E.SUN Bank

Risk Management Disclosure Report

December 2023

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A. Key Metrics

The following table highlights E.SUN Bank's key regulatory metrics and ratios, and related input components as defined in "Methods for Calculating Bank's Regulatory Capital and Risk-Weighted Assets" issued by Financial Supervisory Commission. In line with disclosure requirements the Liquidity Coverage Ratio is based on 12 months rolling averages and the other metrics are based on spot information.

	in NT$ thousand(unless stated otherwise)	**31.12.2023**	30.06.2023	31.12.2022
	Available own funds (amounts)			
1	Common Equity Tier 1 ("CET1") capital	**217,450,409**	205,134,904	179,150,743
2	Tier1 capital	**245,422,608**	233,107,103	207,122,942
3	Total capital	**292,625,032**	279,874,809	254,905,870
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	**1,873,475,646**	1,808,132,956	1,778,695,439
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier1 ratio (%)	**11.61%**	11.35%	10.07%
6	Tier1 ratio (%)	**13.10%**	12.89%	11.64%
7	Total capital ratio (%)	**15.62%**	15.48%	14.33%
	Combined buffer requirement			
8	Capital conservation buffer (%)	**2.5%**	2.5%	2.5%
	Leverage ratio			
9	Total exposure measure	**3,713,842,634**	3,618,014,209	3,533,844,012
10	Leverage ratio	**6.61%**	6.44%	5.86%
	Liquidity Coverage Ratio			
11	Total high-quality liquid assets ("HQLA")	**649,170,701**	649,773,024	676,561,472
12	Cash outflows-Total weighted value	**811,375,305**	807,312,718	809,760,940
13	Cash inflows-Total weighted value	**359,289,157**	343,610,165	299,646,439
14	Total net cash outflows (adjusted value)	**452,086,148**	463,702,553	510,114,501
15	Liquidity Coverage Ratio ("LCR")(%)	**143.59%**	140.13%	132.63%
	Net Stable Funding Ratio			
16	Total available stable funding	**2,646,644,827**	2,594,949,111	2,510,478,337
17	Total required stable funding	**1,933,938,388**	1,876,066,378	1,824,377,664
18	Net Stable Funding Ratio ("NSFR")(%)	**136.85%**	138.32%	137.61%

B. Overview of Risk Weighted Exposure Amounts

The table below shows risk-weighted assets broken down by risk types and model approaches compared to the previous half year. It also shows the corresponding minimum capital requirements, which is derived by multiplying the respective RWA by an 8% capital ratio.

		RWAs		Total own funds
	NT$ thousand	31.12.23	30.06.23	31.12.23
1	**Credit risk (excluding counterparty credit risk)**	1,655,683,744	1,598,349,461	132,454,700
2	of which: standardized approach (SA)	1,655,683,744	1,598,349,461	132,454,700
3	of which: internal ratings-based (IRB) approach	NA	NA	
4	**Counterparty credit risk**	27,779,606	34,518,406	2,222,368
5	of which: SA for counterparty credit risk (SA-CCR)	27,779,606	34,518,406	2,222,368
6	of which: internal model method (IMM)	NA	NA	
7	Equity positions under the simple risk-weight approach	NA	NA	
8	Equity investments in funds – look-through approach	NA	NA	
9	Equity investments in funds – mandate-based approach	NA	NA	
10	Equity investments in funds – fallback approach	NA	NA	
11	Equity investments in funds – mixed	NA	NA	
12	**Settlement risk**	0	0	0
13	**Securitization exposures in banking book**	0	0	0
14	of which: securitization internal ratings-based approach - RBA	NA	NA	
15	of which: securitization internal ratings-based approach - SFA	NA	NA	
16	of which: securitization standardized approach	0	0	0
17	**Market Risk**	89,477,575	80,721,538	7,158,206
18	of which: standardized approach (SA)	89,477,575	80,721,538	7,158,206
19	of which: internal models approach (IMA)	NA	NA	
20	**Operational risk**	94,052,038	86,796,463	7,524,163
21	Of which basic indicator approach	NA	NA	
22	Of which standardized approach	94,052,038	86,796,463	7,524,163
23	Of which advanced measurement approach	NA	NA	
24	**Amounts below thresholds for deduction (250% risk weight)**	6,482,683	7,747,088	518,615
25	**Floor adjustment**	0	0	0
26	**Total**	1,873,475,646	1,808,132,956	149,878,052

C. Leverage Ratio Common Disclosure

The following table shows the leverage ratio exposure and the leverage ratio compared to the previous quarter end.

in NT$ thousand(unless stated otherwise)	31.12.2023	30.09.2023
On-balance sheet exposures (excluding derivatives and SFTs)		
1 On-balance sheet items (excluding derivatives and SFTs)	3,480,438,700	3,403,557,773
2 Asset amounts deducted in determining Tier 1 capital	-7,866,690	-6,253,149
3 Total on-balance sheet exposures (excluding derivatives and SFTs)	3,472,572,010	3,397,304,624
Derivative exposures		
4 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	9,586,102	25,456,885
5 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	12,862,472	14,736,422
6 Total derivatives exposures	22,448,574	40,193,307
Securities financing transaction (SFT) exposures		
7 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	8,097,297	4,547,401
8 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
9 Counterparty credit risk exposure for SFT assets	9,233,048	6,264,971
10 Agent transaction exposures	-	-
11 Total securities financing transaction exposures	17,330,345	10,812,372
Other off-balance sheet exposures		
12 Off-balance sheet exposures at gross notional amount	1,481,555,458	1,373,249,142
13 (Adjustments for conversion to credit equivalent amounts)	-1,280,063,753	-1,186,089,736
14 Off-balance sheet exposures	201,491,705	187,159,406
Capital and total exposure measure		
15 Tier 1 capital	245,422,608	237,915,045
16 Total exposure measure	3,713,842,634	3,635,469,709
Leverage ratio		
17 Leverage ratio (in %)	6.61%	6.54%

D. Risk Management Framework

1. The main risks faced under the current business strategy, as well as the relationship between risk situations and the risk tolerance approved by the Board of Directors

The bank has long been committed to creating a stable and flexible culture. Stability comes from a shared vision and responsibility, clear values, and long-term talent cultivation; flexibility comes from precise strategies, strong execution, and flexible resource allocation. Possible risks include: credit risk, market risk, operational risk, interest rate risk, legal and compliance risk, liquidity risk, money laundering and terrorist financing risk, information security risk, strategic risk, and reputational risk. To control and mitigate risks across the bank, a risk appetite mechanism has been established, with major risk categories being classified, and risk quantification conducted through stress testing, reported to the Board of Directors quarterly, and reviewed annually after the risk appetite threshold are approved by the Board of Directors. The bank sets the overall risk preference level to drive risk-taking capacity, capital management, and supervision to meet management requirements.

2. Risk Management Structure

I. Board of Directors

(1) The Board of Directors is the highest decision-making unit for establishing an effective risk management mechanism in the bank and takes the ultimate responsibility for overall risk management.

(2) The Board of Directors, based on the overall business strategy and economic environment, approves the overall risk management policy and major decisions, reviews risk management reports, and ensures the effective operation of the risk management mechanism.

II. Risk Management Committee

(1) Implement the risk management policies approved by the Board of Directors, integrate cross-departmental resources, and guide the coordination, implementation, and operation of various risk management mechanisms.

(2) Review the overall risk exposure, risk appetite, limit management, stress testing, and various risk situations of E.SUN, promote and guide the development and implementation of internal rating systems in relevant departments.

III. Risk Management Division

(1) Integrate the review, supervision, and coordination of various risk

management mechanisms of E.SUN, be responsible for formulating risk management policies and principles, and serve as a reference for business units.

(2) Guide the implementation of credit risk evaluation mechanisms, carry out verification of credit rating models independently, assist business management departments in establishing risk control processes, and compile risk management reports to report to the Board of Directors and Risk Management Committee.

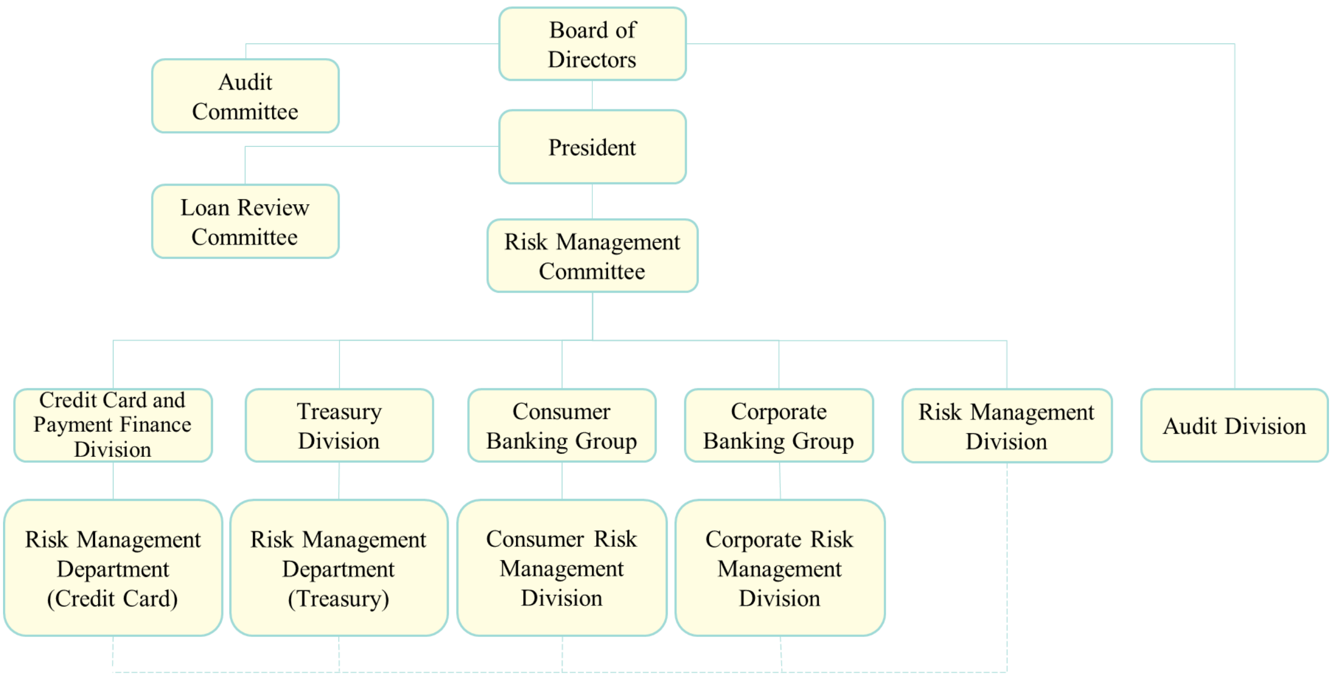
IV. Business Unit

(1) Each business unit should identify, evaluate, and control the risks of managed businesses and related new products, services, or new types of businesses, formulate various risk management regulations, and implement and review them in accordance with the Risk Management Division to complete various risk controls.

(2) Establish risk acceptance limits and monitoring indicators, implement credit risk balancing and credit rating model monitoring, and establish and implement risk management mechanisms according to business attributes, as well as provide risk management reports.

V. Auditing Division

The Auditing Division supervises E.SUN's risk management and ensure that it complies with established policies and monitoring procedures.



3. Bank risk culture and its cultivation and implementation channels

Our bank's risk management culture is to protect asset security, improve customer service quality, and increase shareholder value, while controlling the risks that may arise from various business operations within an acceptable range. Under the premise of ensuring capital adequacy, we aim to achieve a balance between risk and return, becoming a strong backing for business development. Therefore, in order to effectively identify, measure, monitor, and control various risks, E.SUN adheres to the spirit of "no business operations can be considered beyond risk" in the development of various businesses, while considering the balance between risk management and performance measurement, incorporating risk management structure into performance appraisal. E.SUN’s business development policies place security and liquidity first, followed by returns and then growth.

To establish a risk management culture and systematically enhance risk awareness, every E.SUN employee learns the core of E.SUN's risk culture, regulations, and processes from the first day they join E.SUN, and undergoes risk management training courses tailored to various businesses and stages.

4. Scope and main features of the risk measurement system

I. Credit risk:

(1) Establish control based on the degree of concentration risk of different countries, risks of exposure to mainland China, individual enterprises, individual industries, or the same group. Monitoring items such as credit limits, transaction counterparty limits, and financial product transaction limits. Establish an appropriate credit risk control environment, including credit approval processes, credit management, measurement, and monitoring processes.

(2) E.SUN has established an internal credit risk rating system, which measures credit risk through quantitative methods, estimates the borrower's default probability (PD), default loss rate (LGD), default exposure (EAD), expected loss (EL), and further distinguishes risk groups, incorporating them into the credit granting process, linking credit authorization, interest rate pricing, limit management, post-lending management, stress testing, capital management, etc., and ensuring the accuracy, completeness, and relevance of the data used to refine risk management.

(3) To ensure the effective operation of the internal rating system, E.SUN has established regulations such as the "Model Risk Management Guidelines", "Key Points of Credit Rating Model and Risk Measurement Management", "Key Points of Data Management", "Credit Rating Model and Risk Measurement Operation Description", and "Credit Rating Model

Verification Operation Description" for relevant units to carry out the management, verification, and risk measurement of credit rating models.

II. Market risk: Evaluate and control the fair value and transaction loss of various financial products, and assess the effectiveness of risk management, providing relevant reports for management decision-making.

III. Asset-liability risk: Establish risk assessment and control mechanisms for on-balance-sheet and off-balance-sheet items affected by price, exchange rate, and interest rate fluctuations, in line with the principles of safety, liquidity, and profitability.

IV. Operational Risk: Regularly review whether business operations comply with the requirements of operational points, continuously track the improvement of internal audit and internal control opinions on various deficiencies, and summarize major operational risk issues and risk exposures for reporting.

5. The risk report provides a process for the Board of Directors and senior management.

The Board of Directors and senior management understand the key risk management data of E.SUN through the quarterly risk management report and grasp the degree of risk exposure and risk situation.

The content of the risk report is as follows:

I. Risk Appetite
II. Capital Adequacy Risk Assessment
III. Credit Risk and Credit Rating Model Overview
IV. Country Risk and Counterparty Risk Exposure
V. Market Risk and Department Overview
VI. Operational Risk and Detection of Business Risk
VII. Wealth Management and Financial Industry Overview
VIII. Concentration Management of All Bank Wealth Management Clients
IX. Money Laundering and Terrorist Financing Risk Assessment Overview
X. Subsidiaries and Overseas Branches Risk Assessment Overview
XI. Climate Change Risk and Environmental Risk Assessment
XII. Information Security Risk Assessment Overview
XIII. Amendments to Risk Management Regulations for the Season

6. Stress Testing Implementation Method (e.g., Stress Testing Scope, Scenario Selection and Methodology) and Management Application Explanation

I. According to the Financial Supervisory Commission's “Bank Stress Testing Operation Regulations” and “Bank Credit Risk Stress Testing Operation Guidelines”, the structure and methodology of the bank's stress testing are managed. The scope of stress testing includes the bank's asset positions, covering major risks such as credit risk, market risk, and operational risk.

II. The bank conducts stress testing annually in accordance with the "Principles for the Supervisory Review of Capital Adequacy of Domestic Banks" and develops its own credit risk internal rating method for stress testing. Through self-designed stress testing scenarios, the bank continuously monitors its resilience to risks.

III. Stress testing scenarios are adjusted dynamically through annual reviews of external political and economic environment changes, and in conjunction with the Bank's business nature and risk departments, internal risk ratings are subjected to additional stress.

IV. The results of stress tests and subsequent measures are reported by the Risk Management Division to the Risk Management Committee and the Board of Directors for implementation.

7. Strategies and procedures for managing, mitigating, and reducing risks arising from the bank's business model, as well as procedures for ensuring the ongoing effectiveness of risk monitoring, mitigation, and reduction.

Taiwan's regulatory authorities require financial institutions to strengthen risk control measures for major risks, with ten major detection aspects, including: capital adequacy, asset quality, management capability, profitability, liquidity, sources of profit, foreign exposure, investment departments, off-balance sheet exposure, and customer disputes. E.SUN Bank has actively identified, monitored, and controlled the aforementioned business risks to establish a sound business risk management system. The risk control and mitigation framework is described as follows:

I. Identification

E.SUN Bank identifies and assesses various aspects of major risks in the risk wheelhouse, focusing on internal and external threats and opportunities. Under the risk appetite framework, major risks identified by the Bank will be continuously tracked and subjected to stress tests to continuously reflect the changing business environment.

II. Measurement

Risk measurement and assessment are conducted for each major risk category and subcategory to ensure the continuous assessment of risks and the effectiveness of related control measures, enabling management to understand the impact of these identified risks. Risk assessment is jointly conducted by business units and the Risk Management Division. Measurement tools used include impact assessment matrices for impact severity and occurrence probability, stress tests, scenario analysis, and more specific measurement models to identify any occurrences exceeding the Bank's risk tolerance limits.

III. Risk mitigation methods

E.SUN Bank actively manages identified major risks and adopts preventive, transfer, or mitigation measures according to the defined risk tolerance levels. This includes policy, process, and related internal controls and additional training design and implementation.

IV. Performance in monitoring and reporting risks

E.SUN continuously monitors and identifies major risks. This includes monitoring key indicators by business units, regular monitoring of risk tolerance by the risk management division, and effective inspection activities for risk control. Reports are submitted when necessary.

E.SUN's Risk Management Division is responsible for implementing the risk management policies approved by the Board of Directors, coordinating the overall risk management mechanism, and enhancing risk management awareness throughout the bank. According to E.SUN's "Risk Management Policy", the Risk Management Division should balance and monitor the overall quality of risk management and submit risk control reports to the Board of Directors every quarter. If significant risks are identified that may affect financial or operational conditions or compliance with laws and regulations, appropriate measures should be taken immediately and reported to the Board of Directors. The operating model is described as follows:

I. The Risk Management Division is responsible for formulating and establishing E.SUN's risk management mechanism and ensuring the effectiveness and implementation of risk management in various business units.

II. The Risk Management Division monitors major risks, including but not limited to: asset-liability allocation status for different businesses and risks, risk assessment, risk exposure, and the effectiveness of risk mitigation measures. Regular reports are submitted to the general manager.

E. Various Risk Identification and Stress Testing

1. Main risks identification, risk tolerance, and risk mitigation approach

E.SUN Bank has implemented a risk appetite mechanism, approved by the board of directors, that incorporates the three lines of defense framework. This framework takes into consideration both top-down and bottom-up management approaches. Each year, we assess the external political and economic environment to identify potential impacts on the bank's assets and evaluate risks that may arise from stressful scenarios.

The determination of stress scenarios in relation to risk appetite includes scenario analysis and stress testing frameworks. As part of these scenarios, we also consider climate change risks as adjustment factors and conduct comprehensive market observations in order to identify major potential risks. This proactive risk management approach is further enhanced through the utilization of stress testing scenarios and our internal credit rating models, allowing us to carefully assess expected losses.

By establishing risk appetite, continuously monitoring it in real-time, and regularly reporting on it, we ensure that the bank's board of directors and senior management have a comprehensive understanding of significant potential risks associated with the bank's operations. This enables them to make informed decisions regarding capital planning.

Table 1 – Main Risk Identification, Risk Tolerance and Mitigation Approach

Category	Risk Tolerance	Risk Mitigation Approach
Credit Risk	270	To mitigate the risk of exceeding the established threshold, we have implemented measures such as enhanced monitoring, adjusted risk structures, increased capital, and other safeguards to ensure that losses remain within the acceptable range.
Market Risk	30	
Interest Rate Risk in the Banking Book	90	
Operational Risk	45	

Unit: NTD $100 million

2. Stress testing and sensitivity analysis

E.SUN Bank regularly conducts sensitivity analysis and stress testing on credit risk, financial risk, and non-financial risk to evaluate the effectiveness of its risk management mechanisms and assess its risk tolerance.

I. In terms of credit risk, E.SUN Bank conducts stress testing on credit exposures referring to parametric factors such as industry default rates and business finance ratios given by the JCIC (Joint Credit Information Center). Additionally, the bank utilizes stress testing scenarios published by regulatory authorities to calculate potential losses in mild and severe scenarios.

II. In relation to financial risk, E.SUN Bank reviews market risk factors, including interest rates and equity securities prices, based on specific stress testing scenarios. For example, an increase of 150 basis point in the yield curve would result in a $538 million decrease in trading book value, while a 15% increase in equity securities prices would result in a $633 million increase in trading book value.

III. Regarding non-financial risk, E.SUN Bank analyzes the impact of operational risk in scenarios involving customer deposit embezzlement fraud.

The stress testing results indicate that E.SUN Bank's capital adequacy ratio, Tier 1 capital ratio, common equity tier 1 ratio, and leverage ratio all meet regulatory requirements.

F. Credit Risk Management

1. How business models are translated into components of the bank's credit risk profile

When E.SUN engages in credit business, it adheres to the bank's credit policy and establishes a comprehensive framework for credit risk identification, measurement, monitoring, and reporting based on pre-, during, and post-risk management structures and systems. Business units regularly provide credit risk management reports according to product types, and management reports are generated for control purposes, including credit risk limits, risk exposures, post-lending management, and asset quality. These reports are submitted to higher management levels. The Risk Management Division submits credit risk reports to the Board of Directors and the Risk Management Committee every quarter to evaluate the bank's credit risk concentration and risk-taking capacity and to formulate necessary policy adjustments. For each new type of business or product development, relevant business personnel and senior management fully understand the credit risks involved and ensure that effective management is in place through sound systems and regulations.

2. Defining credit risk management policies and setting credit risk limit standards and methods

The risk of loss due to the issuer, counterparty, and debtor's inability to fulfill their obligations or changes in their credit quality. This includes both on- and off-balance sheet exposures. The scope of application includes authorization, structure, process, and operational content related to credit risk management, credit measurement and classification, credit portfolio management principles and procedures, credit review and monitoring, handling of problem credit assets, and management of changes during major financial market fluctuations. In order to effectively identify, measure, monitor, and control the credit risks faced by various businesses of E.SUN, enhance the consistency, stability, and transparency of E.SUN's credit risk measurement, and align with E.SUN's overall business strategy and objectives, E.SUN has established the "General Principles of Credit Risk Management" as a reference.

E.SUN's credit risk limit mechanism takes into account capital adequacy ratios, stress scenarios, and business development strategies. Through stress testing, the potential risks of major products are measured and risk appetite is set to control and meet risk management and business development needs. At the same time, E.SUN sets appropriate credit risk limits, limit approval levels, and excess handling procedures based on factors such as capital, risk appetite, business objectives and strategies, counterparty default probability, default loss rate, and default risk exposure, and reviews their appropriateness annually.

3. **Structure and organization of credit risk management and control functions**

In the development of various businesses, E.SUN consistently adheres to the principle of "no business can override risk." E.SUN's main four

business divisions including consumer banking, corporate banking, treasury, credit card and payment finance division have all established risk management departments that are responsible for direct management of risk operations.

To integrate and promote the establishment and operation of various risk management mechanisms in E.SUN, the Risk Management Division is responsible for formulating risk management policies and principles for each business unit to follow and monitoring and coordinating the operation of risk management mechanisms in each business unit. In addition, guidelines under the rule of Basel Capital Accord have been used as a basis in formulating rules and procedures that are intended to ensure an appropriate risk appetite, risk reporting lines, and capital adequacy. The aforementioned reports are reviewed regularly and reported to the board and Risk Management Committee as foundations for adjustment for risk management related policies and operational strategies.

For major credit risk proposals in E.SUN, a Loan Review Committee is also responsible for reviewing and discussing them. In addition, the Risk Management Division formulates risk management policies and principles, is responsible for measuring and monitoring the overall risk management quality of E.SUN, and regularly reports to the Board of Directors and the Risk Management Committee.

4. **The relationship between credit risk management, risk control, regulatory compliance, and internal audit functions**

E.SUN follows the principle of "three lines of defense" in implementing risk management. The first line of defense is the risk management department under the business unit, which is responsible for setting standards, operating procedures, and limits for each business unit, controlling daily risks, monitoring indicators to confirm the daily risk acceptance, and regularly reporting to the Risk Management Committee. The second line of defense is the Risk Management Division, which monitors overall risks and ensures that E.SUN's operations comply with the regulations set by the regulatory authorities. The third line of defense is the Audit Department, which is responsible for conducting internal audits and regularly reporting the results to the Audit Committee.

5. **The scope and main content of reporting credit risk exposures and credit risk management functions to the Board of Directors and management level**

I. Credit risk exposure management: E.SUN reports risk management to the

Board of Directors and the Risk Management Committee every quarter, including country risk, counterparty credit risk, large exposure risk, industry concentration, single legal entity and group accounts, etc., to enable the Board of Directors and management level to timely and fully understand the key risk management data and grasp the risk situation.

The content of the risk report is as follows:

(1) Risk appetite
(2) Credit risk overview
(3) Market risk and position overview
(4) Asset-liability and capital adequacy assessment
(5) Key risk management data analysis
(6) National risk and counterparty exposure
(7) Operational risk overview

II. Credit risk management system: including risk management policies, risk management framework, risk appetite policies, and other bank-wide risk strategy issues and major credit approval cases.

6. E.SUN Bank's use of on- and off-balance sheet netting policies and procedures, core characteristics, and the degree of operation

Not applicable.

7. Main features of collateral valuation and management policies and procedures

I. The valuation unit operates under headquarter, which independently evaluates the collateral with a fair and practical approach, implementing a system of valuation and credit authorization specialization.

II. Under the premise of adhering to E.SUN Bank's policies, the valuation business participates in the formulation of valuation techniques, appraisal standards, and valuation-related regulations. In addition, to effectively exert management functions, regular management reports are provided; a summary of real estate market trends and analysis reports are supplied for E.SUN Bank and various business units to reference.

8. Market or credit risk concentration information of credit risk mitigation tools (e.g., by type of guarantor, collateral, and credit derivative provider)

The current use of credit risk mitigation tools in E.SUN Bank is based on the relevant regulations of the Basel Framework on risk mitigation tools to calculate the exposure after credit risk mitigation.

The main items currently used include: collateral provided by counterparties or third parties and third-party guarantees. The main types of guarantors are small and medium-sized enterprise credit guarantees, and the main types of collateral are cash, deposits, and stocks.

Table 2 Standardized approach – Credit risk exposure and CRM effects

The table below shows the credit risk exposure before and post credit conversion factors and credit risk mitigation obtained in the form of eligible financial collateral, guarantees and credit derivatives based on the EAD in the standardized approach as well as related RWA and average risk weights broken down by regulatory exposure classes and a split into on- and off-balance sheet exposures.

31.12.2023

in NT$ thousand; % (unless stated otherwise)	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Central governments	249,613,643	0	249,613,643	0	215,907	0.09%
2 Regional government or local authorities PSE	7,367,148	295,283	7,367,148	-74	1,486,835	20.18%
3 Bank (including multilateral development banks and CCP)	352,359,048	6,977,916	352,359,048	907,947	146,449,408	41.46%
4 Corporates (including security and insurance companies)	590,706,441	629,168,257	538,078,424	48,882,993	513,409,525	87.47%
5 Retail	253,004,679	738,325,372	238,744,489	8,019,860	170,647,095	69.15%
6 Secured by mortgages on immovable property	1,393,326,712	106,785,440	1,388,930,746	5,828,916	725,191,714	51.99%
7 Equity	29,416,031		29,416,031		54,437,626	185.06%
8 Collective investments undertakings (CIU)	0	0	0	0	0	0%
9 Other items	70,697,148		70,697,148	0	50,328,317	71.19%
10 Total	**2,946,490,850**	**1,481,552,268**	**2,875,206,678**	**63,639,642**	**1,662,166,427**	**56.56%**

30.06.2023

in NT$ thousand; % (unless stated otherwise)	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Central governments	238,474,137	0	238,474,137	0	134,399	0.06%
2 Regional government or local authorities PSE	6,280,240	320,433	6,280,240	-434	1,255,961	20.00%
3 Bank (including multilateral development banks and CCP)	356,770,769	3,397,765	356,770,769	678,037	147,309,319	41.21%
4 Corporates (including security and insurance companies)	563,039,387	552,010,672	503,738,651	44,550,225	484,868,435	88.43%
5 Retail	252,674,234	668,613,097	237,003,699	7,532,126	169,333,508	69.25%
6 Secured by mortgages on immovable property	1,340,762,515	109,553,837	1,335,688,163	5,799,227	699,520,800	52.15%
7 Equity	26,321,890	0	26,321,890	0	50,983,075	193.69%
8 Collective investments undertakings (CIU)	0	0	0	0	0	0%
9 Other items	65,619,376	0	65,619,376	0	52,691,052	80.30%
10 Total	**2,849,942,548**	**1,333,895,804**	**2,769,896,925**	**58,559,181**	**1,606,096,549**	**56.78%**

The RWA for credit risk (excluding CCR) in the standardized approach were at NT$ 1,662 billion as of December 31, 2023, increase by 3.49% compared to June 30, 2023. The increase in RWA for the exposure class "corporates" driven by higher risk weights and an increase in exposure.

In the following tables, the EAD per regulatory exposure class are assigned to their standardized risk weights. The exposures are shown after the shift to the exposure class of the protection seller, if applicable.

Table 3 Standardized approach

31.12.2023

	Exposure classes/Risk Weight	0%	2%	4%	10%	20%	35%	50%
1	Central governments	249,391,579	0	0	0	7,696	0	0
2	Regional government or local authorities PSE	0	0	0	0	7,349,143	0	1,849
3	Bank (including multilateral development banks	14,334,978	0	0	0	101,035,605	0	223,308,250
4	Corporates (including security and insurance	3,571,755	0	0	0	48,329,398	0	62,877,238
5	Retail	0	0	0	0	43,700,479	0	753,703
6	Secured by mortgages on immovable property		0	0	0	0	0	0
7	Equity		0	0	0	0	0	0
8	Collective investments undertakings (CIU)	0	0	0	0	0	0	0
9	Other items	24,042,441	0	0	0	270,000	0	0
10	Total	**291,340,753**	**0**	**0**	**0**	**200,692,321**	**0**	**286,941,040**

31.12.2023

	Exposure classes/Risk Weight	75%	100%	150%	250%	Residential	Commercial	ADC	Exposures post-CCF and
1	Central governments	0	214,368	0	0				238,474,137
2	Regional government or local authorities PSE	0	16,082	0	0				6,279,806
3	Bank (including multilateral development banks		14,588,162	0	0				357,448,807
4	Corporates (including security and insurance	0	471,939,028	243,998	0				548,288,875
5	Retail	163,139,161	39,161,464	9,542	0				244,535,825
6	Secured by mortgages on immovable property	0		0	0	914,872,988	398,908,280	80,978,394	1,341,487,390
7	Equity	0	12,734,968	0	16,681,063				26,321,890
8	Collective investments undertakings (CIU)	0	0	0	0				0
9	Other items	0	43,791,634	0	2,593,073				65,619,376
10	Total	**163,139,161**	**582,445,706**	**253,540**	**19,274,136**	**914,872,988**	**398,908,280**	**80,978,394**	**2,938,846,319**

30.06.2023

	Exposure classes/Risk Weight	0%	2%	4%	10%	20%	35%	50%
1	Central governments	238,200,774	0	0	0	7,609	0	265,754
2	Regional government or local authorities PSE	0	0	0	0	6,279,806	0	0
3	Bank (including multilateral development banks	9,786,458	0	0	0	119,325,313	0	209,785,559
4	Corporates (including security and insurance	745,767	0	0	0	35,319,371	0	68,957,627
5	Retail	0	0	0	0	29,675,348	0	1,229,931
6	Secured by mortgages on immovable property	0	0	0	0	0	0	0
7	Equity	0	0	0	0	0	0	0
8	Collective investments undertakings (CIU)	0	0	0	0	0	0	0
9	Other items	17,569,577	0	0	0	8,750	0	0
10	Total	**266,302,576**	**0**	**0**	**0**	**190,616,197**	**0**	**280,238,871**

30.06.2023

	Exposure classes/Risk Weight	75%	100%	150%	250%	Residential	Commercial	ADC	Exposures post-CCF and
1	Central governments	0	0	0	0				238,474,137
2	Regional government or local authorities PSE	0	0	0	0				6,279,806
3	Bank (including multilateral development banks		18,551,477	0	0				357,448,807
4	Corporates (including security and insurance	0	443,146,837	119,273	0				548,288,875
5	Retail	203,477,734	10,138,133	14,679	0				244,535,825
6	Secured by mortgages on immovable property	0	0	0	0	870,769,920	393,074,563	77,642,907	1,341,487,390
7	Equity	0	9,881,100	0	16,440,790				26,321,890
8	Collective investments undertakings (CIU)	0	0	0	0				0
9	Other items	0	44,942,214	0	3,098,835				65,619,376
10	Total	**203,477,734**	**526,659,761**	**133,952**	**19,539,625**	**870,769,920**	**393,074,563**	**77,642,907**	**2,828,456,106**

G. Counterparty Credit Risk Management

1. A limit method based on capital is set for counterparties and central counterparties

The limits of counterparty risk for financial institutions in this bank are determined based on the credit ratings of various financial institutions assessed by the bank's net value, eligible external credit rating agencies, external credit information, overall economic environment, the bank's business strategy, and risk-bearing capacity. The control principles are as follows:

I. Actively establish a management mechanism for measuring counterparty risk in financial institutions to measure, monitor, and control counterparty risk.

II. Adhere to the principle of risk diversification for financial institution risk exposure, avoiding excessive exposure to a specific financial institution counterparty.

III. The assessment of financial institution risk limits adopts a prudent and healthy principle and complies with relevant regulations of the supervisory authorities.

2. Policies on collateral and other risk mitigation and assessment of counterparty risk (including central counterparty risk)

I. Regarding collateral and other risk mitigation

E.SUN Bank signs CSA/VM CSA with counterparties, and according to the agreed threshold value and collateral, once either party's loss reaches the agreed threshold value, margin call will be received, and the agreed collateral must be provided to maintain the transaction, otherwise, the related transaction will be terminated. For transactions with a central counterparty, the transaction will be settled by an independent settlement institution and risk transfer will be carried out.

II. Policies for assessing counterparty risk

E.SUN Bank has established the "E.SUN Bank National Risk and Financial Institution Risk Management Policy". When the used amount of a single financial institution counterparty reaches the warning value of the risk limit, the Risk Management Division will notify the relevant business units to pay attention to future developments to avoid exceeding the limit.

When the risk limit is exceeded, the using units must stop new undertaking for the financial institution and reduce the used amount to comply with the limit regulations. In addition, due to business needs, subsidiary in mainland China and oversea branches also have relevant regulations.

3. **Policy on wrong-way risk management**

   Wrong-way risk refers to the risk arising from the positive correlation between the default probability of counterparty and market risk factors. E.SUN Bank currently uses cash and government bonds as collateral for derivative products to avoid wrong-way risk caused by the correlation between collateral value and counterparty credit.

4. **When the bank's credit rating is downgraded, the bank needs to provide additional collateral to mitigate the impact.**

   According to the LCR calculation method issued by the regulatory authority, when the "liquidity requirements of financing transactions, derivatives, and other contracts (additional collateral required due to a credit rating downgrade of 3 levels)" increases (E.SUN Bank's credit rating is downgraded or the exposure to other counterparties increases in that month), the "cash outflows from derivatives transactions" will increase, and the overall cash outflows of E.SUN Bank will also increase. Assuming the high-quality liquid assets and cash inflows remain unchanged, this will result in an increase in net cash outflows (LCR numerator) and a decrease in the overall LCR ratio. E.SUN Bank's current LCR meets the regulatory requirements, indicating that the impact of this item on E.SUN Bank is low, and the overall liquidity risk of the bank is acceptable.

Table 4 - Analysis of CCR Exposure by Approach

The following table shows the methods used for calculating the regulatory requirements for CCR exposure including the main parameter for the method.

31.12.2023

in NT$ thousand (unless stated otherwise)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value post-CRM	RWA
1 SA-CCR (for derivatives)	6,426,319	14,806,999	NA	1.4	29,701,063	16,609,810
2 IMM (for derivatives and SFTs)	NA	NA	0	0	0	0
3 Financial collateral simple method (for SFTs)	NA	NA	NA	NA	NA	NA
4 Financial collateral comprehensive method (for SFTs)	NA	NA	NA	NA	2,039,208	407,842
5 IMM(VaR for SFTs)	NA	NA	NA	NA		
6 Total						**17,017,652**

Table 5 - Standardized approach – CCR exposures by regulatory exposure class and risk weights

The following table provides the counterparty credit risk exposures in the standardized approach broken down by risk weights and regulatory exposure classes.

31.12.2023

	Exposure classes/Risk Weight	0%	2%	4%	10%	20%	50%
1	Central governments	2,211,631	0	0	0	0	0
2	Regional government or local authorities PSE	0	0	0	0	44,821	0
3	Bank (including multilateral development banks and CCP)	471,290	0	0	6,739,784	0	6,517,272
4	Corporates (including security and insurance companies)	0	0	0	0	0	3,444,023
5	Retail	0	0	0	0	0	0
6	Other items	0	0	0	0	0	0
7	Total	**2,682,921**	**0**	**0**	**6,739,784**	**44,821**	**9,961,295**

	Exposure classes/Risk Weight	75%	100%	150%	1250%	Total
1	Central governments	0	0	0	0	**2,211,631**
2	Regional government or local authorities PSE	0	0	0	0	**44,821**
3	Bank (including multilateral development banks and CCP)	0	1,382,654	0	0	**15,111,000**
4	Corporates (including security and insurance companies)	0	8,781,221	0	0	**12,225,244**
5	Retail	0	108,367	0	0	**108,367**
6	Other items	0	0	0	0	**0**
7	Total	**0**	**10,272,242**	**0**	**0**	**29,701,063**

H. Operational Risk Management

1. Operational risk management strategy and process

Operational risk arises from internal operations, personnel, and system failures or errors, or external events causing losses to the bank. E.SUN Bank prevents internal operational risks by establishing a sound operational system, cultivating risk awareness among all employees, promoting a corporate culture of compliance and discipline, and ensuring the effectiveness of internal control systems through a three-line defense mechanism. The first line of defense is the responsibility of each unit to manage the risks generated by their daily operations and to design and implement effective internal control procedures to cover all related business activities. The second line of defense is the independent function and unit other than the first and third lines of defense, including risk management, legal compliance, and other professional units, which assist and supervise the first line of defense in identifying and managing risks and are responsible for the overall risk management policy of the bank. The third line of defense is internal audit, which assists the Board of Directors and management in evaluating and auditing the effectiveness and efficiency of operations and the effectiveness of the first and second lines of defense in risk control and compliance. In addition to continuous on-the-job training, various standards are set as a reference for the implementation of various tasks to prevent operational risks. For external event risks, the bank continuously maintains sensitivity to market environment, customer behavior, technological innovation, and regulatory changes to grasp the opportunities for change.

E.SUN Bank manages operational risks through tools such as “Risk and Control self-assessment”, “Key Risk Indicators”, and “Operational Risk Event Collection”, implementing business process analysis, identification, evaluation, response, and monitoring of operational risks to understand the overall operational risk situation of the bank and to improve the higher potential operational risks.

Before launching innovative products or services, E.SUN Bank has established “Guideline of (New) Product Service Compliance Risk Assessment Procedure” for each business unit to evaluate all potential risks, such as market risk, liquidity risk, credit risk, operational risk and emerging risk, to further devise or use existing relevant control mechanisms. Risk Management Division and the Compliance Division will jointly review the new products and services to ensure that they have complied with internal and external laws and regulations and the risks are controllable before providing them to customers. In the cases of product or service adjustment or refinement where compliance, internal control or risk management is likely to be affected, risk assessment must also be conducted.

2. Operational risk management organization and structure

The Board of Directors is the highest decision-making unit for operational risk management. Based on the overall business strategy and operating environment, it establishes operational risk management standards, operational risk tolerance, and major decisions, promoting consistency, customer orientation, integrity, and transparency of operational risk management across the bank, in line with overall business strategy and objectives. The Risk Management Division is responsible for designing and implementing operational risk management mechanisms, formulating and amending relevant standards, and supervising the execution of operational risk management by various business units, providing improvement suggestions, and integrating operational risk management information across the bank, reporting to the Board of Directors. Business units establish operational manuals and guidelines for various tasks, and appropriately manage and supervise the necessary operational risk management work of each business unit. Business units follow the guidelines set by the business units, cooperate with the business units to identify various operational risks faced by the business units, and carry out necessary operational risk management work according to the bank's regulations. The independent audit division under the Board of Directors periodically evaluates and verifies the effectiveness of operational risk management of various units of E.SUN Bank.

3. Scope and highlights of operational risk reporting and measurement systems

E.SUN Bank conducts regular risk and control self assessment (RCSA), classifying potential operational risks from minor to severe, and formulating action plans for response and improvement. In addition, Key Risk Indicators are used to monitor changes in operational risks and provide early warning capabilities. Each indicator has a threshold value as a reference for whether to adopt response measures. For operational risk event collection, E.SUN Bank continuously collects and analyzes Operational Risk Events according to eight major business categories and seven major loss types, and formulates corresponding action plans for continuous control. The overall operational risk management department regularly discloses the overall operational risk monitoring situation, consolidates operational risk information across the bank, and reports other major related issues to senior management, the Risk Management Committee, and the Board of Directors.

4. Policies for operational risk avoidance or risk reduction, as well as strategies and processes for continuous effectiveness of risk avoidance and risk reduction tools

Branches' daily operations are covered by comprehensive insurance, including cash at business premises, cash in transit, cash in automated equipment, equipment and property at business workplace, and employee fidelity insurance.

Through insurance and outsourcing, some operational risks are transferred.

5. Methods adopted for capital calculation

Standard method.

Table 6 - Operational risk own funds requirements and risk-weighted exposure amounts – basic indicator approach (BIA) and standardized approach

in NT$ thousand		31.12.2023
Year	Gross profit	Own funds requirements
2023	60,520,393	
2022	50,300,409	
2021	50,797,065	
Total	**161,617,867**	**7,524,163**

I. Market Risk Management

1. Market risk management strategy and process

To avoid huge risks caused by the fluctuations and correlations of various prices such as rights, products, interest rates, and exchange rates, any financial product transactions must implement and follow E.SUN's "Market Risk Management Guidelines", "Financial Transaction Business Authority Guidelines", and "Derivative Financial Product Management Strategy and Operational Guidelines", and the Value at risk (VaR) is calculated according to the definition of the Bank for International Settlements (BIS) to control the changes in the bank’s market risk.

E.SUN obtains credit protection or enhancement by collecting collateral or signing a netting agreement, thereby reducing counterparty risk. For standardized and highly liquid derivative financial products, central clearing counterparty (CCP) will be adopted to reduce counterparty risk and capital requirements.

2. Market risk management organization and structure

E.SUN establishes "Market Risk Management Guidelines". The Risk Management Division is responsible for the risk management of various financial products, the assessment of their fair values, and the limit control of market risk, and regularly reports to the Board of Directors and the Risk Management Committee the overview of market risk positions, the result of stress test and market risk limit control situations. Through the above control methods, E.SUN's market risk management scope will be more comprehensive.

3. Scope and features of market risk reporting and measuring systems

In terms of market risk control, E.SUN uses systems such as Kondor+, MUREX, and Numerix, as well as data from Reuters, Bloomberg, and ICE databases to grasp market information of trading positions and conduct real-time assessment, while monitoring the Value at risk (VaR) of the entire bank's transactions and investment positions. . In various aspects of market risk management, the MLC system is used for timely control, taking market fluctuations into account and accurately evaluate market risks and market risk limit situations.

Table 7 - Market risk under Standardized Approach

		31.12.2023
in NT$ thousand		**RWA**
	Outright products	
1	Interest rate risk (general and specific)	76,745,775
2	Equity risk (general and specific)	9,216,725
3	Foreign exchange risk	2,150,000
4	Commodity risk	28,175
	Options	
5	Simplified approach	913,888
6	Delta-plus method	423,013
7	Scenario approach	0
8	Securitization (specific risk)	0
9	Total	**89,477,575**

J. Interest Rate Risk in the Banking Book Management

1. Interest rate risk in the banking book management strategy and process

E.SUN bank has established a "Risk Management Policy", "Asset Liability Management Policy", and "Interest Rate Risk Management Key Points" to regulate the structure and methods of interest rate risk management in our banking book.

The "Risk Management Policy" and "Asset Liability Management Policy" are approved by the Board of Directors and are regularly reviewed and revised, serving as the basis for the implementation of related management by each units.

The "Key Points of Interest Rate Risk Management" elaborate on the methods for measuring interest rate risk, monitoring, and related risk reporting, serving as the basis for controlling interest rate risk in our banking book.

2. Interest rate risk in the banking book management organization and structure

The Risk Management Division is responsible for the evaluation, supervision, and related limit control of interest rate risk, and directly reports to the Risk Management Committee and the Board of Directors.

3. The scope, feature, and frequency of interest rate risk in the banking book report/evaluation systems

The bank adopts the ALM asset liability management system to evaluate the changes in interest rate sensitivity of internal and external assets and liabilities, considering revaluation risk, yield curve risk, and basis risk, and evaluates the changes in economic value and gap analysis after the impact of interest rate fluctuations on assets and liabilities every month. The evaluation results are reported to the Risk Management Committee and the Board of Directors every quarter.

4. Policies for avoiding/mitigating interest rate risk in the banking book, and strategies and processes for continuously ensuring the effectiveness of risk avoidance/mitigation tools

The evaluation results of interest rate risk in the banking book are reported to the Risk Management Committee, Asset Liability Management Committee, and the Board of Directors, serving as a reference for related strategies.

K. Liquidity Risk Management

1. Liquidity risk management strategy and process

E.SUN Bank has established a “Risk Management Policy”, “Liquidity Risk Management Policy”, and “Key Points of Liquidity Risk Management” to regulate the structure and methods of liquidity risk management.

The “Risk Management Policy” and “Liquidity Risk Management Policy” are approved by the Board of Directors and reviewed and revised periodically, serving as the basis for the implementation of related management by various units.

The “Key Points of Liquidity Risk Management” set the early warning indicators and implementation and supervision of liquidity risk, serving as the basis for E.SUN Bank's control of liquidity risk.

2. Liquidity risk management organization and structure

The Treasury Division is the executing unit for E.SUN Bank's liquidity risk management and is required to report the implementation of liquidity risk management to the Asset and Liability Management Committee every quarter; the Risk Management Division is the independent supervisory unit for E.SUN Bank's liquidity risk management, responsible for the overall liquidity risk management work, including liquidity risk , measurement, supervision, and control, and directly reports the implementation and improvement suggestions to the Risk Management Committee and the Board of Directors.

3. Scope and features of liquidity risk reporting and balance system

E.SUN Bank uses the ALM Asset and Liability Management System to assess the liquidity gap of various maturities within the balance sheet, and sets stress scenarios for liquidity risk measurement. Relevant monitoring reports are produced monthly for review by senior management, and the assessment results are reported quarterly to the Risk Management Committee, Asset and Liability Management Committee, and the Board of Directors.

4. Funding strategy, including policies on funding sources and maturity dispersion, as well as centralized or decentralized funding strategies

I. The sources of funds for E.SUN Bank should be diversified, with stability and reliability as the primary considerations, and excessive reliance on specific sources of funds should be avoided.

II. The uses of funds for E.SUN Bank should be diversified, adhering to the principles of risk diversification for lending targets, investment targets, and maturity dates, ensuring appropriate liquidity.

III. The estimation of cash inflows and outflows should adopt a conservative principle to test E.SUN Bank's liquidity support capacity under the worst conditions.

IV. Liquidity management should comply with the regulations of the competent authorities regarding the holding of liquid assets.

V. Establish liquidity risk warning indicators such as liquidity coverage ratio, foreign currency deposit ratio, the proportion of New Taiwan dollar deposits of a single borrower to total New Taiwan dollar deposits, New Taiwan dollar and US dollar maturity gaps, LCR, NSFR, etc., to ensure the adequacy of liquid assets, diversified sources of funds, and the requirements of fund maturity dispersion.

VI. The capital requirements of each unit are centrally managed by the Treasury Department of E.SUN Bank. Overseas branches manage their own capital according to local regulations and business needs, and the head office also provides capital support.

5. Continuously effective strategies and processes for liquidity risk avoidance or risk mitigation, as well as monitoring rules and risk mitigation tools.

The results of E.SUN Bank's liquidity risk assessment are reported to the Risk Management Committee, Asset and Liability Management Committee, and the Board of Directors as a reference for related strategies.

6. Explanation of stress testing implementation

E.SUN Bank's liquidity risk stress testing targets the bank's overall assets and liabilities, estimating the liquidity loss rate/discount rate under various scenarios; and under the specific event risk, overall market environment risk, and scenario simulation of individual institutions, estimating the cash flow generated by the bank under various situations.

7. Overview of the Contingency Plan for Liquidity Crisis

I. Define short, medium, and long-term liquidity risk and establish early warning indicators for assessment.

II. Monitor timely warning indicators, set activation procedures, and initiate contingency plans based on short, medium, and long-term liquidity issues.

III. Establish a liquidity response team and define their responsibilities.

IV. Execution content of short, medium, and long-term contingency plans.

V. Management of exceptions in the implementation of contingency plans.

Table 8 - Liquidity Coverage Ratio Disclosure

		31.12.2023		30.09.2023	
		Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High-quality liquid assets					
1	Total high-quality liquid assets (HQLA)	681,000,581	649,170,701	665,775,704	633,608,463
Cash-outflows					
2	Retail deposits and deposits from small business costumers	1,919,084,339	126,827,807	1,879,300,580	123,845,450
	of which:				
3	Stable deposits	962,912,392	31,210,612	948,310,936	30,746,486
4	Less stable deposits	956,171,946	95,617,195	930,989,643	93,098,964
5	Unsecured wholesale funding	981,589,430	451,715,555	961,227,674	426,223,738
	of which:				
6	Operational deposits (all	0	0	0	0
7	Non-operational deposits (all counterparties)	883,123,126	353,249,250	891,673,227	356,669,291
8	Unsecured debt	98,466,305	98,466,305	69,554,447	69,554,447
9	Secured wholesale funding	1,127,904	1,124,594	2,127,950	189,016
10	Additional requirements	885,500,024	231,707,349	889,243,164	237,333,741
	of which:				
11	Outflows related to derivative exposures and other collateral requirements	164,063,233	164,063,233	167,117,282	167,117,282
12	Outflows related to loss of funding on debt products	0	0	0	0
13	Credit and liquidity facilities	633,647,925	57,567,333	628,116,483	56,456,387
14	Other contractual funding obligations	7,971,020	7,971,020	11,571,457	11,571,457
15	Other contingent funding obligations	79,817,846	2,105,763	82,437,942	2,188,616
16	Total cash outflows	3,787,301,696	811,375,305	3,731,899,368	787,591,945
Cash - inflows					
17	Secured lending	7,537,120	7,249,130	4,547,401	4,547,401
18	Inflows from fully performing exposures	165,475,350	123,359,033	150,435,301	110,789,826
19	Other cash inflows	228,680,994	228,680,994	226,667,394	226,667,394
20	Total cash inflows	401,693,465	359,289,157	381,650,096	342,004,621
Total adjusted value			adjusted value		**adjusted value**
21	Total high-quality liquid assets (HQLA)		649,170,701		633,608,463
22	Total net cash outflows		452,086,148		445,587,323
23	Liquidity coverage ratio (%)		143.59%		142.20%

Table 9 - Net Stable Funding Ratio

		31.12.2023				
		Unweighted value by residual maturity				Weighted value
in NT$ thousand		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) Items						
1	Capital items and instruments:	270,537,087	0	0	23,586,469	294,123,556
2	Own funds	270,537,087	0	0	21,784,859	292,321,946
3	Other capital instruments	0	0	0	1,801,610	1,801,610
4	Retail deposits:	1,118,290,385	472,506,657	310,595,202	25,405,809	1,783,801,378
5	Stable deposits	622,917,561	152,336,092	167,597,336	18,684,587	914,393,027
6	Less stable deposits	495,372,824	320,170,565	142,997,866	6,721,223	869,408,352
7	Wholesale funding:	296,002,013	529,956,032	145,749,296	5,951,771	535,509,488
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	296,002,013	529,956,032	145,749,296	5,951,771	535,509,488
10	Interdependent liabilities	0	0		0	0
11	Other liabilities:	100,283,297	178,293,556	18,070,395	21,555,500	33,210,405
12	NSFR derivative liabilities	-			-	-
13	All others	100,283,297	178,293,556	18,070,395	21,555,500	33,210,405
14	Total available stable funding (ASF)					**2,646,644,827**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					79,239,749
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	2,148,887	519,190,147	183,594,942	1,842,160,343	1,711,953,042
18	Performing securities financing transactions with financial customers	-	-	-	-	-
19	Performing securities financing transaction with financial customers collateralized by other assets and loans and advances to financial institutions	-	126,408,566	6,914,223	17,010,711	39,429,107
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs,	-	312,127,899	154,382,881	243,179,682	439,853,720
	of which:					
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	-	37,146	37,671	521,997	376,707
22	Performing residential mortgages,	-	11,030,344	11,082,678	1,270,519,835	925,691,813
	of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	-	6,782,968	7,062,696	826,532,790	544,169,146
24	Other loans and securities that are not default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	2,148,887	69,623,338	11,215,159	311,450,116	306,978,402
25	Interdependent assets	-	-	-	-	-
26	Other assets:	57,167,695	79,017,032	25,849,868	46,037,426	108,964,208
27	Physical traded commodities	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				59,010	50,159
29	NSFR derivative assets				7,580,629	7,580,629
30	20% of derivative liability				2,766,919	2,766,919
31	All other assets not included in the above categories	46,761,137	79,017,032	25,849,868	46,037,426	98,566,500
32	Off-balance sheet items				713,240,136	33,781,390
33	Total required stable funding (RSF)					**1,933,938,388**
34	Net Stable Funding Ratio (%)					**136.85%**

in NT$ thousand		30.09.2023				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) Items						
1	Capital items and instruments:	260,596,489	0	0	20,561,222	281,157,711
2	Own funds	260,596,489	0	0	18,517,779	279,114,268
3	Other capital instruments	0	0	0	2,043,444	2,043,444
4	Retail deposits:	1,090,329,619	480,778,343	290,441,882	25,078,840	1,746,913,150
5	Stable deposits	616,119,486	150,208,742	162,460,789	17,799,335	900,148,901
6	Less stable deposits	474,210,134	330,569,601	127,981,092	7,279,505	846,764,249
7	Wholesale funding:	289,095,546	575,727,213	115,213,034	4,446,803	538,650,999
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	289,095,546	575,727,213	115,213,034	4,446,803	538,650,999
10	Interdependent liabilities	0	0		0	0
11	Other liabilities:	87,958,183	137,875,679	43,266,524	24,097,253	48,508,747
12	NSFR derivative liabilities	-			-	-
13	All others	87,958,183	137,875,679	43,266,524	24,097,253	48,508,747
14	Total available stable funding (ASF)					**2,615,230,607**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					80,999,712
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	2,251,055	497,500,932	166,504,709	1,799,710,980	1,670,373,675
18	Performing securities financing transactions with financial customers	-	-	-	-	-
19	Performing securities financing transaction with financial customers collateralized by other assets and loans and advances to financial institutions	-	102,099,725	4,097,115	16,512,556	33,876,072
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs,	-	314,697,158	140,501,723	240,687,587	432,076,653
	of which:					
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	-	33,426	33,424	536,179	381,941
22	Performing residential mortgages,	-	10,769,941	11,149,463	1,223,595,444	891,084,210
	of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	-	6,672,204	6,977,923	799,658,095	526,602,825
24	Other loans and securities that are not default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	2,251,055	69,934,109	10,756,408	318,915,393	313,336,739
25	Interdependent assets	-	-	-	-	-
26	Other assets:	73,425,480	67,830,565	42,125,035	47,305,449	129,485,022
27	Physical traded commodities	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				60,405	51,344
29	NSFR derivative assets				22,884,748	22,884,748
30	20% of derivative liability				4,171,277	4,171,277
31	All other assets not included in the above categories	46,309,050	67,830,565	42,125,035	47,305,449	102,377,653
32	Off-balance sheet items				710,554,426	33,594,440
33	Total required stable funding (RSF)					**1,914,452,849**
34	Net Stable Funding Ratio (%)					**136.60%**