

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of E.SUN Financial Holding Company, Ltd. (ESFHC) and its subsidiaries (collectively, the "Company") as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2023

Notice to Readers

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

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 55,196,811	2	\$ 76,217,644	2	\$ 93,912,349	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 41)	175,383,873	5	152,916,314	4	161,813,101	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 41)	321,221,235	9	360,749,273	10	434,783,209	12
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 41 and 43)	358,002,255	10	347,716,866	10	341,207,507	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 15, 41 and 43)	442,706,623	12	401,405,743	12	338,466,333	10
FINANCIAL ASSETS FOR HEDGING, NET (Note 11)	44,316	-	-	-	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	4,547,401	-	7,881,831	-	-	-
RECEIVABLES, NET (Notes 13 and 40)	144,754,579	4	125,988,674	4	129,843,180	4
CURRENT TAX ASSETS (Note 4)	15,676	-	15,510	-	13,839	-
DISCOUNTS AND LOANS, NET (Notes 14, 15, 40 and 41)	2,006,332,479	56	1,934,791,917	56	1,917,409,827	55
OTHER FINANCIAL ASSETS, NET (Note 16)	7,438,331	-	4,920,274	-	7,570,802	-
INVESTMENT PROPERTIES, NET (Note 17)	1,791,864	-	1,830,028	-	1,865,555	-
PROPERTIES AND EQUIPMENT, NET (Note 18)	34,796,576	1	34,708,732	1	34,325,004	1
RIGHT-OF-USE ASSETS, NET (Note 19)	6,980,412	-	7,143,707	-	6,803,532	-
INTANGIBLE ASSETS, NET (Note 20)	6,327,267	-	6,109,490	-	6,109,298	-
DEFERRED TAX ASSETS (Note 4)	3,619,361	-	3,418,268	-	3,394,544	-
OTHER ASSETS, NET (Notes 19 and 21)	<u>21,603,170</u>	<u>1</u>	<u>13,746,203</u>	<u>1</u>	<u>14,145,891</u>	<u>-</u>
TOTAL	<u>\$ 3,590,762,229</u>	<u>100</u>	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,491,663,971</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 41,016,586	1	\$ 72,514,434	2	\$ 90,006,586	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 27)	106,786,090	3	89,569,651	3	127,118,868	4
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 9, 10 and 23)	23,396,386	1	18,495,295	1	17,319,141	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	8,051,629	-	1,739,403	-	2,958,901	-
PAYABLES (Notes 25 and 40)	45,194,633	2	37,486,918	1	39,906,059	1
CURRENT TAX LIABILITIES (Note 4)	1,971,267	-	1,895,233	-	1,677,663	-
DEPOSITS AND REMITTANCES (Notes 26 and 40)	2,967,067,682	83	2,902,599,406	83	2,853,838,785	82
BONDS PAYABLE (Note 27)	44,250,000	1	43,850,000	1	41,550,000	1
OTHER BORROWINGS (Note 28)	650,021	-	3,500,491	-	2,505,974	-
PROVISIONS (Note 29)	1,047,332	-	1,114,461	-	1,109,734	-
OTHER FINANCIAL LIABILITIES (Notes 17 and 31)	111,857,075	3	99,337,181	3	118,299,541	3
LEASE LIABILITIES (Note 19)	4,199,715	-	4,303,812	-	3,912,707	-
DEFERRED TAX LIABILITIES (Note 4)	2,438,604	-	1,895,421	-	1,782,817	-
OTHER LIABILITIES (Note 32)	<u>4,140,173</u>	<u>-</u>	<u>4,167,814</u>	<u>-</u>	<u>4,099,403</u>	<u>-</u>
Total liabilities	<u>3,362,067,193</u>	<u>94</u>	<u>3,282,469,520</u>	<u>94</u>	<u>3,306,086,179</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC						
Capital stock						
Common 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>16,935,497</u>	<u>-</u>	<u>15,336,000</u>	<u>-</u>	<u>11,150,885</u>	<u>-</u>
Total retained earnings	<u>40,897,541</u>	<u>1</u>	<u>33,472,219</u>	<u>1</u>	<u>29,287,104</u>	<u>1</u>
Other equity	<u>(3,807,311)</u>	<u>-</u>	<u>(5,367,107)</u>	<u>-</u>	<u>(12,684,117)</u>	<u>(1)</u>
Total equity attributable to owners of ESFHC	<u>228,530,727</u>	<u>6</u>	<u>196,926,276</u>	<u>6</u>	<u>185,424,151</u>	<u>5</u>
NON-CONTROLLING INTERESTS	<u>164,309</u>	<u>-</u>	<u>164,678</u>	<u>-</u>	<u>153,641</u>	<u>-</u>
Total equity	<u>228,695,036</u>	<u>6</u>	<u>197,090,954</u>	<u>6</u>	<u>185,577,792</u>	<u>5</u>
TOTAL	<u>\$ 3,590,762,229</u>	<u>100</u>	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,491,663,971</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 40)	\$ 21,761,277	129	\$ 14,590,827	102	\$ 61,739,385	128	\$ 36,165,033	90
INTEREST EXPENSE (Notes 33 and 40)	<u>(14,342,557)</u>	<u>(85)</u>	<u>(6,834,907)</u>	<u>(48)</u>	<u>(40,325,320)</u>	<u>(84)</u>	<u>(13,148,933)</u>	<u>(33)</u>
NET INTEREST	<u>7,418,720</u>	<u>44</u>	<u>7,755,920</u>	<u>54</u>	<u>21,414,065</u>	<u>44</u>	<u>23,016,100</u>	<u>57</u>
NET REVENUES AND GAINS OTHER THAN INTEREST								
Service fee and commission income, net (Notes 34 and 40)	5,635,443	33	4,727,780	33	15,752,334	33	14,549,991	36
Gains on financial assets and liabilities at fair value through profit or loss (Notes 8 and 35)	2,981,437	18	255,360	2	9,490,354	20	242,219	1
Realized gains on financial assets at fair value through other comprehensive income (Note 9)	528,726	3	1,006,004	7	1,317,080	3	1,455,649	4
Foreign exchange gains, net	277,214	2	539,151	4	95,952	-	561,227	1
Reversal of impairment losses (impairment losses) on assets	1,393	-	(2,364)	-	4,690	-	(1,744)	-
Other noninterest gains, net	<u>34,254</u>	<u>-</u>	<u>66,183</u>	<u>-</u>	<u>107,009</u>	<u>-</u>	<u>208,351</u>	<u>1</u>
Total net revenues and gains other than interest	<u>9,458,467</u>	<u>56</u>	<u>6,592,114</u>	<u>46</u>	<u>26,767,419</u>	<u>56</u>	<u>17,015,693</u>	<u>43</u>
TOTAL NET REVENUES	<u>16,877,187</u>	<u>100</u>	<u>14,348,034</u>	<u>100</u>	<u>48,181,484</u>	<u>100</u>	<u>40,031,793</u>	<u>100</u>
BAD-DEBT EXPENSES AND PROVISIONS FOR LOSSES ON COMMITMENTS AND GUARANTEES (Note 14)	<u>(567,160)</u>	<u>(4)</u>	<u>(615,442)</u>	<u>(4)</u>	<u>(989,544)</u>	<u>(2)</u>	<u>(1,490,986)</u>	<u>(4)</u>
OPERATING EXPENSES (Notes 4, 17, 18, 19, 20, 30, 36 and 40)								
Employee benefits	(4,229,139)	(25)	(3,388,783)	(24)	(12,076,148)	(25)	(10,411,112)	(26)
Depreciation and amortization	(982,671)	(6)	(931,820)	(6)	(2,905,360)	(6)	(2,809,141)	(7)
General and administrative	<u>(4,742,037)</u>	<u>(28)</u>	<u>(3,810,124)</u>	<u>(27)</u>	<u>(12,604,198)</u>	<u>(26)</u>	<u>(10,478,192)</u>	<u>(26)</u>
Total operating expenses	<u>(9,953,847)</u>	<u>(59)</u>	<u>(8,130,727)</u>	<u>(57)</u>	<u>(27,585,706)</u>	<u>(57)</u>	<u>(23,698,445)</u>	<u>(59)</u>
INCOME BEFORE INCOME TAX	6,356,180	37	5,601,865	39	19,606,234	41	14,842,362	37
INCOME TAX EXPENSE (Notes 4 and 37)	<u>(1,014,043)</u>	<u>(6)</u>	<u>(1,036,577)</u>	<u>(7)</u>	<u>(3,714,228)</u>	<u>(8)</u>	<u>(3,182,029)</u>	<u>(8)</u>
NET INCOME FOR THE PERIOD	<u>5,342,137</u>	<u>31</u>	<u>4,565,288</u>	<u>32</u>	<u>15,892,006</u>	<u>33</u>	<u>11,660,333</u>	<u>29</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 September 30				For the Nine Months Ended September 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	\$ 529,583	3	\$ 348,016	3	\$ (1,399,118)	(3)	\$ 278,024	1
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(282,537)	(1)	(1,723,507)	(12)	1,538,350	3	(3,542,724)	(9)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,596</u>	-	<u>38,140</u>	-	<u>2,779</u>	-	<u>66,825</u>	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>249,642</u>	<u>2</u>	<u>(1,337,351)</u>	<u>(9)</u>	<u>142,011</u>	<u>-</u>	<u>(3,197,875)</u>	<u>(8)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	1,490,898	9	1,823,168	13	1,388,878	3	3,708,517	9
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(1,073,608)	(7)	(3,203,082)	(23)	322,057	1	(13,429,388)	(33)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(27,860)</u>	-	<u>6,554</u>	-	<u>(182,250)</u>	<u>(1)</u>	<u>804,302</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>389,430</u>	<u>2</u>	<u>(1,373,360)</u>	<u>(10)</u>	<u>1,528,685</u>	<u>3</u>	<u>(8,916,569)</u>	<u>(22)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>639,072</u>	<u>4</u>	<u>(2,710,711)</u>	<u>(19)</u>	<u>1,670,696</u>	<u>3</u>	<u>(12,114,444)</u>	<u>(30)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 5,981,209</u>	<u>35</u>	<u>\$ 1,854,577</u>	<u>13</u>	<u>\$ 17,562,702</u>	<u>36</u>	<u>\$ (454,111)</u>	<u>(1)</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME								
ATTRIBUTABLE TO:								
Owners of ESFHC	\$ 5,338,917	31	\$ 4,563,357	32	\$ 15,881,830	33	\$ 11,648,029	29
Non-controlling interests	<u>3,220</u>	-	<u>1,931</u>	-	<u>10,176</u>	-	<u>12,304</u>	-
	<u>\$ 5,342,137</u>	<u>31</u>	<u>\$ 4,565,288</u>	<u>32</u>	<u>\$ 15,892,006</u>	<u>33</u>	<u>\$ 11,660,333</u>	<u>29</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of ESFHC	\$ 5,977,808	35	\$ 1,852,304	13	\$ 17,552,277	36	\$ (467,106)	(1)
Non-controlling interests	<u>3,401</u>	-	<u>2,273</u>	-	<u>10,425</u>	-	<u>12,995</u>	-
	<u>\$ 5,981,209</u>	<u>35</u>	<u>\$ 1,854,577</u>	<u>13</u>	<u>\$ 17,562,702</u>	<u>36</u>	<u>\$ (454,111)</u>	<u>(1)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 38)								
Basic	<u>\$0.34</u>		<u>\$0.31</u>		<u>\$1.04</u>		<u>\$0.79</u>	
Diluted	<u>\$0.34</u>		<u>\$0.31</u>		<u>\$1.04</u>		<u>\$0.79</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 the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 9 and 37)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss		
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 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	571,000	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	17,900	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
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(12,933)	(12,933)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	110,651	-	(110,651)	-	-	-
Net income for the nine months ended September 30, 2023	-	-	-	-	-	15,881,830	-	-	-	10,176	15,892,006
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	1,118,874	1,950,691	(1,399,118)	249	1,670,696
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	15,881,830	1,118,874	1,950,691	(1,399,118)	10,425	17,562,702
BALANCE AT SEPTEMBER 30, 2023	<u>15,664,000</u>	<u>\$ 156,640,000</u>	<u>\$ 34,800,497</u>	<u>\$ 18,430,702</u>	<u>\$ 5,531,342</u>	<u>\$ 16,935,497</u>	<u>\$ 732,971</u>	<u>\$ (8,935,465)</u>	<u>\$ 4,395,183</u>	<u>\$ 164,309</u>	<u>\$ 228,695,036</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)	\$ 158,753	\$ 194,384,642
Appropriation of 2021 earnings											
Legal reserve	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-	-
Special reserve	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(8,947,582)	-	-	-	-	(8,947,582)
Stock dividends	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	-	612,950
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(18,107)	(18,107)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(505,104)	-	505,104	-	-	-
Net income for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	-	-	-	12,304	11,660,333
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	2,989,288	(15,382,447)	278,024	691	(12,114,444)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	2,989,288	(15,382,447)	278,024	12,995	(454,111)
BALANCE AT SEPTEMBER 30, 2022	<u>14,275,100</u>	<u>\$ 142,751,000</u>	<u>\$ 26,070,164</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 11,150,885</u>	<u>\$ 267,576</u>	<u>\$ (12,578,290)</u>	<u>\$ (373,403)</u>	<u>\$ 153,641</u>	<u>\$ 185,577,792</u>

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 Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,606,234	\$ 14,842,362
Adjustments for:		
Depreciation expenses	2,368,360	2,259,435
Amortization expenses	537,000	549,706
Expected credit losses/bad-debt expenses	1,070,993	1,476,818
Gains on financial assets and liabilities at fair value through profit or loss	(9,490,354)	(242,219)
Interest expense	40,325,320	13,148,933
Interest revenue	(61,739,385)	(36,165,033)
Dividend income	(983,503)	(1,410,488)
Provision for losses on guarantees	(78,416)	2,701
Salary expenses on share-based payments	935,161	332,856
Losses (gains) on disposal of properties and equipment	751	(5,056)
Gains on disposal of investments	(333,577)	(45,161)
Others	(3,224)	(6,106)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(15,414,300)	(1,173,047)
Financial assets at fair value through profit or loss	78,334,755	122,327,682
Financial assets at fair value through other comprehensive income	(2,829,470)	(10,223,172)
Investments in debt instruments at amortized cost	(38,841,102)	(25,711,985)
Receivables	(15,622,779)	(2,651,447)
Discounts and loans	(72,978,369)	(150,258,522)
Other financial assets	(2,488,057)	1,519,684
Other assets	(97,575)	7,277,887
Deposits from the Central Bank and other banks	(31,497,848)	6,525,428
Financial liabilities at fair value through profit or loss	(16,675,217)	(81,073,381)
Securities sold under repurchase agreements	4,901,091	670,502
Payables	2,741,109	4,389,936
Deposits and remittances	64,468,276	158,775,994
Provision for employee benefits	54	23
Other financial liabilities	11,342,865	27,169,290
Other liabilities	(24,087)	(7,466,347)
Cash generated from (used in) operations	(42,465,294)	44,837,273
Interest received	60,909,461	36,059,279
Dividends received	1,109,626	1,500,907
Interest paid	(36,498,478)	(11,435,900)
Income tax paid	(3,549,564)	(3,271,694)
	(20,494,249)	67,689,865
Net cash generated from (used in) operating activities		(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	\$ (1,910,012)	\$ (1,777,383)
Proceeds from disposal of properties and equipment	269	36,253
Increase in operating deposits	(20,000)	-
Increase in settlement fund	(206)	(27,822)
Decrease in settlement fund	7,315	14,327
Increase in refundable deposits	(7,776,216)	(7,517,855)
Payments for intangible assets	(234,411)	(176,408)
Payments for right-of-use assets	(1,686)	(103)
Increase in other assets	<u>(870)</u>	<u>(577)</u>
Net cash used in investing activities	<u>(9,935,817)</u>	<u>(9,449,568)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,315,789
Decrease in short-term borrowings	(2,892,932)	-
Decrease in due to the Central Bank and other banks	-	(14,021,010)
Increase in commercial paper issued	6,320,000	-
Decrease in commercial paper issued	-	(1,830,000)
Repayments of corporate bonds	-	(1,100,000)
Proceeds from issue of bank debentures	1,900,000	11,100,000
Repayments of bank debentures	(1,500,000)	(9,820,000)
Repayments of long-term borrowings	(6,630)	(9,202)
Increase in financial liabilities designated at fair value through profit or loss	1,575,323	-
Increase in guarantee deposits received	1,177,029	24,999,860
Repayments of the principal portion of lease liabilities	(890,569)	(864,192)
Cash dividends paid	(2,855,020)	(8,947,582)
Proceeds from issuance of shares	16,000,000	-
Cash dividends paid to non-controlling interests	<u>(12,933)</u>	<u>(18,107)</u>
Net cash generated from financing activities	<u>18,814,268</u>	<u>805,556</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(5,686,206)</u>	<u>(15,101,279)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,302,004)	43,944,574
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>\$ 98,448,095</u>	<u>\$ 148,656,799</u>

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

	<u>September 30</u>	
	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 SEPTEMBER 30, 2023 AND 2022		
Cash and cash equivalents in the consolidated balance sheets	\$ 55,196,811	\$ 93,912,349
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”	38,703,883	54,744,450
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>4,547,401</u>	<u>-</u>
Cash and cash equivalents at the end of the period	<u>\$ 98,448,095</u>	<u>\$ 148,656,799</u>

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023, E.SUN Bank had 153 business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), an insurance agent department, 9 overseas branches, and 138 domestic branches.

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

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

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

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

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

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

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

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

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

For the nine months ended September 30, 2023 and 2022, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,308 and 9,102, respectively. For the nine months ended September 30, 2023 and 2022, the average number of employees of ESBC, UCB and BankPro was 997 and 941, respectively.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of ESFHC, in their meeting on November 13, 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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
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 material accounting policy information.

1) Retirement benefits

Pension cost for defined benefit retirement plans of interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

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

3) Derivatives

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

4) Hedge accounting

The Company designates certain hedging instruments as fair value hedges.

Fair value hedges

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2022. Please refer to Note 5 to the consolidated financial statements as of December 31, 2022 for the details of material accounting judgments and key sources of estimation uncertainty.

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 14,927,293	\$ 21,310,770	\$ 15,603,735
Checks for clearing	6,846,533	8,558,300	2,363,313
Due from banks	33,175,525	46,109,059	75,976,620
Cash in transit	<u>276,761</u>	<u>275,192</u>	<u>3,508</u>
	55,226,112	76,253,321	93,947,176
Less: Allowance for possible losses	<u>(29,301)</u>	<u>(35,677)</u>	<u>(34,827)</u>
	<u>\$ 55,196,811</u>	<u>\$ 76,217,644</u>	<u>\$ 93,912,349</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Deposit reserves - account A	\$ 35,955,737	\$ 36,803,658	\$ 24,058,325
Deposit reserves - account B	70,188,813	63,704,247	61,366,582
Reserves for deposits - foreign currency deposits	742,624	777,317	809,574
Due from the Central Bank - other	17,768,116	21,298,772	17,219,234
Deposit in the Central Bank - deposits of government agencies	6,581	5,458	5,837
Call loans to banks	<u>50,737,588</u>	<u>30,360,654</u>	<u>58,417,513</u>
	175,399,459	152,950,106	161,877,065
Less: Allowance for possible losses	<u>(15,586)</u>	<u>(33,792)</u>	<u>(63,964)</u>
	<u>\$ 175,383,873</u>	<u>\$ 152,916,314</u>	<u>\$ 161,813,101</u>

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

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

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>			
Negotiable certificates of deposit	\$ 19,135,197	\$ 76,508,885	\$ 96,330,443
Commercial paper	107,254,556	94,737,469	75,614,044
Treasury bills	1,953,511	1,933,379	16,981,932
Corporate bonds	53,897,646	63,547,802	66,965,131
Bank debentures	46,593,042	48,509,761	49,540,331
Overseas bonds	6,422,027	8,477,240	-
Stocks	5,847,824	4,243,038	4,244,636
Mutual funds	620,692	627,988	659,925
Operating securities - dealing department	410,473	169,995	191,143
Operating securities - underwriting department	94,720	85,656	65,184
Currency swap contracts	46,784,007	33,337,361	87,343,086
Interest rate swap contracts	28,178,734	24,699,752	29,375,756
Currency option contracts	1,896,298	1,884,884	3,902,792
Forward contracts	749,824	721,165	1,155,783
Futures exchange margins	341,540	279,127	288,331
Non-deliverable forward contracts	968,046	829,893	2,039,177
Cross-currency swap contracts	64,805	155,242	58,975
Metal commodity swap contracts	67	-	280
Credit default swap contracts	-	636	26,260
Interest rate option contracts	8,226	-	-
	<u>\$ 321,221,235</u>	<u>\$ 360,749,273</u>	<u>\$ 434,783,209</u>
<u>Held-for-trading financial liabilities</u>			
Currency swap contracts	\$ 32,659,688	\$ 25,884,719	\$ 50,993,779
Interest rate swap contracts	31,948,630	22,058,694	22,305,128
Currency option contracts	2,266,661	2,579,681	4,978,773
Forward contracts	695,148	530,768	1,231,968
Non-deliverable forward contracts	642,079	296,913	855,473
Cross-currency swap contracts	306,147	330,854	1,349,324
Credit default swap contracts	13,919	22,468	7,693
Metal commodity swap contracts	1,618	1,044	619
Interest rate option contracts	258,009	59,421	92,510
	<u>68,791,899</u>	<u>51,764,562</u>	<u>81,815,267</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>			
Bank debentures (Note 27)	<u>37,994,191</u>	<u>37,805,089</u>	<u>45,303,601</u>
	<u>\$ 106,786,090</u>	<u>\$ 89,569,651</u>	<u>\$ 127,118,868</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 September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022, respectively, were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Currency swap contracts	\$ 1,798,404,795	\$ 1,626,401,629	\$ 1,839,430,948
Interest rate swap contracts	918,391,559	883,116,053	928,963,392
Currency option contracts	331,811,496	276,153,216	377,272,315
Interest rate option contracts	16,322,880	14,000,000	12,000,000
Forward contracts	55,196,771	38,615,247	59,122,776
Non-deliverable forward contracts	50,599,517	26,896,489	43,869,723
Cross-currency swap contracts	12,587,527	14,622,702	20,561,947
Metal commodity swap contracts	36,333	13,613	13,900
Credit default swap contracts	3,237,210	3,177,860	2,833,850
Interest rate futures contracts	782,578	49,158	476,220
Commodity futures contracts	36,337	39,403	84,196
Stock index futures contract	35,236	2,110	7,049

As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of futures exchange margins receivable held by E.SUN Securities were \$212,978 thousand, \$193,056 thousand and \$192,707 thousand, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in equity instruments at FVTOCI	\$ 14,929,877	\$ 14,546,562	\$ 14,363,497
Investments in debt instruments at FVTOCI	<u>343,072,378</u>	<u>333,170,304</u>	<u>326,844,010</u>
	<u>\$ 358,002,255</u>	<u>\$ 347,716,866</u>	<u>\$ 341,207,507</u>

a. Investments in equity instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
Listed shares and emerging stocks	\$ 13,478,347	\$ 13,152,115	\$ 12,871,087
Unlisted shares	<u>1,451,530</u>	<u>1,394,447</u>	<u>1,492,410</u>
	<u>\$ 14,929,877</u>	<u>\$ 14,546,562</u>	<u>\$ 14,363,497</u>

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

For the nine months ended September 30, 2023 and 2022, the Company sold shares of stocks for \$6,059,431 thousand and \$11,895,696 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gains of \$110,651 thousand and unrealized losses of \$505,104 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$983,503 thousand and \$1,410,488 thousand were recognized in profit or loss for the nine months ended September 30, 2023 and 2022, respectively. The dividends related to investments held at the end of the reporting period were \$971,698 thousand and \$1,372,538 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	\$ 165,516,577	\$ 165,856,290	\$ 162,994,327
Government bonds	47,553,013	53,132,650	53,001,714
Corporate bonds	113,041,172	103,810,275	102,470,739
Overseas bonds	16,949,498	10,042,713	8,021,911
Negotiable certificates of deposit	-	307,871	319,198
Discounted note	<u>12,118</u>	<u>20,505</u>	<u>36,121</u>
	<u>\$ 343,072,378</u>	<u>\$ 333,170,304</u>	<u>\$ 326,844,010</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the investments in debt instruments at FVTOCI, which amounted to \$17,730,420 thousand, \$19,335,552 thousand and \$15,547,056 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

	September 30, 2023	December 31, 2022	September 30, 2022
Overseas bonds	\$ 44,082,554	\$ 33,694,068	\$ 29,976,681
Bank debentures	51,748,615	46,605,479	47,596,619
Corporate bonds	22,592,627	14,951,609	13,893,701
Negotiable certificates of deposit	302,705,760	286,077,350	238,278,160
Government bonds	21,613,990	19,929,604	8,574,270
Securitization products	<u>-</u>	<u>178,794</u>	<u>169,323</u>
	442,743,546	401,436,904	338,488,754
Less: Allowance for impairment loss	<u>(36,923)</u>	<u>(31,161)</u>	<u>(22,421)</u>
	<u>\$ 442,706,623</u>	<u>\$ 401,405,743</u>	<u>\$ 338,466,333</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the investments in debt instruments at amortized cost, which amounted to \$6,144,515 thousand, \$946,453 thousand and \$2,940,487 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

**September 30,
2023**

Financial assets for hedging

Fair value hedge - interest rate swaps \$ 44,316

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:

September 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	\$ 645,760	2031.10.29	Financial assets for hedging	\$ 44,316	\$ 44,349	
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				\$ 509,297	\$ (43,416)	\$ (43,416)

For the nine months ended September 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 September 30, 2023	For the Nine Months Ended September 30, 2023	
Fair value hedge			
Interest rate risk			
Financial assets at FVTOCI	\$ 2,671	\$ 900	Other non-interest gains, net

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$4,547,401 thousand and \$7,881,831 thousand under resell agreements as of September 30, 2023 and December 31, 2022, respectively, would subsequently be sold for \$4,551,799 thousand and \$7,899,935 thousand, respectively.

13. RECEIVABLES, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Receivables on credit cards	\$ 104,851,095	\$ 93,047,186	\$ 92,241,758
Accounts receivable factored without recourse	9,979,840	10,412,770	12,999,159
Margin loans receivable	7,721,568	5,937,843	6,297,528
Accrued interest	11,837,227	8,888,775	7,173,171
Accounts receivable	2,883,229	1,973,788	2,854,137
Settlements receivable	3,886,445	2,399,213	4,228,760
Acceptances	1,254,578	1,381,774	1,776,314
Securities business money lending	2,069,253	1,629,361	1,623,526
Others	2,007,144	2,211,991	2,537,768
	146,490,379	127,882,701	131,732,121
Less: Allowance for possible losses	(1,735,800)	(1,894,027)	(1,888,941)
	<u>\$ 144,754,579</u>	<u>\$ 125,988,674</u>	<u>\$ 129,843,180</u>

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

For the nine months ended September 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	(455)	874	(419)	-	-	-
Credit-impaired financial assets	(897)	(20,251)	21,148	-	-	-
12-month ECL	13,869	(13,030)	(839)	-	-	-
Derecognition of financial assets in the reporting period	(6,162)	(2,947)	(25,461)	(34,570)	-	(34,570)
New financial assets purchased or originated	6,000	2,428	9,568	17,996	-	17,996
Difference of impairment loss under regulations	-	-	-	-	(340,026)	(340,026)
Write-offs	-	-	(429,203)	(429,203)	-	(429,203)
Recovery of written-off receivables	-	-	341,939	341,939	-	341,939
Change in model or risk parameters	(47,584)	31,396	306,586	290,398	-	290,398
Change in exchange rates or others	31	23	1,847	1,901	(6,662)	(4,761)
Balance at September 30, 2023	<u>\$ 89,551</u>	<u>\$ 37,130</u>	<u>\$ 652,545</u>	<u>\$ 779,226</u>	<u>\$ 956,574</u>	<u>\$ 1,735,800</u>

For the nine months ended September 30, 2022

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 53,702	\$ 6,430	\$ 354,738	\$ 414,870	\$ 1,666,653	\$ 2,081,523
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(97)	845	(748)	-	-	-
Credit-impaired financial assets	(349)	(3,424)	3,773	-	-	-
12-month ECL	4,418	(2,133)	(2,285)	-	-	-
Derecognition of financial assets in the reporting period	(2,521)	(571)	(20,005)	(23,097)	-	(23,097)
New financial assets purchased or originated	7,767	4,154	21,799	33,720	-	33,720
Difference of impairment loss under regulations	-	-	-	-	(359,106)	(359,106)
Write-offs	-	-	(343,569)	(343,569)	-	(343,569)
Recovery of written-off receivables	-	-	338,157	338,157	-	338,157
Change in model or risk parameters	60,594	21,112	67,527	149,233	-	149,233
Change in exchange rates or others	123	15	1,732	1,870	10,210	12,080
Balance at September 30, 2022	<u>\$ 123,637</u>	<u>\$ 26,428</u>	<u>\$ 421,119</u>	<u>\$ 571,184</u>	<u>\$ 1,317,757</u>	<u>\$ 1,888,941</u>

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

For the nine months ended September 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	(278,554)	279,922	(1,368)	-
Credit-impaired financial assets	(574,301)	(145,927)	720,228	-
12-month ECL	102,204	(99,522)	(2,682)	-
Derecognition of financial assets in the reporting period	(28,287,200)	(27,294)	(490,994)	(28,805,488)
New financial assets purchased or originated	47,699,366	60,691	66,125	47,826,182
Write-offs	-	-	(429,203)	(429,203)
Change in exchange rates or others	<u>13,520</u>	<u>293</u>	<u>2,374</u>	<u>16,187</u>
Balance at September 30, 2023	<u>\$ 143,680,454</u>	<u>\$ 359,656</u>	<u>\$ 2,450,269</u>	<u>\$ 146,490,379</u>

For the nine months ended September 30, 2022

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

14. DISCOUNTS AND LOANS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Loans			
Short-term	\$ 295,762,146	\$ 298,077,932	\$ 301,400,449
Medium-term	540,786,137	520,695,187	509,171,474
Long-term	1,189,828,001	1,135,959,195	1,125,822,413
Overdue loans	3,237,175	2,594,751	2,623,052
Bills negotiated and discounts	<u>1,707,621</u>	<u>1,940,308</u>	<u>2,356,904</u>
	2,031,321,080	1,959,267,373	1,941,374,292
Less: Allowance for possible losses	(24,959,043)	(24,457,810)	(23,988,658)
Adjustment of premium or discount	<u>(29,558)</u>	<u>(17,646)</u>	<u>24,193</u>
	<u>\$ 2,006,332,479</u>	<u>\$ 1,934,791,917</u>	<u>\$ 1,917,409,827</u>

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$2,807,030 thousand, \$2,575,008 thousand and \$2,602,163 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$53,396 thousand and \$30,714 thousand for the nine months ended September 30, 2023 and 2022, respectively.

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

For the nine months ended September 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	(8,865)	24,482	(15,617)	-	-	-
Credit-impaired financial assets	(11,250)	(244,419)	255,669	-	-	-
12-month ECL	149,599	(118,212)	(31,387)	-	-	-
Derecognition of financial assets in the reporting period	(317,004)	(52,487)	(345,231)	(714,722)	-	(714,722)
New financial assets purchased or originated	727,205	257,461	573,728	1,558,394	-	1,558,394
Difference of impairment loss under regulations	-	-	-	-	(222,302)	(222,302)
Write-offs	-	-	(1,186,151)	(1,186,151)	-	(1,186,151)
Recovery of written-off credits	-	-	425,255	425,255	-	425,255
Change in model or risk parameters	(449,552)	623,466	358,251	532,165	-	532,165
Change in exchange rates or others	<u>13,238</u>	<u>164</u>	<u>3,972</u>	<u>17,374</u>	<u>91,220</u>	<u>108,594</u>
Balance at September 30, 2023	<u>\$ 1,698,269</u>	<u>\$ 1,997,839</u>	<u>\$ 3,169,458</u>	<u>\$ 6,865,566</u>	<u>\$ 18,093,477</u>	<u>\$ 24,959,043</u>

For the nine months ended September 30, 2022

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 1,107,559	\$ 1,159,549	\$ 2,685,341	\$ 4,952,449	\$ 17,171,522	\$ 22,123,971
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(21,764)	42,193	(20,429)	-	-	-
Credit-impaired financial assets	(7,046)	(78,543)	85,589	-	-	-
12-month ECL	89,069	(41,977)	(47,092)	-	-	-
Derecognition of financial assets in the reporting period	(359,321)	(44,229)	(229,953)	(633,503)	-	(633,503)
New financial assets purchased or originated	713,821	294,320	296,627	1,304,768	-	1,304,768
Difference of impairment loss under regulations	-	-	-	-	313,325	313,325
Write-offs	-	-	(651,632)	(651,632)	-	(651,632)
Recovery of written-off credits	-	-	498,670	498,670	-	498,670
Change in model or risk parameters	168,223	141,568	361,802	671,593	-	671,593
Change in exchange rates or others	45,592	1,140	1,672	48,404	313,062	361,466
Balance at September 30, 2022	<u>\$ 1,736,133</u>	<u>\$ 1,474,021</u>	<u>\$ 2,980,595</u>	<u>\$ 6,190,749</u>	<u>\$ 17,797,909</u>	<u>\$ 23,988,658</u>

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

For the nine months ended September 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	(3,051,082)	3,195,050	(143,968)	-
Credit-impaired financial assets	(1,737,231)	(699,631)	2,436,862	-
12-month ECL	1,013,768	(660,885)	(352,883)	-
Derecognition of financial assets in the reporting period	(556,034,481)	(1,950,643)	(2,041,059)	(560,026,183)
New financial assets purchased or originated	629,116,772	1,797,963	1,296,081	632,210,816
Write-offs	-	-	(1,186,151)	(1,186,151)
Change in exchange rates or others	1,028,794	7,696	18,735	1,055,225
Balance at September 30, 2023	<u>\$ 2,013,053,469</u>	<u>\$ 9,557,511</u>	<u>\$ 8,710,100</u>	<u>\$ 2,031,321,080</u>

For the nine months ended September 30, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 1,776,479,581	\$ 6,530,761	\$ 7,688,413	\$ 1,790,698,755
Transfers to				
Lifetime ECL	(1,580,735)	1,827,976	(247,241)	-
Credit-impaired financial assets	(1,995,378)	(361,064)	2,356,442	-
12-month ECL	784,378	(256,185)	(528,193)	-
Derecognition of financial assets in the reporting period	(531,308,470)	(1,103,327)	(1,474,815)	(533,886,612)
New financial assets purchased or originated	680,010,937	1,097,303	554,197	681,662,437
Write-offs	-	-	(651,632)	(651,632)
Change in exchange rates or others	3,532,689	16,273	2,382	3,551,344
Balance at September 30, 2022	<u>\$ 1,925,923,002</u>	<u>\$ 7,751,737</u>	<u>\$ 7,699,553</u>	<u>\$ 1,941,374,292</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Provision (reversal of provision) for possible losses on due from banks	\$ 56	\$ 251	\$ (7,723)	\$ 13,211
Provision (reversal of provision) for possible losses on call loans to other banks	(12,053)	11,534	(19,468)	13,192
Provision (reversal of provision) for possible losses on receivables	2,376	53,828	(66,202)	(199,250)
Provision for possible losses on discounts and loans	556,680	551,766	1,153,535	1,656,183
Reversal of provision for possible losses on overdue receivables	(133)	(863)	(247)	(2,581)
Reversal of provision for possible losses on remittance	-	-	-	(10)
Provision (reversal of provision) for possible losses on guarantees	(9,676)	(816)	(78,416)	2,701
Provision (reversal of provision) for possible losses on financing commitments	<u>29,910</u>	<u>(258)</u>	<u>8,065</u>	<u>7,540</u>
	<u>\$ 567,160</u>	<u>\$ 615,442</u>	<u>\$ 989,544</u>	<u>\$ 1,490,986</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 September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amounts of the unconsolidated structured entities recognized by E.SUN Bank were as below:

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Assets securitization products and asset - based loan</u>			
Investments in debt instruments at amortized cost	\$ -	\$ 177,156	\$ 167,749
Discounts and loans	<u>-</u>	<u>780,184</u>	<u>738,856</u>
	<u>\$ -</u>	<u>\$ 957,340</u>	<u>\$ 906,605</u>

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

16. OTHER FINANCIAL ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Overdue receivable	\$ 144,508	\$ 185,641	\$ 196,493
Less: Allowance for possible losses	<u>(144,508)</u>	<u>(185,641)</u>	<u>(196,493)</u>
Overdue receivable, net	-	-	-
Due from banks	5,585,889	3,118,088	5,792,906
Guarantee deposits received on futures contracts	1,852,442	1,802,186	1,777,896
Others	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,438,331</u>	<u>\$ 4,920,274</u>	<u>\$ 7,570,802</u>

Guarantee deposits received on futures contracts were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits in bank	\$ 1,026,951	\$ 868,442	\$ 620,826
Deposits held by futures commission merchants as a clearing member	<u>825,491</u>	<u>933,744</u>	<u>1,157,070</u>
	<u>\$ 1,852,442</u>	<u>\$ 1,802,186</u>	<u>\$ 1,777,896</u>
Guarantee deposits received on futures contracts	\$ 1,852,442	\$ 1,802,186	\$ 1,777,896
Less: Commission revenue	(669)	(648)	(1,093)
Futures transaction tax	(360)	(256)	(456)
Temporary receipts	<u>(1,419)</u>	<u>(1,783)</u>	<u>(1,176)</u>
Customers' equity accounts - futures (Note 31)	<u>\$ 1,849,994</u>	<u>\$ 1,799,499</u>	<u>\$ 1,775,171</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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 208,875	\$ 208,875	\$ 208,875
Buildings	1,536,552	1,573,931	1,609,196
Right-of-use assets	<u>46,437</u>	<u>47,222</u>	<u>47,484</u>
	<u>\$ 1,791,864</u>	<u>\$ 1,830,028</u>	<u>\$ 1,865,555</u>

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

Except for depreciation expenses recognized, the Company had no significant addition, disposal and impairment on investment properties during the nine months ended September 30, 2023 and 2022.

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, the fair values of investment properties were \$2,592,820 thousand, \$2,591,680 thousand and \$2,923,494 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income from investment properties	\$ 10,526	\$ 10,259	\$ 31,006	\$ 28,828
Direct operating expenses of investment properties that generate rental income	(13,089)	(13,230)	(39,476)	(39,657)
Direct operating expenses of investment properties that do not generate rental income	<u>(142)</u>	<u>(138)</u>	<u>(422)</u>	<u>(415)</u>
	<u>\$ (2,705)</u>	<u>\$ (3,109)</u>	<u>\$ (8,892)</u>	<u>\$ (11,244)</u>

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of September 30, 2023, December 31, 2022 and September 30, 2022, refundable deposits on these leases totaled \$12,576 thousand, \$12,579 thousand and \$12,713 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 38,433	\$ 43,314	\$ 47,836
Year 2	23,494	37,516	37,754
Year 3	2,096	9,811	20,449
Year 4	1,836	1,836	1,856
Year 5	813	1,110	1,236
Over 5 years	<u>180</u>	<u>-</u>	<u>73</u>
	<u>\$ 66,852</u>	<u>\$ 93,587</u>	<u>\$ 109,204</u>

18. PROPERTIES AND EQUIPMENT, NET

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 14,981,302	\$ 14,706,278	\$ 14,717,110
Buildings	13,860,094	12,920,775	12,879,433
Computers	2,631,037	2,813,881	2,823,808
Transportation equipment	517,273	444,029	447,091
Miscellaneous equipment	1,577,891	1,539,979	1,543,407
Prepayments for properties and equipment	<u>1,228,979</u>	<u>2,283,790</u>	<u>1,914,155</u>
	<u>\$ 34,796,576</u>	<u>\$ 34,708,732</u>	<u>\$ 34,325,004</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	443,147	281,712	79,555	182,456	663,233	1,908,583
Disposal	-	-	(139,602)	(10,548)	(142,331)	-	(292,481)
Net exchange difference	16,544	41,944	8,054	1,367	24,534	56	92,499
Reclassification and others	<u>-</u>	<u>1,002,698</u>	<u>159,314</u>	<u>63,644</u>	<u>29,455</u>	<u>(1,718,100)</u>	<u>(462,989)</u>
Balance, September 30, 2023	<u>\$ 14,981,302</u>	<u>\$ 20,018,032</u>	<u>\$ 8,000,331</u>	<u>\$ 1,156,469</u>	<u>\$ 4,258,901</u>	<u>\$ 1,228,979</u>	<u>\$ 49,644,014</u>
Balance, January 1, 2022	\$ 14,693,991	\$ 18,804,234	\$ 7,243,409	\$ 972,460	\$ 4,164,905	\$ 1,394,275	\$ 47,273,274
Addition	-	156,866	340,432	77,217	189,255	1,016,079	1,779,849
Disposal	(14,027)	(24,594)	(153,065)	(61,301)	(156,159)	-	(409,146)
Net exchange difference	42,936	142,012	27,539	6,016	81,935	1,727	302,165
Reclassification and others	<u>(5,790)</u>	<u>112,695</u>	<u>96,022</u>	<u>25,968</u>	<u>103,347</u>	<u>(497,926)</u>	<u>(165,684)</u>
Balance, September 30, 2022	<u>\$ 14,717,110</u>	<u>\$ 19,191,213</u>	<u>\$ 7,554,337</u>	<u>\$ 1,020,360</u>	<u>\$ 4,383,283</u>	<u>\$ 1,914,155</u>	<u>\$ 48,780,458</u>

	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	-	-	139,315	10,355	141,791	291,461
Depreciation expenses	-	(537,228)	(624,906)	(69,698)	(180,046)	(1,411,878)
Net exchange difference	-	(11,242)	(6,731)	(1,431)	(17,947)	(37,351)
Balance, September 30, 2023	<u>\$ -</u>	<u>\$ (6,157,938)</u>	<u>\$ (5,369,294)</u>	<u>\$ (639,196)</u>	<u>\$ (2,681,010)</u>	<u>\$ (14,847,438)</u>
Balance, January 1, 2022	\$ -	\$ (5,809,347)	\$ (4,249,268)	\$ (569,754)	\$ (2,763,437)	\$ (13,391,806)
Disposal	-	16,308	152,956	61,064	147,621	377,949
Depreciation expenses	-	(494,584)	(614,262)	(60,307)	(175,266)	(1,344,419)
Net exchange difference	-	(27,607)	(19,955)	(4,272)	(48,794)	(100,628)
Reclassification and others	-	3,450	-	-	-	3,450
Balance, September 30, 2022	<u>\$ -</u>	<u>\$ (6,311,780)</u>	<u>\$ (4,730,529)</u>	<u>\$ (573,269)</u>	<u>\$ (2,839,876)</u>	<u>\$ (14,455,454)</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Land and superficies royalties	\$ 3,712,248	\$ 3,772,244	\$ 3,792,242
Buildings	3,258,445	3,359,786	2,998,421
Office equipment	3,071	6,412	7,616
Transportation equipment	<u>6,648</u>	<u>5,265</u>	<u>5,253</u>
	<u>\$ 6,980,412</u>	<u>\$ 7,143,707</u>	<u>\$ 6,803,532</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>
			<u>2022</u>
Additions to right-of-use assets		<u>\$ 768,097</u>	<u>\$ 748,619</u>
Depreciation charge for right-of-use assets			
Land and superficies royalties	\$ 19,999	\$ 19,999	\$ 59,996
Buildings	288,999	261,416	851,203
Office equipment	1,110	1,123	3,355
Transportation equipment	<u>976</u>	<u>972</u>	<u>2,964</u>
	<u>\$ 311,084</u>	<u>\$ 283,510</u>	<u>\$ 875,828</u>

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

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

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts	<u>\$ 4,199,715</u>	<u>\$ 4,303,812</u>	<u>\$ 3,912,707</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 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%	0.70%-2.98%
Transportation equipment	0.73%-2.98%	0.73%-2.98%	0.73%-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 September 30, 2023, December 31, 2022 and September 30, 2022, refundable deposits on these leases totaled \$729,431 thousand, \$774,327 thousand and \$759,524 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 15,644</u>	<u>\$ 1,873</u>	<u>\$ 31,243</u>	<u>\$ 24,801</u>
Expenses relating to low-value asset leases	<u>\$ 128</u>	<u>\$ 141</u>	<u>\$ 327</u>	<u>\$ 314</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 57</u>	<u>\$ (91)</u>	<u>\$ 193</u>	<u>\$ 4,957</u>
Total cash outflow for leases			<u>\$ (922,346)</u>	<u>\$ (894,276)</u>

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

20. INTANGIBLE ASSETS, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Goodwill	\$ 4,518,643	\$ 4,487,263	\$ 4,507,809
Computer software	1,254,211	1,084,592	1,044,796
Banking licenses	515,058	490,109	506,444
Core deposits	11,698	13,733	14,411
Developed technology	17,786	21,891	23,259
Customer relationship	<u>9,871</u>	<u>11,902</u>	<u>12,579</u>
	<u>\$ 6,327,267</u>	<u>\$ 6,109,490</u>	<u>\$ 6,109,298</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	-	234,411	-	-	-	-	234,411
Amortization expenses	-	(528,248)	-	(2,035)	(4,105)	(2,031)	(536,419)
Reclassification	-	462,972	-	-	-	-	462,972
Net exchange difference	<u>31,380</u>	<u>484</u>	<u>24,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,813</u>
Balance, September 30, 2023	<u>\$ 4,518,643</u>	<u>\$ 1,254,211</u>	<u>\$ 515,058</u>	<u>\$ 11,698</u>	<u>\$ 17,786</u>	<u>\$ 9,871</u>	<u>\$ 6,327,267</u>
Balance, January 1, 2022	\$ 4,426,370	\$ 1,249,795	\$ 441,695	\$ 16,445	\$ 27,364	\$ 14,610	\$ 6,176,279
Separate acquisition	-	175,419	-	-	-	-	175,419
Amortization expenses	-	(540,979)	-	(2,034)	(4,105)	(2,031)	(549,149)
Reclassification	-	155,561	-	-	-	-	155,561
Net exchange difference	<u>81,439</u>	<u>5,000</u>	<u>64,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,188</u>
Balance, September 30, 2022	<u>\$ 4,507,809</u>	<u>\$ 1,044,796</u>	<u>\$ 506,444</u>	<u>\$ 14,411</u>	<u>\$ 23,259</u>	<u>\$ 12,579</u>	<u>\$ 6,109,298</u>

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

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

In testing assets for impairment, the Company uses as recoverable amounts (a) value in use for an operating segment defined as a CGU and (b) net fair value for an investment property. Goodwill on 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

	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits, net	\$ 19,163,259	\$ 11,387,043	\$ 11,622,366
Operating deposits and settlement funds	596,592	583,701	583,441
Prepayments	770,365	489,187	697,175
Defined benefit assets	856,641	689,543	538,394
Collections for underwriting stock value	317	443,866	547,661
Others	<u>215,996</u>	<u>152,863</u>	<u>156,854</u>
	<u>\$ 21,603,170</u>	<u>\$ 13,746,203</u>	<u>\$ 14,145,891</u>

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	September 30, 2023	December 31, 2022	September 30, 2022
Call loans from banks	\$ 32,196,283	\$ 43,812,095	\$ 60,566,088
Deposits from Chunghwa Post Co., Ltd.	2,276,177	22,276,985	22,276,985
Call loans from the Central Bank	2,260,160	3,379,640	3,809,760
Banks overdrafts	404,245	1,217,016	824,375
Deposits from banks	3,850,548	1,801,904	2,501,948
Deposits from the Central Bank	<u>29,173</u>	<u>26,794</u>	<u>27,430</u>
	<u>\$ 41,016,586</u>	<u>\$ 72,514,434</u>	<u>\$ 90,006,586</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$23,396,386 thousand, \$18,495,295 thousand and \$17,319,141 thousand under repurchase agreements as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, would subsequently be purchased for \$23,575,817 thousand, \$18,555,769 thousand and \$17,391,199 thousand, respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$8,060,000 thousand, \$1,740,000 thousand and \$2,960,000 thousand, and the annual discount rates were from 1.44%-1.50%, 1.31%-1.38% and 1.00%-1.28%, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. These financial instruments were accepted and guaranteed by financial institutions.

25. PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Checks for clearing	\$ 6,846,533	\$ 8,558,300	\$ 2,363,313
Accrued interest	10,618,300	5,665,301	4,709,322
Accrued expenses	4,759,076	5,361,454	4,218,336
Accounts payable	3,090,792	1,863,156	3,581,766
Factored accounts payable	4,129,724	3,211,212	4,129,853
Settlements payable	3,005,286	2,171,613	3,051,802
Acceptances	1,250,114	1,410,606	1,786,942
Payables for short-sale transactions	976,123	1,704,602	1,707,541
Deposits on short-sale transactions	900,658	1,863,556	1,554,782
Tax payable	355,563	474,923	284,667
Collections payable	4,819,558	852,666	7,453,117
Interbank remittance clearing payables	1,639,585	2,075,617	1,585,909
Others	<u>2,803,321</u>	<u>2,273,912</u>	<u>3,478,709</u>
	<u>\$ 45,194,633</u>	<u>\$ 37,486,918</u>	<u>\$ 39,906,059</u>

26. DEPOSITS AND REMITTANCES

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits			
Checking	\$ 13,294,155	\$ 19,642,986	\$ 12,542,610
Demand	684,230,932	746,940,194	752,615,805
Savings - demand	743,152,465	715,721,562	715,133,304
Time	1,033,677,872	1,006,834,922	997,218,876
Negotiable certificates of deposit	15,483,954	9,398,169	8,020,589
Savings - time	460,708,639	386,458,484	352,584,752
Treasury deposits	15,469,226	15,918,036	14,229,053
Remittances	<u>1,050,439</u>	<u>1,685,053</u>	<u>1,493,796</u>
	<u>\$ 2,967,067,682</u>	<u>\$ 2,902,599,406</u>	<u>\$ 2,853,838,785</u>

27. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Bank debentures	\$ 38,250,000	\$ 37,850,000	\$ 35,550,000
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>\$ 41,550,000</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 October 16, 2023, the FSC approved the issuance of unsecured corporate bonds amounting to NT\$90 billion with no more than 15 years to maturity that can be issued in installments.

As of the date the consolidated financial statements were authorized for issue, corporate bonds amounting to NT\$90 billion have not yet been issued.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ -	\$ 1,500,000	\$ 1,500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,200,000	2,200,000	2,200,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,500,000	4,500,000	4,500,000
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	3,650,000
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

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
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
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	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>\$ 35,550,000</u> (Concluded)

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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 3,071,227	\$ 2,983,976	\$ 3,425,425
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	1,372,919	1,553,813	1,863,527
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,250,048	2,173,492	2,529,254
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	740,241	805,369	976,171
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	8,435,777	8,330,092	9,709,483
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	4,794,265	5,360,604	6,613,663
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	2,650,792	2,656,420	3,155,248
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	1,941,670	2,145,343	2,642,194
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	1,860,351	2,062,697	2,540,401
Unsecured USD-denominated bonds issued on May 19, 2017	1,597,635	1,598,987	1,906,285
Unsecured USD-denominated bonds issued on November 21, 2017	3,490,234	3,482,836	4,189,665
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	4,182,169	4,651,460	5,752,285
Unsecured USD-denominated foreign exchange-linked bonds issued on July 28, 2023	692,518	-	-
Unsecured USD-denominated redeemable interest rate-linked bonds issued on July 28, 2023	625,096	-	-
Unsecured USD-denominated redeemable interest rate-linked bonds issued on August 18, 2023	<u>289,249</u>	<u>-</u>	<u>-</u>
	<u>\$ 37,994,191</u>	<u>\$ 37,805,089</u>	<u>\$ 45,303,601</u>

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

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

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

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

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

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

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

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

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

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

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

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

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.

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.

The FSC on January 19 and July 28, 2023, respectively, approved the issuance of unsecured foreign currency bank debentures US\$50,000 thousand (or foreign currency equivalent) and offshore structured products US\$50,000 thousand (or foreign currency equivalent) with no more than 30 years to maturity and can be issued in installments within 10 years to strengthen operating capital and capital structure.

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

	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Short-term borrowings	\$ 278,709	2.12-6.75	\$ 3,140,581	1.94-6.15	\$ 2,131,801	1.59-4.15
Long-term borrowings	<u>371,312</u>	7.32-7.51	<u>359,910</u>	4.31-4.95	<u>374,173</u>	4.31-4.95
	<u>\$ 650,021</u>		<u>\$ 3,500,491</u>		<u>\$ 2,505,974</u>	

29. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Provision for losses on financing commitments	\$ 622,699	\$ 611,342	\$ 584,454
Provision for employee benefits	3,547	3,493	3,745
Provision for losses on guarantees	253,970	331,511	354,948
Others	<u>167,116</u>	<u>168,115</u>	<u>166,587</u>
	<u>\$ 1,047,332</u>	<u>\$ 1,114,461</u>	<u>\$ 1,109,734</u>

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

For the nine months ended September 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	(28)	28	-	-	-	-
Credit-impaired financial instruments	(2)	(3)	5	-	-	-
12-month ECL	6,152	(5,589)	(563)	-	-	-
Derecognition of financial instruments in the reporting period	(15,930)	(41,948)	(66)	(57,944)	-	(57,944)
New financial instruments purchased or originated	57,962	68,168	146	126,276	-	126,276
Difference of impairment loss under regulations	-	-	-	-	(151,375)	(151,375)
Change in model or risk parameters	(9,997)	21,125	1,564	12,692	-	12,692
Change in exchange rates or others	<u>73</u>	<u>6</u>	<u>-</u>	<u>79</u>	<u>4,088</u>	<u>4,167</u>
Balance at September 30, 2023	<u>\$ 148,937</u>	<u>\$ 89,542</u>	<u>\$ 4,314</u>	<u>\$ 242,793</u>	<u>\$ 633,876</u>	<u>\$ 876,669</u>

For the nine months ended September 30, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	\$ 95,148	\$ 99,444	\$ 4,171	\$ 198,763	\$ 719,207	\$ 917,970
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(53)	1,566	(1,513)	-	-	-
Credit-impaired financial instruments	-	(2)	2	-	-	-
12-month ECL	1,751	(1,715)	(36)	-	-	-
Derecognition of financial instruments in the reporting period	(29,078)	(8,460)	(46)	(37,584)	-	(37,584)
New financial instruments purchased or originated	27,893	155	202	28,250	-	28,250
Difference of impairment loss under regulations	-	-	-	-	64,259	64,259
Change in model or risk parameters	12,008	(56,813)	121	(44,684)	-	(44,684)
Change in exchange rates or others	<u>121</u>	<u>1</u>	<u>-</u>	<u>122</u>	<u>11,069</u>	<u>11,191</u>
Balance at September 30, 2022	<u>\$ 107,790</u>	<u>\$ 34,176</u>	<u>\$ 2,901</u>	<u>\$ 144,867</u>	<u>\$ 794,535</u>	<u>\$ 939,402</u>

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 \$337,548 thousand and \$322,469 thousand in the consolidated statements of comprehensive income for the nine months ended September 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 nine months ended September 30, 2023 and 2022, the pension expenses under defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$2,759 thousand and \$10,687 thousand, respectively.

31. OTHER FINANCIAL LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Principal of structured products	\$ 101,642,133	\$ 90,349,763	\$ 89,585,778
Guarantee deposits received	8,364,948	7,187,919	26,938,592
Customers' equity accounts - futures	<u>1,849,994</u>	<u>1,799,499</u>	<u>1,775,171</u>
	<u>\$ 111,857,075</u>	<u>\$ 99,337,181</u>	<u>\$ 118,299,541</u>

32. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Advance receipts	\$ 3,350,608	\$ 3,033,789	\$ 2,840,661
Deferred revenue	759,707	677,997	673,859
Collections for underwriting stock value	258	443,726	547,515
Others	<u>29,600</u>	<u>12,302</u>	<u>37,368</u>
	<u>\$ 4,140,173</u>	<u>\$ 4,167,814</u>	<u>\$ 4,099,403</u>

33. NET INTEREST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest revenue				
From discounts and loans	\$ 15,077,218	\$ 10,794,984	\$ 43,008,121	\$ 27,153,627
From investments	4,700,767	2,694,413	13,088,138	6,477,399
From revolving interests of credit cards	503,669	490,003	1,505,019	1,445,807
From due from banks and call loans to other banks	1,136,324	435,618	3,287,157	799,891
Others	<u>343,299</u>	<u>175,809</u>	<u>850,950</u>	<u>288,309</u>
	<u>21,761,277</u>	<u>14,590,827</u>	<u>61,739,385</u>	<u>36,165,033</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest expense				
From deposits	\$ (12,699,434)	\$ (5,860,738)	\$ (35,757,299)	\$ (11,104,562)
From due to the Central Bank and other banks	(527,705)	(378,299)	(1,580,948)	(721,274)
From issuing bonds payable	(165,250)	(155,185)	(495,395)	(433,941)
From lease liabilities	(13,012)	(10,095)	(35,788)	(31,233)
Others	(937,156)	(430,590)	(2,455,890)	(857,923)
	<u>(14,342,557)</u>	<u>(6,834,907)</u>	<u>(40,325,320)</u>	<u>(13,148,933)</u>
	<u>\$ 7,418,720</u>	<u>\$ 7,755,920</u>	<u>\$ 21,414,065</u>	<u>\$ 23,016,100</u>
				(Concluded)

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Service fee and commission income				
From credit cards	\$ 2,683,793	\$ 2,340,300	\$ 7,570,731	\$ 6,663,756
From insurance	1,046,564	945,302	3,078,543	2,456,629
From trust business	1,223,651	968,046	3,372,322	3,478,729
From loans	508,498	465,381	1,495,822	1,543,836
From brokerage	746,387	561,144	1,926,750	1,855,596
Others	547,221	519,355	1,572,568	1,609,690
	<u>6,756,114</u>	<u>5,799,528</u>	<u>19,016,736</u>	<u>17,608,236</u>
Service charge and commission expenses				
From agency	(534,858)	(509,932)	(1,536,270)	(1,466,626)
From credit cards	(179,624)	(153,451)	(531,395)	(452,772)
From cross - bank transactions	(84,537)	(83,751)	(252,710)	(244,125)
From computer processing	(70,913)	(78,799)	(249,640)	(207,246)
Others	(250,739)	(245,815)	(694,387)	(687,476)
	<u>(1,120,671)</u>	<u>(1,071,748)</u>	<u>(3,264,402)</u>	<u>(3,058,245)</u>
	<u>\$ 5,635,443</u>	<u>\$ 4,727,780</u>	<u>\$ 15,752,334</u>	<u>\$ 14,549,991</u>

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

	For the Three Months Ended September 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	\$ 111,032	\$ 691,804	\$ 7,990,506	\$ 26,740,189	\$ 35,533,531
Held-for-trading financial liabilities	-	-	(6,759,868)	(30,670,357)	(37,430,225)
Financial liabilities designated as at fair value through profit or loss	-	(635,987)	-	5,514,118	4,878,131
	<u>\$ 111,032</u>	<u>\$ 55,817</u>	<u>\$ 1,230,638</u>	<u>\$ 1,583,950</u>	<u>\$ 2,981,437</u>
	For the Three Months Ended September 30, 2022				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 65,107	\$ 476,831	\$ 5,499,852	\$ 67,125,398	\$ 73,167,188
Held-for-trading financial liabilities	-	-	(5,758,575)	(69,734,570)	(75,493,145)
Financial liabilities designated as at fair value through profit or loss	-	(582,684)	-	3,164,001	2,581,317
	<u>\$ 65,107</u>	<u>\$ (105,853)</u>	<u>\$ (258,723)</u>	<u>\$ 554,829</u>	<u>\$ 255,360</u>
	For the Nine Months Ended September 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	\$ 138,577	\$ 1,932,484	\$ 27,909,900	\$ 11,152,145	\$ 41,133,106
Held-for-trading financial liabilities	-	-	(18,869,397)	(17,121,116)	(35,990,513)
Financial liabilities designated as at fair value through profit or loss	-	(1,826,807)	-	6,174,568	4,347,761
	<u>\$ 138,577</u>	<u>\$ 105,677</u>	<u>\$ 9,040,503</u>	<u>\$ 205,597</u>	<u>\$ 9,490,354</u>
	For the Nine Months Ended September 30, 2022				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 91,913	\$ 1,858,469	\$ 14,255,938	\$ 131,472,324	\$ 147,678,644
Held-for-trading financial liabilities	-	-	(11,417,228)	(143,525,118)	(154,942,346)
Financial liabilities designated as at fair value through profit or loss	-	(1,675,944)	-	9,181,865	7,505,921
	<u>\$ 91,913</u>	<u>\$ 182,525</u>	<u>\$ 2,838,710</u>	<u>\$ (2,870,929)</u>	<u>\$ 242,219</u>

36. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Employee benefits				
Salaries	\$ 3,696,351	\$ 2,845,384	\$ 10,414,600	\$ 8,754,540
Insurance	207,182	213,019	686,624	683,007
Excessive interest from preferential rates	-	-	-	26,744
Post-employment benefits	115,053	110,864	340,307	333,156
Others	210,553	219,516	634,617	613,665
Depreciation expenses	801,948	749,946	2,368,360	2,259,435
Amortization expenses	180,723	181,874	537,000	549,706

Under the Articles of Incorporation of ESFHC, ESFHC accrued employees' compensation and remuneration of directors at the rates from 2.0% to 5.0% and no higher than 0.9%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors (after offsetting accumulated deficit). For the nine months ended September 30, 2023 and 2022, the employees' compensation were \$480,488 thousand and \$333,092 thousand, respectively; and the remuneration of directors were \$83,000 thousand and \$57,000 thousand, respectively.

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

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

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

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

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

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

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

37. INCOME TAX

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

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

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
Current period	\$ 819,558	\$ 934,940	\$ 3,551,719	\$ 3,121,528
Additional income tax on unappropriated earnings	-	-	46,860	10,610
Prior year's adjustments	<u>35</u>	<u>(100,633)</u>	<u>(31,035)</u>	<u>(182,117)</u>
	<u>819,593</u>	<u>834,307</u>	<u>3,567,544</u>	<u>2,950,021</u>
Deferred tax				
Current period	<u>194,450</u>	<u>202,270</u>	<u>146,684</u>	<u>232,008</u>
Income tax expense recognized in profit or loss	<u>\$ 1,014,043</u>	<u>\$ 1,036,577</u>	<u>\$ 3,714,228</u>	<u>\$ 3,182,029</u>

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	\$ -	\$ (16,626)	\$ (23,226)	\$ (19,790)
Deferred tax				
Disposals of investment in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>16,626</u>	<u>23,226</u>	<u>19,790</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	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	\$ (2,596)	\$ (38,140)	\$ (2,779)	\$ (66,825)
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	291,704	352,405	269,755	718,538
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>(263,844)</u>	<u>(358,959)</u>	<u>(87,505)</u>	<u>(1,522,840)</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ 25,264</u>	<u>\$ (44,694)</u>	<u>\$ 179,471</u>	<u>\$ (871,127)</u>

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

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

38. EARNINGS PER SHARE

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

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
<u>For the three months ended September 30, 2023</u>			
Basic earnings per share	\$ 5,338,917	15,664,000	<u>\$ 0.34</u>
Effect of dilutive common shares:			
Employees' compensation	<u> -</u>	<u> 19,814</u>	
Diluted earnings per share	<u>\$ 5,338,917</u>	<u>15,683,814</u>	<u>\$ 0.34</u>
<u>For the three months ended September 30, 2022</u>			
Basic earnings per share	\$ 4,563,357	14,815,798	<u>\$ 0.31</u>
Effect of dilutive common shares:			
Employees' compensation	<u> -</u>	<u> 12,936</u>	
Diluted earnings per share	<u>\$ 4,563,357</u>	<u>14,828,734</u>	<u>\$ 0.31</u>
<u>For the nine months ended September 30, 2023</u>			
Basic earnings per share	\$ 15,881,830	15,304,878	<u>\$ 1.04</u>
Effect of dilutive common shares:			
Employees' compensation	<u> -</u>	<u> 23,092</u>	
Diluted earnings per share	<u>\$ 15,881,830</u>	<u>15,327,970</u>	<u>\$ 1.04</u>
<u>For the nine months ended September 30, 2022</u>			
Basic earnings per share	\$ 11,648,029	14,810,421	<u>\$ 0.79</u>
Effect of dilutive common shares:			
Employees' compensation	<u> -</u>	<u> 18,313</u>	
Diluted earnings per share	<u>\$ 11,648,029</u>	<u>14,828,734</u>	<u>\$ 0.79</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:

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2022</u>
Basic earnings per share	<u>\$ 0.32</u>	<u>\$ 0.82</u>	<u>\$ 0.31</u>	<u>\$ 0.79</u>
Diluted earnings per share	<u>\$ 0.32</u>	<u>\$ 0.82</u>	<u>\$ 0.31</u>	<u>\$ 0.79</u>

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

39. EQUITY

a. Capital stock

Common stock

	September 30, 2023	December 31, 2022	September 30, 2022
Authorized number of shares (in thousands)	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Authorized capital	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>
Number of shares issued (in thousands)	<u>15,664,000</u>	<u>14,275,100</u>	<u>14,275,100</u>
Common stock issued	<u>\$ 156,640,000</u>	<u>\$ 142,751,000</u>	<u>\$ 142,751,000</u>

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

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

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 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 Depository Shares (GDS), ESFHC issued 14,800 thousand units of GDS (one unit represents 25 common shares), which equaled 370,000 thousand common shares, on the Luxembourg Stock Exchange.

The GDS holders are entitled to present their GDSs for cancellation and receive the corresponding number of underlying common shares, and the common shares can be traded in the domestic stock exchange market. As of September 30, 2023, ESFHC issued 507 thousand units (equal to 12,692 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 20,835 thousand units (equal to 520,892 thousand shares). Therefore, the outstanding GDSs were 1 thousand units, which were equal to 18 thousand shares, or 0.000115% of ESFHC's total outstanding common shares.

b. Capital surplus

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

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

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

As of September 30, 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

	September 30, 2023	December 31, 2022	September 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 Nine Months Ended September 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	(12,933)	(18,107)
Attributable to non-controlling interests:		
Net income	10,176	12,304
Exchange differences on the translation of financial statements of foreign operations	<u>249</u>	<u>691</u>
Balance, September 30	<u>\$ 164,309</u>	<u>\$ 153,641</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 nine months ended September 30, 2023</u>				
Key management	\$ 460,754	\$ 421,442	\$ 4,975	
Others	<u>4,366,827</u>	<u>4,003,303</u>	<u>48,097</u>	
	<u>\$ 4,827,581</u>	<u>\$ 4,424,745</u>	<u>\$ 53,072</u>	1.70-2.53
<u>For the nine months ended September 30, 2022</u>				
Key management	\$ 394,249	\$ 346,104	\$ 3,507	
Others	<u>3,698,001</u>	<u>3,266,217</u>	<u>31,308</u>	
	<u>\$ 4,092,250</u>	<u>\$ 3,612,321</u>	<u>\$ 34,815</u>	1.52-2.22

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
For the nine months ended <u>September 30, 2023</u>				
Key management	\$ 1,286,294	\$ 424,682	\$ 3,293	
Others	<u>7,031,118</u>	<u>4,428,112</u>	<u>43,896</u>	
	<u>\$ 8,317,412</u>	<u>\$ 4,852,794</u>	<u>\$ 47,189</u>	0-6.55
For the nine months ended <u>September 30, 2022</u>				
Key management	\$ 1,319,294	\$ 488,466	\$ 944	
Others	<u>2,572,348</u>	<u>1,656,590</u>	<u>6,708</u>	
	<u>\$ 3,891,642</u>	<u>\$ 2,145,056</u>	<u>\$ 7,652</u>	0-5.30

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

	September 30, 2023	December 31, 2022	September 30, 2022
2) Interest receivable (part of receivables)			
Key management	\$ 416	\$ 307	\$ 264
Others	<u>3,241</u>	<u>2,653</u>	<u>2,200</u>
	<u>\$ 3,657</u>	<u>\$ 2,960</u>	<u>\$ 2,464</u>
3) Interest payable (part of payables)			
Key management	\$ 536	\$ 300	\$ 237
Others	<u>8,579</u>	<u>2,192</u>	<u>2,075</u>
	<u>\$ 9,115</u>	<u>\$ 2,492</u>	<u>\$ 2,312</u>
		For the Nine Months Ended September 30	
		<u>2023</u>	<u>2022</u>
4) Donation (part of general and administrative expenses)			
Others - E.SUN Volunteer & Social Welfare Foundation		<u>\$ 39,984</u>	<u>\$ 31,282</u>

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

- 5) E.SUN Volunteer & Social Welfare Foundation entrusted some properties to E.SUN Bank. E.SUN Bank charged \$425 thousand and \$437 thousand (part of service fee and commission income, net) accordingly for the nine months ended September 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 (%)
<u>For the nine months ended September 30, 2023</u>				
Subsidiaries	\$ 5,230,656	\$ 4,100,576	\$ 212,268	
Sister companies	70,000	-	5	
Key management	460,754	421,442	4,975	
Others	<u>4,332,304</u>	<u>3,969,799</u>	<u>47,671</u>	
	<u>\$ 10,093,714</u>	<u>\$ 8,491,817</u>	<u>\$ 264,919</u>	1.70-6.76
<u>For the nine months ended September 30, 2022</u>				
Subsidiaries	\$ 4,863,794	\$ 4,609,810	\$ 61,542	
Sister companies	40,000	-	2	
Key management	355,349	307,204	3,137	
Others	<u>3,618,464</u>	<u>3,192,783</u>	<u>30,565</u>	
	<u>\$ 8,877,607</u>	<u>\$ 8,109,797</u>	<u>\$ 95,246</u>	1.52-4.15

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
<u>For the nine months ended September 30, 2023</u>				
ESFHC	\$ 28,329,061	\$ 2,923,895	\$ 12,461	
Subsidiaries	89,677	11,153	68	
Sister companies	2,958,733	2,376,094	23,960	
Key management	1,286,294	424,682	3,293	
Others	<u>7,020,849</u>	<u>4,424,477</u>	<u>43,869</u>	
	<u>\$ 39,684,614</u>	<u>\$ 10,160,301</u>	<u>\$ 83,651</u>	0-6.55
<u>For the nine months ended September 30, 2022</u>				
ESFHC	\$ 9,296,614	\$ 588,075	\$ 3,348	
Subsidiaries	79,743	6,374	6	
Sister companies	10,089,525	2,886,387	6,151	
Key management	896,937	355,755	872	
Others	<u>2,550,331</u>	<u>1,641,114</u>	<u>6,649</u>	
	<u>\$ 22,913,150</u>	<u>\$ 5,477,705</u>	<u>\$ 17,026</u>	0-5.30

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

	September 30, 2023	December 31, 2022	September 30, 2022
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)			
ESBC	<u>\$ 7,064,070</u>	<u>\$ 8,274,660</u>	<u>\$ 7,106,955</u>
d) Call loans from banks (part of deposits from the Central Bank and other banks)			
Sister companies	<u>\$ 32,288</u>	<u>\$ 553,032</u>	<u>\$ -</u>
e) Deposits from banks (part of deposits from the Central Bank and other banks)			
Subsidiaries	<u>\$ 110,508</u>	<u>\$ 515,509</u>	<u>\$ 144,360</u>
f) Consolidated tax return payables (part of current tax liabilities)			
ESFHC	<u>\$ 610,468</u>	<u>\$ 1,247,468</u>	<u>\$ 872,922</u>

**For the Nine Months Ended
September 30**

2023 2022

- g) Interest revenue from call loans to banks

ESBC	<u>\$ 190,884</u>	<u>\$ 116,234</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 September 30, 2023, December 31, 2022 and September 30, 2022, respectively, were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits	<u>\$ 408,156</u>	<u>\$ 621,480</u>	<u>\$ 842,115</u>
Financial asset at amortized cost - current	<u>\$ 207,288</u>	<u>\$ 297,896</u>	<u>\$ 138,496</u>
Deposits - futures exchange margins	<u>\$ 476,084</u>	<u>\$ 357,260</u>	<u>\$ 106,650</u>
Restricted assets - current	<u>\$ 244,000</u>	<u>\$ 214,000</u>	<u>\$ 214,000</u>
Operating deposits	<u>\$ 465,000</u>	<u>\$ 445,000</u>	<u>\$ 445,000</u>
Deposits - settlements	<u>\$ 139,157</u>	<u>\$ 138,973</u>	<u>\$ 200,409</u>
Deposits - collections for underwriting stock value	<u>\$ 317</u>	<u>\$ 443,866</u>	<u>\$ 466,870</u>

- b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to \$4,500,000 thousand as of September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 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.

3) ESVC

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

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits - E.SUN Bank (part of cash and cash equivalents and other financial assets - current)	<u>\$ 367,472</u>	<u>\$ 371,766</u>	<u>\$ 408,454</u>

d. Remuneration of key management

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

	For the Nine Months Ended September 30	
	2023	2022
Salaries and other short-term employment benefits	\$ 278,272	\$ 262,909
Post-employment benefits	1,968	2,139
Interest arising from the employees' preferential rates in excess of normal rates	<u>-</u>	<u>86</u>
	<u>\$ 280,240</u>	<u>\$ 265,134</u>

41. PLEDGED ASSETS

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through profit or loss (face value)	\$ 25,305,000	\$ 25,305,000	\$ 25,305,000
Investments in debt instruments at amortized cost (face value)	6,244,180	5,169,139	5,313,903
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>8,427,720</u>	<u>8,345,679</u>	<u>6,660,979</u>
	<u>\$ 39,976,900</u>	<u>\$ 38,819,818</u>	<u>\$ 37,279,882</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the foregoing bonds and securities, with aggregate face value of \$20,305,000 thousand at each period end, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as E.SUN Bank's liquidity reserve. For covering its call loans from the CB, E.SUN Bank had provided collaterals consisting of securities with aggregate face values of \$5,000,000 thousand as of September 30, 2023, December 31, 2022 and September 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
September 30, 2023	<u>\$ 255,000</u>	<u>\$ 233,404</u>
December 31, 2022	<u>\$ 250,800</u>	<u>\$ 227,365</u>
September 30, 2022	<u>\$ 185,000</u>	<u>\$ 166,962</u>

- c. As of September 30, 2023, December 31, 2022 and September 30, 2022, UCB has provided US\$3,650 thousand, US\$2,774 thousand and US\$6,042 thousand, respectively, due from the National Bank of Cambodia as collaterals for guarantees of both loan and settlement accounts in the National Bank of Cambodia in accordance with relevant regulations.

42. CONTINGENCIES AND COMMITMENTS

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

a. E.SUN Bank

As of September 30, 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 \$2,974,542 thousand, and the remaining unpaid amount was approximately \$1,666,146 thousand.

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

As of September 30, 2023, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$153,591 thousand, and the remaining unpaid amount was approximately \$64,418 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.

	September 30, 2023		December 31, 2022		September 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	\$ 442,706,623	\$ 436,177,849	\$ 401,405,743	\$ 395,017,074	\$ 338,466,333	\$ 331,551,028
<u>Financial liabilities</u>						
Bonds payable	44,250,000	43,763,765	43,850,000	43,052,564	41,550,000	41,821,432

Fair value hierarchy as of September 30, 2023

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 436,177,849	\$ 62,198,930	\$ 373,978,919	\$ -
<u>Financial liabilities</u>				
Bonds payable	43,763,765	-	43,763,765	-

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	\$ -
<u>Financial liabilities</u>				
Bonds payable	43,052,564	-	43,052,564	-

Fair value hierarchy as of September 30, 2022

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

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 September 30, 2023, December 31, 2022 and September 30, 2022, the discount rates used ranged from 1.145% to 1.755%, 1.011% to 1.750% and 0.707% to 1.700%, respectively, for the New Taiwan dollar and from 4.040% to 5.935%, 3.454% to 5.285% and 3.025% to 4.640%, respectively, for the U.S. dollar.

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

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

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

	September 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 78,991,547	\$ 341,540	\$ 78,650,007	\$ -
Equity instruments	6,693,944	4,615,042	-	2,078,902
Debt instruments	106,970,255	6,535,407	100,434,848	-
Others	128,565,489	222,225	128,343,264	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,929,877	13,383,185	-	1,546,692
Debt instruments	343,072,378	157,878,418	185,193,960	-
<u>Financial assets for hedging, net</u>				
Derivative instruments	44,316	-	44,316	-
<u>Financial liabilities at fair value through profit or loss</u>				
Held-for-trading - derivative instruments	68,791,899	-	68,791,899	-
Financial liabilities designated as at fair value through profit or loss	37,994,191	-	37,994,191	-

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

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

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

d. Reconciliation of the financial instruments classified in Level 3

For the nine months ended September 30, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2023	\$ 2,329,153	\$ 1,394,447
Valuation recognized in profit or loss	851,366	-
Valuation recognized in other comprehensive income	-	167,630
Acquisitions	437,262	51,480
Transfers into Level 3	1,088	-
Disposals	(49,271)	(67,951)
Transfers out of Level 3 (Note)	(1,490,696)	-
Change in exchange rates	<u>-</u>	<u>1,086</u>
Balance at September 30, 2023	<u>\$ 2,078,902</u>	<u>\$ 1,546,692</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>\$ (120,263)</u>	

For the nine months ended September 30, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2022	\$ 2,131,302	\$ 1,433,269
Valuation recognized in profit or loss	511,707	-
Valuation recognized in other comprehensive income	-	76,639
Acquisitions	437,394	25,898
Transfers into Level 3	459	-
Disposals	(92,638)	(15,898)
Transfers out of Level 3 (Note)	(673,682)	(30,229)
Change in exchange rates	<u>-</u>	<u>2,731</u>
Balance at September 30, 2022	<u>\$ 2,314,542</u>	<u>\$ 1,492,410</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>\$ 47,753</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, or referring to the appraisal report issued by an external impartial third party as the basis for the value evaluation.

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

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

September 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	\$ 1,036,623	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,042,279	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	741,705	Market approach	Lack of liquidity discount	5%-30%	The higher the lack of liquidity, the lower the fair value is
	217,375	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
	587,612	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)

September 30, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 1,020,124	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,294,418	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	800,750	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	98,968	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; -%-10%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is
	592,692	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the allowance of minority interest, the lower the fair value is

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

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

September 30, 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	\$ 207,890	\$ (207,890)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	154,669	(154,669)

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)

September 30, 2022

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 37,994,191	\$ 37,805,089	\$ 45,303,601
Amounts due on maturity	<u>56,615,210</u>	<u>51,650,659</u>	<u>52,761,414</u>
	<u>\$ (18,621,019)</u>	<u>\$ (13,845,570)</u>	<u>\$ (7,457,813)</u>
			Change in Fair Values Resulting from Credit Risk Variations
Accumulated amount of change			
As of September 30, 2023			<u>\$ (4,395,183)</u>
As of December 31, 2022			<u>\$ (5,794,301)</u>
As of September 30, 2022			<u>\$ 373,403</u>

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

i. Information on financial risk management

1) ESFHC

a) Risk management

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

b) Market risk

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

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

The operation of ESFHC involves currencies different from its functional currency, i.e., foreign currencies; thus, ESFHC is exposed to foreign-exchange risks. As of September 30, 2023, December 31, 2022 and September 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.

September 30, 2023

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 354,546,176	\$ 442,743,546	\$ 797,289,722
Less: Allowance for impairment loss	<u>(104,020)</u>	<u>(36,923)</u>	<u>(140,943)</u>
Amortized cost	354,442,156	<u>\$ 442,706,623</u>	797,148,779
Adjustment to fair value	<u>(11,956,968)</u>		<u>(11,956,968)</u>
	<u>\$ 342,485,188</u>		<u>\$ 785,191,811</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>

September 30, 2022

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

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

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

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

September 30, 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	-%-6.14%	\$ 797,289,722

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

September 30, 2022

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.93%	\$ 678,485,278

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

For the nine months ended September 30, 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	14,738	1,976	16,714
Derecognition	(28,800)	(3,019)	(31,819)
Change in model or risk parameters	10,402	-	10,402
Change in exchange rates or others	<u>856</u>	<u>44</u>	<u>900</u>
Balance at September 30, 2023	<u>\$ 140,943</u>	<u>\$ -</u>	<u>\$ 140,943</u>

For the nine months ended September 30, 2022

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

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

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

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

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

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

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

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

September 30, 2023

	12-Month ECL	Lifetime ECL	Lifetime ECL (Credit - Impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,374,439,520	\$ 1,814,138	\$ 73,626	\$ -	\$ 1,376,327,284
Allowance for possible losses	(148,937)	(89,542)	(4,314)	-	(242,793)
Difference of impairment loss under regulations	-	-	-	(633,876)	(633,876)
	<u>\$ 1,374,290,583</u>	<u>\$ 1,724,596</u>	<u>\$ 69,312</u>	<u>\$ (633,876)</u>	<u>\$ 1,375,450,615</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>

September 30, 2022

	12-Month ECL	Lifetime ECL	Lifetime ECL (Credit - Impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,299,316,462	\$ 1,137,658	\$ 65,834	\$ -	\$ 1,300,519,954
Allowance for possible losses	(107,790)	(34,176)	(2,901)	-	(144,867)
Difference of impairment loss under regulations	-	-	-	(794,535)	(794,535)
	<u>\$ 1,299,208,672</u>	<u>\$ 1,103,482</u>	<u>\$ 62,933</u>	<u>\$ (794,535)</u>	<u>\$ 1,299,580,552</u>

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

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

September 30, 2023

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangements	Other Credit Enhancements	
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,371,198	\$ -	\$ -	\$ -	\$ -
Others	78,271	-	-	-	-
Discounts and loans	8,710,100	4,073,252	-	-	4,073,252

December 31, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangements	Other Credit Enhancements	
<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

September 30, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangements	Other Credit Enhancements	
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,497,804	\$ -	\$ -	\$ -	\$ -
Others	77,771	-	-	-	-
Discounts and loans	7,699,553	3,401,724	-	-	3,401,724

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

Credit Risk Profile by Group or Industry	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Natural person	\$ 1,006,769,104	50	\$ 966,057,987	50	\$ 956,056,320	50
Manufacturing	348,058,408	17	357,043,714	18	355,058,288	18
Finance, insurance and real estate	253,084,801	13	243,595,587	13	239,001,521	12

Credit Risk Profile by Regions	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,720,803,126	86	\$ 1,648,022,853	85	\$ 1,631,964,141	85

Credit Risk Profile by Collaterals	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 505,717,394	25	\$ 500,572,589	26	\$ 503,091,418	26
Secured						
Real estate	1,300,679,973	65	1,261,661,428	65	1,248,249,587	65

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Credit rating			
Strong	\$ 1,470,538,781	\$ 1,429,042,829	\$ 1,408,411,972
Medium	496,140,434	492,073,699	493,593,180
Weak	46,374,254	21,600,401	23,917,850
Carrying amount	2,013,053,469	1,942,716,929	1,925,923,002
Allowance for possible losses	(1,698,269)	(1,594,898)	(1,736,133)
	<u>\$ 2,011,355,200</u>	<u>\$ 1,941,122,031</u>	<u>\$ 1,924,186,869</u>

c) Market risk

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

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

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

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

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

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

Effect of interest rate benchmark reform

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 September 30, 2023, E.SUN Bank and its subsidiaries have finished the amendments to the related systems and operational processes, contract conversions with counterparties and due diligence customer rights notifications. For those parts of financial instruments for which contractual conversions have not yet been completed, negotiations and conversions will continue to ensure that the interest rate basis before and after modifications is economically appropriate.

The following table contains the details of non-derivative financial instruments held by the Company on September 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	
Discounts and loans	<u>\$ 1,400,235</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 1,400,235</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 nine months ended September 30, 2023

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	September 30, 2023
<u>By risk type</u>				
Currency	\$ 4,207,507	\$ 2,156,029	\$ 5,311,501	\$ 4,624,606
Interest	12,417,129	6,503,349	15,185,073	6,503,349
Equity	808,678	628,526	980,088	628,526
Risk diversification	<u>(9,196,646)</u>	-	-	<u>(3,621,155)</u>
Total risk exposure	<u>\$ 8,236,668</u>			<u>\$ 8,135,326</u>

For the year ended December 31, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2022	September 30, 2022
<u>By risk type</u>					
Currency	\$ 3,071,900	\$ 2,156,029	\$ 4,562,202	\$ 3,280,214	\$ 2,713,392
Interest	11,251,012	5,702,952	15,185,073	13,486,178	13,809,743
Equity	976,594	684,604	1,311,178	814,411	685,743
Risk diversification	<u>(8,318,495)</u>	-	-	<u>(9,409,144)</u>	<u>(9,016,207)</u>
Total risk exposure	<u>\$ 6,981,011</u>			<u>\$ 8,171,659</u>	<u>\$ 8,192,671</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 September 30, 2023, December 31, 2022 and September 30, 2022 were 26.85%, 32.69% and 30.19%, respectively.

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

September 30, 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	\$ 26,384,063	\$ 9,042,002	\$ 2,849,891	\$ 1,473,449	\$ 1,267,181	\$ 41,016,586
Nonderivative financial liabilities at fair value through profit or loss	6,091	1,930	693,933	296,339	55,616,917	56,615,210
Securities sold under repurchase agreements	7,058,883	8,701,951	3,328,819	4,486,164	-	23,575,817
Payables	20,821,217	4,584,772	1,434,834	2,078,819	8,578,940	37,498,582
Deposits and remittances	981,404,128	282,932,103	320,721,266	504,473,940	881,454,236	2,970,985,673
Bank debentures	-	-	2,200,000	-	36,050,000	38,250,000
Lease liabilities	84,192	164,231	283,271	485,473	3,458,119	4,475,286
Other items of cash outflow on maturity	5,343,299	4,478,544	1,678,923	2,886,990	96,273,617	110,661,373

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

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 51,183,320	\$ 13,854,275	\$ 3,533,221	\$ 21,395,940	\$ 39,830	\$ 90,006,586
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	291,383	52,470,031	52,761,414
Securities sold under repurchase agreements	2,060,425	5,559,659	271,342	617,533	8,882,240	17,391,199
Payables	27,277,028	2,126,331	715,476	781,475	78,199	30,978,509
Deposits and remittances	1,149,950,216	234,805,785	242,192,978	458,262,787	770,606,416	2,855,818,182
Bank debentures	-	-	-	1,500,000	34,050,000	35,550,000
Lease liabilities	29,027	159,095	289,556	496,464	3,016,970	3,991,112
Other items of cash outflow on maturity	8,470,515	5,705,467	2,096,502	80,042,198	22,719,047	119,033,729

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

i. Derivative financial liabilities to be settled at net amounts

September 30, 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	\$ 141,621	\$ 179,588	\$ 238,251	\$ 83,374	\$ 104	\$ 642,938
Interest derivatives	469	1,642	542	-	-	2,653

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

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	\$ 303,858	\$ 284,984	\$ 208,584	\$ 71,556	\$ -	\$ 868,982
Interest derivatives	284	637	834	-	-	1,755

ii. Derivative financial liabilities to be settled at gross amounts

September 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	\$ 189,416,306	\$ 221,892,293	\$ 213,713,281	\$ 176,105,475	\$ 4,051,963	\$ 805,179,318
Cash inflow	183,998,168	211,479,236	197,773,336	166,601,842	4,020,590	763,873,172
Interest derivatives						
Cash outflow	1,011,882	1,765,599	2,497,409	6,187,471	66,863,817	78,326,178
Cash inflow	191,494	374,046	1,010,497	947,629	40,187,060	42,710,726
Total cash outflow	190,428,188	223,657,892	216,210,690	182,292,946	70,915,780	883,505,496
Total cash inflow	184,189,662	211,853,282	198,783,833	167,549,471	44,207,650	806,583,898
Net cash outflow	\$ 6,238,526	\$ 11,804,610	\$ 17,426,857	\$ 14,743,475	\$ 26,708,130	\$ 76,921,598

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

September 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 166,027,190	\$ 250,456,714	\$ 180,381,613	\$ 169,719,001	\$ 5,467,383	\$ 772,051,901
Cash inflow	157,587,950	231,343,669	163,732,890	157,486,688	5,003,481	715,154,678
Interest derivatives						
Cash outflow	1,220,839	920,644	1,512,997	3,623,430	24,345,319	31,623,229
Cash inflow	5,537,377	152,975	189,500	216,593	8,054,184	14,150,629
Total cash outflow	167,248,029	251,377,358	181,894,610	173,342,431	29,812,702	803,675,130
Total cash inflow	163,125,327	231,496,644	163,922,390	157,703,281	13,057,665	729,305,307
Net cash outflow	\$ 4,122,702	\$ 19,880,714	\$ 17,972,220	\$ 15,639,150	\$ 16,755,037	\$ 74,369,823

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

September 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 521,781	\$ 3,416,103	\$ 3,031,087	\$ 4,365,267	\$ 60,193,444	\$ 71,527,682
Credit card commitments	2,989,754	6,404,364	10,191,462	31,665,718	559,232,746	610,484,044
Letters of credit issued and yet unused	2,526,151	4,574,191	1,720,662	246,135	609,491	9,676,630
Other guarantees	5,032,676	4,104,634	2,005,945	5,920,808	6,637,651	23,701,714

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

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

j. Transfers of financial assets

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

September 30, 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	\$ 17,730,420	\$ 16,209,539	\$ 17,730,420	\$ 16,209,539	\$ 1,520,881
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	6,144,515	7,186,847	6,155,658	7,186,847	(1,031,189)

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

September 30, 2022					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	\$ 15,547,056	\$ 14,531,888	\$ 15,547,056	\$ 14,531,888	\$ 1,015,168
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	2,940,487	2,787,253	2,713,976	2,787,253	(73,277)

k. Offsetting financial assets and financial liabilities

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

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

September 30, 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	\$ 78,991,547	\$ -	\$ 78,991,547	\$ (40,811,435)	\$ (9,342,825)	\$ 28,837,287
Resell agreements	4,549,149	-	4,549,149	(4,549,149)	-	-
Settlements	17,005	(5,405)	11,600	-	-	11,600
	<u>\$ 83,557,701</u>	<u>\$ (5,405)</u>	<u>\$ 83,552,296</u>	<u>\$ (45,360,584)</u>	<u>\$ (9,342,825)</u>	<u>\$ 28,848,887</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	\$ 68,791,899	\$ -	\$ 68,791,899	\$ (40,811,435)	\$ (17,511,312)	\$ 10,469,152
Repurchase agreements	23,476,466	-	23,476,466	(22,397,533)	-	1,078,933
Settlements	9,846	(8,310)	1,536	-	-	1,536
	<u>\$ 92,278,211</u>	<u>\$ (8,310)</u>	<u>\$ 92,269,901</u>	<u>\$ (63,208,968)</u>	<u>\$ (17,511,312)</u>	<u>\$ 11,549,621</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>

September 30, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 124,190,440	\$ -	\$ 124,190,440	\$ (54,078,841)	\$ (27,539,152)	\$ 42,572,447
Settlements	284,388	(6,735)	277,653	-	-	277,653
	<u>\$ 124,474,828</u>	<u>\$ (6,735)</u>	<u>\$ 124,468,093</u>	<u>\$ (54,078,841)</u>	<u>\$ (27,539,152)</u>	<u>\$ 42,850,100</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 81,815,267	\$ -	\$ 81,815,267	\$ (54,078,841)	\$ (10,099,387)	\$ 17,637,039
Repurchase agreements	17,346,337	-	17,346,337	(17,255,512)	-	90,825
Settlements	116,101	(12,434)	103,667	-	-	103,667
	<u>\$ 99,277,705</u>	<u>\$ (12,434)</u>	<u>\$ 99,265,271</u>	<u>\$ (71,334,353)</u>	<u>\$ (10,099,387)</u>	<u>\$ 17,831,531</u>

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 nine months ended <u>September 30, 2023</u>				
Others	<u>\$ 1,395</u>	<u>\$ 299</u>	<u>\$ 1,694</u>	50% each or based on space actually occupied

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
For the nine months ended <u>September 30, 2022</u>				
Others	<u>\$ 204</u>	<u>\$ 196</u>	<u>\$ 400</u>	50% each or based on space actually occupied

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

	For the Nine Months Ended September 30	
	2023	2022
Revenue	<u>\$ 3,618</u>	<u>\$ 2,912</u>
Expense	<u>\$ 117,373</u>	<u>\$ 116,027</u>

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.

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, %)

September 30, 2023				September 30, 2022		
Rank (Note 1)	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Period's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Period's Equity
1	Group A Real estate development	\$ 9,120,700	4.12	Group B Manufacture of other electronic parts and components not elsewhere classified	\$ 9,472,202	5.27
2	Group B Manufacture of other electronic parts and components not elsewhere classified	8,720,744	3.94	Group K Other activities auxiliary to financial service activities not elsewhere classified	8,672,661	4.82
3	Group C Retail sale of computers, computer peripheral equipment and software	8,286,476	3.74	Group A Real estate development	7,795,400	4.34
4	Company D Real estate activities for sale and rental with own or leased property	6,833,208	3.08	Group C Retail sale of computers, computer peripheral equipment and software	7,506,911	4.18
5	Group E Manufacture of integrated circuits	6,582,734	2.97	Group H Manufacture of computers	6,972,234	3.88
6	Group F Activities of head offices	6,106,267	2.76	Group L Electricity supply	6,945,722	3.86
7	Group G Quarrying of rocks and gravel and other mining	5,871,520	2.65	Group F Activities of head offices	6,869,680	3.82
8	Group H Manufacture of computers	5,829,928	2.63	Group E Manufacture of integrated circuits	5,865,892	3.26
9	Group I Wholesale of computers, computer peripheral equipment and software	5,708,298	2.58	Group M Wholesale of electronic and communication equipment and parts	5,661,064	3.15
10	Group J Car rental and leasing	5,676,783	2.56	Group N Activities of head offices	5,499,733	3.06

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

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

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

c. E.SUN Bank’s interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

September 30, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 2,053,057,524	\$ 81,208,891	\$ 39,510,229	\$ 136,073,302	\$ 2,309,849,946
Interest rate-sensitive liabilities	1,654,720,355	122,274,266	157,696,001	121,745,828	2,056,436,450
Interest rate sensitivity gap	398,337,169	(41,065,375)	(118,185,772)	14,327,474	253,413,496
Net worth					199,844,830
Ratio of interest rate-sensitive assets to liabilities					112.32
Ratio of interest rate sensitivity gap to net worth					126.81

September 30, 2022

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

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

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

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

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

Interest Rate Sensitivity (U.S. Dollars)

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

September 30, 2023

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 16,115,170	\$ 921,149	\$ 1,319,069	\$ 3,577,758	\$ 21,933,146
Interest rate-sensitive liabilities	20,420,289	4,151,262	3,766,887	1,560,428	29,898,866
Interest rate sensitivity gap	(4,305,119)	(3,230,113)	(2,447,818)	2,017,330	(7,965,720)
Net worth					129,980
Ratio of interest rate-sensitive assets to liabilities					73.36
Ratio of interest rate sensitivity gap to net worth					(6,128.42)

September 30, 2022

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

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

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

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

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

d. Profitability

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

Unit: %

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.74	0.59
	After income tax	0.60	0.46
Return on equity	Before income tax	12.28	10.42
	After income tax	9.95	8.18
Net income ratio		32.98	29.13

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	9.56	7.75
	After income tax	9.53	7.81
Return on equity	Before income tax	9.98	8.11
	After income tax	9.96	8.18
Net income ratio		97.84	98.56

3) E.SUN Bank

Unit: %

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	0.67	0.55
	After income tax	0.54	0.44
Return on equity	Before income tax	11.18	9.82
	After income tax	9.00	7.79
Net income ratio		32.28	29.66

4) E.SUN Securities

Unit: %

Items		September 30, 2023	September 30, 2022
Return on total assets	Before income tax	7.79	5.21
	After income tax	6.55	4.26
Return on equity	Before income tax	21.62	19.62
	After income tax	18.17	16.04
Net income ratio		40.12	37.69

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

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

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

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

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

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

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

September 30, 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	\$ 2,806,952,935	\$ 283,366,307	\$ 267,342,223	\$ 223,116,755	\$ 190,813,307	\$ 196,775,635	\$ 1,645,538,708
Main capital outflow on maturity	3,414,005,030	99,709,636	170,777,251	419,764,124	516,692,304	736,166,702	1,470,895,013
Gap	(607,052,095)	183,656,671	96,564,972	(196,647,369)	(325,878,997)	(539,391,067)	174,643,695

September 30, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,662,628,635	\$ 237,133,875	\$ 263,452,265	\$ 197,481,096	\$ 166,088,276	\$ 225,630,195	\$ 1,572,842,928
Main capital outflow on maturity	3,204,826,745	120,738,491	186,275,810	443,275,861	438,012,361	709,692,517	1,306,831,705
Gap	(542,198,110)	116,395,384	77,176,455	(245,794,765)	(271,924,085)	(484,062,322)	266,011,223

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

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

(In Thousands of U.S. Dollars)

September 30, 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	\$ 57,505,488	\$ 12,030,212	\$ 11,508,499	\$ 10,349,913	\$ 9,463,008	\$ 14,153,856
Main capital outflow on maturity	67,177,907	14,984,685	17,029,149	13,832,520	16,857,655	4,473,898
Gap	(9,672,419)	(2,954,473)	(5,520,650)	(3,482,607)	(7,394,647)	9,679,958

September 30, 2022

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 61,517,665	\$ 13,557,575	\$ 14,614,207	\$ 9,894,957	\$ 8,926,489	\$ 14,524,437
Main capital outflow on maturity	70,918,129	15,166,476	20,297,666	12,768,068	18,144,928	4,540,991
Gap	(9,400,464)	(1,608,901)	(5,683,459)	(2,873,111)	(9,218,439)	9,983,446

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

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

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

(In Thousands of U.S. Dollars)

September 30, 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	\$ 15,815,961	\$ 3,756,009	\$ 2,841,824	\$ 2,455,442	\$ 2,000,356	\$ 4,762,330
Main capital outflow on maturity	16,474,815	4,461,672	5,535,841	3,189,183	2,460,628	827,491
Gap	(658,854)	(705,663)	(2,694,017)	(733,741)	(460,272)	3,934,839

September 30, 2022

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 14,167,146	\$ 2,846,452	\$ 3,270,440	\$ 1,742,380	\$ 1,602,450	\$ 4,705,424
Main capital outflow on maturity	14,836,866	3,954,842	5,567,384	2,303,260	2,429,330	582,050
Gap	(669,720)	(1,108,390)	(2,296,944)	(560,880)	(826,880)	4,123,374

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.

Trust Assets	September 30, 2023	December 31, 2022	September 30, 2022	Trust Liabilities	September 30, 2023	December 31, 2022	September 30, 2022
Cash in banks	\$ 15,208,824	\$ 9,431,296	\$ 6,094,646	Accounts payable on administrative expense	\$ 3	\$ 4	\$ 4
Investments	343,629,928	311,318,781	318,016,436	Accounts payable on securities under custody	879,152,030	712,069,347	697,658,100
Receivables	303	276	277	Trust capital			
Real estate	8,511,200	7,144,272	7,103,302	Cash	355,953,841	316,148,363	319,635,447
Securities under custody	<u>879,152,030</u>	<u>712,069,347</u>	<u>697,658,100</u>	Securities	5,855,608	5,583,576	5,397,083
				Real estate	8,599,847	7,262,073	7,216,676
				Reserves and accumulated deficit	(11,515,342)	960,828	(395,217)
				Net income (loss)	<u>8,456,298</u>	<u>(2,060,219)</u>	<u>(639,332)</u>
Total assets	<u>\$ 1,246,502,285</u>	<u>\$ 1,039,963,972</u>	<u>\$ 1,028,872,761</u>	Total liabilities	<u>\$ 1,246,502,285</u>	<u>\$ 1,039,963,972</u>	<u>\$ 1,028,872,761</u>

Note: Investments of the OBU are included in total trust-related assets. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of the OBU's investments were \$26,812,265 thousand, \$25,468,930 thousand and \$28,643,027 thousand, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash in E.SUN Bank	\$ 15,196,742	\$ 9,421,860	\$ 6,087,950
Cash in other banks	12,082	9,436	6,696
Stocks	21,264,215	22,764,400	20,987,146
Mutual funds	246,239,123	232,504,986	240,291,064
Bonds	67,269,666	49,032,754	44,698,333
Structured products	8,771,350	6,886,924	11,982,877
Beneficial certificates pending settlement	85,574	129,717	57,016
Receivables	303	276	277
Real estate	8,511,200	7,144,272	7,103,302
Securities under custody	<u>879,152,030</u>	<u>712,069,347</u>	<u>697,658,100</u>
	<u>\$ 1,246,502,285</u>	<u>\$ 1,039,963,972</u>	<u>\$ 1,028,872,761</u>

Statements of Income on Trust Accounts
For the Nine Months Ended September 30, 2023 and 2022

	For the Nine Months Ended September 30	
	2023	2022
<u>Revenues</u>		
Interest	\$ 101,007	\$ 9,950
Cash dividends	9,076,000	9,265,784
Realized capital gain - common stocks	11,834	1,270
Unrealized capital gain - common stocks	8,872	(563)
Property gain	3,165,905	2,055,212
Realized capital gain - bonds	2,512,215	2,310,991
Realized capital gain - mutual funds	172,227	236,843
Other revenues	200	8,800
Revenues from beneficial certificates	49,669	41,733
Total revenues	15,097,929	13,930,020
<u>Expenses</u>		
Management fees	251,606	307,739
Supervisor fees	16	-
Service fees	572	1,842
Property loss	6,269,181	14,043,456
Income tax	5,244	294
Tax expenditures	5,229	5,290
Other expenses	16,665	17,386
Realized capital loss - common stocks	134	35
Realized capital loss - bonds	621	-
Realized capital loss - mutual funds	92,363	174,010
Unrealized capital loss - common stocks	-	19,300
Total expenses	6,641,631	14,569,352
Net income (loss)	\$ 8,456,298	\$ (639,332)

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

48. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the nine months ended September 30, 2023

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes		Closing Balance
				Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Short-term borrowings	\$ 3,140,581	\$ (2,892,932)	\$ -	\$ -	\$ 31,060	\$ 278,709
Commercial paper issued	1,739,403	6,320,000	-	-	(7,774)	8,051,629
Bonds payable	43,850,000	400,000	-	-	-	44,250,000
Long-term borrowings	359,910	(6,630)	-	-	18,032	371,312
Financial liabilities designated as at fair value through profit or loss - bank debentures	37,805,089	1,575,323	-	(4,775,450)	3,389,229	37,994,191
Guarantee deposits received	7,187,919	1,177,029	-	-	-	8,364,948
Lease liabilities	<u>4,303,812</u>	<u>(890,569)</u>	<u>766,411</u>	<u>-</u>	<u>20,061</u>	<u>4,199,715</u>
	<u>\$ 98,386,714</u>	<u>\$ 5,682,221</u>	<u>\$ 766,411</u>	<u>\$ (4,775,450)</u>	<u>\$ 3,450,608</u>	<u>\$ 103,510,504</u>

For the nine months ended September 30, 2022

	Opening Balance	Cash Inflows (Outflows)	New Leases	Non-cash Changes		Closing Balance
				Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Due to the Central Bank and other banks	\$ 14,021,010	\$ (14,021,010)	\$ -	\$ -	\$ -	\$ -
Short-term borrowings	623,780	1,315,789	-	-	192,232	2,131,801
Commercial paper issued	4,788,871	(1,830,000)	-	-	31	2,958,902
Bonds payable	41,370,000	180,000	-	-	-	41,550,000
Long-term borrowings	335,037	(9,202)	-	-	48,338	374,173
Financial liabilities designated as at fair value through profit or loss - bank debentures	47,449,715	-	-	(9,459,888)	7,313,774	45,303,601
Guarantee deposits received	1,938,732	24,999,860	-	-	-	26,938,592
Lease liabilities	<u>3,998,061</u>	<u>(864,192)</u>	<u>748,516</u>	<u>-</u>	<u>30,322</u>	<u>3,912,707</u>
	<u>\$ 114,525,206</u>	<u>\$ 9,771,245</u>	<u>\$ 748,516</u>	<u>\$ (9,459,888)</u>	<u>\$ 7,584,697</u>	<u>\$ 123,169,776</u>

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. 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.

52. 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: Exempt from disclosure.
 - 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 14 (attached).

53. OPERATING SEGMENTS

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

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

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

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

(In Millions of New Taiwan Dollars)

	For the Nine Months Ended September 30, 2023				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	<u>\$ 26,264</u>	<u>\$ 20,957</u>	<u>\$ 7,425</u>	<u>\$ (33,232)</u>	<u>\$ 21,414</u>
Total net revenues (expenses)	\$ 16,879	\$ 33,524	\$ 8,890	\$ (11,111)	\$ 48,182
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(121)	(938)	-	69	(990)
Operating expenses	<u>(4,358)</u>	<u>(17,176)</u>	<u>(2,314)</u>	<u>(3,738)</u>	<u>(27,586)</u>
Income (loss) before income tax	<u>\$ 12,400</u>	<u>\$ 15,410</u>	<u>\$ 6,576</u>	<u>\$ (14,780)</u>	<u>\$ 19,606</u>
	For the Nine Months Ended September 30, 2022				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	<u>\$ 11,201</u>	<u>\$ 16,090</u>	<u>\$ 5,202</u>	<u>\$ (9,477)</u>	<u>\$ 23,016</u>
Total net revenues (expenses)	\$ 14,106	\$ 27,206	\$ 5,666	\$ (6,946)	\$ 40,032
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(320)	(678)	(313)	(180)	(1,491)
Operating expenses	<u>(3,701)</u>	<u>(15,583)</u>	<u>(2,015)</u>	<u>(2,400)</u>	<u>(23,699)</u>
Income (loss) before income tax	<u>\$ 10,085</u>	<u>\$ 10,945</u>	<u>\$ 3,338</u>	<u>\$ (9,526)</u>	<u>\$ 14,842</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES

SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022

Entities Included in the Consolidated Financial Statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				September 30, 2023	December 31, 2022	September 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
SEPTEMBER 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Loans

September 30, 2023

Type	Account Volume or Name	Highest Balance for the Nine Months Ended September 30, 2023 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	140	\$ 82,430	\$ 62,040	\$ 62,040	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	519	3,818,675	2,906,656	2,906,656	-	Land and buildings	None
Other loans	Others	2,205,382	1,456,049	1,456,049	-	Land, buildings and plant	None

September 30, 2022

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

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT

SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022

(In Thousands)

	September 30, 2023			December 31, 2022			September 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	\$ 25,107,297	32.2880	\$ 810,664,406	\$ 24,388,008	30.7240	\$ 749,297,158	\$ 25,091,690	31.7480	\$ 796,610,974
CNY	26,504,126	4.4102	116,888,496	24,748,728	4.4076	109,082,494	23,938,862	4.4733	107,085,711
AUD	5,967,889	20.5510	122,646,087	6,552,826	20.8330	136,515,024	6,632,979	20.6560	137,010,814
Non-monetary items									
USD	1,159,587	32.2880	37,440,745	1,116,306	30.7240	34,297,386	1,612,770	31.7480	51,202,222
CNY	245,867	4.4102	1,084,323	78,701	4.4076	346,883	189,544	4.4733	847,887
AUD	15,017	20.5510	308,614	976	20.8330	20,333	7,056	20.6560	145,749
<u>Financial liabilities</u>									
Monetary items									
USD	\$ 33,952,049	32.2880	\$ 1,096,243,758	\$ 38,168,195	30.7240	\$ 1,172,679,623	\$ 38,885,515	31.7480	\$ 1,234,537,330
CNY	22,397,926	4.4102	98,779,333	23,148,601	4.4076	102,029,774	23,785,944	4.4733	106,401,663
AUD	2,849,189	20.5510	58,553,683	3,007,740	20.8330	62,660,247	3,320,442	20.6560	68,587,050
Non-monetary items									
USD	908,778	32.2880	29,342,624	821,086	30.7240	25,227,046	1,209,843	31.7480	38,410,096
CNY	118,710	4.4102	523,535	106,458	4.4076	469,224	160,114	4.4733	716,238
AUD	3,773	20.5510	77,539	8,431	20.8330	175,643	2,611	20.6560	53,933

E.SUN COMMERCIAL BANK, LTD.

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

Period		September 30, 2023					September 30, 2022				
		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 1,486,439	\$ 474,259,267	0.31	\$ 5,432,237	365.45	\$ 998,544	\$ 462,155,806	0.22	\$ 5,280,161	528.79
	Unsecured	237,655	492,552,267	0.05	5,273,491	2,218.97	849,628	468,232,513	0.18	5,332,752	627.66
Consumer banking	Residential mortgage (Note 4)	264,053	548,242,567	0.05	8,023,510	3,038.60	263,629	528,562,737	0.05	7,734,143	2,933.72
	Cash card	-	589	-	10	-	-	727	-	14	-
	Small-scale credit loans (Note 5)	1,156,958	121,441,813	0.95	1,703,057	147.20	829,420	134,513,438	0.62	1,642,662	198.05
	Other (Note 6)	Secured	210,261	334,384,908	0.06	3,404,699	1,619.27	165,032	289,044,333	0.06	2,973,306
Unsecured		-	2,624,456	-	28,869	-	-	2,906,084	-	31,385	-
Loan		3,355,366	1,973,505,867	0.17	23,865,873	711.27	3,106,253	1,885,415,638	0.16	22,994,423	740.26
		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		198,041	103,953,662	0.19	752,159	379.80	119,254	91,705,559	0.13	881,450	739.14
Accounts receivable factored without recourse (Note 7)		-	9,812,715	-	120,293	-	-	12,528,696	-	172,982	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)		2,807					4,452				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)		11,681					15,652				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)		1,246,456					1,242,912				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)		1,497,398					1,593,279				

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loans balance.
 Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
 Coverage ratio of receivables: Allowance for possible losses for receivables ÷ Nonperforming receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumers' banking loans refer to secured or unsecured loans that exclude residential mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

1. ESFHC's financial statements

E.SUN Financial Holding Company, Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 2,886,501	\$ 441,727	\$ 569,505	Payables	\$ 643,628	\$ 661,396	\$ 503,768
Financial assets at fair value through other comprehensive income	124,897	126,149	128,204	Current tax liabilities	949,877	1,451,027	1,222,355
Receivables	87,526	80,203	65,359	Corporate bonds payable	6,000,000	6,000,000	6,000,000
Current tax assets	689,951	1,351,872	939,176	Commercial paper issued	2,794,961	-	-
Investments under the equity method	235,091,476	203,005,975	191,416,765	Lease liabilities	148,862	150,813	151,746
Property and equipment, net	1,259	2,680	3,242	Other financial liabilities	<u>62</u>	<u>62</u>	<u>390</u>
Right-of-use assets	143,562	146,277	147,466	Total liabilities	<u>10,537,390</u>	<u>8,263,298</u>	<u>7,878,259</u>
Intangible assets	1,517	2,492	2,817	Equity			
Deferred tax assets	3,740	7,202	7,122	Capital stock	156,640,000	142,751,000	142,751,000
Other assets	<u>37,688</u>	<u>24,997</u>	<u>22,754</u>	Capital surplus	34,800,497	26,070,164	26,070,164
				Retained earnings	40,897,541	33,472,219	29,287,104
				Other equity	<u>(3,807,311)</u>	<u>(5,367,107)</u>	<u>(12,684,117)</u>
				Total equity	<u>228,530,727</u>	<u>196,926,276</u>	<u>185,424,151</u>
Total	<u>\$ 239,068,117</u>	<u>\$ 205,189,574</u>	<u>\$ 193,302,410</u>	Total	<u>\$ 239,068,117</u>	<u>\$ 205,189,574</u>	<u>\$ 193,302,410</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenues and gains				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 5,474,263	\$ 4,554,978	\$ 16,194,686	\$ 11,813,040
Other revenues and gains	<u>28,915</u>	<u>27,434</u>	<u>80,826</u>	<u>43,622</u>
Total revenues and gains	<u>5,503,178</u>	<u>4,582,412</u>	<u>16,275,512</u>	<u>11,856,662</u>
Expenses and losses				
Operating expenses	140,148	123,001	307,258	271,371
Other expenses and losses	<u>17,997</u>	<u>12,739</u>	<u>43,063</u>	<u>38,466</u>
Total expenses and losses	<u>158,145</u>	<u>135,740</u>	<u>350,321</u>	<u>309,837</u>
Income before income tax	5,345,033	4,446,672	15,925,191	11,546,825
Income tax benefit (expense)	<u>(6,116)</u>	<u>116,685</u>	<u>(43,361)</u>	<u>101,204</u>
Net income for the period	5,338,917	4,563,357	15,881,830	11,648,029
Other comprehensive income (loss)	<u>638,891</u>	<u>(2,711,053)</u>	<u>1,670,447</u>	<u>(12,115,135)</u>
Total comprehensive income (loss)	<u>\$ 5,977,808</u>	<u>\$ 1,852,304</u>	<u>\$ 17,552,277</u>	<u>\$ (467,106)</u>
Earnings per share (New Taiwan dollars)				
Basic	<u>\$0.34</u>	<u>\$0.31</u>	<u>\$1.04</u>	<u>\$0.79</u>
Diluted	<u>\$0.34</u>	<u>\$0.31</u>	<u>\$1.04</u>	<u>\$0.79</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

	Capital Stock			Retained Earnings			Other Equity			Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus	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	571,000	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	17,900	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	-	-	-	-	-	110,651	-	(110,651)	-	-
Net income for the nine months ended September 30, 2023	-	-	-	-	-	15,881,830	-	-	-	15,881,830
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	1,118,874	1,950,691	(1,399,118)	1,670,447
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	15,881,830	1,118,874	1,950,691	(1,399,118)	17,552,277
BALANCE AT SEPTEMBER 30, 2023	<u>15,664,000</u>	<u>\$ 156,640,000</u>	<u>\$ 34,800,497</u>	<u>\$ 18,430,702</u>	<u>\$ 5,531,342</u>	<u>\$ 16,935,497</u>	<u>\$ 732,971</u>	<u>\$ (8,935,465)</u>	<u>\$ 4,395,183</u>	<u>\$ 228,530,727</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	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	612,950
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(505,104)	-	505,104	-	-
Net income for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	-	-	-	11,648,029
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	2,989,288	(15,382,447)	278,024	(12,115,135)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	11,648,029	2,989,288	(15,382,447)	278,024	(467,106)
BALANCE AT SEPTEMBER 30, 2022	<u>14,275,100</u>	<u>\$ 142,751,000</u>	<u>\$ 26,070,164</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 11,150,885</u>	<u>\$ 267,576</u>	<u>\$ (12,578,290)</u>	<u>\$ (373,403)</u>	<u>\$ 185,424,151</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

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

	For the Nine Months Ended September 30	
	2023	2022
Cash flows from operating activities		
Income before income tax	\$ 15,925,191	\$ 11,546,825
Adjustments for:		
Depreciation and amortization expenses	6,006	6,544
Interest expense	43,063	38,466
Interest revenue	(8,640)	(2,514)
Dividend income	(2,810)	(3,038)
Salary expenses on share-based payments	3,707	9,426
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(16,194,686)	(11,813,040)
Net changes in operating assets and liabilities		
Receivables	(7,323)	47,293
Other financial assets	-	1,100,000
Other assets	(12,668)	(1,586)
Payables	(31,498)	(43,845)
Cash generated from (used in) operating activities	(279,658)	884,531
Interest received	8,640	2,526
Dividend received	713,010	8,643,610
Interest paid	(58,306)	(60,100)
Income tax refund	120,871	120,065
Net cash generated from operating activities	<u>504,557</u>	<u>9,590,632</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	(23)	-
Net cash used in investing activities	<u>(14,000,055)</u>	<u>(448)</u>
Cash flows from financing activities		
Increase in commercial paper issued	2,800,000	-
Repayment of corporate bonds	-	(1,100,000)
Increase in guarantee deposits received	-	390
Repayments of the principal portion of lease liabilities	(4,708)	(4,709)
Proceeds from issuance of shares	16,000,000	-
Cash dividends paid	(2,855,020)	(8,947,582)
Net cash generated from (used in) financing activities	<u>15,940,272</u>	<u>(10,051,901)</u>
Net increase (decrease) in cash and cash equivalents	2,444,774	(461,717)
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>\$ 2,886,501</u>	<u>\$ 569,505</u>

(Continued)

2. Subsidiaries' condensed balance sheets

E.SUN Commercial Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 51,913,552	\$ 73,479,227	\$ 88,767,149	<u>Liabilities</u>			
Due from the Central Bank and call loans to other banks	175,600,763	149,959,697	159,413,741	Deposits from the Central Bank and other banks	\$ 33,139,532	\$ 67,133,658	\$ 83,973,074
Financial assets at fair value through profit or loss	313,853,819	355,620,362	429,234,551	Financial liabilities at fair value through profit or loss	106,255,396	89,101,408	126,402,715
Financial assets at fair value through other comprehensive income	336,531,968	326,925,713	327,095,089	Securities sold under repurchase agreements	19,426,853	12,280,579	16,827,078
Investments in debt instruments at amortized cost	439,072,210	398,051,472	336,705,925	Payables	36,517,681	28,492,271	29,744,851
Financial assets for hedging, net	44,316	-	-	Current tax liabilities	1,470,369	1,436,013	1,160,647
Securities purchased under resell agreements	4,547,401	7,881,831	-	Deposits and remittances	2,916,165,037	2,851,621,558	2,804,361,877
Receivables, net	129,376,123	114,100,019	115,775,593	Bank debentures	38,250,000	37,850,000	35,550,000
Current tax assets	15,197	9,544	107,572	Other financial liabilities	102,741,343	90,837,889	110,043,705
Discounts and loans, net	1,949,644,737	1,878,924,693	1,862,477,437	Provisions	989,851	1,083,412	1,083,346
Investments under the equity method, net	15,576,110	15,008,986	15,205,116	Lease liabilities	3,671,544	3,720,012	3,384,399
Other financial assets, net	2,954,424	1,372,280	4,075,970	Deferred tax liabilities	2,344,500	1,851,346	1,719,307
Properties and equipment, net	31,683,101	31,648,604	31,238,254	Other liabilities	<u>3,926,628</u>	<u>3,500,684</u>	<u>3,324,356</u>
Right-of-use assets, net	6,482,615	6,585,747	6,301,380	Total liabilities	<u>3,264,898,734</u>	<u>3,188,908,830</u>	<u>3,217,575,355</u>
Investment properties, net	650,363	572,777	573,956	<u>Equity</u>			
Intangible assets, net	4,918,920	4,779,939	4,752,348	Capital stock	117,072,000	103,637,000	103,637,000
Deferred tax assets	3,255,781	3,125,750	3,103,550	Capital surplus	34,708,200	27,412,151	27,299,804
Other assets, net	<u>20,341,115</u>	<u>12,231,839</u>	<u>12,512,550</u>	Retained earnings	73,614,574	65,422,036	61,239,923
				Other equity	<u>(3,830,993)</u>	<u>(5,101,537)</u>	<u>(12,411,901)</u>
				Total equity	<u>221,563,781</u>	<u>191,369,650</u>	<u>179,764,826</u>
Total	<u>\$ 3,486,462,515</u>	<u>\$ 3,380,278,480</u>	<u>\$ 3,397,340,181</u>	Total	<u>\$ 3,486,462,515</u>	<u>\$ 3,380,278,480</u>	<u>\$ 3,397,340,181</u>

(Continued)

E.SUN Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 16,785,766	\$ 13,628,049	\$ 16,279,873	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	718,171	448,707	449,034	Current liabilities	\$ 13,964,474	\$ 10,928,187	\$ 13,597,352
Financial assets at fair value through other comprehensive income	1,929,488	1,643,797	1,674,908	Noncurrent liabilities	<u>68,298</u>	<u>99,691</u>	<u>110,941</u>
Investments in debt instruments at amortized cost	668,578	759,186	599,786	Total liabilities	<u>14,032,772</u>	<u>11,027,878</u>	<u>13,708,293</u>
Investments under the equity method	60,418	59,494	60,222	<u>Equity</u>			
Properties and equipment	356,411	354,316	346,532	Capital stock	4,000,000	4,000,000	4,000,000
Right-of-use assets	120,210	154,290	165,554	Capital surplus	157,651	125,386	122,811
Investment properties	18,953	19,218	19,306	Retained earnings	2,981,331	2,684,290	2,485,120
Intangible assets	25,122	27,357	26,009	Other equity	<u>232,787</u>	<u>(61,094)</u>	<u>(24,432)</u>
Deferred tax assets	30,273	30,273	33,101	Total equity	<u>7,371,769</u>	<u>6,748,582</u>	<u>6,583,499</u>
Other noncurrent assets	<u>691,151</u>	<u>651,773</u>	<u>637,467</u>				
Total	<u>\$ 21,404,541</u>	<u>\$ 17,776,460</u>	<u>\$ 20,291,792</u>	Total	<u>\$ 21,404,541</u>	<u>\$ 17,776,460</u>	<u>\$ 20,291,792</u>

E.SUN Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30, 2023	December 31, 2022	September 30, 2022	Liabilities and Equity	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 401,980	\$ 464,656	\$ 502,106	<u>Liabilities</u>			
Financial assets at fair value through profit or loss	5,600,190	4,353,344	4,502,571	Current liabilities	\$ 17,086	\$ 63,529	\$ 64,114
Financial assets at fair value through other comprehensive income	87,371	134,972	149,433	Noncurrent liabilities	<u>25,911</u>	<u>37,743</u>	<u>55,318</u>
Other financial assets	64,576	-	-	Total liabilities	<u>42,997</u>	<u>101,272</u>	<u>119,432</u>
Properties and equipment	1,704	1,940	114	<u>Equity</u>			
Right-of-use assets	21,101	21,621	21,795	Capital stock	4,500,000	4,500,000	4,500,000
Intangible assets	375	1,500	1,875	Capital surplus	82,577	81,719	81,627
Deferred tax assets	11,145	358	347	Retained earnings	1,878,252	608,771	836,093
Other noncurrent assets	<u>232</u>	<u>232</u>	<u>232</u>	Other equity	<u>(315,152)</u>	<u>(313,139)</u>	<u>(358,679)</u>
				Total equity	<u>6,145,677</u>	<u>4,877,351</u>	<u>5,059,041</u>
Total	<u>\$ 6,188,674</u>	<u>\$ 4,978,623</u>	<u>\$ 5,178,473</u>	Total	<u>\$ 6,188,674</u>	<u>\$ 4,978,623</u>	<u>\$ 5,178,473</u>

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

E.SUN Commercial Bank, Ltd.

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

Items	For the Nine Months Ended September 30	
	2023	2022
Interest revenue	\$ 58,687,241	\$ 33,390,193
Less: Interest expense	<u>(38,653,495)</u>	<u>(12,265,370)</u>
Net interest	20,033,746	21,124,823
Net revenues and gains other than interest	<u>23,152,411</u>	<u>15,111,039</u>
Total net revenues	43,186,157	36,235,862
Provision for bad-debt expenses and provision for losses on commitments and guarantees	(875,083)	(1,398,150)
Operating expenses	<u>(25,003,936)</u>	<u>(21,295,433)</u>
Income before income tax	17,307,138	13,542,279
Income tax expense	<u>(3,367,888)</u>	<u>(2,795,814)</u>
Net income for the period	13,939,250	10,746,465
Other comprehensive income (loss)	<u>1,358,832</u>	<u>(12,076,916)</u>
Total comprehensive income (loss)	<u>\$ 15,298,082</u>	<u>\$ (1,330,451)</u>
Earnings per share		
Basic	<u>\$ 1.23</u>	<u>\$ 0.98</u>

E.SUN Securities Co., Ltd.

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

Items	For the Nine Months Ended September 30	
	2023	2022
Income	\$ 2,460,577	\$ 2,234,469
Service charge	(158,277)	(157,934)
Employee benefit expenses	(743,822)	(673,858)
Share of profit of subsidiaries accounted for using equity method	461	1,412
Operating expenses	(519,975)	(505,062)
Other profits and losses	<u>105,949</u>	<u>99,225</u>
Income before income tax	1,144,913	998,252
Income tax expense	<u>(182,672)</u>	<u>(182,148)</u>
Net income for the period	962,241	816,104
Other comprehensive income (loss)	<u>293,881</u>	<u>(13,760)</u>
Total comprehensive income	<u>\$ 1,256,122</u>	<u>\$ 802,344</u>
Earnings per share		
Basic	<u>\$ 2.41</u>	<u>\$ 2.04</u>

(Continued)

E.SUN Venture Capital Co., Ltd.

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

Items	For the Nine Months Ended	
	2023	2022
Operating revenue	\$ 1,287,215	\$ 318,673
Operating expenses	<u>(26,766)</u>	<u>(11,086)</u>
Operating income	1,260,449	307,587
Non-operating income and expenses	<u>9,344</u>	<u>10,019</u>
Income before income tax	1,269,793	317,606
Income tax benefit (expense)	<u>22,325</u>	<u>(68,033)</u>
Net income for the period	1,292,118	249,573
Other comprehensive income	<u>20,350</u>	<u>10,431</u>
Total comprehensive income	<u>\$ 1,312,468</u>	<u>\$ 260,004</u>
Earnings per share		
Basic	<u>\$ 2.87</u>	<u>\$ 0.55</u>

(Concluded)

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

For the nine months ended September 30, 2023

Business Segment	Banking	Securities	Others	Consolidated
Items				
Net interest revenues (expenses)	\$ 21,183,798	\$ 271,264	\$ (40,997)	\$ 21,414,065
Net revenues and gains other than interest	23,479,773	1,991,773	1,295,873	26,767,419
Total net revenues	44,663,571	2,263,037	1,254,876	48,181,484
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(989,985)	441	-	(989,544)
Operating expenses	(26,014,529)	(1,234,382)	(336,795)	(27,585,706)
Income before income tax	17,659,057	1,029,096	918,081	19,606,234
Income tax expense	(3,510,453)	(182,672)	(21,103)	(3,714,228)
Net income	14,148,604	846,424	896,978	15,892,006

For the nine months ended September 30, 2022

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 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	September 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	\$ 34,029	0.30	\$ 34,029	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	102,597	4.26	102,597	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	17,280	0.37	17,280	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	108	8,771	0.05	8,771	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	550	58,300	0.15	58,300	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	9,851	0.13	9,851	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	540	62,640	0.90	62,640	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,910	49,372	0.94	49,372	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	22,629	0.65	22,629	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	150	2,468	0.22	2,468	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	455	29,782	0.17	29,782	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210	2,688	0.38	2,688	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	20,684	1.33	20,684	
	Msscorks Co., Ltd.	-	Financial assets at fair value through profit or loss	1,230	180,810	2.63	180,810	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	37,439	0.17	37,439	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	1,922	0.19	1,922	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	193	33,629	0.05	33,629	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	11,328	0.37	11,328	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	70,207	0.26	70,207	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	4,218	0.11	4,218	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	816	0.26	816	
	APEX DYNAMICS, INC.	-	Financial assets at fair value through profit or loss	258	53,406	0.32	53,406	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	37,966	0.15	37,966	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	41,500	0.06	41,500	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	49,700	0.17	49,700	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	10	4,334	0.06	4,334	
	Gogoro Inc.	-	Financial assets at fair value through profit or loss	1,250	106,988	0.51	106,988	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	25,065	949,704	4.43	949,704	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	7,554	1.56	7,554	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,890	128,807	5.55	128,807	
	Perfect Medical Industry Co., Ltd.	-	Financial assets at fair value through profit or loss	516	9,216	1.13	9,216	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	4,860	0.67	4,860	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	7,134	0.73	7,134	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,668	32,976	3.00	32,976	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	829	30,540	2.71	30,540	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	477	18,802	1.32	18,802	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Vetnostrum Animal Health Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000	\$ 77,740	3.02	\$ 77,740	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,200	765,312	6.15	765,312	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	140	11,504	0.08	11,504	
	Ap Biosciences Inc.	-	Financial assets at fair value through profit or loss	1,500	84,210	2.32	84,210	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	680	51,116	0.73	51,116	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,776	125,089	2.75	125,089	
	Win Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,470	80,272	2.42	80,272	
	GREAT GIANT FIBRE GARMENT CO., LTD.	-	Financial assets at fair value through profit or loss	784	76,891	1.30	76,891	
	ALLIANCE MATERIAL CO., LTD.	-	Financial assets at fair value through profit or loss	300	9,051	1.10	9,051	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	47,386	2.84	47,386	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	34,341	2.36	34,341	
	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	10,811	3.05	10,811	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	28,034	6.15	28,034	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	1,386	1.98	1,386	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	31,806	1.52	31,806	
	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	18,324	0.18	18,324	
	Winking Studios Limited	-	Financial assets at fair value through profit or loss	1,014	35,497	4.52	35,497	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	20,070	0.81	20,070	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	9,103	1.33	9,103	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	21,897	13.07	21,897	
	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	23,582	2.28	23,582	
	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	52,355	7.82	52,355	
	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	3,820	0.73	3,820	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	12,193	4.55	12,193	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	10,490	2.35	10,490	
	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	113,193	2.86	113,193	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	5,011	0.41	5,011	
	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	7,637	4.00	7,637	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	7,180	3.69	7,180	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,564	39,181	4.64	39,181	
	Auria Solar Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	-	0.57	-	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	XPEC Art Center Inc.	-	Financial assets at fair value through profit or loss	74	\$ 587	0.39	\$ 587	
	Asia Skin Cosmetics Company	-	Financial assets at fair value through profit or loss	324	8,886	1.93	8,886	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	3,635	8.97	3,635	
	Tapollop Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	666	-	8.67	-	
	Song Chuan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	900	90,000	1.38	90,000	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	24,796	2.03	24,796	
	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	43,301	0.82	43,301	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	6,263	60,671	4.76	60,671	
	Batom Co., Ltd.	-	Financial assets at fair value through profit or loss	591	25,710	1.63	25,710	
	Kee Fresh & Safe Foodtech Co., Ltd.	-	Financial assets at fair value through profit or loss	950	23,887	2.85	23,887	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	2,494	9.84	2,494	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	57	388	0.33	388	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	73,390	5.95	73,390	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	80,782	2.15	80,782	
	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	13,963	0.96	13,963	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	2,500	109,077	2.36	109,077	
	Rock BioMedical, Inc.	-	Financial assets at fair value through profit or loss	11,000	163,585	18.87	163,585	
	AmTrust Capital II Corp.	-	Financial assets at fair value through profit or loss	8,000	77,857	8.00	77,857	
	Innotech Logistics Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000	33,840	6.00	33,840	
	RePV Tech, Inc.	-	Financial assets at fair value through profit or loss	100	1,000	6.67	1,000	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	31,365	6.69	31,365	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,657	8,687	2.07	8,687	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	365	1,325	9.12	1,325	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	15,196	14.72	15,196	
	OME Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,457	27,714	2.22	27,714	
	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	163	-	1.90	-	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	5,138	1.01	5,138	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	3,607	6.85	3,607	
	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	1,034	5.26	1,034	
	Topray Mems Inc.	-	Investments in equity instruments at FVTOCI	975	2,796	2.14	2,796	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	6,448	1.50	6,448	
	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	6,017	0.33	6,017	
	<u>Fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	8,023	184,093	7.63	184,093	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	8,126	329,401	7.46	329,401	
	Delos Capital Fund 3	-	Financial assets at fair value through profit or loss	1,778	46,320	3.32	46,320	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	56,250	51,010	4.57	51,010	
	Rui Zhan Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	14,118	9,868	9.09	9,868	

(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 NINE MONTHS ENDED SEPTEMBER 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)	\$ 31,594,477 (Notes 2 and 3)	-	\$ -	\$ 1,399,118 (Notes 2 and 3)	\$ -	11,707,200	\$ 221,572,924 (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, \$896,049 thousand due to equity increase in share-based payment, \$13,940,478 thousand as the net gain from equity investments under the equity method and \$1,358,832 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.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 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 September 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 September 30, 2023	Yang, Yang and Yang	-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None
	Xin Zhuang Fuduxin Branch	2023.04.21	323,000	\$323,000 has been paid as of September 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, additional amount of \$38,300 thousand and second additional amount \$31,070 thousand.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue from Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue from Related Party to Total Amounts	Percentage of Allowance of Service Revenue for Related Party to Total Allowance
E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	Same parent company	\$ 3,582,298	\$ 1,661,425	\$ 20,697	\$ 8,739	0.58	0.53

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

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

SEPTEMBER 30, 2023

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 685,468 (Notes 1 and 2)	-	\$ -	-	\$ -	\$ -

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

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 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	\$ 267,274	\$ 9,763,806	\$ -

Accumulated Investment in Mainland China as of September 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)	\$133,043,256

(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 September 30, 2023	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 229,102	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	205,214	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	441,908	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	113,215	Invest in mainland China through the third-party company (Note 3)	10,989	461	-	11,450	(Note 4)	0.53	-	(Note 5)	-

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 7)
\$152,811	\$155,592	\$3,687,406

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

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

(Continued)

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

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 2,886,502	Note 4	0.08
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	2,886,502	Note 4	0.08
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	610,468	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	610,468	Note 4	0.02
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	615,444	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	615,444	Note 4	0.02
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	367,472	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	367,472	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Other noninterest gains, net	117,373	Note 4	0.24
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	General and administrative expenses	117,373	Note 4	0.24
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Due from the Central Bank and call loans to other banks	7,064,070	Note 4	0.20
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	7,064,070	Note 4	0.20
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	4,100,576	Note 4	0.11
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	4,100,576	Note 4	0.11
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Interest income	190,884	Note 4	0.40
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Interest expense	190,884	Note 4	0.40
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Interest income	212,268	Note 4	0.44
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Interest expense	212,268	Note 4	0.44

(Continued)

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

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

Note 2: Transaction flows are as follows:

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

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

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

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

(Concluded)

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