assets at fair value through other comprehensive income	145,214	134,972	150,348	Current liabilities	\$ 59,252	\$ 63,529	\$ 329,379
Properties and equipment	1,767	1,940	128	Noncurrent liabilities	<u>54,893</u>	<u>37,743</u>	<u>106,925</u>
Right-of-use assets	21,275	21,621	21,969	Total liabilities	<u>114,145</u>	<u>101,272</u>	<u>436,304</u>
Intangible assets	750	1,500	2,250	<u>Equity</u>			
Deferred tax assets	381	358	361				
Other noncurrent assets	<u>232</u>	<u>232</u>	<u>232</u>	Capital stock	4,500,000	4,500,000	4,500,000
				Capital surplus	82,895	81,719	81,684
				Retained earnings	1,142,852	608,771	979,683
				Other equity	<u>(282,124)</u>	<u>(313,139)</u>	<u>(357,764)</u>
				Total equity	<u>5,443,623</u>	<u>4,877,351</u>	<u>5,203,603</u>
Total	<u>\$ 5,557,768</u>	<u>\$ 4,978,623</u>	<u>\$ 5,639,907</u>	Total	<u>\$ 5,557,768</u>	<u>\$ 4,978,623</u>	<u>\$ 5,639,907</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

E.SUN Commercial Bank, Ltd.

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

Items	For the Six Months Ended June 30	
	2023	2022
Interest revenue	\$ 37,966,000	\$ 19,777,270
Less: Interest expense	<u>(24,901,031)</u>	<u>(5,775,741)</u>
Net interest	13,064,969	14,001,529
Net revenues and gains other than interest	<u>15,271,880</u>	<u>8,831,215</u>
Total net revenues	28,336,849	22,832,744
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(387,426)	(818,296)
Operating expenses	<u>(15,988,373)</u>	<u>(13,989,984)</u>
Income before income tax	11,961,050	8,024,464
Income tax expense	<u>(2,452,141)</u>	<u>(1,723,215)</u>
Net income for the period	9,508,909	6,301,249
Other comprehensive income (loss)	<u>867,485</u>	<u>(9,391,397)</u>
Total comprehensive income (loss)	<u>\$ 10,376,394</u>	<u>\$ (3,090,148)</u>
Earnings per share (retrospectively adjusted for the effects of the stock dividends distributed)		
Basic	<u>\$ 0.86</u>	<u>\$ 0.58</u>

(Continued)

E.SUN Securities Co., Ltd.

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

Items	For the Six Months Ended June 30	
	2023	2022
Income	\$ 1,538,640	\$ 1,533,221
Service charge	(93,520)	(108,008)
Employee benefit expenses	(474,490)	(461,383)
Share of profit of subsidiaries accounted for using equity method	687	1,831
Operating expenses	(331,147)	(341,540)
Other profits and losses	<u>74,778</u>	<u>69,388</u>
Income before income tax	714,948	693,509
Income tax expense	<u>(102,768)</u>	<u>(131,406)</u>
Net income for the period	612,180	562,103
Other comprehensive income	<u>158,112</u>	<u>1,087</u>
Total comprehensive income	<u>\$ 770,292</u>	<u>\$ 563,190</u>
Earnings per share		
Basic	<u>\$ 1.53</u>	<u>\$ 1.41</u>

E.SUN Venture Capital Co., Ltd.

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

Items	For the Six Months Ended June 30	
	2023	2022
Operating revenue	\$ 630,311	\$ 514,890
Operating expenses	<u>(19,282)</u>	<u>(8,690)</u>
Operating income	611,029	506,200
Non-operating income and expenses	<u>4,284</u>	<u>4,620</u>
Income before income tax	615,313	510,820
Income tax expense	<u>(17,281)</u>	<u>(117,657)</u>
Net income for the period	598,032	393,163
Other comprehensive income	<u>12,066</u>	<u>11,346</u>
Total comprehensive income	<u>\$ 610,098</u>	<u>\$ 404,509</u>
Earnings per share (retrospectively adjusted for the effects of the stock dividends distributed)		
Basic	<u>\$ 1.33</u>	<u>\$ 0.87</u>

(Concluded)

TABLE 6**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

For the six months ended June 30, 2023

Business Segment Items	Banking	Securities	Others	Consolidated
Net interest revenues (expenses)	\$ 13,849,228	\$ 169,730	\$ (23,613)	\$ 13,995,345
Net revenues and gains other than interest	15,422,459	1,254,687	631,806	17,308,952
Total net revenues	29,271,687	1,424,417	608,193	31,304,297
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(423,188)	804	-	(422,384)
Operating expenses	(16,659,208)	(786,426)	(186,225)	(17,631,859)
Income before income tax	12,189,291	638,795	421,968	13,250,054
Income tax expense	(2,542,767)	(102,768)	(54,650)	(2,700,185)
Net income	9,646,524	536,027	367,318	10,549,869

For the six months ended June 30, 2022

Business Segment Items	Banking	Securities	Others	Consolidated
Net interest revenues (expenses)	\$ 15,054,186	\$ 230,551	\$ (24,557)	\$ 15,260,180
Net revenues and gains other than interest	8,731,833	1,173,910	517,836	10,423,579
Total net revenues	23,786,019	1,404,461	493,279	25,683,759
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(877,411)	1,867	-	(875,544)
Operating expenses	(14,621,218)	(783,476)	(163,024)	(15,567,718)
Income before income tax	8,287,390	622,852	330,255	9,240,497
Income tax expense	(1,880,507)	(131,406)	(133,539)	(2,145,452)
Net income	6,406,883	491,446	196,716	7,095,045

TABLE 7

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
E.SUN Venture Capital Co., Ltd.	<u>Stock</u>							
	Eurocharm Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	199	\$ 37,213	0.30	\$ 37,213	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	93,074	4.26	93,074	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	20,970	0.37	20,970	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	108	10,462	0.05	10,462	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	550	61,600	0.15	61,600	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	13,681	0.13	13,681	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	540	59,400	0.90	59,400	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,910	58,921	0.94	58,921	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	25,992	0.65	25,992	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	348	2,253	0.22	2,253	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	455	34,199	0.17	34,199	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210	3,140	0.38	3,140	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	24,078	1.33	24,078	
	MSSCORPS Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	215,460	2.69	215,460	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	44,944	0.17	44,944	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,079	0.19	2,079	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	193	41,626	0.05	41,626	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	14,178	0.37	14,178	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	76,245	0.26	76,245	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	3,671	0.11	3,671	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	870	0.33	870	
	APEX DYNAMICS, INC.	-	Financial assets at fair value through profit or loss	258	57,276	0.32	57,276	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	30,098	0.15	30,098	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	52,200	0.06	52,200	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	46,900	0.17	46,900	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	10	5,361	0.06	5,361	
	Gogoro Inc.	-	Financial assets at fair value through profit or loss	1,250	124,258	0.51	124,258	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	10,615	1.56	10,615	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,889	120,531	5.55	120,531	
	Perfect Medical Industry Co., Ltd.	-	Financial assets at fair value through profit or loss	516	9,273	1.13	9,273	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	5,398	0.67	5,398	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	7,350	0.73	7,350	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,668	46,170	3.00	46,170	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	829	44,608	2.71	44,608	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	477	18,087	1.32	18,087	
	Vetnostrum Animal Health Co., Ltd	-	Financial assets at fair value through profit or loss	2,000	72,680	3.02	72,680	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	681,100	6.73	681,100	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	140	\$ 12,093	0.08	\$ 12,093	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	680	55,162	0.73	55,162	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,652	137,628	2.75	137,628	
	Win Win Precision Technology Co., Ltd	-	Financial assets at fair value through profit or loss	1,336	100,475	2.42	100,475	
	GREAT GIANT FIBRE GARMENT CO., LTD.	-	Financial assets at fair value through profit or loss	784	72,143	1.30	72,143	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	460	17,926	0.56	17,926	
	ALLIANCE MATERIAL CO., LTD.	-	Financial assets at fair value through profit or loss	300	5,166	1.10	5,166	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	35,962	2.36	35,962	
	VPON Ltd.	-	Financial assets at fair value through profit or loss	1,186	-	0.98	-	
	TRANSOUND Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	10,176	3.05	10,176	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	27,564	6.15	27,564	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	1,345	1.98	1,345	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	35,173	1.52	35,173	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	25,065	422,234	4.43	422,234	
	Arrowspan Inc.	-	Financial assets at fair value through profit or loss	264	-	1.36	-	
	Ansun Biopharma, Inc.	-	Financial assets at fair value through profit or loss	673	18,936	0.18	18,936	
	Winking Studios Limited	-	Financial assets at fair value through profit or loss	788	45,041	4.52	45,041	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	22,782	0.81	22,782	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	12,642	1.33	12,642	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	22,423	13.07	22,423	
	Suntek Precision Corp.	-	Financial assets at fair value through profit or loss	1,117	-	2.93	-	
	Exploit Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	42	-	0.51	-	
	King Point Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	900	31,708	2.28	31,708	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	1,216	2.35	1,216	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	733	60,108	7.82	60,108	
	High Performance Information Co., Ltd.	-	Financial assets at fair value through profit or loss	1,445	47,471	6.00	47,471	
	Sam Lam Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,700	-	6.07	-	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets at fair value through profit or loss	293	-	0.77	-	
	Remotek Corporation	-	Financial assets at fair value through profit or loss	506	3,590	0.73	3,590	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	13,437	4.55	13,437	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	11,686	2.35	11,686	
	Robospark Technology Inc.	-	Financial assets at fair value through profit or loss	670	-	2.72	-	
	KHL II Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	20	2,168	5.00	2,168	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	8,128	139,645	2.86	139,645	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	5,091	0.41	5,091	
	Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss	2,724	-	2.75	-	
	Starchips Technology Inc.	-	Financial assets at fair value through profit or loss	56	-	0.93	-	
	Arclite Optronics Corporation	-	Financial assets at fair value through profit or loss	643	-	8.25	-	
	Mesotek Corporation	-	Financial assets at fair value through profit or loss	446	-	3.62	-	
	Applied Green Light Taiwan, Inc.	-	Financial assets at fair value through profit or loss	96	-	2.04	-	
	Air-Bag Packing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	7,492	4.00	7,492	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	7,510	3.69	7,510	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,564	40,045	4.64	40,045	
	Auria Solar Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	-	0.57	-	
	XPEC Art Center Inc.	-	Financial assets at fair value through profit or loss	53	363	0.39	363	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	8,594	1.93	8,594	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	3,635	8.97	3,635	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Tapollop Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	666	\$ -	8.67	\$ -	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	21,149	2.03	21,149	
	Enterex International Limited	-	Financial assets at fair value through profit or loss	453	-	0.41	-	
	21st Financial Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	417	43,649	0.82	43,649	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	6,263	61,970	4.76	61,970	
	Batom Co., Ltd.	-	Financial assets at fair value through profit or loss	391	16,987	1.24	16,987	
	Kee Fresh & Safe Foodtech Co., Ltd.	-	Financial assets at fair value through profit or loss	950	29,162	2.85	29,162	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	2,576	9.84	2,576	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	1,500	51,240	2.32	51,240	
	9SPlay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	388	0.33	388	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	72,241	5.95	72,241	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	82,672	2.15	82,672	
	Chuan Shih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	-	5.79	-	
	Tera Xtal Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	206	-	0.11	-	
	Morrison Opto-electronics Ltd.	-	Financial assets at fair value through profit or loss	221	14,263	0.96	14,263	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	2,500	104,073	2.36	104,073	
	Rock BioMedical, Inc.	-	Financial assets at fair value through profit or loss	11,000	110,000	18.87	110,000	
	AmTrust Capital II Corp.	-	Financial assets at fair value through profit or loss	8,000	77,186	8.00	77,186	
	Innotech Logistics Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000	35,297	6.00	35,297	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	39,753	6.69	39,753	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	34,824	2.84	34,824	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	49,979	12.18	49,979	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,657	9,734	2.07	9,734	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	365	1,347	9.12	1,347	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	14,260	14.72	14,260	
	OME Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,457	34,214	2.30	34,214	
	Danotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,500	-	3.22	-	
	Procrystal Technology Company Limited	-	Investments in equity instruments at FVTOCI	3,360	-	2.69	-	
	Biodenta Corporation	-	Investments in equity instruments at FVTOCI	6	-	0.06	-	
	MCM Stamping Co., Ltd.	-	Investments in equity instruments at FVTOCI	600	-	1.90	-	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	4,413	1.01	4,413	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	3,706	6.85	3,706	
	Vision Application Tech Corp.	-	Investments in equity instruments at FVTOCI	782	-	5.28	-	
	Beyond Innovation Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,776	1,261	5.26	1,261	
	Topray Memos Inc.	-	Investments in equity instruments at FVTOCI	975	2,352	2.14	2,352	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	7,053	1.53	7,053	
	Shanghai Vpon Ltd.	-	Investments in equity instruments at FVTOCI	38,615	-	8.93	-	
	O'Pay Electronic Payment Co., Ltd.	-	Investments in equity instruments at FVTOCI	242	7,705	0.33	7,705	
	<u>Foreign fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	8,023	185,136	7.63	185,136	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	7,622	286,561	7.46	286,561	
	Delos Capital Fund 3	-	Financial assets at fair value through profit or loss	943	18,704	3.32	18,704	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	56,250	51,137	4.57	51,137	
	Rui Zhan Capital Co., Ltd	-	Financial assets at fair value through profit or loss	14,118	14,118	9.09	14,118	

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES 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/In Thousands of Shares, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Equity-method investments	-	-	10,363,700	\$ 191,377,565	1,343,500 (Note 1)	\$ 27,132,355 (Notes 2 and 3)	-	\$ -	\$ 2,016,496 (Notes 2 and 3)	\$ -	11,707,200	\$ 216,493,424 (Note 3)

Note 1: Consisting of 760,000 thousand shares issuance for cash and 583,500 thousand shares of stock dividends.

Note 2: Consisting of \$14,000,000 thousand due to issuance of shares for cash, \$738,649 thousand due to equity increase in share-based payment, \$9,509,725 thousand as the net gain from equity investments under the equity method and \$867,485 thousand as other comprehensive income from equity investments under the equity method.

Note 3: When preparing the consolidated financial statements, the amount had been eliminated.

TABLE 9

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE 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	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	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	For the operation of the branch of E.SUN Bank	None

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

TABLE 10

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue from Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue from Related Party to Total Amounts	Percentage of Allowance of Service Revenue for Related Party to Total Allowance
E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	Same parent company	\$ 2,134,845	\$ 959,020	\$ 14,384	\$ 5,515	0.67	0.58

TABLE 11

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 1,901,144 (Notes 1 and 3)	-	\$ -	-	\$ 54,000	\$ -
E.SUN Financial Holding Company, Ltd.	E.SUN Securities Co., Ltd.	Subsidiary	781,609 (Notes 2 and 3)	-	-	-	672,282	-

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

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

Note 3: When preparing the consolidated financial statements, the receivables have been eliminated.

TABLE 12

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

a. E.SUN Commercial Bank, Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 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

(Continued)

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Investee Net Income (Loss)	% 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						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 222,442	Invest in mainland China through the third-party company (Note 3)	\$ 30,000	\$ -	\$ -	\$ 30,000	(Note 4)	3.05	\$ -	(Note 5)	\$ -
Shanghai Vpon Ltd.	Data analysis and developing software	199,249	Direct	38,615	-	-	38,615	(Note 4)	8.93	-	\$ -	-
Shanghai Winking Entertainment Ltd.	Computer software development, design, production, transfer of own technology, sale of self-produced products, and to provide after-sales service and related technical consultation	429,062	Invest in mainland China through the third-party company (Note 3)	23,683	-	-	23,683	(Note 4)	4.52	-	(Note 5)	-
Eccogene (Shanghai) Co., Ltd.	Providing innovative therapeutic solutions to address unmet medical needs globally, discovery and development of translational medicine in metabolic and immune-related diseases	109,924	Invest in mainland China through the third-party company (Note 3)	10,989	-	-	10,989	(Note 4)	0.53	-	(Note 5)	-

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 7)
\$152,350	\$155,131	\$3,266,173

(Continued)

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

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

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

- a. Invested in Transound Electronics (Dongguan) Co., Ltd. through Transound Electronics Co., Ltd.
- b. Invested in Shanghai Winking Entertainment Ltd. through Winking Studios Limited.
- c. Invested in Eccogene (Shanghai) Co., Ltd. through Delos Capital Fund II, LP.

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

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

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

Note 7: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China", the investment amount is limited to 60% of E.SUN Venture Capital Co., Ltd.'s net asset value.

(Concluded)

TABLE 13**E.SUN FINANCIAL HOLDING COMPANY, 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 Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Cash and cash equivalents	\$ 2,338,468	Note 4	0.07
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	2,338,468	Note 4	0.07
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	1,795,144	Note 4	0.05
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	1,795,144	Note 4	0.05
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on remuneration of directors	106,000	Note 4	0.00
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on remuneration of directors	106,000	Note 4	0.00
0	E.SUN Financial Holding Company, Ltd.	E.SUN Securities Co., Ltd.	a	Receivable on consolidated tax returns	105,050	Note 4	0.00
2	E.SUN Securities Co., Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	105,050	Note 4	0.00
0	E.SUN Financial Holding Company, Ltd.	E.SUN Securities Co., Ltd.	a	Receivable on remuneration of directors and dividends	676,559	Note 4	0.02
2	E.SUN Securities Co., Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on remuneration of directors and dividends	676,559	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Accounts receivable	294,899	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Accounts payable	294,899	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	587,946	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	587,946	Note 4	0.02
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	324,294	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	324,294	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Due from the Central Bank and call loans to other banks	8,156,180	Note 4	0.23
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	8,156,180	Note 4	0.23

(Continued)

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 (%)
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	\$ 4,797,408	Note 4	0.13
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	4,797,408	Note 4	0.13
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Due from the Central Bank and call loans to other banks	560,736	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Deposits from the Central Bank and other banks	560,736	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Interest income	121,867	Note 4	0.39
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Interest expense	121,867	Note 4	0.39
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Interest income	139,278	Note 4	0.44
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Interest expense	139,278	Note 4	0.44

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

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

Note 2: Transaction flows are as follows:

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

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

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

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

(Concluded)

TABLE 14**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****CAPITAL ADEQUACY RATIO
JUNE 30, 2023 AND 2022**

1. E.SUN Financial Holding Company, Ltd.'s capital adequacy ratio

Unit: In Thousands of New Taiwan Dollars, %

	June 30, 2023			June 30, 2022		
	Proportion -ate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Proportion -ate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement
E.SUN Financial Holding Company, Ltd.		\$ 222,547,551	\$ 229,972,121		\$ 183,561,942	\$ 191,380,034
E.SUN Commercial Bank, Ltd.	100	279,874,809	188,853,960	100	246,569,035	190,158,153
E.SUN Securities Co., Ltd.	100	5,919,967	1,571,775	100	5,399,863	2,068,934
E.SUN Venture Capital Co., Ltd.	100	5,443,623	2,778,803	100	5,203,603	2,819,899
Deduction		(244,198,578)	(228,934,818)		(204,854,121)	(189,586,477)
Total		269,587,372	195,241,841		235,880,322	196,840,543
Group capital adequacy ratio		138.08			119.83	

Note 1: The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

Note 2: Group capital adequacy ratio = Group's net eligible capital ÷ Group's statutory capital requirement.

2. E.SUN Financial Holding Company, Ltd.'s eligible capital

Unit: In Thousands of New Taiwan Dollars

Items	June 30, 2023	June 30, 2022
Common stock	\$ 150,751,000	\$ 133,546,000
Capital instruments, which conform to the terms of bank's other Tier 1 capital	-	-
Other preferred stocks and subordinated debts	-	-
Capital collected in advance	5,889,000	9,205,000
Capital surplus	34,800,497	26,070,164
Legal reserve	18,430,702	16,897,898
Special reserve	5,531,342	1,238,321
Cumulative earnings	11,590,044	7,332,424
Equity adjustments	(4,439,666)	(10,717,960)
Less: Capital deduction	5,368	9,905
Total eligible capital	222,547,551	183,561,942

Note: The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

(Continued)

3. E.SUN Commercial Bank, Ltd.'s capital adequacy ratio

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

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

Items			Year	December 31, 2022	
				Standalone	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 capital to risk-weighted assets (%)			10.07	9.66	
Ratio of Tier 1 capital to risk-weighted assets (%)			11.64	11.18	
Ratio of leverage (%)			5.86	5.69	

(Continued)

Items			Year	June 30, 2022	
				Standalone	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 capital to risk-weighted assets (%)				9.51	9.14
Ratio of Tier 1 capital to risk-weighted assets (%)				11.05	10.64
Ratio of leverage (%)				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:

- Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.
- Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- Leverage ratio = Tier 1 capital ÷ Exposure measurement.

(Concluded)

TABLE 15**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**

**DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
JUNE 30, 2023 AND 2022**

(In Thousands of New Taiwan Dollars, %)

June 30, 2023

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1. Same person or same juridical person		
Department of banking, Central Bank of the Republic of China (ROC)	\$ 335,690,512	150.84
Ministry of Finance, ROC	78,898,601	35.45
Treasury USA	37,065,246	16.65
Citi Bank	26,080,338	11.72
Morgan Stanley And Co. INT. PLC	20,402,379	9.17
Societe Generale	20,366,162	9.15
Credit Agricole	16,706,233	7.51
BPCE SA	16,540,795	7.43
Goldman Sachs International	16,218,487	7.29
United Bank of Switzerland	15,617,690	7.02
BNP Paribas S.A	13,575,879	6.10
Barclays PLC	13,158,694	5.91
Nomura Securities Co., Ltd.	11,523,916	5.18
Taiwan Semiconductor Manufacturing Co., Ltd.	11,100,488	4.99
Tai Power Co., Ltd.	10,599,361	4.76
Corsair Finance Jersey International Ltd.	10,246,907	4.60
International Bills Finance Corporation	10,118,266	4.55
Hon Hai Precision Co., Ltd.	10,092,079	4.53
HSBC Bank Plc.	9,781,049	4.39
Commonwealth Bank of Australia	9,681,787	4.35
JP Morgan Chase Bank N.A.	9,663,693	4.34
NATWEST Group Plc.	9,497,804	4.27
Taiwan Water Corporation	9,355,608	4.20
Chong Hong Construction Co., Ltd.	8,339,000	3.75
HOTAI FINANCE CO., LTD	7,915,873	3.56
Nan Ya Plastic Co., Ltd.	7,006,777	3.15
YFG Shopping Centres Pty Ltd ATF The Fu Family Trust	6,856,815	3.08
Standard Chartered	6,699,536	3.01
Westpac Banking	6,679,335	3.00
Malayan Banking Berhad	6,303,249	2.83
Deutsche Bank AG	6,276,762	2.82
HONG KONG MONETARY AUTHORITY	6,225,313	2.80

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Wells Fargo Capital Finance	\$ 6,216,880	2.79
Formosa Chemicals & Fibre Corporation	6,152,118	2.76
CHINA STEEL CORPORATION	5,778,159	2.60
National Australia Bank	5,573,002	2.50
Synnex Technology International Corporation	5,532,494	2.49
Monetary Authority of Singapore	5,482,477	2.46
CPC Corporation, Taiwan	5,390,295	2.42
Mizuho Financial Group	5,311,398	2.39
Uni-President Enterprises Corp.	4,999,801	2.25
Yuanta Securities Co., Ltd.	4,996,436	2.25
Government of Singapore	4,928,226	2.21
Internationale Nederlanden Groep N.V.	4,889,121	2.20
CHALEASE FINANCE CO., LTD	4,799,126	2.16
Mtr corporation	4,724,084	2.12
Cathay Financial Holdings Co., Ltd.	4,485,087	2.02
The Hong Kong Mortgage Corporation Limited	4,456,132	2.00
QUANTA COMPUTER INC.	4,416,160	1.98
FORMOSA HA TINH (CAYMAN) LIMITED	4,361,280	1.96
IRIS SPV PLC	4,146,543	1.86
Powertech Technology Inc.	3,966,200	1.78
JP Morgan Structured Products B.V.	3,952,476	1.78
KEB HANA BANK	3,890,399	1.75
Yunneng Wind Power Co., Ltd.	3,887,099	1.75
Luminis Limited	3,777,800	1.70
Shayher Properties Pty Ltd. ATF Lin Brothers Trust	3,628,956	1.63
Namchow Holdings Co., Ltd.	3,618,008	1.63
Fubon Financial Holdings Co., Ltd.	3,515,408	1.58
Chunghwa Post Co., Ltd.	3,507,209	1.58
Formosa Plastics Corporation	3,486,687	1.57
Sumitomo Mitsui Banking Corporation	3,433,726	1.54
Bank of America	3,419,354	1.54
Kaohsiung City Government	3,357,721	1.51
Korea Development Bank	3,338,263	1.50
Banco Bilbao Vizcaya Argentaria	3,276,269	1.47
Wealth Media Co., Ltd.	3,221,982	1.45
Taiwan Mobile Co., Ltd.	3,187,598	1.43
Taiwan Cooperative Financial Holding Co., Ltd.	3,148,539	1.41
Emerald Bay S.A.	3,140,219	1.41
HUAKU DEVELOPMENT CO., LTD.	3,106,000	1.40
The Export-Import Bank of the Republic of China	3,098,457	1.39
CTBC Financial Holding Co., Ltd	3,060,379	1.38

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprise in which the principal or his/her spouse is the responsible person		
Chen	\$ 11,158,488	5.01
Fang	11,149,327	5.01
Zhu	8,881,467	3.99
Lin	5,487,481	2.47
3. Same affiliate		
Citi Bank Group	26,289,081	11.81
Societe Generale Group	20,845,339	9.37
Credit Agricole Group	17,788,207	7.99
Groupe BPCE and related parties	17,351,645	7.80
The Goldman Sachs Group	16,312,526	7.33
Hon Hai Group	15,827,586	7.11
UBS AG Group	15,676,762	7.04
BNP Paribas S.A. Group	14,597,247	6.56
HSBC Group	14,247,528	6.40
Fubon Group	14,247,403	6.40
TSMC Group	14,103,048	6.34
Nomura Holdings Inc. and related parties	13,850,337	6.22
Formosa Chemicals & Fibre Group	12,606,825	5.66
Chailease Holding Group	11,441,493	5.14
Hotai Group	10,484,907	4.71
Far Eastern New Century Group	10,432,122	4.69
Formosa Plastics Group	10,380,547	4.66
IBF Financial Holdings Co., Ltd	10,228,266	4.60
JPMorgan Chase & Co.	10,062,537	4.52
Sinosteel Group	9,864,608	4.43
Walsin Lihwa Group	9,154,780	4.11
Chong Hong Construction Group	9,120,700	4.10
Cathay Group	7,983,632	3.59
Wells Fargo & Company Group	7,796,199	3.50
Standard Chartered Group	7,767,140	3.49
Mitac-synnex Group	7,684,939	3.45

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Ruentex Industries Group	\$ 7,187,448	3.23
Uni-President Group	6,804,890	3.06
Deutsche Bank AG Group	6,500,688	2.92
Industrial and Commercial Bank of China Limited and related parties	6,228,191	2.80
Chicony Technology Group	6,226,192	2.80
Mizuho Financial Group	5,655,929	2.54
PTI Group	5,646,200	2.54
Yuanta Financial Holding Group	5,554,734	2.50
Internationale Nederlanden Group	5,174,423	2.33
MTR Group	5,082,900	2.28
Evergreen Group	4,831,530	2.17
Kinpo Group	4,794,579	2.15
CITIC Group	4,741,320	2.13
TCFHC Group	4,672,009	2.10
QCI Group	4,632,621	2.08
China Development Financial Holding Group	4,445,021	2.00
Sumitomo Mitsui Banking Group	4,394,023	1.97
Sinyi Realty Inc. Group	4,335,409	1.95
wpd group	4,304,972	1.93
Oisda Group	4,163,758	1.87
Eternal Materials Group	3,926,612	1.76
Namchow Group	3,697,605	1.66
Bank of America Corp. and related parties	3,468,534	1.56
Tachien Baoyou Group	3,389,600	1.52
WPG Group	3,275,854	1.47
LCY Group	3,232,278	1.45
FCF Group	3,215,988	1.45
Cooler Master Group	3,200,000	1.44

(Continued)

June 30, 2022

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1. Same person or same juridical person		
Department of banking, Central Bank of the Republic of China (ROC)	\$ 367,639,668	200.27
Ministry of Finance, ROC	77,717,869	42.34
Citi Bank	24,512,432	13.35
Morgan Stanley And Co. INT. PLC	20,863,943	11.37
Societe Generale	19,003,818	10.35
Credit Agricole	17,627,211	9.60
BPCE SA	16,314,811	8.89
Tai Power Co., Ltd.	14,430,465	7.86
Goldman Sachs International	13,284,472	7.24
Nomura Securities Co., Ltd.	13,274,493	7.23
BNP Paribas S.A	12,431,910	6.77
Corsair Finance Jersey International Ltd.	12,124,031	6.60
Barclays PLC	11,843,672	6.45
Treasury USA	11,774,067	6.41
NATWEST Group Plc.	10,649,065	5.80
CPC Corporation, Taiwan	10,481,007	5.71
JP Morgan Structured Products B.V.	10,312,145	5.62
Hon Hai Precision Co., Ltd.	10,270,936	5.60
United Bank of Switzerland	9,985,533	5.44
Taiwan Semiconductor Manufacturing Co., Ltd.	9,822,237	5.35
Cathay Financial Holdings Co., Ltd.	9,049,715	4.93
HSBC Bank Plc.	8,920,349	4.86
Credit Suisse	8,646,073	4.71
Taiwan Railways Administration, MOTC	8,269,201	4.50
Anshin Real Estate Management Company	8,223,113	4.48
JP Morgan Chase Bank N.A.	7,466,676	4.07
Pegatron Corporation	7,329,266	3.99
Deutsche Bank AG	7,322,208	3.99
Commonwealth Bank of Australia	6,387,339	3.48
Westpac Banking	6,298,587	3.43
Malayan Banking Berhad	6,132,384	3.34
China Development Bank	5,994,346	3.27

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Chong Hong Construction Co., Ltd.	\$ 5,935,000	3.23
Wells Fargo Capital Finance	5,904,969	3.22
YFG Shopping Centres PTY LTD	5,420,045	2.95
KEB HANA BANK	5,329,835	2.90
Mizuho Financial Group	5,312,906	2.89
Nan Ya Plastic Co., Ltd.	5,104,593	2.78
Uni-President Enterprises Corp.	5,086,650	2.77
Internationale Nederlanden Groep N.V.	5,036,540	2.74
Yuanta Securities Co., Ltd.	4,999,639	2.72
Taiwan Water Corporation	4,998,782	2.72
Hua Nan Financial Holdings Co., Ltd.	4,993,023	2.72
ASUSTeK Computer Inc.	4,485,728	2.44
Standard Chartered	4,421,079	2.41
Shayher Properties Pty Ltd. ATF Lin Brothers Trust	4,344,115	2.37
National Australia Bank	4,325,114	2.36
FORMOSA HA TINH (CAYMAN)	4,161,640	2.27
IRIS PV PLC	4,138,752	2.25
HSBC Bank (Taiwan)	4,136,903	2.25
Synnex Technology International Corporation	4,096,559	2.23
Far Eastern New Century Corporation	4,047,660	2.20
Fubon Financial Holdings Co., Ltd.	3,980,978	2.17
Hong Kong Monetary Authority	3,786,260	2.06
Luminis Limited	3,776,562	2.06
Chunghwa Post Co., Ltd.	3,747,503	2.04
Sumitomo Mitsui Banking Corporation	3,738,757	2.04
Monetary Authority of Singapore	3,604,220	1.96
HUAKU DEVELOPMENT CO., LTD.	3,525,891	1.92
Yunneng Wind Power Co., Ltd.	3,500,871	1.91
Far EasTone Telecommunications Co., Ltd.	3,475,188	1.89
DBS Bank Limited	3,429,774	1.87
LANI Finance Limited	3,408,198	1.86
Namchow Holdings Co., Ltd.	3,407,750	1.86
Wistron Corporation	3,387,169	1.85
Kaohsiung City Government	3,382,519	1.84
Wealth Media Co., Ltd.	3,339,146	1.82
Cathay United Bank	3,319,883	1.81
Banco Bilbao Vizcaya Argentaria	3,210,337	1.75
Nan Shan Life Insurance Company, Ltd.	3,169,175	1.73
Export-Import Bank of Korea	3,132,335	1.71
Bank of America	3,103,015	1.69
The Export-Import Bank of the Republic of China	3,085,247	1.68
Emerald Bay S.A.	3,057,453	1.67
Australia and New Zealand Banking Group Limited	3,052,355	1.66
Compal Electronics, Inc.	3,050,000	1.66
Powertech Technology Inc.	3,048,659	1.66
Taiwan Mobile Co., Ltd.	3,019,042	1.64

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprise in which the principal or his/her spouse is the responsible person		
Lin	\$ 10,585,723	5.77
Fang	9,909,907	5.40
Chen	9,880,237	5.38
Zhang	8,228,412	4.48
Zhu	6,967,389	3.80
You	5,906,231	3.22
Lin	3,683,731	2.01
Chen	3,408,874	1.86
Zhang	3,185,777	1.74
Ai	3,178,675	1.73
Duan	3,169,175	1.73
Chen	3,073,806	1.67
3. Same affiliate		
Citi Bank Group	24,918,773	13.57
Credit Agricole Group	19,612,357	10.68
Societe Generale Group	19,525,616	10.64
Groupe BPCE and related parties	17,412,179	9.49
Nomura Holdings Inc. and related parties	16,682,691	9.09
Fubon Group	16,257,972	8.86
Hon Hai Group	15,050,993	8.20
HSBC Group	14,679,694	8.00
BNP Paribas S.A. Group	13,768,466	7.50
The Goldman Sachs Group	13,374,473	7.29
Far Eastern New Century Group	13,022,437	7.09
Cathay Group	12,672,715	6.90
TSMC Group	12,662,599	6.90
UBS AG Group	10,398,719	5.66
Sinyi Realty Inc. Group	9,462,955	5.15
Formosa Plastics Group	9,459,345	5.15
Ruentex Industries Group	8,432,599	4.59
JPMorgan Chase & Co.	8,276,165	4.51
Deutsche Bank AG Group	7,954,672	4.33
Walsin Lihwa Group	7,821,052	4.26
Wells Fargo & Company Group	7,682,087	4.18
Chong Hong Construction Group	7,055,400	3.84
Industrial and Commercial Bank of China Limited and related parties	7,022,923	3.83
Mitac-synnex Group	6,977,235	3.80
wpd group	6,767,830	3.69
Chicony Technology Group	6,399,847	3.49

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Uni-President Group	\$ 6,395,193	3.48
Internationale Nederlanden Group	6,165,728	3.36
Standard Chartered Group	5,922,367	3.23
Mizuho Financial Group	5,782,082	3.15
Yuanta Financial Holding Group	5,766,430	3.14
Kinpo Group	5,608,317	3.06
Evergreen Group	5,354,505	2.92
Oisda Group	5,150,589	2.81
Hua Nan Financial Holding Group	5,089,896	2.77
Cooler Master Group	4,847,354	2.64
WPG Group	4,693,599	2.56
Sumitomo Mitsui Banking Group	4,627,856	2.52
Formosa Chemicals & Fibre Group	4,614,130	2.51
CITIC Group	4,511,975	2.46
First Financial Holding Group	4,391,000	2.39
PTI Group	4,199,066	2.29
DBS Group	4,193,747	2.28
Wistron Corporation and related parties	4,090,997	2.23
China Development Financial Holding Group	3,973,208	2.16
Roya Golden Eagle Group	3,934,992	2.14
Chailease Holding Group	3,721,647	2.03
Hong Fu Industrial Group	3,492,735	1.90
Namchow Group	3,440,465	1.87
Hotai Group	3,378,953	1.84
Bank of Communications Co., Ltd. and related parties	3,362,589	1.83
Inventec Corporation and related parties	3,310,048	1.80
LCY Group	3,208,066	1.75
Eternal Materials Group	3,196,225	1.74
Bank of America Corp. and related parties	3,145,621	1.71
Charoen Pokphand Group	3,011,135	1.64

(Concluded)

TABLE 16

E.SUN FINANCIAL HOLDING COMPANY, LTD.

THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES
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	The Proportionate Share of the Company and Its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	\$ 216,493,424	\$ 9,509,725	11,707,200	-	11,707,200	100.00	Note 3
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	6,874,620	612,180	400,000	-	400,000	100.00	Note 3
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	5,445,587	598,518	450,000	-	450,000	100.00	Note 3

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

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 Paragraph 2 of Article 36 and Article 37 of the Financial Holding Company Act.

b. Equity-based securities are covered by Paragraph 1 Article 11 of the “Securities and Exchange Law Enforcement Rules,” such as convertible bonds and warrants.

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.

TABLE 17

E.SUN SECURITIES CO., LTD.

FINANCIAL RATIOS OF FUTURES BUSINESS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Requirement: The Rules Governing Futures Commission Merchants.

Rule No.	Formula	June 30, 2023		December 31, 2022		June 30, 2022		Standard	Status of Compliance with Standard (Met/Unmet)
		Formula	Ratio	Formula	Ratio	Formula	Ratio		
17	Equities	1,173,985	138.16	1,207,687	124.23	1,163,604	131.81	≥ 1	Met
	Total liabilities minus customers' equity accounts - Futures	(1,834,278-1,825,781)		(1,809,220-1,799,499)		(1,732,711-1,723,884)			
17	Current assets	2,726,649	1.49	2,744,957	1.52	2,612,369	1.51	≥ 1	Met
	Current liabilities	1,834,278		1,809,220		1,732,711			
22	Equities	1,173,985	125.56%	1,207,687	129.16%	1,163,604	124.45%	≥ 60% ≥ 40%	Met
	Capital stock	935,000		935,000		935,000			
22	Adjusted net capital	1,128,162	190.32%	1,170,820	234.64%	1,109,638	182.49%	≥ 20% ≥ 15%	Met
	Client and proprietary account	592,785		498,982		608,045			

TABLE 18**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS****JUNE 30, 2023**

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

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

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