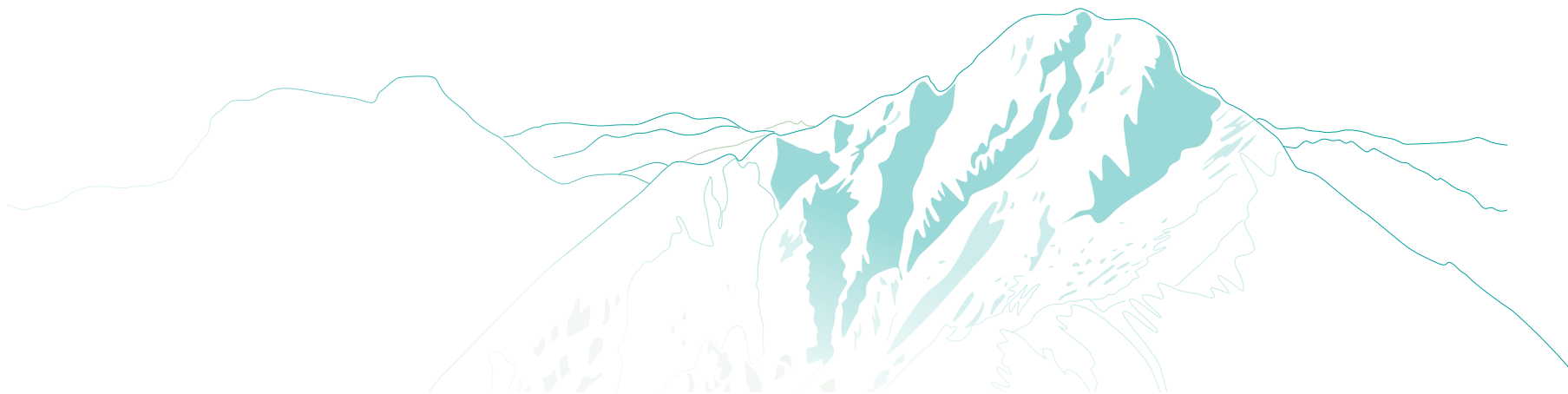


**E.SUN Financial Holding Company, Ltd.**  
**FY2020 Tax Contribution Report**



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**Magi Chen**  
President of E.SUN FHC

*"Responsible tax plays a vital role in corporate sustainability," said Magi Chen, President of E.SUN Financial Holding Company, "E.SUN is dedicated to improving our approach to tax governance and transparency, and we are glad to be the first Asia-headquartered company endorsing The B Team Responsible Tax Principles."*

## A. Introduction

E.SUN voluntarily discloses information to the public and builds dialogues with our stakeholders by publishing corporate social responsibility report and tax contribution report. We believe that companies operate only for earning profits is no longer the best operational strategy. From now on, incorporating social responsibilities into our strategy is the essential way we respond to ethical, societal and sustainable development-related expectations.

With sustainable development as our ultimate goal, we shoulder social responsibilities and deliver overall performance at the same time for the purpose of building a healthy, smart, and resilient organization. We continue to improving our approaches to tax in accordance with tax trends. In 2020, we not only endorse Responsible Tax Principles, but join Tax Working Group because of the imperative of responsible tax. As a corporate citizen, we believe that this is the duty we must fulfill and this is also the way we meet the SDGs.

Our tax policy, tax data, reconciliation of effective tax rate and how we interact with stakeholders are covered in this report. As international investing companies suggest that companies should publish understandable reports, we use forms, charts and examples to elaborate our work. We expect that stakeholders can get the information and also better understand E.SUN through this report.

## B. Our tax policy

*Tax governance policy, transfer pricing policy, and the related tax guidance are the base of our tax governance framework. In response to the tax standards issued by governments and tax initiative, such as OECD and GRI, we review our policy every year, ensuring the articles are in line with global tax trends. Every tax policy is approved and overseen by the board of directors who is the highest governance body in the organization. The Financial Management Section is responsible for reporting the implementation status of tax management to the Board every 6 months.*

### B.1 Tax principles



#### 1. Tax Compliance

We comply with the letter and the spirit of tax laws and regulations to file tax returns accurately and prepare related documents timely.



#### 2. Comprehensive Decision

We make tax strategies comprehensively in accordance with local and international tax trends.



#### 3. Transparency

We disclose tax information in financial reports and annual reports regularly and publicly.



#### 4. Proactive communication

We develop open and transparent dialogues with tax authorities and work together with governments to improve tax systems.



#### 5. Tax incentives

We only accept legal and transparent tax incentives. We don't seek abusive tax results violating the spirit of tax laws to decrease tax burden.



#### 6. Business structure

Business structure and transactions are aligned with economic substance. We don't make special arrangements to avoid paying tax.



#### 7. Risk management

We evaluate potential tax risks before making tax strategies.



#### 8. Commercial substance

Related-party transactions shall reflect economic reality and the decision-making party shall take the profits correspondingly.



#### 9. Arm's length principle

The contractual terms of related-party transactions should be similar to non-related-party's.



For more detailed information of E.SUN tax governance policy and transfer pricing policy, please click on the links.

· [Tax Governance Policy](#)

· [Transfer Pricing Policy](#)

## B.2 Anti-tax avoidance declaration

*The board of directors is the highest governance body within the organization . Every tax policy is formally approved by the Board and internal tax management report is reviewed by the Board every 6 months. To show our determination, we put anti-tax avoidance articles into our tax governance guidance. The outline of the guidance are as follows :*

### **Tax Compliance**

E.SUN is committed to complying with the letter and spirit of tax laws in all tax jurisdictions we operate.

### **Transparency**

E.SUN is committed to not using tax havens for tax avoidance. We don' t have any entity located in tax havens.

### **Arm's Length**

E.SUN is committed to not using transfer pricing approach to decrease tax burden. All related party transactions should be in line with arm' s length principle.


### **Responsible Tax**


E.SUN is committed to not transferring value to low tax jurisdictions. We pay reasonable tax in every jurisdiction we operate.

### **Commercial Substance**


E.SUN is committed to not using tax structures without commercial substance for tax avoidance.



-  **1. A commitment to compliance with the spirit and the letter of the tax laws**

E.SUN is committed to complying with the letter as well as the spirit of the tax laws in the tax jurisdictions we operate. “Tax compliance” is listed in article 4 of E.SUN tax governance policy. Instead of using those grey areas of the tax laws to avoid paying tax, we always discuss with the tax authorities, peers and consultants when we are not sure about the tax treatments, ensuring that we always comply with the spirit of the laws.
-  **2. A commitment not to transfer value created to low tax jurisdictions or use tax havens/secretary jurisdictions for tax avoidance**

Based on article 4 of the transfer pricing policy, E.SUN is committed to not transferring value to the low-tax jurisdictions and not using secrecy jurisdictions or so-called tax havens for tax avoidance. Every related-party transaction should be in line with commercial substance. From our business structure, it shows that we don’ t have branches or subsidiaries in the areas listed on the tax haven blacklist and we also don’ t use multiple layers of SPVS or have any operating site located in low tax jurisdictions. We operate mainly in Republic of China (Taiwan). The locations of our domestic and overseas units are disclosed on official website.
-  **3. A commitment not using tax structure without commercial substance**

Based on article 4 of tax governance policy, E.SUN is committed to not using tax structures for tax avoidance. From the shareholding structure to operational objectives to the transactions, it is clear that we don’ t seek abusive tax results and we also don’ t use tax planning to hide specific information from the tax authorities. Many multinational companies may use cross-border transactions to decrease their tax burden. However, we only make transactions that are in line with commercial substance and pay reasonable tax in every tax jurisdiction.
-  **4. A commitment to undertake transfer pricing using the arm’ s length principle**

Since banks belong to the regulated financial industry, every transaction should be in line with the arm’ s length principle in accordance with Financial Holding Company Act in Taiwan. Based on article 5 of E.SUN transfer pricing policy, every related-party transaction should reflect the economic reality and the contractual terms should be similar to those non-related-party’ s.

## B.3 Internal tax governance mechanism

*Under tax governance mechanism, the Board and responsible division can oversee tax-related matters of all the entities in the group and ask the entity to make improvement plan if there is a deviation from the internal rule.*



### The Board

The Board is the highest governance body of E.SUN tax governance system, including but not limited to reviewing the tax governance report, developing tax strategy, and modifying tax governance mechanism.



#### Reporting criteria:

1. Regular management report;
2. Administrative Remedies;
3. Special matters related to going-on concern, reputation damage, etc.



### Financial Management Division

Financial Management Division regularly reviews tax governance report of every entity in the group and evaluates related tax cost and tax risk. The Division prepares management report which regular and special tax matters would be summarized in every 6 months. The management report shall be approved by the Board as per E.SUN tax governance policy.



#### Reporting criteria: Tax-related matters and issues

1. Estimation on income tax;
2. Tax risks evaluation on new tax laws;
3. Significant tax-related matters, etc.

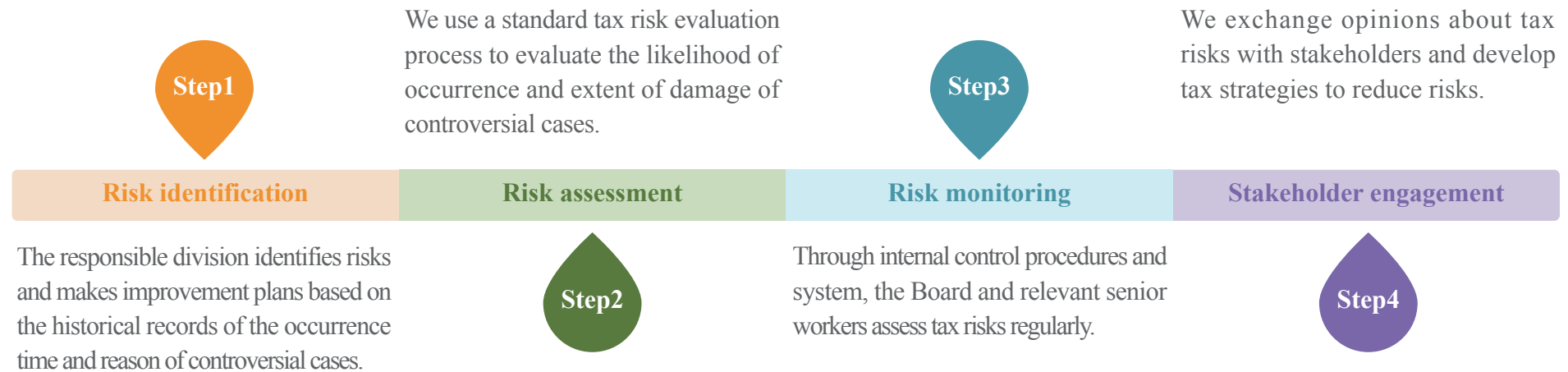


### All Entities of E.SUN

All entities of E.SUN comply with internal tax policy and provide tax governance report to parent company every quarter. Besides, the entities would discuss with Financial Management Division if they are not sure about the tax treatments, ensuring the treatments are in accord with the letter and the spirit of the laws.

## B.4 Tax risk management

*Tax risk management is a key part of good corporate governance. E.SUN uses the standard risk control mechanism to decrease the likelihood of occurrence and damage of tax controversial cases. The Board reviews tax governance implementation status report prepared by the responsible division with latest tax trend inside regularly, which is the way the Board oversees the effectiveness of management and knows the potential tax risks.*



### Q&A

**Q: Does E.SUN have whistleblower mechanism for tax issues?**

A: Yes, we have internal and external mailbox for reporting unethical or unlawful behavior related to tax. The tax function unit also reports illegal issues to the Risk Management Division.

**Q: Please indicate the procedure after identifying tax risks.**

A: Under the mechanism of three lines of defense, we found 3 abnormal cases in 2020. We not only evaluated the possible impacts immediately, but made improvement plans to decrease the likelihood of occurrence of controversial cases.

**Q: What else did we do for controlling tax risks in 2020?**

A: In order to make sure that the benefits of our customers would not be changed after core banking transformation, our tax team participated in the testing phase and risk assessment phase to evaluate potential tax risks.



## C. Tax reporting

### C.1 Financial & tax data by tax jurisdiction

*The headquarters of E.SUN are in Taiwan where is also the tax jurisdiction most of the revenue was generated (90.4%). We believe that public reporting on a country-by-country basis helps stakeholders better understand our tax profile and worldwide tax contribution.*

**Table 1: Financial figures of E.SUN FHC-2020**

Unit : TWD thousands / person

Tax jurisdictions	Revenues	Profit before tax	Income tax accrued (current year)	Income tax paid	Number of employees
Taiwan	\$67,945,562	\$16,711,796	\$2,141,351	\$2,995,628	9,236
Hong Kong	3,026,124	1,793,670	385,431	528,322	201
China	1,211,014	259,085	31,807	0	218
Cambodia	958,381	442,387	28,654	13,285	440
Singapore	584,792	81,715	12,873	34,558	49
United States	568,971	470,233	122,688	128,014	20
Australia	339,370	335,537	35,146	73,101	28
Myanmar	201,730	119,634	29,172	33,567	40
Japan	210,067	267,949	10,953	24,851	14
Vietnam	108,881	47,086	7,253	9,453	40
<b>Total</b>	<b>\$75,154,892</b>	<b>\$20,529,092</b>	<b>\$2,805,328</b>	<b>\$3,840,779</b>	<b>10,286</b>

Note:

1. Revenue and profit before tax decreased with that of 2019. The COVID-19 pandemic brought an impact on the economy around the world, causing a decrease of interest rate spread which is the profit driver of banks.
2. The difference between the cash tax rate and the expected tax rate is disclosed in table 3 (page 13).
3. The data in table 1 is reported on consolidated basis, except that the revenue is reported on aggregated basis.

Figure 1: The proportions of revenue, profit before tax and income tax paid by tax jurisdiction-2020

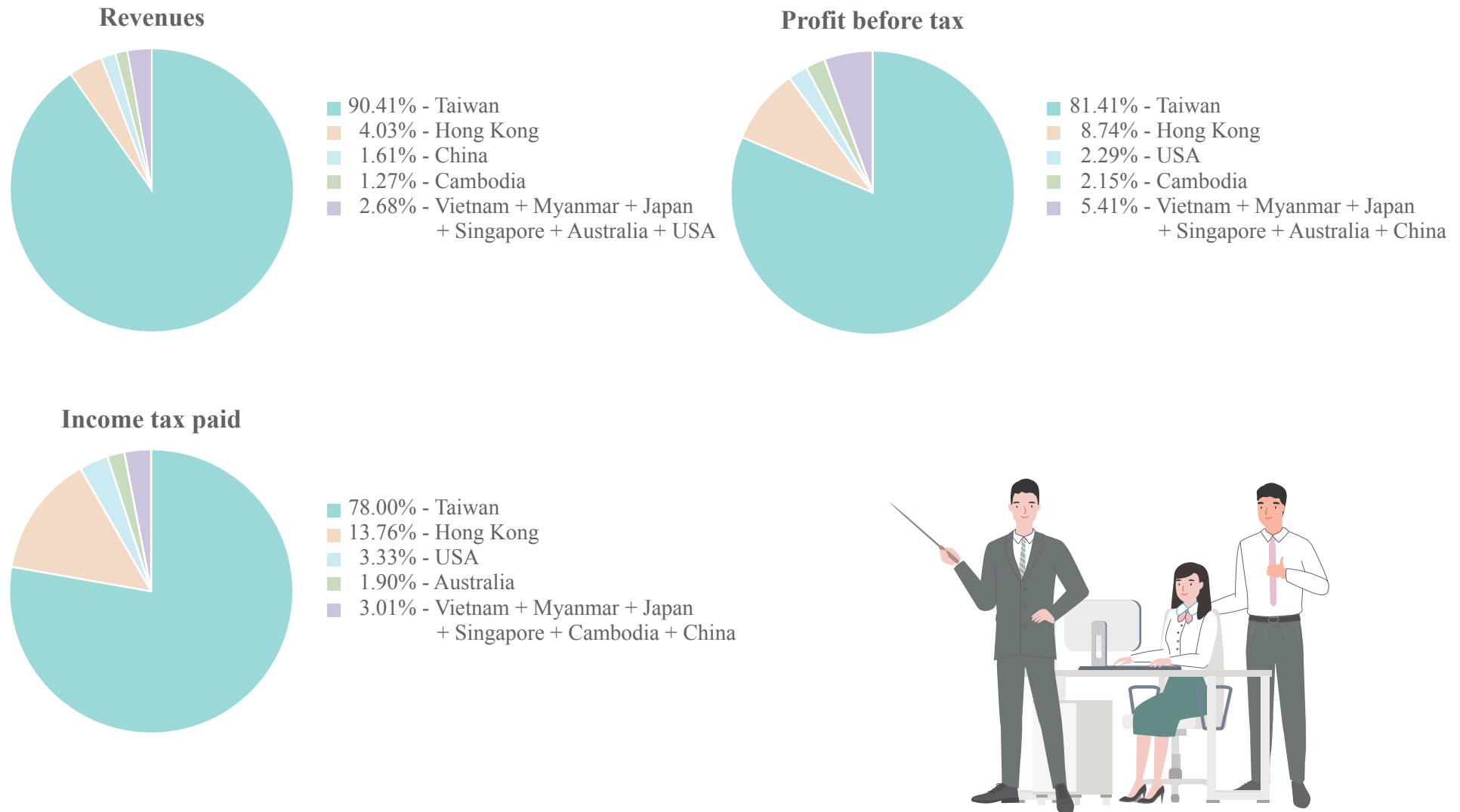






Table 2: Names of all the resident entities &amp; primary activities

	 Taiwan	 Cambodia	 Myanmar	 China & Hong Kong
<b>Statutory tax rate</b>	<b>20%</b>	<b>20%</b>	<b>25%</b>	<b>25% / 16.5%</b>
<b>Resident entities</b>	1. E.SUN Financial Holding Company, Ltd. 2. E.SUN Commercial Bank, Ltd. (E.SUN Bank) 3. E.SUN Securities Co., Ltd. 4. E.SUN Venture Capital Co., Ltd. 5. E.SUN Investment Consulting Co., Ltd. 6. BankPro e-Services Technology Co., Ltd.	1. Union Commercial Bank Plc. 2. URE Land Holding Co., Ltd.	E.SUN Bank - Yangon Branch	1. E.SUN Bank (China) 2. E.SUN Bank- Hong Kong Branch
<b>Primary activities</b>	1. Holding shares 2.-5. Regulated financial services 6. Information industry	1. Regulated financial services 2. Leasing industry	Regulated financial services	Regulated financial services






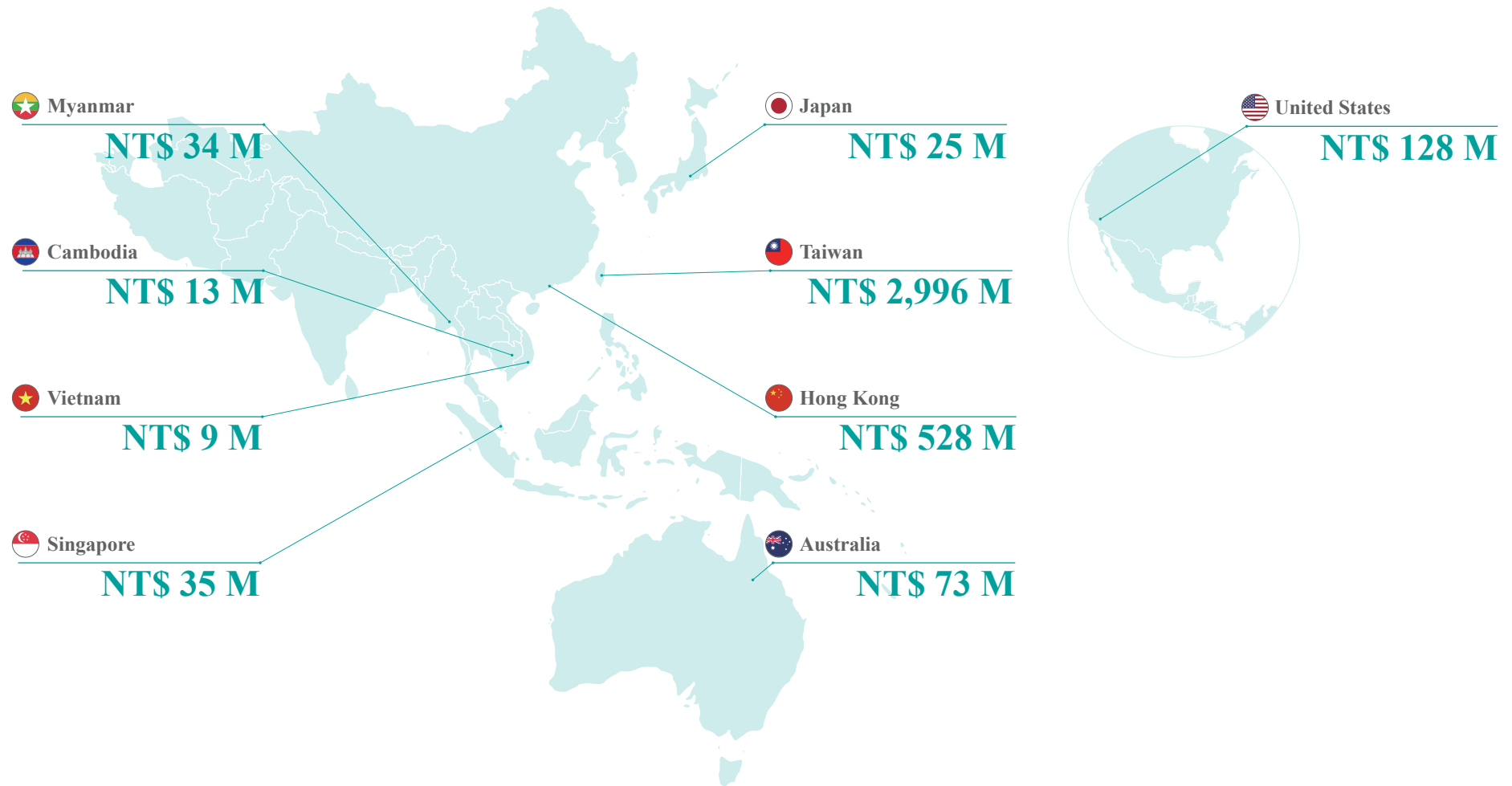
	 Singapore	 United States	 Vietnam	 Japan	 Australia
<b>Statutory tax rate</b>	<b>17%</b>	<b>21%</b>	<b>20%</b>	<b>30.62%</b>	<b>30%</b>
<b>Resident entities</b>	E.SUN Bank - Singapore Branch	E.SUN Bank - Los Angeles Branch	E.SUN Bank - Dong Nai Branch	E.SUN Bank - Tokyo Branch	E.SUN Bank- Sydney Branch & Brisbane Branch
<b>Primary activities</b>	Regulated financial services	Regulated financial services	Regulated financial services	Regulated financial services	Regulated financial services

Figure 2: Tax contribution by geographic area-2020



## C.2 The reconciliation of income tax paid and the expected tax

*From table 1, it shows that 90.40% of the revenue came from Taiwan and the revenue generated in Taiwan and Hong Kong is about 95%. Therefore, reconciling the income tax paid and expected tax at statutory tax rate of Taiwan and Hong Kong is fair and robust. The difference is mainly because of the tax-exempt income and the timing difference between filing tax return and recognizing income tax expense.*

**Table 3-The reconciliation of cash tax rate and statutory tax rate-2020**

Tax jurisdictions	Expected tax rate (statutory tax rate)	Cash tax rate	Notes
Taiwan	20.00 %	17.93 %	<ol style="list-style-type: none"> <li>Offshore banking unit income is tax-exempt as per the Income Tax Act in Taiwan. Tax-exempt income is 1,786 million and 1,426 million in 2020 and 2019, respectively, leading a decrease of 8% and 6% in tax rate.</li> <li>According to the Income Tax Act in Taiwan, companies pay the provisional tax in September of the current year and file and pay the assessed income tax in May of the following year, leading the difference between the income tax paid and income tax expense.</li> </ol>
Hong Kong	16.50 %	29.45 %	According to the Income Tax Law in Hong Kong, companies pay the provisional tax in November of the current year and file the assessed income tax in August of the following year, leading the difference between the income tax paid and income tax expense.

## D. Effective tax rate

### D.1 Two-year income tax information

*In this part, we reconcile the reported tax rate with effective tax rate. Most of the adjustments are timing difference and tax-exempt income as per the Income Tax Act in Taiwan.*

**Table 4: Income tax expense and income tax paid of E.SUN FHC – 2019 and 2020**

Unit: TWD thousands / %

	2019	2020	Calculated average rate	Reference
<b>Earnings before tax (a)</b>	\$23,070,276	\$20,529,092	\$21,799,684	<a href="#">Appendix F.2</a>
<b>Reported taxes (b)</b>	2,949,766	2,481,236	2,715,501	<a href="#">Appendix F.2</a>
<b>Reported tax rate (b) / (a)</b>	12.79 %	12.09 %	12.46 %	
<b>Adjustments</b>				
Timing -Deferred tax	232,749	211,857		<a href="#">P.16</a>
Major issues- Changes in interpretation of Income Tax Act	505,974	156,953		
Major issue-Tax-exempt income	1,426,491	1,786,035		
<b>Cumulative acceptable adjustments (c)</b>	2,165,214	2,154,845	2,160,030	
<b>Adjusted reported taxes (d) = (b) + (c)</b>	5,114,980	4,636,081	4,875,531	
<b>Effective tax rate (d) / (a)</b>	22.17 %	22.58 %	22.37 %	
<b>Cash taxes paid (e)</b>	2,753,808	3,840,779	3,297,294	<a href="#">Appendix F.3</a>
<b>Cash tax rate (e) / (a)</b>	11.94 %	18.71 %	15.13 %	

## D.2 Two-year reconciliation of tax rates

According to CSA companion 2020 and 2021, global average effective tax rate of banking industry is 25.82% and cash tax rate is 21.28%. From table 4, the calculated average is lower than the global average because of the difference of statutory tax rate. About 90.40% of the revenues came from Taiwan where the statutory tax rate is 20%. For the details, please find the reconciliation in table 5 and explanations in the following pages.

**Table 5-The reconciliation of income tax rates of E.SUN FHC-2019 and 2020**

Unit: TWD thousands / %

Reconciliation		The proportions (%) Tax impacts (thousands)		Notes
		2019	2020	
Single jurisdiction tax code	Revenues in Taiwan /Total revenues	89.66 %	90.40 %	1.
Timing-deferred tax	Timing difference /Total profit before tax	5.04 % (232,749)	5.16 % (211,857)	2.
Major issues	Income tax refund	- % (505,974)	- % (156,953)	3.
Major issues	Tax-exempt income /Total profit before tax	30.92 % (1,426,491)	43.50 % (1,786,035)	3.
The difference between the effective tax rate and cash tax rate		According to the Income Tax Act in Taiwan, we file and pay the assessed income tax in May of the following year. The income tax we paid in 2020 is based on the taxable income of 2019, leading the difference between effective tax rate and cash tax rate.		
The difference between the calculated averages and global averages		The difference is mainly because the statutory tax rate of Taiwan (20%), the main operating area, is lower than the global averages.		

**Note:****1. Single jurisdiction tax code**

The statutory tax rate in Taiwan (20%) and Hong Kong (16.5%) where most of the revenue was generated is lower than the global average. Especially the revenue came from Taiwan, the country- by-country reporting shows that 90.40% of the revenue was generated in Taiwan where the headquarters are located.

**2. Timing difference-deferred tax**

Deferred tax asset is 232,749 in 2019 while deferred tax asset is 211,857 in 2020. The timing difference of 2019 and 2020 is mainly because of the valuation adjustments of financial instruments.

**3. Major issues**

- i. Changes in interpretation of Income Tax Act: As per the interpretation letter 10701031420 issued by the MOF and the refund of overpaid tax from the tax authority, we recognized income tax benefits accordingly. In 2019, about 382,280 tax impacts came from share-based payment and 123,694 tax impacts came from convertible bonds. In 2020, about 156,953 tax impacts came from convertible bonds.
- ii. Tax-exempt income: Offshore banking unit income is tax-exempt as per the Income Tax Act in Taiwan, leading a decrease in the effective tax rate. Tax-exempt income is 1,786,035 and 1,426,491 in 2020 and 2019, respectively, leading a decrease of 8% and 6%.

**4. Significant changes in data (compared to the last year submission)**

According to Offshore Banking Act in Taiwan, income of offshore banking branches shall be exempt from business income tax in order to promote financial activities and establish financial center. Therefore, we put tax-exempt income into reconciliation this year. We believe that disclosing the adjustments of income tax expense in table 4 and 5 can rule out the impacts of specific major issues and timing differences.

**5. Conclusion**

Rule out the impacts of deferred tax and major issues, the effective tax rate slightly increase about 0.41% with that of 2019.





### D.3 Income tax expense recognized in profit and loss

Table 6-Main components of income tax expense

Unit : TWD thousands

	For the Year Ended December 31		Adjustment(Table 5)
	2019	2020	
Current tax			
Current year	\$3,697,760	\$2,825,665	
Additional income tax on unappropriated earnings	15,200	501	
Prior year's adjustments			
Share-based payment transaction	(382,280)	-	Major issues
Others	(148,165)	(133,073)	Note2; Major issues
Deferred tax			
Current year	(232,749)	(211,857)	Timing -deferred tax
<b>Income tax expense recognized in profit or loss</b>	<b>\$2,949,766</b>	<b>\$2,481,236</b>	

**Note:**

- Table 6 is disclosed on page 62-63 of E.SUN FHC consolidated financial statements for the fiscal year ended December 31, 2020.
- We recognized tax impacts of convertible bond because of the notice for assessment from the tax authority.  
2019 : 148,165 =123,694 (convertible bonds) +24,471 (others)  
2020 : 133,073 =156,953 (convertible bonds) -23,880 (others)

## E.Advocacy

### Stakeholder engagement related to tax

*To reinforce public trust, we proactively contact stakeholders to discuss tax issues and engage in public policy advocacy on tax to support the improvement of tax environment.*



#### Tax authorities

Tax authorities is one of our key stakeholders. We proactively contact tax authorities to discuss the proper tax treatments when we have questions. We also prepare supporting documents immediately after getting the notice letter and cooperate with the authorities when they perform a tax audit.



#### Peers and Banker Association

E.SUN is one of the members in the banker association tax team. We always maintain open dialogues with peers and proactively participate in tax meetings. In 2020, we discussed the possible impacts caused by the transition from LIBOR to SOFR with other members. The banker association thereafter officially reported the viewpoints to the government.



#### Public advocacy -NGO

E.SUN endorses Responsible Tax Principles advocated by The B Team in 2020. By complying with the Principles and participating in meetings, we can discuss tax issues with investors, OECD and other outstanding international companies, which is the way we make an effort to the society on sustainability issues.



#### Independent Directors and Investors

We discuss tax issues with independent directors through board meetings which is also the way independent directors monitor our tax governance framework. By holding regular investor conference, we can explain the changes in tax rates to investors and also let investors better understand our work on the sustainability issues of tax.

### Q&A

**Q: How do we collect suggestions from stakeholders?**

A: We always exchange opinions about new draft act with stakeholders, such as tax authorities, peers and banker association. After discussion, we would formally provide our suggestions to the government.

**Q: Why do we endorse Responsible Tax Principles?**

A: Nowadays many international companies take radical steps to decrease their tax burden. However, E.SUN would like to take the responsibility for paying a reasonable amount of tax to support the public services.

**Q: How do we know the latest tax issues?**

A: We always pay attention to the tax news from academic institutions. We also proactively take tax courses and attend seminars to know the latest tax-related news, such as international tax, BEPS actions, tax law amendment, etc.

# F. Appendix

## F.1 Glossary

Description	Referred to as
SDGs	Sustainable Developments Goals of the United Nations
The B Team	The NGO publishing Responsible tax principles at the United Nations.
OECD	Organization for Economic Cooperation and Development
GRI	Global Reporting Initiative
Reported tax rate	Income tax expense/earnings before tax
Effective tax rate	Adjusted reported taxes / earnings before tax
Cash tax rate	Cash tax paid/earnings before tax
MOF	Ministry of Finance in Taiwan
The Principles	Responsible tax principles
The Board	The board of directors
CSA companion	Corporate sustainability assessment published by S&P Global



## F.2

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 32 and 39)	\$ 36,089,321	64	\$ 41,263,631	75	(13)
INTEREST EXPENSE (Notes 4, 32 and 39)	<u>(14,750,803)</u>	<u>(26)</u>	<u>(21,392,562)</u>	<u>(39)</u>	(31)
NET INTEREST	<u>21,338,518</u>	<u>38</u>	<u>19,871,069</u>	<u>36</u>	7
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 33 and 39)	19,831,103	35	18,725,133	34	6
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 34)	12,327,602	22	15,306,337	28	(19)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,928,603	3	1,092,762	2	76
Foreign exchange gains (losses), net (Note 4)	450,867	1	(770,449)	(1)	159
Reversal of impairment losses (impairment losses) on assets (Notes 4 and 16)	(16,066)	-	4,710	-	(441)
Other noninterest gains, net (Note 4)	<u>388,417</u>	<u>1</u>	<u>293,056</u>	<u>1</u>	33
Total net revenues and gains other than interest	<u>34,910,526</u>	<u>62</u>	<u>34,651,549</u>	<u>64</u>	1
TOTAL NET REVENUES	<u>56,249,044</u>	<u>100</u>	<u>54,522,618</u>	<u>100</u>	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)	<u>(3,225,752)</u>	<u>(6)</u>	<u>(1,598,078)</u>	<u>(3)</u>	102

(Continued)

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29, 35 and 39)					
Employee benefits	\$ (14,216,281)	(25)	\$ (12,779,300)	(24)	11
Depreciation and amortization	(3,442,951)	(6)	(3,317,609)	(6)	4
General and administrative	<u>(14,834,968)</u>	<u>(27)</u>	<u>(13,757,355)</u>	<u>(25)</u>	8
Total operating expenses	<u>(32,494,200)</u>	<u>(58)</u>	<u>(29,854,264)</u>	<u>(55)</u>	9
INCOME BEFORE INCOME TAX	20,529,092	36	23,070,276	42	(11)
INCOME TAX EXPENSE (Notes 4 and 36)	<u>(2,481,236)</u>	<u>(4)</u>	<u>(2,949,766)</u>	<u>(5)</u>	(16)
NET INCOME FOR THE YEAR	<u>18,047,856</u>	<u>32</u>	<u>20,120,510</u>	<u>37</u>	(10)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 36):					
Remeasurement of defined benefit plans	(306,696)	(1)	292,764	-	(205)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(594,833)	(1)	(131,554)	-	352
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(8,750)	-	409,064	1	(102)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>10,329</u>	<u>-</u>	<u>(3,044)</u>	<u>-</u>	439
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(899,950)</u>	<u>(2)</u>	<u>567,230</u>	<u>1</u>	(259)

(Continued)

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss (Notes 4 and 36):					
Exchange differences on the translation of financial statements of foreign operations	\$ (957,715)	(2)	\$ (967,049)	(2)	(1)
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	783,364	2	373,499	1	110
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>49,333</u>	-	<u>165,078</u>	-	(70)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(125,018)</u>	-	<u>(428,472)</u>	(1)	(71)
Other comprehensive income (loss) for the year, net of income tax	<u>(1,024,968)</u>	(2)	<u>138,758</u>	-	(839)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 17,022,888</u>	<u>30</u>	<u>\$ 20,259,268</u>	<u>37</u>	<u>(16)</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>					
Owners of ESFHC	\$ 18,026,592	32	\$ 20,105,129	37	(10)
Non-controlling interests	<u>21,264</u>	-	<u>15,381</u>	-	38
	<u>\$ 18,047,856</u>	<u>32</u>	<u>\$ 20,120,510</u>	<u>37</u>	<u>(10)</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owners of ESFHC	\$ 17,001,757	30	\$ 20,244,626	37	(16)
Non-controlling interests	<u>21,131</u>	-	<u>14,642</u>	-	44
	<u>\$ 17,022,888</u>	<u>30</u>	<u>\$ 20,259,268</u>	<u>37</u>	<u>(16)</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 37)					
Basic	<u>\$ 1.43</u>		<u>\$ 1.60</u>		
Diluted	<u>\$ 1.43</u>		<u>\$ 1.60</u>		

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

(Concluded)

## F.3

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 20,529,092	\$ 23,070,276
Adjustments for:		
Depreciation expenses	2,787,307	2,698,912
Amortization expenses	655,644	618,697
Expected credit losses/bad-debt expenses	3,175,679	1,545,708
Gains on financial assets and liabilities at fair value through profit or loss	(12,327,602)	(15,306,337)
Interest expense	14,750,803	21,392,562
Interest revenue	(36,089,321)	(41,263,631)
Dividend income	(360,957)	(386,034)
Provision for losses on guarantees	49,804	50,988
Salary expenses on share-based payments	518,777	601,387
Gains on disposal of properties and equipment	(1,526)	(52,141)
Losses on disposal of intangible assets	-	21
Gains on disposal of assets held for sale	(173,592)	-
Gains on disposal of investments	(1,567,646)	(706,728)
Impairment losses (reversal of impairment losses) on non-financial assets	(630)	704
Others	9,607	10,993
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(28,705,429)	(6,580,307)
Financial assets at fair value through profit or loss	(162,981,789)	(18,137,793)
Financial assets at fair value through other comprehensive income	(46,464,409)	(32,384,764)
Investments in debt instruments at amortized cost	(4,076,817)	(4,516,329)
Receivables	(4,257,641)	(19,622,172)
Discounts and loans	(178,340,103)	(113,243,466)
Other financial assets	1,804,409	5,602,895
Other assets	(1,368,528)	59,645
Deposits from the Central Bank and other banks	(2,934,800)	(14,319,234)
Financial liabilities at fair value through profit or loss	(16,917,798)	(9,358,822)
Securities sold under repurchase agreements	4,077,009	(5,298,550)
Payables	6,291,632	(9,204)
Deposits and remittances	408,482,624	196,290,648
Provision for employee benefits	(13,327)	(15,790)
Provisions	(820)	-
Other financial liabilities	25,780,916	10,539,998
Other liabilities	440,254	1,429,270
Cash used in operations	(7,229,178)	(17,288,598)
Interest received	43,819,965	50,238,583
Dividend received	442,630	462,785
Interest paid	(17,418,901)	(22,495,393)
Income tax paid	(3,840,779)	(2,753,808)
Net cash generated from operating activities	<u>15,773,737</u>	<u>8,163,569</u>

(Continued)



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

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of assets held for sale	\$ 334,178	\$ -
Payments for properties and equipment	(1,963,191)	(2,849,593)
Proceeds from disposal of properties and equipment	19,845	106,739
Decrease in operating deposits	15,000	-
Increase in settlement fund	(329)	(3,591)
Decrease in settlement fund	6,199	10,521
Increase in refundable deposits	(1,591,956)	-
Decrease in refundable deposits	-	516,412
Payments for intangible assets	(381,627)	(516,210)
Payments for right-of-use assets	(430)	(381)
Increase in other assets	<u>(912)</u>	<u>(382)</u>
Net cash used in investing activities	<u>(3,563,223)</u>	<u>(2,736,485)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	848,371	-
Decrease in short-term borrowings	-	(10,000)
Increase in due to the Central Bank and other banks	8,044,340	-
Increase in commercial paper issued	-	1,012,907
Decrease in commercial paper issued	(424,867)	-
Proceeds from issue of corporate bonds	-	4,000,000
Repayments of corporate bonds	-	(3,800,000)
Proceeds from issue of bank debentures	7,000,000	3,000,000
Repayments of bank debentures	(5,100,000)	(7,780,000)
Proceeds from long-term borrowings	2,851	-
Increase in financial liabilities designated as at fair value through profit or loss	-	309,100
Decrease in financial liabilities designated as at fair value through profit or loss	-	(310,060)
Increase in guarantee deposits received	3,635,359	-
Decrease in guarantee deposits received	-	(391,648)
Repayments of the principal portion of lease liabilities	(1,063,280)	(1,053,259)
Cash dividends paid	(9,191,766)	(7,688,367)
Cash dividends paid to non-controlling interests	<u>(12,125)</u>	<u>(7,275)</u>
Net cash generated from (used in) financing activities	<u>3,738,883</u>	<u>(12,718,602)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(183,104)</u>	<u>1,817,254</u>
		(Continued)

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

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	<b>2020</b>	<b>2019</b>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 15,766,293	\$ (5,474,264)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>54,299,407</u>	<u>59,773,671</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 70,065,700</u>	<u>\$ 54,299,407</u>
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019		
Cash and cash equivalents in the consolidated balance sheets	\$ 54,640,670	\$ 43,023,628
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"	13,124,834	6,304,694
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>2,300,196</u>	<u>4,971,085</u>
Cash and cash equivalents at the end of the year	<u>\$ 70,065,700</u>	<u>\$ 54,299,407</u>

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

(Concluded)



**E.SUN FHC**