



ANNUAL REPORT 2009

E.SUN FHC 2884



玉山金控 E.SUN FHC

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玉山金控 E.SUN FHC



E.SUN insists on its core values at this crucial juncture
that is full of opportunities and challenges.

E.SUN spares no effort in cultivating and serving outstanding customers.

E.SUN focuses on new profit models to ensure a bright future !



Armand's clever segmented technique is used to combine the beauty of man and the violin, generating sparks of art and music.

Arman
Eros
Steel/Wood 1989 50x50x100cm
Possession of E.SUN Bank

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I. Letter to the Shareholders

Dear Shareholders,

E.SUN in 2009 closely monitored the external environment and took the appropriate measures in the face of the turbulence and volatility in the global economy. Despite a mild economic recovery, many challenges continued to face the banking industry. E.SUN made preparations for the future, continuing to hone its foundation and raise its core competitiveness, thereby creating the greatest value for its customers, the Company, and shareholders.

E.SUN FHC generated net profit of NT\$1,928 million in 2009, equivalent to Earning per share of NT\$0.53 and Return on equity of 3.83%, besides, the Capital Adequacy Ratio for FHC is 116.28%. Presently, E.SUN FHC's subsidiaries include E.SUN Bank, E.SUN Securities, E.SUN Venture Capital, and E.SUN Insurance Brokers. As of the end of 2009, E.SUN FHC had total assets of NT\$942.3 billion, a rise of 14% from the year earlier. The NPL ratio of E.SUN Bank at the end of the year was only 0.67%, with 92.76% coverage ratio. Deposits at E.SUN Bank stood at NT\$774.9 billion, and outstanding loans amounted to NT\$553.9 billion. The Bank posted a net profit for the year of NT\$1,774 million. E.SUN Securities registered a net profit of NT\$238 million, E.SUN Venture Capital a net profit of NT\$50 million, and E.SUN Insurance Brokers a net profit of NT\$210 million.

The rating agency Moody's shows its confidence in E.SUN's growth scale and keeping good asset quality in long-term by confirming E.SUN's global long/short rating of Baa2/Prime-2. The core subsidiary, E.SUN's Bank's rating, is maintained at Baa1/Prime-2. All agencies assigned a stable outlook to FHC and Bank. Meanwhile, Fitch also maintain the rating of A(twn)/F1(twn) to E.SUN Securities.

Eighteen years after its founding, E.SUN has gradually transformed from a medium-sized financial institution into a large-scale financial conglomerate, thanks to its outstanding brand image

and the wide variety of services it offers. E.SUN's growth is due in large part to the expansion of its core subsidiaries as well as nurturing a pool of outstanding customers. Its customer risk and value analysis, integrated marketing mechanism, customer-driven business policies, and ability to market itself to different customer segments, enable it to provide sincere and reliable services to its customers. In the days ahead, E.SUN will continue to adopt well thought-out strategies, take advantage of technology and resources, and nurture an even larger pool of top-notch customers, thereby creating a better performance in all areas of business.

Maximizing the value of the branch network is the key factor in generating value for a financial holding company. As of the end of 2009, E.SUN Bank operated a comprehensive 122-branch network throughout Taiwan. Coupled with securities counters created at E.SUN bank branches, as well as the Company's electronic network, including Internet bank, ATMs, WebATM, and its call center and insurance telemarketing center, E.SUN has leveraged its business network through the expansion of its well-rounded financial transactions platform. E.SUN is maximizing the operational value of its branch network. At the same time, it is strengthening brand loyalty and creating more opportunities for interaction between itself and its customers. This enables both sides to continually grow. In light of the development of cross-strait banking, E.SUN has established a representative office in Dongguan, China. E.SUN is carefully evaluating an array of possibilities offered by related liberalization. It maintains clear avenues of contact with counterparts on the other side of the Taiwan Strait, while at the same time continuing to enhance the business offered by its Hong Kong and Los Angeles branches, helping to build a solid foundation from which it will be able to continue to grow overseas.

E.SUN encourages financial innovation. It demonstrates this through the streamlining of operational procedures. The products it offers are a culmination of innovation and practical applications. E.SUN has developed information systems to complement these products, thereby meeting the needs of customers, ensuring greater security, faster and more efficient services, and resulting in a higher level of banking competitiveness. E.SUN, however, always ensures that risk awareness and controls steer all business. The Company puts heavy emphasis on risk management and has instituted a comprehensive range of controls that are reviewed and adjusted as appropriate. The Company also has established a risk appetite mechanism and has formulated customer credit risk models that are used when promoting all product lines. These strict risk management controls ensure that risk is properly managed at all times.

E.SUN has demonstrated a longstanding commitment to bettering society. It has spared no effort to become a world class corporate citizen. E.SUN continues to invite its E.SUN World Card cardholders to participate in these initiatives. As of the end of 2009, 20 E.SUN libraries had been established in elementary schools in remote areas under its Golden Seed Project. This program, which is helping to plant a love among children in reading, will continue to be carried out. In addition, E.SUN is committed to promoting youth baseball in Taiwan through sponsoring the E.SUN Youth Baseball National Tournament, the E.SUN Youth Baseball Pitcher & Catcher Training Camp, and the Baseball Assistance Project for Remote Areas. These programs are helping to cultivate the next generation of baseball stars. E.SUN also holds blood drives, with drives in 2009 yielding 3,720 bags of blood. E.SUN demonstrated its concern for southern and eastern Taiwan after the devastating floods and landslides in early August brought by Typhoon Morakot. Employees made donations to aid disaster victims and E.SUN volunteers rolled up their sleeves and helped in relief work. Over 500 people volunteered to travel to disaster areas to provide service, while some 200 people participated in reconstruction efforts in



Professional Leadership, Wise Decisions.

southern Taiwan. This exhibits E.SUN's corporate social responsibility.

Everything has changed in the post-financial tsunami era. 2010 will be a year full of challenges as well as opportunities. E.SUN is ready to take advantage of this critical juncture and will display its ambition and business acumen. I would like to thank supervisory agencies and all sectors of society for their longstanding encouragement and recognition of the E.SUN brand name and value. For three years running, E.SUN has won the Corporate Social Responsibility Award for a banking institution. It also has won accolades from Global Views magazine and the Corporate Social Responsibility Award from Commonwealth magazine. In 2009, it ranked in first place for the most trusted bank among the public in an appraisal of wealth management banking and second place in Best Brand among Businessmen for the banking industry. These honors, however, carry responsibility. E.SUN intends to continue to maximize the benefits of its branch network, working to create even greater value for E.SUN and its customers. At the same time, E.SUN seeks to pay back and thank its customers and shareholders for their longstanding support. I would like to extend to you my best wishes.

Chairman

Yung-Gen Huang

President

San-chou Huang

II. Company Profile



Flowers are in blossom and nature is thriving.

1. Introduction

A. Establish date: 2002.1.28

B. History:

(1) E.SUN FHC

E.SUN Bank, in a move to integrate products & business, foster development, maximize joint marketing initiatives, reduce operational costs and pursue operational synergy, in January, 2002 engaged in a share swap with E.SUN Bills Finance and E.SUN Securities, thereby paving the way for the creation of E.SUN FHC. In October, 2002, E.SUN Venture Capital was created, followed by E.SUN Insurance Brokers in July, 2003. In September of the same year, E.SUN Investment Trust became part of the FHC through a share swap.

With a view to the most appropriate allocation of the FHC's resources and to seek to increase overall operational results, along with the view that it had achieved its designated mission, E.SUN Bills Finance was merged into E.SUN Bank in December, 2006. Meanwhile, E.SUN signed an agreement with Schrodgers to sell a 100% stake in E.SUN Securities Investment Trust Co. to that company. The deal was settled on September 30.

As of today, the FHC has developed into a company exhibiting a comprehensive financial blueprint. The FHC serves as an umbrella for services from banking and securities, to insurance broking and venture capital. The FHC is supported by six pillars, namely brand, culture, human resources, products, information & customers, and the pledge associated with our brand name. E.SUN enjoys the reputation of "Service First," and winning the National Quality Award recognizes its efforts in this regard. E.SUN's three-pronged growth strategy revolves around organic growth, strategic alliances, and M&A. It pursues stable growth and makes every effort to provide customers with comprehensive and refined service.

(2) Core subsidiary- E.SUN Bank

E.SUN Bank serves as the key component of the FHC. Its founder, present Chairman Huang Yung-jen, and a group of banking professionals decided to found and operate the best bank in Taiwan. Preparations to open the Bank began in 1990 upon the implementation of banking liberalization here, and E.SUN commenced operations on February 21, 1992. E.SUN quickly set the benchmark for service quality in the industry. E.SUN FHC was born on January 28, 2002, marketing the beginning of a new era for E.SUN. E.SUN Bank became part of E.SUN FHC via a share swap.

In 2004, E.SUN acquired the assets, liabilities and operations (excluding trust business) of Kaohsiung Business Bank through an auction held via the government's resolution trust mechanism. The acquisition of KBB helped to broaden E.SUN's domestic and foreign branch network. Coupled with banking policy incentives, E.SUN has expanded its number of local branches to 122, and reaches 127 including oversea branches, Representative offices and OBU. This will provide customers with even more convenience.

(3) E.SUN Securities

In addition to its own branch network and the cross-selling counters it has set up in E.SUN Bank branches, E.SUN Securities has worked to integrate the FHC's resources and take advantage of a diversified trading platform. It provides convenient services through its A+ Network Trading Platform, its Internet trading network, voice activation, and mobile phone systems. E.SUN's research team also provides outstanding analysis, helping to broaden the company's clientele. E.SUN offers investors a secure, rapid, convenient and reliable investment framework. In the future, it will continue to strengthen the training of existing employees, and it will



E.SUN FHC Receives CSR Honorable Award from global view magazine and commonwealth magazine.



E.SUN Bank ranked No.1 among all financial companies in service quality survey.



Combine with the 122 domestic branches and virtual channel, E.SUN can provide better service to customers.



E.SUN Bank received Golden Safety award and Golden Quality award.(JCIC)

bolster its risk controls, innovation abilities, service efficiency and quality. The IT department will continue to play an important role in ensuring the stability of trading systems. E.SUN plans to expand its broking services to even more product lines to satisfy the various needs of customers. This will help to enhance its relationship with customers and enable it to serve as the best advisor for customers in their asset allocation and personal finance needs.

E.SUN Securities plays a leading role as a futures trading introducing broker. Trades in this respect are made through its A+ Network Trading Platform, making it a pioneer in the industry in this respect. The Company also continues to expand its operations in the spot market. In its dealing operations, E.SUN continues to strengthen its investment and research team, bolstering the depth of its local and foreign market research and industry analysis. In conjunction with effective risk controls, the dealing department generates outstanding returns. E.SUN's underwriting team works to integrate the resources of FHC units and expand underwriting opportunities. It carefully evaluates underwriting projects, and exercises the highest degree of self-discipline in executing underwriting business. At the same time that E.SUN Securities seeks to expand its operational blueprint, boost competitiveness and strengthen risk management, it also engages in joint marketing with the FHC to create value. E.SUN Securities is pursuing a strategic objective of aggressive growth and it continues to seek to be the most trusted securities brokerages for customers.

(4) E.SUN Insurance Brokers

Since its founding in July 2003, subsidiary E.SUN Insurance Brokers has embraced the principles of professionalism, service, and responsibility. These values, which are the core of sustainable operations, also serve as the foundation in creating customer value. The Company also has entered into a strategic alliance with Prudential Plc. E.SUN develops life insurance products that reflect market trends and meet customer needs. It has also established a Financial Planning Advisors system to be able to deliver tailored services to customers. E.SUN Insurance Brokers continues to enhance after-sales service quality in its pursuit of offering outstanding insurance broking services. In 2009, the Company devoted considerable efforts to enhancing its information systems and human resources. In addition, it has re-packaged its E.SUN Care mortgage life insurance products. The Company designs its products with the interests of customers in mind, offering coverage that its clients need. It also offers convenient insurance application procedures. E.SUN Insurance Brokers plans to continue to expand its telemarketing team and increase avenues via which it can provide services to customers. This diverse network will create value for both customers and the Company.

(5) E.SUN Venture Capital

E.SUN Venture Capital was established in 2002 and presently has a paid-up capital of NT\$1.5 billion. The Company primarily invests in a variety of industries, including alternative energy & energy conservation, medical devices and the development of new medicines, communications and optoelectronics, and traditional industrial sectors that display a high degree of

innovation ability. E.SUN Venture Capital combines the resources of the FHC to provide enterprises with comprehensive financial services. In 2009, the company benefited from a rebound in the economy. Invested amounts and profits grew 23% and 170%, respectively, from the year earlier.

C. E.SUN's Glory

E.SUN is committed to top-notch operations and balanced development. E.SUN's excellence is derived from the joint efforts of its management team and all employees, helping the organization to be widely respected by regulators and the public. However, with honors comes responsibility. Over the past three years, E.SUN has won numerous awards from various sectors, including

*** 2009**

- E.SUN Bank was chosen as the most trustworthy bank in Wealth Management Business (Business Today)
- E.SUN Bank ranked No.1 among all financial companies in service quality survey (Global View magazine)
- E.SUN Bank received Golden Safety award and Golden Quality award (JCIC)
- E.SUN FHC received Corporate Social Responsibility honorable award (Global View magazine)
- E.SUN FHC received Corporate Social Responsibility award (Commonwealth magazine)

*** 2008**

- E.SUN Bank received National Quality Award (Executive Yuan)
- E.SUN FHC awarded as Best corporate governance corporate in Taiwan (The Asset magazine)
- E.SUN FHC received the certificate of corporate governance (TCCA)
- E.SUN Bank received Best Risk Management award (Taiwan Academy of Banking and Finance)
- E.SUN FHC received the 3rd Corporate Social Responsibility Award in 3 consecutive years (Global View Magazine)
- E.SUN FHC received Corporate Social Responsibility Award (Commonwealth magazine)
- E.SUN Bank awarded as Excellence in employee engagement (The Asian Banker magazine)
- E.SUN Bank received awards for Providing Loans to SMEs (Financial Supervisory Commission)
- E.SUN Bank received SME Credit Guarantee Partner Award (MOEA, Credit Guarantee Fund)

*** 2007**

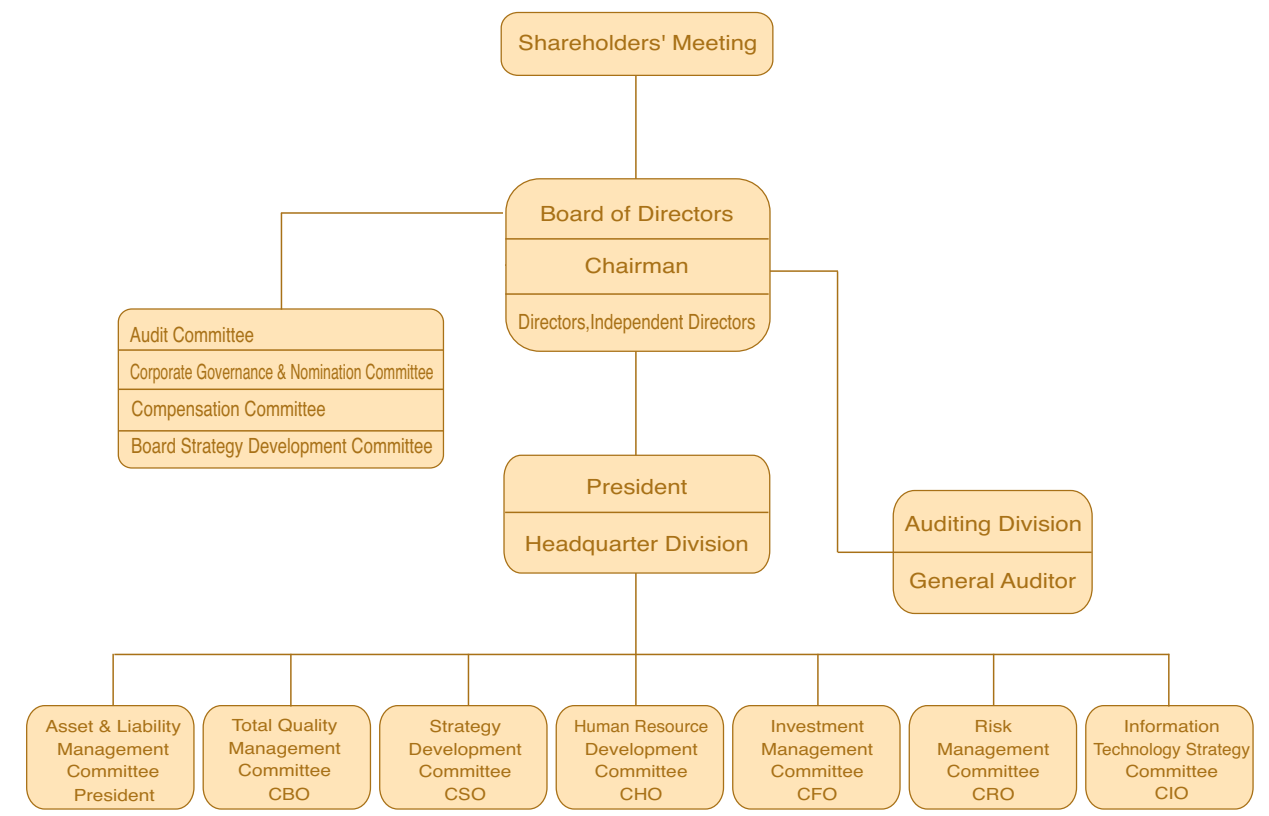
- E.SUN FHC received Corporate Social Responsibility Award in 2 consecutive years (Global View Magazine)
- E.SUN FHC received the Best Corporate Governance in Financial sector in Taiwan (The Asset Magazine)
- E.SUN Bank received innovation award in HR Award (Bureau of labor institute, The Executive Yuan)
- E.SUN Bank received the innovation award in Asia pacific region (IBM)
- E.SUN Bank received SME Credit Guarantee Partner Award (MOEA, Credit Guarantee Fund)

III. Corporate Governance

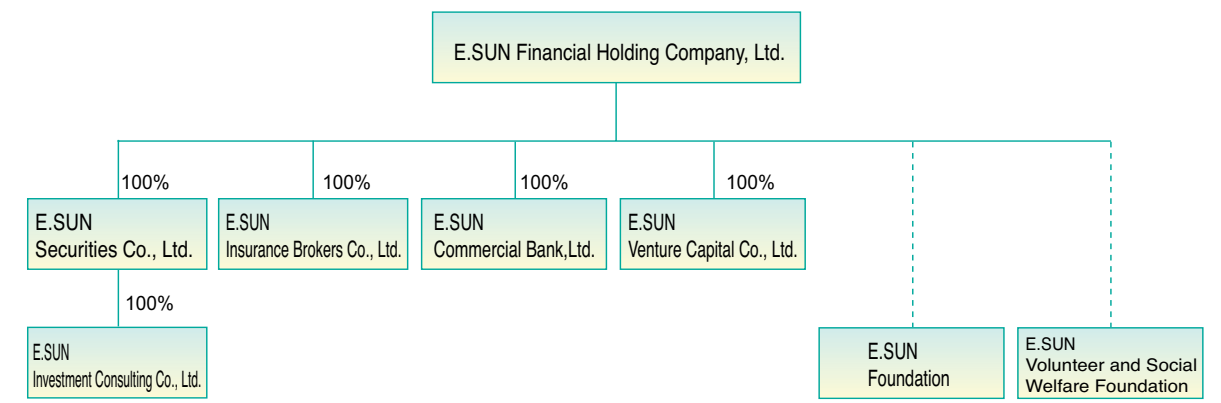


The crystal waters of a mountain lake offer a relaxed and happy feeling.

1. Organization Chart



2. Corporate Structure of E.SUN Financial Holding Company, Ltd.



3. Directors and Independent Directors



Professional Suggestions,
Forward-looking Decisions.

3.1 Directors and Independent Directors

2010.2.28 Unit:1,000 shares ; %

| Position | Representative | Date of Election | Term | Date of First Elected | Shareholding when elected | | | | Shareholding when elected | | | | Education (Experience) | Current position with other company | Devision chiefs, directors or supervisors are spouse or within the 2nd degree of consanguinity of each other | | |
|----------------------|---|------------------|------|-----------------------|---------------------------|---------------------------|--|----------------|---------------------------------|----------------|----------|------|--|--|--|-----------|----------------|
| | | | | | Shareholding when elected | | Shareholdings of the spouse and minors | | Shareholding under other's name | | Position | Name | | | Relation ship | | |
| | | | | | Shareholding when elected | Shareholding when elected | Shares | Share holdings | Shares | Share holdings | | | | | | Shares | Share holdings |
| Chairman | Yung-Jen Huang | 2008.6.13 | 3 | 2001.12.10 | 7,341 | 0.222 | 7,704 | 0.211 | 1,927 | 0.053 | 0 | 0 | Department of Cooperative Economics at National Chung Hsing University | Chairman of E.SUN FHC & E.SUN Bank | SEVP | Joe Huang | Brothers |
| Director | Representative of E.SUN Volunteer & Social Welfare Foundation Joseph N.C. Huang | 2008.6.13 | 3 | 2005.6.10 | 7,518 | 0.228 | 8,313 | 0.228 | 2,299 | 0.063 | 0 | 0 | MBA of the City University of New York, 17 year in Financial Industry | President of E.SUN FHC, Director of E.SUN Bank, Chairman of E.SUN Venture Capital | None | None | None |
| Director | Representative of E.SUN Foundation Wu-Lin Duh | 2008.6.13 | 3 | 2001.12.10 | 6,803 | 0.206 | 7,287 | 0.199 | 3,186 | 0.087 | 0 | 0 | EMBA of National Cheng Kung University, 38 years in Financial Industry | President and Managing Director of E.SUN Bank | None | None | None |
| Director | Representative of Hsin Tung Yang Co., Ltd. Jackson Mai | 2008.6.13 | 3 | 2001.12.10 | 30,648 | 0.928 | 32,830 | 0.899 | 23,521 | 0.644 | 0 | 0 | Kai-Nan Commercial & Technical High School | Chairman of Hsin Tung Yang Co., Ltd., Managing Director of E.SUN Bank | None | None | None |
| Director | Representative of Alican Investment Co., Ltd. Chiu-Hsung Huang | 2008.6.13 | 3 | 2001.12.10 | 50,277 | 1.522 | 53,857 | 1.474 | 37,409 | 1.024 | 0 | 0 | PhD of Business Administration at Delta State University | CPA, Chairman of Alican Investment Co., Ltd., Managing Director of E.SUN Bank | None | None | None |
| Independent Director | Chen -En Ko | 2008.6.13 | 3 | 2004.6.11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | PhD of Department of Accounting at University of Minnesota | Professor of Department of Accounting at National Taiwan University, Independent Directors of Chang Yip Industrial Co., Ltd., Supervisor of Farsione Telecommunication Co., Ltd. | None | None | None |
| Independent Director | Chi-Jen Lee | 2008.6.13 | 3 | 2006.6.9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | MBA, University of Illinois, USA | Professor of management at National Taiwan University, Independent Directors of Awer Media Technologies and Co-In Engineering Co., Ltd. | None | None | None |
| Independent Director | Jen-Jen Chang Lin | 2008.6.13 | 3 | 2007.6.15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Master of University of Michigan | Independent Director of E.SUN Bank and Managing Director of E.SUN Bank | None | None | None |
| Independent Director | Hsin-I Lin | 2008.6.13 | 3 | 2008.6.13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor of Department of Mechanical Engineering, National Cheng-Kung University | Independent director of E.SUN Bank and Xin-I property, Independent director and managing director of Nan Ya Plastic (Managing Director) | None | None | None |
| Director | Representative of Ron -Yuan Investment Co., Ltd. Chai-Kuo Chen | 2008.6.13 | 3 | 2004.6.11 | 96,018 | 2.907 | 136,652 | 3.741 | 8,871 | 0.243 | 0 | 0 | MBA, UCLA | Chairman of Nien Hsing Textile Co., Ltd., Director of E.SUN Bank | None | None | None |
| Director | Representative of Shang Li Car Co., Ltd. Jian-Li Wu | 2008.6.13 | 3 | 2005.6.10 | 16,000 | 0.484 | 17,139 | 0.469 | 0 | 0 | 0 | 0 | Chung Jung High School | Chairman of Shang Li Car Co., Ltd., Director of E.SUN Bank | None | None | None |
| Director | Representative of Shan Meng Investment Co., Ltd. Heng-Hwa Yang | 2008.6.13 | 3 | 2001.12.10 | 8,252 | 0.250 | 8,839 | 0.242 | 2,125 | 0.058 | 0 | 0 | EMBA of Department of Information Management at Nation Taiwan University, 34 years in Financial Industry | Deputy President of E.SUN FHC and E.SUN Bank | None | None | None |
| Director | Representative of Sunlit Transportation Co., Ltd. Suka Chen | 2008.6.13 | 3 | 2005.6.10 | 10,000 | 0.303 | 10,712 | 0.293 | 888 | 0.024 | 0 | 0 | Master of Department of Agricultural Economics at National Taiwan University, 21 years in Financial Industry | Chairman and President of E.SUN Securities, Director of E.SUN Bank and E.SUN VC | None | None | None |

Note 1: For institutional director, the term 'shareholding of the spouse and minors' refer to the representative of the institution.
2: E.SUN Volunteer & Social Welfare Foundation resigned the 2nd term board on 14th of Feb. 2007, and elected as the 3rd term board on 13th of June, 2008.

3.2 Professional Qualifications and Independence Analysis of Directors and Supervisors

2009.12.31

| Name | Criteria | Independence Criteria(Note) | | | | | | | | | | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director | | | | |
|--|--|-----------------------------|---|---|---|---|---|---|---|---|----|---|--|--|--|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | | | |
| Chairman Yung-Jen Huang | Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, or University | | | | | | | | | | | | | | | 0 |
| Director Joseph N.C. Huang | A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company | | | | | | | | | | | | | | | 0 |
| Director Wu-Lin Duh | Have Work Experience in the Areas of Commerce, Law, Finance, Accounting, or Otherwise Necessary for the Business of the Company | | | | | | | | | | | | | | | 0 |
| Independent Director Chen-En Ko | | | | | | | | | | | | | | | | 1 |
| Independent Director Chi-Jen Lee | | | | | | | | | | | | | | | | 1 |
| Independent Director Jen-Jen Chang Lin | | | | | | | | | | | | | | | | 0 |
| Independent Director Hsin-I Lin | | | | | | | | | | | | | | | | 2 |
| Director Chiu-Hsung Huang | | | | | | | | | | | | | | | | 0 |
| Director Jackson Mai | | | | | | | | | | | | | | | | 0 |
| Director Chai-Kuo Chen | | | | | | | | | | | | | | | | 0 |
| Director Jian-Li Wu | | | | | | | | | | | | | | | | 0 |
| Director Suka Chen | | | | | | | | | | | | | | | | 0 |
| Director Heng-Hwa Yang | | | | | | | | | | | | | | | | 0 |

Note :Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- (1)Not an employee of the Company or any of its affiliates.
- (2)Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4)Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5)Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6)Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- (7)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- (8)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9)Not been a person of any conditions defined in Article 30 of the Company Law.
- (10)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.3 Executive Officers



Abreast of the Present, Creating the Future.

2010.2.28 Unit: 1,000 shares, %

| Position | Name | Date of Taking Office | Shares Held | | Shares Held by Spouse and Children Under 18 | | Shares Held Using Names of Others | | Education (Experience) | Current position Held at other company | Managers who are spouses or within the second degree of consanguinity | | |
|---------------------------------|-------------------|-----------------------|-------------|-------|---|--------|-----------------------------------|-------|---|---|---|------|--------------|
| | | | Shares | Ratio | Shares | Ratio | Shares | Ratio | | | Position | Name | Relationship |
| President & CSO | Joseph N.C. Huang | 2008.07.16 | 2,159 | 0.059 | 140 | 0.004 | 0 | 0 | MBA of the City University of New York, 17 years in Financial Industry | Chairman of E.SUN VC, Director of E.SUN Bank | None | None | None |
| CBO | Wu-Lin Duh | 2002.01.28 | 2,737 | 0.075 | 449 | 0.012 | 0 | 0 | EMBA of National Cheng Kung University, 38 years in Financial Industry | President and Managing Director of E.SUN Bank | None | None | None |
| CIO & CRO | Heng-Hwa Yang | 2002.01.28 | 1,873 | 0.051 | 252 | 0.007 | 0 | 0 | EMBA of Department of Information Management at National Taiwan University, 34 years in Financial Industry | Deputy President and Director of E.SUN Bank | None | None | None |
| CFO | Magi Chen | 2004.02.13 | 268 | 0.007 | 0 | 0 | 0 | 0 | EMBA, University of Tennessee, Knoxville, 31 years in Financial Industry | SEVP of Treasury Division at E.SUN Bank | None | None | None |
| CHO | J.C. Wong | 2002.01.28 | 1,006 | 0.028 | 427 | 0.012 | 0 | 0 | Master of Agricultural Management at National Chung Hsing University, 21 years in Financial Industry | SEVP of Human Resource Division at E.SUN Bank | None | None | None |
| CAO | Kuan-Her Wu | 2002.01.28 | 120 | 0.003 | 0 | 0 | 0 | 0 | Department of Accountancy at National Chung Hsing University, 34 years in Financial Industry | EVP of Accounting Division at E.SUN Bank; Supervisor of E.SUN VC | None | None | None |
| CMO | Shuei-Ping Wan | 2005.07.01 | 397 | 0.011 | 360 | 0.010 | 0 | 0 | MBA at National Taiwan University, 18 years in Financial Industry | SEVP of WM division at E.SUN Bank | None | None | None |
| Senior Executive Vice President | Tung-Long Kuo | 2004.02.13 | 748 | 0.020 | 38 | 0.001 | 0 | 0 | Department of Public Administration at National Chung Hsing University, 39 years in Financial Industry | Head of Corporate Banking Division at E.SUN Bank | None | None | None |
| Senior Executive Vice President | Joe-Huang | 2004.02.13 | 2,343 | 0.064 | 1,817 | 0.050 | 0 | 0 | Department of English at Tamkang University, 22 years in Financial Industry | President of Consumer Banking Division at E.SUN Bank | None | None | None |
| Senior Executive Vice President | Suka Chen | 2002.01.28 | 845 | 0.023 | 42 | 0.001 | 0 | 0 | Master of Department of Agricultural Economics at National Taiwan University, 21 years in Financial Industry | Chairman and President of E.SUN Securities, Director of E.SUN Bank and E.SUN VC | None | None | None |
| General Auditor | Wei-Chin Chien | 2006.02.16 | 595 | 0.016 | 7 | 0.0002 | 0 | 0 | Department of Business Administration at Newport International University, 31 years in Financial Industry | General Auditors of E.SUN Bank | None | None | None |
| Executive Vice President | Scott Chou | 2002.01.28 | 1,005 | 0.028 | 192 | 0.005 | 0 | 0 | Department of Civil Engineering at National Taipei Institute of Technology, 30 years in Financial Industry | EVP of General Affairs Division at E.SUN Bank | None | None | None |
| Executive Vice President | Mao-Cin Chen | 2005.07.01 | 627 | 0.017 | 4 | 0.0001 | 0 | 0 | Master of Department of Economics at National Taiwan University, 18 years in Financial Industry | SEVP of Corporate Banking Division at E.SUN Bank; Director of E.SUN VC | None | None | None |
| Executive Vice President | Jih-Hsiung Tseng | 2005.07.01 | 1,662 | 0.045 | 1,091 | 0.030 | 0 | 0 | Department of Soil and Water Conservation at National Chung Hsing University, 27 years in Financial Industry | EVP of Information Technology Division at E.SUN Bank | None | None | None |
| Vice CFO | Joseph Shue | 2005.07.01 | 221 | 0.006 | 0 | 0 | 0 | 0 | Master of Department of Business Development at National Sun Yat-Sen University, 18 years in Financial Industry | EVP of Treasury Division at E.SUN Bank | None | None | None |
| Vice CRO | Oliver Shieh | 2006.04.14 | 254 | 0.007 | 0 | 0 | 0 | 0 | Master of Applied Finance center at Macquarie University, Australia, 18 years in Financial Industry | GM of Risk Management Division at E.SUN Bank | None | None | None |
| Vice CRO | Jhong-Cheng Shun | 2007.02.15 | 503 | 0.014 | 48 | 0.001 | 0 | 0 | General Business at Yuda high school of Commerce, 34 years in Financial Industry | EVP of Credit Review and Management Division of E.SUN Bank | None | None | None |

3.4 Remuneration of Directors, Independent Directors, President and SEVP

(1) Remuneration of Directors and Independent Director

2010.2.28 Unit: 1,000 shares, %

| Title | Name | Remuneration | | | | | | | | Ratio of total remuneration (A+B+C+D) to net income (%) | | Relevant remuneration received by directors who are also employees | | | | Ratio of total compensation (A+B+C+D+E+F+G) to net income (%) | | Compensation paid to directors from an invested company other than the company's subsidiary | | | | | |
|------------|------|-----------------------|--|-------------------|--|------------------------|--|----------------|--|---|--|--|-------|-----------------------------------|-------|---|--|---|---|---|-------|-------|------|
| | | Base Compensation (A) | | Severance Pay (B) | | Bonus to Directors (C) | | Allowances (D) | | The company | Companies in the consolidated financial statements | Severance Pay (F) | | Profit Sharing-Employee Bonus (G) | | The company | Companies in the consolidated financial statements | | | | | | |
| | | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | | | Cash | Stock | Cash | Stock | | | | | | | | |
| List below | 0 | 4,656 | 0 | 0 | 22,699 | 22,699 | 1,203 | 4,083 | 1.24% | 1.63% | 5,131 | 18,569 | 0 | 0 | 64 | 267 | 252 | 935 | 0 | 0 | 1.52% | 2.65% | None |

* List of Directors : Chairman: Yung-Jen Huang \ Director: E.SUN volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang) \ E.SUN Foundation (Representative Wu-Lin Duh) \ Hsin Tung Yang Co., Ltd. (Representative Jackson Mai) \ Allcan Investment Co., Ltd. (Representative Chiu-Hsung Huang) \ Chen-En Ko \ Chi-Jen Lee \ Jen-Jen Chang Lin \ Hisn-I Lin \ Ron-Yuan Investment Co., Ltd. (Representative Chai-Kuo Chen) \ Shang Li Car Co., Ltd. (Representative Juan-Li Wu) \ Sunlit Transportation Co., Ltd. (Representative Suka Chen) \ Shan Meng Investment Co., Ltd. (Representative Heng-Hwa Yang) *

* Remuneration distributed to directors who are serving for year 2009.

Remuneration Range table

| Bracket | Name of Directors (Unit NTS thousand) | | | |
|----------------------------------|--|---|---|--|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements |
| Under NTS 2,000,000 | E.SUN Volunteer & Social Welfare Foundation, E.SUN Foundation, Hsin Tung Yang Co., Ltd., Allcan Investment Co., Ltd., Chen-En Ko, Ron-Yuan Investment Co., Ltd., Shnag Li Car Co., Ltd., Shan Meng Investment Co., Ltd., Sunlit Transportation Co., Ltd. | E.SUN Volunteer & Social Welfare Foundation, E.SUN Foundation, Chen-En Ko, Ron-Yuan Investment Co., Ltd., Shnag Li Car Co., Ltd., Shan Meng Investment Co., Ltd., Sunlit Transportation Co., Ltd. | E.SUN Foundation, Hsin Tung Yang Co., Ltd., Allcan Investment Co., Ltd., Chen-En Ko, Ron-Yuan Investment Co., Ltd., Shnag Li Car Co., Ltd., Shan Meng Investment Co., Ltd., Sunlit Transportation Co., Ltd. | E.SUN Volunteer & Social Welfare Foundation, Chen-En Ko, Ron-Yuan Investment Co., Ltd., Shnag Li Car Co., Ltd. |
| NT\$2,000,000 ~ NT\$5,000,000 | Yung-Jen Huang, Chi-Jen Lee, Jen-Jen Chang Lin, Hsin-I Lin | Hsin Tung Yang Co., Ltd., Allcan Investment Co., Ltd., Chi-Jen Lee, Jen-Jen Chang Lin, Hsin-I Lin | Yung-Jen Huang, Chi-Jen Lee, Jen-Jen Chang Lin, Hsin-I Lin | Hsin Tung Yang Co., Ltd., Allcan Investment Co., Ltd., Chi-Jen Lee, Jen-Jen Chang Lin, Hsin-I Lin, Shan Meng Investment Co., Ltd., Sunlit Transportation Co., Ltd. |
| NT\$5,000,000 ~ NT\$10,000,000 | | Yung-Jen Huang | E.SUN Volunteer & Social Welfare Foundation, | Yung-Jen Huang, E.SUN Foundation |
| NT\$10,000,000 ~ NT\$15,000,000 | | | | |
| NT\$15,000,000 ~ NT\$30,000,000 | | | | |
| NT\$30,000,000 ~ NT\$50,000,000 | | | | |
| NT\$50,000,000 ~ NT\$100,000,000 | | | | |
| Over NT\$100,000,000 | | | | |
| Total | 23,902 | 31,438 | 29,364 | 51,194 |

(1) The percentage of total profits distributed to directors as a whole as remuneration is based on regulations set forth in Article 36 of the Company's statute. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 27-1 of the statute. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

4. Implement of Corporate Governance

4.1 Board of Directors

A total of 5 meetings of the board of directors were held in the previous period. Director and Independent Director attendance was as follows:

| Title | Name | Attendance in Person(B) | By Proxy | Attendance rate (%) [B/A] | Remarks |
|----------------------|---|-------------------------|----------|-----------------------------|------------|
| Chairman | Yung-Jen huang | 5 | 0 | 100% | Re-elected |
| Director | Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang | 5 | 0 | 100% | Re-elected |
| Director | Representative of E.SUN Foundation Wu-Lin Duh | 5 | 0 | 100% | Re-elected |
| Director | Representative of Allcan Investment Co.,Ltd. Chiu-Hsung Huang | 4 | 1 | 80% | Re-elected |
| Director | Representative of Hsin Tung Yang Co., Ltd. Jackson Mai | 4 | 1 | 80% | Re-elected |
| Independent Director | Chen -En Ko | 5 | 0 | 100% | Re-elected |
| Independent Director | Chi-Jen Lee | 5 | 0 | 100% | Re-elected |
| Independent Director | Jen-Jen Chang Lin | 4 | 1 | 80% | Re-elected |
| Independent Director | Hsin-I Lin | 5 | 0 | 100% | Re-elected |
| Director | Represent of Ron -Yuan Investment Co.,Ltd. Chai-Kuo Chen | 5 | 0 | 100% | Re-elected |
| Director | Represent of Shang Li Car Co.,Ltd. Jian-Li Wu | 5 | 0 | 100% | Re-elected |
| Director | Represent of Shan Meng Investment Co.,Ltd. Heng-Hwa Yang | 5 | 0 | 100% | Re-elected |
| Director | Represent of Sunlit Transportation Co., Ltd. Suka Chen | 5 | 0 | 100% | Re-elected |

Other mentionable items:
1.If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
2.If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: None

| Name of Director | Proposal | Cause for avoidance | Participate in Voting |
|-------------------|--|----------------------|-----------------------|
| Joseph N.C. Huang | Subscription for E.SUN VC cash capital injection | Conflict of Interest | No |
| Suka Chen | Subscription for E.SUN VC cash capital injection | Conflict of Interest | No |
| Suka Chen | Appointment for representative of E.SUN Securities | Conflict of Interest | No |

Policy on Director Compensation Distribution Ratio: Interested parties (chairman, independent directors, and directors) will leave the premises when discussions regarding their respective compensation are held.
3.Measures taken to strengthen the functionality of the Board:
The Board of Directors has established Audit Committee, Corporate Governance and Nomination Committee, Compensation Committee and Board Strategy Development Committee in June, 2008 to assist the Board in carrying out its various duties.

4.2 Audit Committee

A total of 4 Audit Committee meetings were held in the previous period. Independent director attendance was as follows:

| Title | Name | Attendance in Person(B) | By Proxy | Attendance rate (%) [B/A] | Remarks |
|----------------------|-------------------|-------------------------|----------|-----------------------------|------------|
| Independent Director | Chen-En Ko | 4 | 0 | 100% | Re-elected |
| Independent Director | Chi-Jen Lee | 4 | 0 | 100% | Re-elected |
| Independent Director | Jen-Jen Chang Lin | 3 | 1 | 75% | Re-elected |
| Independent Director | Shin-I Lin | 4 | 0 | 100% | Re-elected |

Other mentionable items:
1.If there are the circumstances referred to in Article 14-5 of Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified: None
2.If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None
3.Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
The Company's Auditing Committee is to issue reports on the results of its audit work on a quarterly basis. Accountants at the fourth and sixth meetings of the First Auditing Committee issued auditing reports on the financial statements for 2008 and the first half of 2009. Independent directors and internal auditing supervisors engaged in ample communication with accountants.

4.3 Items of disclosure according to corporate governance code for FHCs

Please refer to <http://www.esunfhc.com.tw/info/>

- (2) Comparison of Remuneration and the ratio of total Remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two years to Directors, Independent Directors, President and Senior Executive Vice Presidents of the Company, to the net profit after tax

Unit NT\$ thousand

| Year | 2009 | | | | | | 2008 | | | | | |
|--------------------|----------------|--------|-------------------------------|--|--------|-------------------------------|----------------|--------|-------------------------------|--|--------|-------------------------------|
| | The company | | | Companies in the consolidated financial statements | | | The company | | | Companies in the consolidated financial statements | | |
| | No. of Persons | Amount | Ratio of Net Profit after tax | No. of Persons | Amount | Ratio of Net Profit after tax | No. of Persons | Amount | Ratio of Net Profit after tax | No. of Persons | Amount | Ratio of Net Profit after tax |
| Directors | 13 | 23,902 | 1.24% | 13 | 31,438 | 1.63% | 16 | 11,545 | 1.13% | 16 | 19,197 | 1.87% |
| President and SEVP | 8 | 5,462 | 0.28% | 8 | 36,808 | 1.91% | 10 | 4,857 | 0.47% | 10 | 51,653 | 5.04% |

Note : 2009 Net Profit for E.SUN FHC is NT\$1,928,338 thousand, 2008 Net Profit for E.SUN FHC is NT\$1,025,003 thousand.

- (3) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

a.The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 36 of the Company's statute. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 27-1 of the statute. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

b.The performance review system and remuneration framework for high-level managers (including the president and vice president) and managers is first screened by the Compensation Committee, following which the board makes a final decision. Salaries of managers should reflect their professional experience, and the Company's, counterparts' and market standards. The chairman is authorized to approve the respective salaries. Meanwhile, the Company will issue bonuses based on overall operational results and individual performance. This enables a manager's compensation to be closely related to operational performance. A manager's bonus will be impacted if a major risk event occurs that impacts the Company's reputation, inappropriate internal management is seen, or other abuses are documented. At the same time, the Company will carry out stress tests and scenario analysis to evaluate possible risk in the future, and the Risk Management Committee each quarter will report to the board and Auditing Committee on the level of such risk.

4.4 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

| Item | State of Operation | Discrepancy with Listed Company Corporate Governance Enforcement Rules and reasons for such. |
|--|---|--|
| 1. Ownership structure and shareholders' equity of FHC (1)The manner in which the FHC handles shareholders' proposals or disputes (2)The ability of the FHC to identify its controlling shareholders and the ultimate person or persons behind such shareholders (3)The ways the FHC establishes firewalls and risk management mechanisms with respect to its affiliates | (1)Shareholders can file opinions via the Stock Affairs Department, after which qualified persons will address them. (2)Any shareholder holding in excess of 5% of the Company's stock is legally required to declare his/her holdings to the Company. (3)Risk management committee has been set up to oversee the execution of risk management policy and culture. In addition, E.SUN risk management rules have been established. | No difference |
| 2.Duties of Board of Directors (1)State of Company designating of independent director. (2)State of regularly evaluating independence of certifying accountant | (1)Four independent directors had been elected in AGM meeting on 13th of June, 2008. The Company has formulated guidelines delineating the responsibilities of independent directors to serve as a basis for these individuals in carrying out their jobs. (2)The Company annually commissions an accounting agency to carry out and approve financial- and tax-related audits. The Auditing Committee and board screen accounting agencies for professionalism, independence and reasonable fees, after which they appoint an agency to serve as the Company's auditing accountant. | No difference |
| 3.State of establishing avenues of communication with interested parties. | The Bank's customers can express their opinions through customer service units. Employee disputes will be handled by human resource departments. This ensures smooth communication channels for interested parties. | No difference |
| 4. Disclosure of information (1)The FHC has set up website for the disclosure of financial information and its corporate governance practices. (2)Any other methods adopted by the Bank for the disclosure information (e.g., establishing English-version website, appointing persons responsible for gathering and disclosing Bank information, implementing a spokesperson system, and placing the record of analyst meeting on its website). | 1. (1)Disclose status of Financial information, Business operation and Corporate governance in the website (http://www.esunfhc.com.tw/info) (2)Information disclosed includes financial information, business operation, and resolutions by board, material for analyst meeting, internal control and contact information. 2. (1)The Bank has already set up English and Chinese websites. Designated persons are responsible for collecting and posting information on those sites. (2)The Bank has already set up English and Chinese websites. Designated persons are responsible for collecting and posting information on those sites. E.SUN Spokesman Name: Joseph N.C. Huang Position: President Telephone +8862-2175-1313#1399 Email:oseph@email.esunbank.com.tw Deputy Spokesman Name: Suka Chen Position: SEVP Telephone: +8862-5556-1313#6201 Email:suka@email.esunbank.com.tw Stock Transfer and Service Contact Stock Service Department Address: 1F, No.115 Sec.3 Ming-Sheng E. Road, Taipei Telephone: +8862-2719-1313 #1 (3)The record of the analyst meeting has uploaded to E.SUN's website. | No difference |
| 5.The status of establishment and operation of functional committees, such as Audit committee | 1.Audit Committee (1) Rules of Audit committee organization have been established. (2)The committee is composed with all independent directors, the committee has the following main objectives in its work: a.Ensuring the Company's financial statements is in proper form. b.Selecting (dismissing) certified Public Accountant(CPA) and to verifying CPA's independence and monitoring performance. c.Ensuring effective implementation of the Company's internal controls. d.Ensuring Company compliance with related rules and regulations e.Control the internal risk within the company 2.Corporate governance and nomination committee. (1)Rules of Corporate governance and nomination committee organization have been established. (2)The committee meets at least once a year, an independent director is the convener and chairman of this committee, which assists the board of directors in the following tasks: a.To ensure the integrity of corporate governance units and systems. b.To seek out, screen and nominate candidates for board directors. c.To establish and develop an organizational framework for the board of directors, ensuring the proper formation of the board. d.To screen or nominate candidates for president and chief auditor. | No difference |

| Item | State of Operation | Discrepancy with Listed Company Corporate Governance Enforcement Rules and reasons for such. |
|------|--|--|
| | 3.Compensation committee (1)Rules of Compensation committee organization have been established. (2)The committee meets at least once a year, an independent director is the convener and chairman of this committee, which assists the board of directors in the following tasks: a.To assist the board in planning and evaluating the salary level for the chairman, and to set a salary framework for high-ranking managers at the level of vice president and above. b.To ensure that no director, high-ranking manager or interested party sets his or her own salary. 4. Board Strategy development committee (1)Rules of Board Strategy development committee organization have been established. (2)The committee meets at least once a year, the chairman is the convener and chairman of this committee with following tasks: a.Convenges meetings regarding the Company's strategic development goals and report to the board of directors. b.Report to the board of directors on any other important strategic matters that could impact the Company's future development. | No difference |
| | 6.If the Company has established corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The Company has not established corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. | |
| | 7.Other important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors): (1) Enacted Guidelines for Minutes of Board Meetings to improve supervision and management of such meetings and to provide a regulatory basis to abide by in holding meetings. (2)The FHC periodically asks directors and supervisors to take various courses, such as The Taiwan Corporate Governance Association, the Taiwan Stock Exchange and other institutions held various seminars and forums, such as "Corporate Governance and Impact & Effect on Directors and Supervisors Legal Risk," "2009 Corporate Social Responsibility and Sustainable Operations and Investment Forum," "Status and Trends of Information Technology Governance," "Liability of Directors and Supervisors in the Event of Insider Trading," "Corporate Governance, Responsibilities of Directors & Supervisors, and Creation of Corporate Value," "2010 Capital Market Development Strategies," and "Establishing an Attracting Asia-Pacific Corporate Legal Framework." (3)The FHC has established a Risk Management Department to draft and carry out risk control policies. The scope of risk reports and measurement systems cover the following: a.Credit Risk The information imparted at these events helps to establish systematic methods to manage risk derived from borrowers, counterparties, and portfolios, including creating an appropriate credit risk control environment, the adoption of credit risk controls for counterparties, and the establishment of counterparty credit ratings, along with limits on exposure to a single product, single industry, or single conglomerate. b.Market Risk The Company and all subsidiaries must establish price, currency, and interest rate fluctuation risk assessment and control mechanisms on all on-sheet and off-sheet items. c.Liquidity Risk The Company is to evaluate liquidity risk on assets in its main portfolio and manage liquidity risk based on the nature of individual industries and regulations set forth by regulatory agencies. The Company must also institute a liquidity risk contingency plan to be used in emergencies. d.Operational Risk E.SUN is making every effort to establish operational procedures in all areas of business, and controls and auditing procedures on authorized limits, documents and custodianship of beneficiary certificates. e.Other Risk E.SUN has mechanisms to carry out and manage risk scenario stress tests, risk appetite analysis and capital adequacy. (4)E.SUN has always emphasized customer service quality. It provides customer complain channel and has implemented a number of customer protection policies. (5) In order to round out the company's corporate governance mechanism and reduce risk exposed to directors and key staff members of the company, E.SUN FHC has taken out liability insurance for directors, supervisors and key staff members. Those insured include past, present and future directors and key employees of E.SUN FHC and the FHC's subsidiaries, as well as managerial and supervisory personnel. The policies include liability insurance for these individuals, corporate compensation insurance, corporate securities claims liability coverage, and corporate employment practice liability coverage (6) Employee disputes will be handled by human resource departments. This ensures smooth communication channels for interested parties. E.SUN holds knowledge sharing meetings in different region every year to disclose company's goal, policy and other employee-related information. In addition, employee welfare committee is set up to take care all employees (7) To encourage shareholders participating corporate governance, regulation of AGM is conducted, in addition, spokesman system and stock affair unit provide a communication channel for shareholders to express their opinions. Disclose status of Financial information and Business operation within the website 8.Please describe the results of any corporate governance self-appraisals by the Company or appraisal reports commissioned by the Company, any shortcomings or suggestions presented in the reports and measures to rectify such: E.SUN FHC received Corporate Governance Certificate from Taiwan Corporate Governance Association in 2009 The Taiwan Corporate Governance Association has singled out E.SUN for its clear vision, pragmatic corporate culture, professional team, and responsible operations. This is helping to maximize the function of E.SUN's corporate governance system, according to the TCGA. Meanwhile, E.SUN emphasizes employee training in an effort to achieve its objective of having a professional and trustworthy operations team. This is an important factor in solidifying corporate governance. The function of the board is as expected from an organization emphasizing professionalism. In addition, members of the Auditing Committee have a variety of professional backgrounds, which assists in maximizing the function of the board and carrying out well-reasoned strategic business planning. | |

4.5 Social Responsibility

E.SUN has long devoted considerable resources to social welfare, initiatives to improve the community, environmental protection, and caring for its employees, thus fulfilling its corporate responsibility to society. It displays self-discipline and legal compliance in the course of developing its business, aiming to enhance corporate governance. In 2009, E.SUN received corporate governance certification from the Taiwan Corporate Governance Association. It also was singled out by Global View Monthly for its corporate social responsibility. E.SUN also received Fifth Place in Commonwealth magazine's ranking of large-sized companies in its Corporate Citizen Award (E.SUN ranked first among financial institutions). E.SUN is committed to taking concrete steps to pay back customers, shareholders and society, becoming not only the best performing, but most respected enterprise. The Company's achievements in fulfilling its corporate social responsibility are listed below:

(1) Environmental Protection

- a. E.SUN is implementing the E.SUN Green Policy white paper. These initiatives to protect the environment and conserve energy include making environmental protection a consideration in its lending activities. E.SUN's environmental concepts are gradually impacting how employees lead their daily lives.
- b. In 2008, E.SUN and National Chung Hsing University's Shinhua Forest Station joined hands to promote a six-year tree planting project. Over this period, 10,000 trees will be planted on the grounds of the forest station. The activity continued in 2009, helping to make a contribution to protecting the environment.
- c. E.SUN calls on people on a variety of days throughout the year, such as Earth Hour on March 28, World Earth Day on April 22, the

summer solstice, and the Mid-Autumn Festival, to switch off their lights for a period of time. In addition, E.SUN also participates in International Car Free Day on September 22. The Company is working in step with global trends to conserve energy and cut carbon emissions.

- d. Environmental protection education is carried out on the thirteenth day of each month by departments throughout the Company. Efforts are made to promote energy conservation and to reduce carbon emissions in and out of the office.

(2) Community Participation

- a. E.SUN participated in the 2009 Lantern Festival (Ilan) that was sponsored by the Tourism Bureau. The Company donated 5,000 small lanterns that were available to the public for free. This helped to further enhance the festive atmosphere of the event.
- b. The Company participated in the 2009 Hengchun International Folk Song & Music Festival held by the Pingtung County government, which was aimed at promoting local culture.
- c. E.SUN employees are involved in cleaning the areas in the vicinity of their branches throughout company. Each day before work starts at 8:30 a.m., employees divide into teams and tidy up the sidewalks and the vicinity of the branches, helping to improve the living environment.

(3) Social Contribution

- a. E.SUN offers outstanding students with scholarships so they can complete their education free from financial worries. To date, the Bank has provided scholarships to 35 students over the past five years under its

Outstanding Manager Training Program.

- b. After Typhoon Morakot struck eastern and southern Taiwan in early August 2009, employees from E.SUN FHC, E.SUN Bank, E.SUN Securities and members of the E.SUN Volunteers Foundation raised and contributed NT\$20 million to the Chiayi County, Tainan County, Kaohsiung County and Pingtung County governments to be used for relief efforts. On the one hand, this assistance helped in the rebuilding of seriously damaged areas. E.SUN also created a fund to care for students in disaster areas.

(4) Social Services

- a. A team of volunteers from E.SUN Bank, E.SUN Securities, and other subsidiaries numbering 200 people rolled up their sleeves and went into disaster areas to provide service. People who were able to contribute funds did so, while others donated their time to the effort, helping people in disaster areas to rebuild their communities.
- b. E.SUN was invited to share its experiences with regards to customer service. The exchange of service philosophies helps to enhance service quality and opens avenues for non-commercial communication. This also helps to raise awareness in society about service, as well as service standards.

(5) Public Welfare

- a. The E.SUN Golden Seed Project continues to be carried out to express the Company's longstanding concern for the welfare of children in remote areas. E.SUN libraries are established in primary schools to improve the reading environment and resources in these areas. As of the end of 2009, 20 E.SUN libraries had been

established, namely in Taoyuan County (Nei-Zha Elementary School and Shalun Elementary School), Miaoli County (Dapu Elementary School), Taichung County (Don Shan Primary School), Changhua County (Ching Shui Elementary School), Yunlin County (Baocheng Elementary School and Chien-Yang Elementary School), Chiayi County (Shuang Si Primary School, Wungang primary School, Liumei Primary School, Sou Kou Elementary School, and Yung An Primary School), Tainan County (Songlin Elementary School, Jia Sing Elementary School, and Wun Sian Elementary School), Kaohsiung County (Fuan Primary School), Pingtung County (Wugo Primary School, Si Lin Elementary School, and Desie Elementary School), and Hualien County (Feng Shan Primary School).

- b. Another important goal for E.SUN is to support the development of youth baseball on Taiwan. E.SUN began this initiative in 2007 with the establishment of the E.SUN Youth Baseball Fund special Account. The fund is used to help stage the E.SUN Cup National Tournament, the E.SUN Sports Injuries Prevention Camp, the E.SUN Youth Baseball Pitcher & Catcher Training Camp, and the Baseball Assistance Project for Remote Areas. To date, it has provided gear worth NT\$100,000 each to the baseball teams at National Tung Shih Senior High School, Hualien Physical Experimental Senior High School, and National Taichung Agricultural Senior High School. Before Taiwan's youth baseball team in 2009 headed to Seoul, South Korea to take part in the 8th Asian Youth Baseball Tournament, E.SUN

invited top trainers to examine the athletes and teach them correct means of protecting themselves against injury. This helped to reduce the number of sports injuries to athletes and instruct them how to better protect their bodies

- c. Each February and August, E.SUN initiates blood drives throughout Taiwan. It encourages employees, customers and neighbors to participate in the event. The donation of this blood exhibits the warmth and compassion of society, and helps to boost hospital blood banks.
- d. E.SUN employees and volunteers continue to spend time with orphans from the Bethany Children's Home, Victory Home, and Jonah's Home. Volunteers accompany children to baseball games, museums, and story-telling activities, and hold charity and fund-raising activities. Meanwhile, children also accompany volunteers from E.SUN to help clean up at retirement facilities. This helps express concern for the elderly, bringing love and compassion to every corner that needs it.

(6) Consumer Rights

E.SUN clearly states the rights of consumer in contracts of products and services in accordance with regulations set forth by supervisory agencies. It also prints such information in its direct marketing flyers and other written documents in order to help customers understand their rights. Information is also posted on the Company's website. The public posting of this information enables customers to understand the products and services they are using, and protects the interests of customers and the bank.

(7) Human Rights

E.SUN is deeply aware that its most important

asset is its human resources. It is deeply committed to the development of its employees. To this point, neither the Company nor its subsidiaries have had any disputes with its employees that resulted in any losses. Labor-management relationships are harmonious. E.SUN provides labor insurance, health insurance, and group insurance benefits to care for the health of its employees. In addition, it acts in accordance with vacation and retirement regulations as set forth under the Labor Standards Law. Meanwhile, E.SUN has enacted Guidelines on the Prevention of Sexual Harassment in conjunction with the Gender Equality in Employment Act.

(8) Health and Security

- a. In addition to systems and devices installed throughout branches and company offices to protect employees, safety drills are carried out in accordance with planning by the headquarters. Arrangements are made for managers and employees to periodically attend safety training courses and emergency rescue training classes held by the Industrial Safety and Health Association of the ROC. Once these managers and employees are trained, education and training within E.SUN is held to enhance protection for employees in the workplace and work towards the goal of zero accidents in the workplace.
- b. Each business office is equipped with security systems and security guards. These ensure the safety of the office, as well as the security of employees and customers.
- c. In order to boost the food and beverage safety for employees and enhance hygiene in the workplace, spot checks are carried out at catering firms that provide meals at the headquarters and the Dengfeng Building.

4.6 Internal Control

(1) Representation on Internal Control

E.SUN FINANCIAL HOLDING COMPANY, LTD.

Representation on Internal Control

To Financial Supervisory Commission, Executive Yuan

Mar. 12, 2010

On behalf of E.SUN Financial Holding Company, Ltd., we hereby certify that the company indeed complies with the "Enforcement Regulations for Financial Holding Company Internal Audit Control System" and the company's internal control system and risk management mechanism for the fiscal year of 2008 have been implemented and audited by the independent internal auditors, and the internal audit reports are periodically presented to the company's board of directors and supervisors.

Under due assessment, the internal controls and legal compliance of each department during 2008 are effectively in place. This representation will be a major part of our annual report and prospectus, and will also be released to the public. The existence of discrepancies or omissions in the content of this representation would constitute violations of Articles 20, 32, 171 and 174 of the Securities and Futures Exchange Act and entail relevant legal responsibility.

Sincerely yours,

Chairman

Yung-Jen Huang

President

Tan-chou Huang

General Auditor

Chen-dung

Compliance Officer

Chy-hsin

(2) Disclosure of any commissioned internal control review review carried out by CPA:

None

IV. Capital Overview



Promoting a strong fiscal foundation.

1. Capital and Dividend

1.1 Source of Capital

(1) Issued Shares

2009.12.31 Unit: million shares, NT\$ million

| Month/Year | Par Value (NTD) | Authorized Capital | | Authorized Capital | | Remark | |
|--------------------|-----------------|--------------------|--------|--------------------|--------|-------------------|--------|
| | | Shares | Amount | Shares | Amount | Source | Others |
| 2002.1.28 | 10 | 5,000 | 50,000 | 2,290 | 22,900 | Share Conversion | - |
| 2002.10.21(note 1) | 10 | 5,000 | 50,000 | 2,470 | 24,700 | Retained Earnings | - |
| 2003.9.16 | 10 | 5,000 | 50,000 | 2,505 | 25,054 | Share Conversion | - |
| 2004.3.15 | 10 | 5,000 | 50,000 | 2,506 | 25,064 | ECB Conversion | - |
| 2004.5.20 | 10 | 5,000 | 50,000 | 2,584 | 25,842 | ECB Conversion | - |
| 2004.9.8 | 10 | 5,000 | 50,000 | 2,596 | 25,964 | ECB Conversion | - |
| 2004.10.11(note 2) | 10 | 5,000 | 50,000 | 2,690 | 26,897 | Retained Earnings | - |
| 2004.11.26 | 10 | 5,000 | 50,000 | 2,788 | 27,679 | ECB Conversion | - |
| 2005.3.4 | 10 | 5,000 | 50,000 | 2,931 | 29,306 | ECB Conversion | - |
| 2005.9.14(note 3) | 10 | 5,000 | 50,000 | 3,027 | 30,270 | Retained Earnings | - |
| 2006.4.3 | 10 | 5,000 | 50,000 | 3,230 | 32,304 | ECB Conversion | - |
| 2006.8.18(note 4) | 10 | 5,000 | 50,000 | 3,303 | 33,033 | Retained Earnings | - |
| 2008.8.29 | 10 | 5,000 | 50,000 | 3,311 | 33,113 | ECB Conversion | - |
| 2008.9.4(note 5) | 10 | 5,000 | 50,000 | 3,451 | 34,514 | Retained Earnings | - |
| 2008.9.23 | 10 | 5,000 | 50,000 | 3,544 | 35,444 | ECB Conversion | - |
| 2009.8.21(note 6) | 10 | 5,000 | 50,000 | 3,653 | 36,528 | Retained Earnings | - |

Note1: The Securities and Futures Committee to Ministry of Finance on Aug. 13, 2002 granted approval for issuance in its letter Zidi 0910144848. In addition, the Ministry of Economic Affairs on October 21, 2002 approved amended registration in its letter Zidi 09301193370.

Note2: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 23, 2004 granted approval for issuance in its letter Zidi 0930133045. In addition, the Ministry of Economic Affairs on October 11, 2004 approved amended registration in its letter Zidi 09301193370.

Note3: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 20, 2005 granted approval for issuance in its letter Zidi 094012807. In addition, the Ministry of Economic Affairs on Sep. 14, 2005 approved amended registration in its letter Zidi 09401177000.

Note4: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 4, 2006 granted approval for issuance in its letter Zidi 0950126554. In addition, the Ministry of Economic Affairs on Aug 18, 2006 approved amended registration in its letter Zidi 09501182600.

Note5: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 9, 2008 granted approval for issuance in its letter Zidi 0970032910. In addition, the Ministry of Economic Affairs on Sep 4, 2008 approved amended registration in its letter Zidi 09701226150.

Note6: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 14, 2009 granted approval for issuance in its letter Zidi 0980033762. In addition, the Ministry of Economic Affairs on Sep. 7, 2009 approved amended registration in its letter Zidi 09801205090.

(2) Type of Shares

2009.12.31 Unit: thousand shares

| Share Type | Authorized Capital | | | Remark |
|---------------|--------------------|------------------|--------------|--------|
| | Issued Shares | Un-issued Shares | Total Shares | |
| Common Shares | 3,652,800 | 1,347,200 | 5,000,000 | |

Note: The issued shares are listed shares

1.2 State of Shareholders

2009.12.31 Unit: thousand shares, %

| Month/Year | Government Agencies | Financial Institutions | Other Juridical Person | Domestic Natural Persons | Foreign Institutions & Natural Persons | Total |
|------------------------|---------------------|------------------------|------------------------|--------------------------|--|-----------|
| Number of Shareholders | 9 | 17 | 234 | 78,177 | 245 | 78,682 |
| Shareholdings | 53,404 | 495,135 | 839,790 | 1,199,777 | 1,064,694 | 3,652,800 |
| Percentage | 1.46 | 13.55 | 23.00 | 32.84 | 29.15 | 100 |

1.3 Shareholding Distribution Status Common Shares (The par value for each share is NT\$10)

2009.12.31 Unit thousand shares,%

| Class of Shareholding (Unit : Share) | Number of Shareholders | Shareholding (Shares) | Percentage |
|--------------------------------------|------------------------|-----------------------|------------|
| 1 ~ 9 9 9 | 31,928 | 7,254 | 0.20 |
| 1,000 ~ 5,000 | 24,129 | 54,025 | 1.48 |
| 5,001 ~ 10,000 | 7,737 | 56,131 | 1.54 |
| 10,001 ~ 15,000 | 3,736 | 44,027 | 1.20 |
| 15,001 ~ 20,000 | 2,995 | 54,311 | 1.49 |
| 20,001 ~ 30,000 | 2,850 | 66,526 | 1.82 |
| 30,001 ~ 50,000 | 1,838 | 71,325 | 1.95 |
| 50,001 ~ 100,000 | 1,568 | 109,961 | 3.01 |
| 100,001 ~ 200,000 | 857 | 117,870 | 3.23 |
| 200,001 ~ 400,000 | 453 | 125,386 | 3.43 |
| 400,001 ~ 600,000 | 175 | 85,480 | 2.34 |
| 600,001 ~ 800,000 | 76 | 52,940 | 1.45 |
| 800,001 ~ 1,000,000 | 59 | 52,936 | 1.45 |
| Over 1,000,001 | 281 | 2,754,628 | 75.41 |
| Total | 78,682 | 3,652,800 | 100.00 |

Note: E.SUN FHC did not issued any preferred shares

1.4 List of Major Shareholders

2009.12.31 Unit thousand shares,%

| Name | Share holding | Shareholding | Percentage (%) |
|--|---------------|--------------|----------------|
| Cathay Life Insurance Co.,Ltd. | | 156,044 | 4.27 |
| PCA Life Assurance Co.,Ltd. | | 145,722 | 3.99 |
| HSBC Securities Asia Nominees Limited | | 138,508 | 3.79 |
| Ron-Yuan Investment Co.,Ltd. | | 136,652 | 3.74 |
| Morgan Stanley Apollo Holdings (Cayman),Ltd. | | 95,694 | 2.62 |
| Taiwan Post Co.,Ltd. | | 91,782 | 2.51 |
| HSBC Securities Asia International- Asian Equity Derivatives | | 91,610 | 2.51 |
| Hsin Kang Investment Co.,Ltd. | | 89,490 | 2.45 |
| Atlas Nominees Limited | | 78,690 | 2.15 |
| E.SUN Commercial Bank Fiduciary Trust property account | | 72,618 | 1.99 |

Note: The list above shows the top 10 shareholders.

1.5 Dividend Policy and Implementation Status

(1) Dividend Policy

The Company has a policy of mainly issuing dividends in the form of stock in order to improve its financial structure and raise its capital adequacy ratio. If the Company's capital adequacy ratio in a specific year exceeds the level mandated by supervisory authorities, the Company can pay dividends in cash. When such cash dividends are declared, they are to be no less than 10% of the total dividend paid for that year. In the event that

the cash dividend is less than NT\$0.1, the dividend will be issued in stock.

(2) Proposed Distribution of Dividend

The proposal for distribution of 2009 profits was passed at the Meeting of the Board of Directors. This proposal, a stock dividend of NT\$ 0.4 per share and a cash dividend of NT\$ 0.2 per share, will be discussed at the annual shareholders' meeting.

1.6 Impact on business performance and earnings per share of stock dividend payment proposed at the most recent shareholders' meeting

| Item | Year | 2009 | |
|---|--|---|-------|
| Capital collected beginning of the period(NT\$1,000) | | 35,443,511 | |
| Stock dividend and cash dividend of the year | Cash dividend per share(NT\$) | 0.2 | |
| | Capitalized retained earnings-stock dividend (share) | 0.4 | |
| | Capitalized additional paid-in capital-stock dividend (share) | 0 | |
| Change of Business Performance | Operating revenue (loss)(NT\$1,000) | 2,081,917 | |
| | Operating revenue (loss) increase(decrease)from last year(%) | 28% | |
| | Net Income(loss)(NT\$1,000) | 1,928,338 | |
| | Net Income(loss) increase (decrease) from last year(%) | 88% | |
| | Earnings(loss) per share(NT\$) | 0.53 | |
| | Earning(loss) per share increase (decrease) from last year(%) | 83% | |
| Annualized return on Investment(the reverse of Annualized Price / Earning ratio) | | 4.91% | |
| Projected Earnings per Share and Price / Earnings ratio | Retained earnings are capitalized with cash dividend distributed | Projected Earnings per share | 0.53 |
| | | Projected annualized return on Investment | 2.32% |
| | Additional paid-in capital is not capitalized | Projected Earnings per share | - |
| | | Projected annualized return on Investment | - |
| Additional paid-in capital is not capitalized and Capitalized retained earnings-cash dividend distributed | Projected Earnings per share | - | |
| | Projected annualized return on Investment | - | |

a. The Company should explain the hypothesis made for each forecast or projected data.

b. The projected Earnings per Share for the retained earnings capitalized and with cash dividend distributed=
$$\frac{\text{Net Income-interest accrual from cash dividend} \times (1 - \text{tax rate})}{\text{total stock shares issued at the year end-stock dividend distributed for the capitalized retained earnings}^*}$$

Interest accrual from cash dividend=Capitalized retained earnings \times annual loan Interest rate

Stock dividend distributed for the capitalized retained earnings** : The stock shares increased from the stock dividend distributed the year before for the capitalized retained earnings.

c. Price/Earning Ratio=Average Market Closing Share Price / Earnings per Share of Current Fiscal Year
Information applied in the table above :

a. The auditing financial statements of 2009.

b. The tax rate that is used to calculate the projected data is 25%. The annual loan interest rate of 2009 is based on the average loan interest rate 1.89% of E.SUN Bank, respectively.

1.7 Employee Bonus and Compensation for Directors 1.8 Share Repurchase

Unit: NT\$

2009.12.31

| 2009 Statement of profit allocation | |
|--|---------------|
| Balance at beginning of the period | 136,933,585 |
| Add: 2009 net profit | 1,928,338,170 |
| Add: Recovery of Appropriated R/E | 653,811,656 |
| Subtract: 10% Legal Reserved | 192,833,817 |
| Net Profit for distribution | 2,526,249,594 |
| Distribution : | |
| Shareholders' Bonus(NT\$0.40 Stock Dividend per share) | 1,452,720,000 |
| Shareholders' Bonus(NT\$0.20 Cash Dividend per share) | 726,360,000 |
| Total Shareholders' Bonus | 2,179,080,000 |
| Undistributed Profits at the end of the period | 347,169,594 |

Note: Employee Bonus is NT\$ 68,096,250 and Directors' compensation is NT\$22,698,750.

| Term of the program | First time |
|---|--------------------------|
| Purpose | Transfer to employee |
| Period or the program | 2008/10/13-2008/12/08 |
| Price range | 6.00-14.00 |
| Types and amount of shares been repurchased | 42,000,000 Common shares |
| Total monetary amount of share repurchase | NT\$ 336,818,905 |
| Group's capital adequacy ratio before program | 104.67 (2007.12.31) |
| Group's capital adequacy ratio after program | 120.49 (2008.12.31) |
| Total amount of shares been transferred or cancelled | 21,000,000 |
| Total amount of shares accumulated | 21,000,000 |
| Accumulated shareholdings (%) | 0.57% |
| The execution process of transfer repurchase shares to employee | In-process |
| Limitation of failure to fully transfer within 3 years | No |

2. Capital Utilization Plans

2.1 Plan

- (1) Up to the quarter prior to the printing of the annual report, any issuance or private placement of securities that has yet to be completed: None.
- (2) Programs completed in the most recent three years with beneficial results yet to assert themselves: None

2.2 Implementation Status

In 2008, E.SUN issued US\$200 million worth of ECB (with equivalent to NT\$ 6,083,600 thousands) for operating funding. At the end of 2008, US\$ 50,200 thousand of ECB has been converted to common shares, which will enhance E.SUN FHC' s capital adequacy ratio by 3.79%.

V. Business Operation



The dazzling scene of dawn gives us hope in facing challenges.

1. Business Scope



Win Win Win!

E.SUN Bank serves as the core of E.SUN FHC. Combined with securities, insurance brokers and venture capital, E.SUN provides customers with a comprehensive array of financial services. E.SUN pursues balanced and stable development in each area of operations. The following are descriptions of the operational scope, business plans and research and development for the FHC and each subsidiary.

1.1 Scope of Operations

(1) E.SUN FHC

a. Primary Operations

E.SUN FHC's expertise rests in investment and management. Its subsidiaries engage in a wide range of financial businesses including banking, credit cards, trust, insurance, securities, futures, venture capital, investment in foreign banking institutions as approved by regulatory agencies, investment in other financial-related businesses as designated by regulatory agencies, management of the aforementioned invested businesses, and investment in other businesses sanctioned by regulators.

b. Composition of Operations

| Item | Year | Unit NT\$ thousand | | | |
|-----------------|------|--------------------|---------------|-------------------|---------------|
| | | 2009 | | 2008 | |
| | | Amount | % | Amount | % |
| Interest Income | | 16,103,392 | 74.79 | 24,222,319 | 81.93 |
| Fee Income | | 4,845,642 | 22.51 | 4,001,340 | 13.53 |
| Others | | 583,186 | 2.70 | 1,343,156 | 4.54 |
| Total | | 21,532,220 | 100.00 | 29,566,815 | 100.00 |

Note1: E.SUN FHC consolidated financial figures

Note2: Others are net revenue exclude interest income and fee income.

(2) E.SUN Bank

a. Primary Operations

(a) Commercial Bank Operations

E.SUN Bank provides the following services: Accepts all types of deposits, engages in lending, discounting of bills/checks, domestic remittances, commercial acceptances, issuance of domestic letters of credit, domestic guarantees, custodian services and warehousing, rental of safe deposit boxes and credit card operations.

(b) Foreign Exchange Operations

These operations include import and export

negotiation, general inward and outward remittance, foreign currency deposits, foreign currency loans, foreign currency guarantees, and exchange of foreign cash and travelers checks.

(c) Investment and Treasury Operations

Operations include investment in securities, short-term bills broking, dealing, trading of financial derivatives, wealth management, and trust operations approved under the law.

(d) Agency Operations and Other

Serves as an agent in issuance of debentures, collection and payment of various bills, underwriting securities, agent for the sale of gold ingots as well as gold and silver coins, agent for services of the National Treasury, providing fiscal advisory services, and dealing of corporate bonds and debentures.

b. Composition of Operations

| Item | Year | | 2009 | | 2008 | |
|---|------------|--------|------------|--------|--------|---|
| | Amount | % | Amount | % | Amount | % |
| Interest Income | 15,931,683 | 78.03 | 23,946,475 | 84.62 | | |
| Fee Income | 3,931,102 | 19.26 | 3,436,918 | 12.14 | | |
| Gain from Securities Trading and others | 553,751 | 2.71 | 916,597 | 3.24 | | |
| Total | 20,416,536 | 100.00 | 28,299,990 | 100.00 | | |

Note: Others are net revenue exclude interest income and fee income

(3) E.SUN Securities

a. Primary Operations

(a) Brokerage

Acts as a broker for customers in the trading of securities, futures, options, and carries out settlement. Also provides margin financing and

stock loan services, and provides an electronic trading platform, meeting the investment and trading needs of customers.

(b) Dealing

E.SUN trades securities in stock market and business unit under its own account

(c) Underwriting

Assists companies in public issuances of stock to raise capital and underwrites cash capital increases and convertible bonds for public companies and firms listed on the Taiwan Stock Exchange and the over-the-counter market. It also offers comprehensive corporate financial planning services.

(d) Bonds

E.SUN engages in outright bond trading and repo trading. The Company serves as a government bond dealer and provides customers with bond-related investment information and advisory services.

(e) Financial Product

warrant issuance and other derivatives research

(f) Other operations approved by supervisory agencies.

b. Composition of Operations

| Item | Year | | 2009 | | 2008 | |
|------------------------------|---------|--------|---------|--------|--------|---|
| | Amount | % | Amount | % | Amount | % |
| Fee Income | 583,194 | 61.63 | 386,060 | 57.60 | | |
| Interest Income | 165,794 | 17.52 | 245,600 | 36.65 | | |
| Gain from Securities Trading | 139,914 | 14.79 | 18,355 | 2.74 | | |
| Other Operating Income | 57,238 | 6.06 | 20,082 | 3.01 | | |
| Total | 946,140 | 100.00 | 670,097 | 100.00 | | |

(4) E.SUN Insurance Brokers

a. Primary Operations

The business of E.SUN Insurance Brokers Co. includes two main areas, namely life insurance and property insurance. The Company strives to develop and offer a range of products that meet the functional needs of customers. Life insurance products offered include general life insurance, medical insurance, savings insurance, annuity insurance, injury insurance, and investment-oriented insurance. Meanwhile, non-life/property insurance products include automobile and motorcycle insurance, fire insurance, liability insurance and all types of commercial risk insurance. E.SUN's comprehensive product lines and insurance services fully meet the risk planning and asset allocation requirements of customers.

b. Composition of Operations

| Item | Year | | 2009 | | 2008 | |
|--------------------|------------------------------|---------|---------|---------|--------|---|
| | Amount | % | Amount | % | Amount | % |
| Life Insurance | Life and Health Insurance | 334,298 | 85.37% | 117,986 | 67.32 | |
| | Investment-linked Insurance | 11,992 | 3.06% | 41,197 | 23.51 | |
| | Accident Insurance and Other | 38,720 | 9.89% | 14,482 | 8.26 | |
| Property Insurance | 6,590 | 1.68% | 1,602 | 0.91 | | |
| Total | 391,600 | 100.00 | 175,267 | 100.00 | | |

(5) E.SUN Venture Capital

a. Primary Operations

- (a) Engages in direct capital investment of unlisted companies at home and overseas that exhibit growth potential.
- (b) Provides direct investment and advisory for corporate transformation or corporate restructuring.
- (c) Assists companies in establishing strategic alliances and partnerships with related industries.

b. Composition of Operations

| Item | Year | | 2009 | | 2008 | |
|-------------------------------------|--------|-------|--------|--------|--------|---|
| | Amount | % | Amount | % | Amount | % |
| Investment Income | 94,005 | 97.90 | 40,134 | 96.16 | | |
| Interest and Other operating Income | 2,015 | 2.10 | 1,602 | 3.84 | | |
| Total | 96,020 | 100 | 41,736 | 100.00 | | |

1.2 Business Plan

(1) E.SUN FHC

a. Taking Advantage of Opportunities at this Critical Juncture

2010 marks a critical junction in time; a year that will be full of challenges, but also one that offers many opportunities. E.SUN's objective is to further improve itself and re-assert its core values, thereby demonstrating its competitive strengths and ability to execute policies. E.SUN is confident that its efforts will not only help it to solidify its Taiwan financial blueprint, but also to broaden it. After strategic objectives have been set forth, E.SUN's managers and employees will work to rapidly and accurately implement these policies, forging a consensus throughout the Company in which every employee and department works together, pooling their wisdom and ambition in welcoming the challenges that face us in this important period.

b. Creating VIP Customer Value

E.SUN continues to enhance its hardware, software, efficiency and professionalism. It will place even greater emphasis on its core operations and on understanding the needs of its VIP customers, providing total solutions and a comprehensive map of products, thereby creating customer satisfaction and value. E.SUN realizes it must constantly work to better itself and further hone its strengths to remain at the

pinnacle. It has adopted segmented marketing strategies to offer the proper products to the right groups of customers. This creates greater value both for customers and E.SUN.

c.The Overseas and Mainland China Markets

Banking liberalization between the two sides of the Taiwan Strait will hasten consolidation of Taiwan's banks. E.SUN is making every effort to maximize the benefits of its overseas branches and develop business in the mainland China market. E.SUN, with its stable operations, comprehensive services, strong development, and appropriate growth, will seek to generate higher profits and not only solidify its position on Taiwan, but also grow itself throughout the world. With the promulgation of the cross-strait banking MOU, E.SUN has submitted an application with authorities on the other side of the Taiwan Strait to open a representative office. E.SUN will continue to boost cross-strait business in the future.

d.Product R&D and Innovation

E.SUN continues to engage in system R&D and procedural innovation to meet the rapidly changing array of financial products and needs of customers. Internally, E.SUN examines the product and service requirements among the customers at each subsidiary. Meanwhile, the Company monitors the products and services offered by its main competitors and looks to differentiate itself from industry counterparts. E.SUN also is devoted to enhancing its financial transaction services, strengthening the integration of its marketing network, and offering innovative web-based payment applications. This comprehensive financial services network, coupled with services and products that set it apart from competitors, and the cultivation of an outstanding customer base, helps sets the foundation for success.

(e)Enhancing Risk Management, Corporate Governance and Realizing Corporate Social Responsibility

E.SUN's foremost consideration in business development is controlling risk. The Company continues to establish a risk appetite mechanism, enabling clear risk amounts, controls and capital planning to be set forth in the strategic development of each area of business.

E.SUN has elected four independent directors to further boost its corporate governance system and strengthen the ability to manage and oversee the Company. This number of independent directors is above regulatory requirements. In addition to establishing the Auditing Committee, special function committees such as the Corporate Governance and Nominations Committee, the Compensation Committee and the Board Strategy Development Committee have been set up. E.SUN's organic statute stipulates that independent directors serve as the conveners and participate in these committees, thereby strengthening the function of the board.

E.SUN FHC has won the Corporate Social Responsibility Award for the banking industry for three consecutive years. In addition to this honor, it has also been singled out for Commonwealth magazine's Corporate Citizen Award. E.SUN is honored by these awards that recognize its efforts to achieve its vision of "E.SUN employees becoming world class citizens and E.SUN becoming a world class corporate citizen."

(2) E.SUN Bank

In 2009, E.SUN continued to establish new branches, round out its virtual network, develop new products, and engage in integrated marketing with the FHC. This has helped to provide customers with a consistent and comprehensive range of services. In 2010, the Company will continue to seek success throughout stable operations, ensuring that all steps are taken to

control risk. E.SUN will continue to expand operations, exhibiting the outstanding nature of the businesses and products it offers, while at the same time pursuing balanced long-term development.

a. Corporate Banking

In its corporate banking operations, E.SUN will continue to emphasize that its professional team makes it is the best choice for companies when selecting a business partner. E.SUN will continue to be driven by the needs of customers and will seek to hone its relationships with customers. Corporate banking policies will be carried out in conjunction with government policy calling for increased lending to small- and medium-sized enterprises to nurture their development. At the same time, E.SUN emphasizes its information technology and technology, along with its brand name and professional team of employees. In the course of integrating the resources of the FHC and adopting joint marketing of various product lines, E.SUN creates value for employees. E.SUN continues to strive to be the best brand for SMEs.



Professional team makes it is the best choice for companies.

b. Consumer Banking

With E.SUN having completed the establishment of its 122-strong branch network, 2010 will mark a year in which it seeks to maximize the benefit of this network. E.SUN and its subsidiaries, along with its strategic partner

Prudential Plc, will take advantage of each opportunity in which it has contact with customers, whether it be via a physical branch or virtual network. E.SUN will continue to enhance customer service and VIP operations, helping to boost profitability. Consumer banking business will continue to exhibit stable growth on the back of demand deposits, mortgage loans and joint marketing. At the same time, E.SUN will strive to introduce new products and innovative business models. It will also harness new technologies to strengthen its ability to handle electronic-based business. E.SUN will provide the most suitable Internet bank platform that reflects changes in the market environment and customer needs, thereby increasing customer satisfaction and boosting overall profitability.



E.SUN provides various UPL products

c. Wealth Management

In the area of wealth management, E.SUN in 2009 adjusted the organizational framework of its wealth management center and reorganized its network resources. E.SUN has introduced personal finance consultants, increased the number of account executives, and effectively strengthened the expertise and marketing abilities of these employees. E.SUN offers a range of insurance and trust products for its customers, satisfying the diverse range of investment needs. In addition, E.SUN employs data systems to provide assistance to its staff in offering personal finance planning and asset allocation recommendations, thus helping to generate customer satisfaction and value. The continued

streamlining of sales procedures and operational quality controls further enhance brand value and offer customers outstanding and professional services.

d. Credit Card

In 2009, the credit card market continued to be clouded by IDRPs and ethical risks associated with the Articles on Consumer Debt. In addition, the government during the year issued consumption vouchers to boost spending. Consequently, the total amount charged, the number of cards in issuance, the cards in force, and the balance of revolving credit fell for the industry across-the-board. As of the end of 2009, however, E.SUN Bank had 2.47 cards in issuance and 1.55 million cards in force, while the total amount charged using the cards for the year was NT\$94.4 billion. Each of these figures grew from the previous year. Meanwhile, E.SUN's NPL ratio stood at 1.44%, and its gross charge off ratio was 7.42%, pointing to a continued strong asset quality.

E.SUN will continue to make the best use of information, seek to increase "wallet share" and encourage greater amounts charged using its cards. It is constantly developing new products, networks and activities, and engages in joint product marketing initiatives to boost customer value. It also holds activities marketed to specific client segments to boost usage of cards, increase market visibility, raise amounts charged, and create an image as a travel & leisure brand name. E.SUN adopts various risk control and management models that provide early warning signals, management of credit in arrears, and collection-related information. These systems maximize operational performance.



(3) E.SUN Securities

- a. To continue to establish branches, provide real-time and convenient services, and boost its share in the broking market, along with profits.
- b. To continue to establish cross-selling and marketing counters with other FHC subsidiaries to provide rapid and comprehensive services, maximizing the effect of the FHC's network.
- c. To strengthen the function of its electronic platform, boost e-certification, and provide customers with a tool so they can conveniently monitor and make equities, futures, and options trades, thereby providing one-stop services that customers require.
- d. To have a top-notch research team that provides investment strategies and generates asset management and investment performance and returns.
- e. To strengthen the risk control mechanism to provide increased flexibility to respond to market changes as the scale of the Company's operations expand.
- f. To be customer-driven. E.SUN will integrate the information needed by customers and provide a comprehensive range of products and services. This will both broaden and add depth to the relationship between E.SUN and its customers, and will boost customer satisfaction.
- g. To engage in joint marketing with the FHC with the aim of continuing to expand the scale of its corporate banking services.



E.SUN A+ e-trading system.

(4) E.SUN Insurance Brokers

Since its establishment, E.SUN Insurance Brokers has devoted itself to provide outstanding insurance products to its customers. E.SUN cooperates with insurance companies that exhibit upstanding, trustworthy, and stable operations. In addition, E.SUN develops products in line with market trends that are desired by its customers. The company will continue to make every effort to develop and provide a diverse and comprehensive range of insurance products and services. Besides establishing counters at E.SUN Bank branches, E.SUN Insurance Brokers is also developing its telemarketing and Internet marketing networks, meeting the varied needs of customers.

(5) E.SUN Venture Capital

E.SUN Venture Capital will continue to directly invest in unlisted companies that exhibit outstanding potential for development. It also integrates the resources of the FHC to provide assistance to local enterprises in their development, thus boosting the competitiveness of specific industries as well as the nation as a whole. In addition, in light of the government's gradual liberalization of the venture capital sector, E.SUN is looking not only to further strengthen its core operations, but also to expand its investment scope in tandem as the regulatory environment permits. This will create the greatest level of shareholder value and boost operational synergy within the FHC.

In addition to having access to the latest market- and business-related information, E.SUN is constantly evaluating and introducing new products to the market. In May 2008, E.SUN introduced the Employee Proposal System, which seeks to pool the wisdom and creative abilities of all E.SUN employees. Employees are encouraged to provide suggestions related to products, procedures, organic structure, sales & marketing, brand name and operational streamlining. These measures are then evaluated by the Innovation Task Force, with the best ones put into action or amended as appropriate, improving hardware, software, professionalism, efficiency, and value for the Company. Even if some suggestions are not suited to be employed at the present stage, they can serve as reference in the future. This initiative is creating a large database of creative and well thought-out ideas. As of the end of 2009, over 600 suggestions had been submitted and 97% of them have been reviewed.

E.SUN emphasizes the ability to utilize information to foster innovation and provide service to customers. In addition to face-to-face contact, E.SUN has established a highly innovative call bank and Internet bank. Initiatives in this regard include a technologically advanced call center, a corporate Internet bank, and a consumer Internet bank. These provide a total solution to customer banking needs, offering efficient and convenient services. In 2009, E.SUN Bank's R&D expenditures and budget accounted for 2% of total revenues.

In an effort to expand its service network, subsidiary E.SUN Securities has developed an advanced electronic trading platform. It is also developing new products and improving trading and service quality. E.SUN Securities will continue to plan related R&D projects and devote funds to these initiatives. In 2009, E.SUN Securities' R&D expenditures and budget comprised 5.43% of total revenues.

1.3 Research and Development

(1) E.SUN's Future R&D Projects and anticipated R&D Expense

Innovation is the key factor to being able to operate effectively in the future, especially in today's rapidly changing environment. E.SUN focuses on generating customer value, adopting strategies that set it apart from counterparts, and working to hold a competitive advantage in the marketplace. E.SUN systematically seeks to strengthen the foundation for innovative operations.

Research expenditures for the last 3 years

Unit NT\$1,000

| Year | 2009 | 2008 | 2007 |
|------------------|---------|---------|---------|
| E.SUN Bank | 415,805 | 455,980 | 323,001 |
| E.SUN Securities | 51,378 | 52,022 | 49,329 |

(2)E.SUN's R&D Investment Projects and State of Implementation

a.Establishing Performance Measurement Improvement team (PMI)

E.SUN is committed to creating even greater value for customers, shareholders and employees. It desires to continue to boost performance in order to realize the Company's strategic objectives. In 2009, E.SUN established the Performance Management Improvement Task Force, which is charged with enhancing the operational performance of the FHC and each subsidiary, creating a performance-minded organizational culture, and monitoring performance. The PMI Task Force ensures that strategies set forth for the FHC are being implemented throughout the organization. Effective and quantifiable indicators and scientific and transparent methods are used to enhance management and systematically provide the basis to exceed short-, medium-, and long-term objectives, while at the same time ensuring that the goals and strategies of each unit reflect the overall strategies and interests of the FHC. Business and financial performance management systems examine the logic of organic and operational regulations, as well

as compare budgeted and actual figures. The ultimate objective is to foster a virtuous circle within the Company and raise the overall performance of the FHC.

b.Strengthening Integrated Marketing Database Platform for Event-based Marketing (EBM)

Existing database platforms are being integrated into a Company-wide marketing database. The information is provided to marketing planning and R&D personnel under the EBM project. On the marketing front, the system automatically selects lists of customers to be targeted for marketing events to be carried out by various FHC units. This project is making the best use of marketing resources and is better enabling E.SUN customers to receive information and services on products most suited for them. The system also reduces the chances of missed selling opportunities, creating a win-win situation for E.SUN and its customers.

c. Establishing a Customer Risk and Value Team (CRV):

The collection, management and utilization of information serve as the crucial factor in the success or failure of an enterprise. As a result, how to best use and analyze information, understand customer behavior, and provide tailored products to meet the needs of customers will be critical in this knowledge-based economic era. E.SUN and a renowned international consulting company have cooperated in introducing international know-how and advanced analytical models to E.SUN.

Efforts continue to be made to establish a data supermarket, introduce analytical tools and enhance foundation engineering. Quantitative analysis assists in drafting strategies and has applications in all areas of business development. This effort will have particular benefits in terms of risk management, including credit scoring, post-disbursement management, risk alarms, asset portfolio management and stress tests. All types of models are already in use in daily operations. Models are already enabling E.SUN to clearly understand customer value, engage in segmentation of customers and provide differentiated marketing. This enables E.SUN to provide appropriate products to each customer segment, thereby lifting the relationship between the customer and E.SUN and boosting the business volume provided by each customer. E.SUN continues to enhance quantitative methods and analytical abilities, aiming to provide differentiated and refined services. This is creating a win-win situation for customers and E.SUN, and also boosting E.SUN's competitiveness.



E.SUN FHC received Golden Safety award and Golden Quality award from JCI.

d.Integrating Banking Research Resources:

E.SUN FHC and its subsidiaries coordinate research efforts and various research resources. Over 40 highly specialized analysts monitor

rapidly changing economic and financial trends, and they provide daily, weekly and monthly reports that express short-, medium- and long-term viewpoints on the domestic and international economy, financial system, industries and specific companies. This information is vital to traders, personal finance account executives, and investment officers in making trades, investments or recommending investment allocation. E.SUN has established objective indicators to score and evaluate the accuracy of various research reports. These efforts set the foundation for E.SUN to provide highly accurate and influential house view reports, and help to further boost E.SUN's overall investment performance.

e. Enhancing E.SUN's Network

The acquisition of the assets and operations of Kaohsiung Business Bank in September 2004 helped to significantly boost the number of E.SUN Bank branches. Each year since 2005, the Bank has established or re-located branches, ultimately resulting in a network that includes 122 branches, a call center, and an Internet bank. Combined with E.SUN Securities' 17 branches and the Internet trading platform it offers, along with E.SUN Insurance Brokers, a multiplier effect has been created. Besides operating in communities through its branches, E.SUN offers the opportunity for customers to utilize its Internet-based services, transcending time and space limitations. Its comprehensive products and services have created customer value and have also made E.SUN a favorite among customers.

2. Cross-selling Synergy



Cross-selling directed at different customer segments cultivates a large and outstanding pool of clients.

2.1 Always Being Customer-Driven

The needs of customers are always the foremost concern of E.SUN. The Company has an array of product lines and offers close cooperation among all subsidiaries. The ultimate result is efficient service for customers and the creation of value. Purely providing customer service is not enough these days. E.SUN's integrated marketing teams not only focus on understanding customers, but also on creating an appropriate product map for our clients. Our hope is to create the greatest value for customers, subsequently yielding a win-win situation.

2.2 Using Technology to Manage Customer Relationships

E.SUN has a broad range of customers. An information platform is especially needed to manage these customer relationships efficiently. The front-end of this system distinguishes customers, while the mid-point transmits information and introduces the needs of customers, while the end point integrates data associated with dealings of customers. E.SUN has a well-rounded information system that can

assist employees in discovering the potential needs of customers and then immediately provide marketing and services drawing on a variety of product lines. When customers experience financial services that exceed their expectations, we are confident that they will become loyal clients of E.SUN FHC.

2.3 Boosting Synergy from Cross-selling

E.SUN FHC's subsidiaries range from banking and securities to insurance broking. The FHC as a whole aims to create customer value, while each subsidiary works with common goals in mind, helping to generate synergy for the FHC. Based on this philosophy, 55 securities counters have been established in E.SUN Bank branches throughout Taiwan. In addition, insurance specialists are employed at 96 branches. E.SUN Bank's branch network offers customers with the opportunity to engage in one-stop shopping for financial services. When customers have any financial-related needs, E.SUN is able to provide solutions immediately. This creates the greatest level of cross-selling synergy possible.

3. Human Resource



A convention of wisdom and consensus.

3.1 Human Resource information for all subsidiaries

Since its establishment, E.SUN has focused on three pillars to underpin its development – establishment of systems, cultivation of human resources, and development of information. It is precisely this foundation that is creating the basis for sustainable operations in the years and decades ahead. E.SUN carefully selects and trains its employees, and has established a transparent, fair and just human resources system. The Company provides enormous room for employees to learn and offers a place for outstanding staff with outstanding abilities to blossom.

In 2009, the FHC and its subsidiaries held a total of 112 internal workshops. In addition, employees were also selected to attend 528 workshops held by outside institutions. Each employee on average participated in 4.15 training courses.

(1) E.SUN FHC and its subsidiaries

| Item | Year | 2009 | 2008 | 2007 |
|--------------------------------|-------------|--------|--------|-------|
| No. of Employees | | 4,984 | 4,769 | 4,383 |
| Average Age | | 31.0 | 31.4 | 31.1 |
| Average Years of Service | | 5.7 | 5.0 | 4.6 |
| Educational Background(%) | Master's | 19.8 | 18.3 | 17.8 |
| | Bachelor's | 67.6 | 67.8 | 65.9 |
| | College | 11.5 | 12.7 | 14.9 |
| | High School | 1.1 | 1.2 | 1.4 |
| Number of Professional License | Bank | 12,120 | 11,150 | 8,960 |
| | Insurance | 3,913 | 3,618 | 2,990 |
| | Securities | 3,409 | 3,196 | 2,920 |
| | Others | 235 | 213 | 167 |



E.SUN's knowledge = Capability x Promise.



E.SUN is like a big family for all employees.

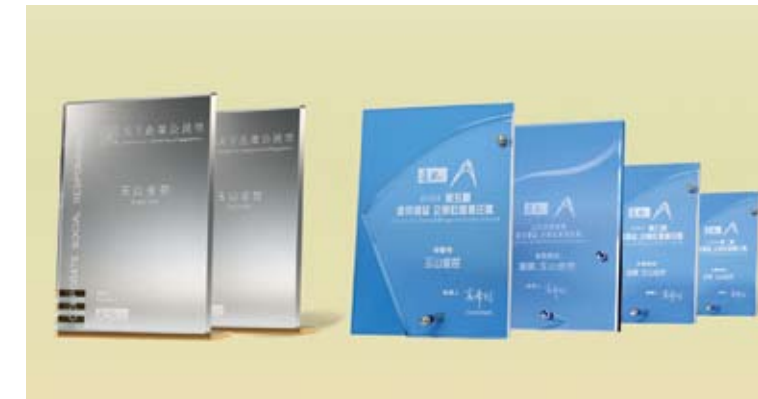
4. Corporate Responsibility and Ethical Behavior

(2) E.SUN Bank

| Item | Year | 2009 | 2008 | 2007 |
|--------------------------------|-------------|--------|--------|-------|
| No. of Employees | | 4,433 | 4,286 | 3,956 |
| Average Age | | 31.1 | 31.4 | 31.1 |
| Average Years of Service | | 5.9 | 5.1 | 4.7 |
| Educational Background(%) | Master's | 20.7 | 18.9 | 18.2 |
| | Bachelor's | 66.6 | 67.1 | 65.6 |
| | College | 11.6 | 12.7 | 14.8 |
| | High School | 1.1 | 1.3 | 1.4 |
| Number of Professional License | Bank | 11,453 | 10,608 | 8,519 |
| | Insurance | 3,552 | 3,337 | 2,823 |
| | Securities | 2,586 | 2,502 | 2,271 |
| | Others | 200 | 185 | 129 |

(4) E.SUN Insurance Broker

| Item | Year | 2009 | 2008 | 2007 |
|--------------------------------|------------|------|------|------|
| No. of Employees | | 83 | 78 | 68 |
| Average Age | | 27.4 | 27.5 | 26.9 |
| Average Years of Service | | 2.2 | 1.6 | 0.9 |
| Educational Background(%) | Master's | 6.0 | 5.1 | 5.9 |
| | Bachelor's | 90.4 | 91.0 | 89.7 |
| | College | 3.6 | 3.9 | 4.4 |
| Number of Professional License | Bank | 108 | 101 | 65 |
| | Insurance | 173 | 146 | 71 |
| | Securities | 12 | 11 | 16 |
| | Others | 1 | 1 | 2 |



E.SUN FHC received CSR honorable award and excellence in CSR award.

E.SUN has long devoted considerable resources to social welfare, environmental protection, academic betterment and promotion of youth baseball, making every effort to realize its vision of becoming a world-class corporate citizen. E.SUN feels that enhancing corporate governance is also important to fulfilling its corporate responsibility. E.SUN continues to expand the content of its products and services, hoping to raise customer value.

E.SUN has been carrying out its Golden Seed Project over the past few years in a move to



E.SUN Golden Seed Project

establish E.SUN libraries in elementary schools located in remote areas of Taiwan. The long-term initiative is aimed at improving hardware facilities and providing a better environment in which to read and study. E.SUN also donates books and provides assistance to ensure the long-term upkeep of the libraries. It hopes that this systematic program will help to reduce the development gap between urban and rural areas, and will provide resources and an environment to encourage reading and learning in rural areas. Having greater access to books will also enable the children to read more, expanding their horizons and leading to new opportunities. Until end of 2009, 20 E.SUN libraries have been established, and the libraries created are located in Taoyuan County, Miaoli county, Taichung County, Changhua County, Yunlin County, Chiayi County, Tainan County, Kaohsiung County, Pingtung County and Hualian County.

After Typhoon Morakot struck eastern and southern Taiwan in early August 2009, employees from E.SUN Bank, E.SUN Securities and members of the E.SUN Volunteers Foundation raised and

(3) E.SUN Securities

| Item | Year | 2009 | 2008 | 2007 |
|--------------------------------|-------------|------|------|------|
| No. of Employees | | 408 | 363 | 296 |
| Average Age | | 30.4 | 31.4 | 31.8 |
| Average Years of Service | | 4.1 | 3.7 | 3.6 |
| Educational Background(%) | Master's | 11.0 | 10.2 | 7.4 |
| | Bachelor's | 76.0 | 74.7 | 70.6 |
| | College | 11.5 | 13.5 | 19.6 |
| | High School | 1.5 | 1.6 | 2.4 |
| Number of Professional License | Bank | 515 | 376 | 262 |
| | Insurance | 187 | 129 | 75 |
| | Securities | 803 | 668 | 557 |
| | Others | 26 | 17 | 18 |

(5) E.SUN Venture Capital

| Item | Year | 2009 | 2008 | 2007 |
|--------------------------------|------------|------|------|------|
| No. of Employees | | 8 | 8 | 9 |
| Average Age | | 35.3 | 34.3 | 30.2 |
| Average Years of Service | | 4.6 | 3.6 | 2.4 |
| Educational Background(%) | Master's | 87.5 | 87.5 | 80 |
| | Bachelor's | 12.5 | 12.5 | 20 |
| Number of Professional License | Bank | 10 | 10 | 4 |
| | Insurance | 0 | 0 | 1 |
| | Securities | 1 | 1 | 2 |
| | Others | 0 | 0 | 0 |

contributed NT\$20 million to the Chiayi County, Tainan County, Kaohsiung County and Pingtung County governments to be used for the relief efforts and to aid in the reconstruction of seriously damaged places. Money was also used to establish a fund to assist children in disaster areas. In the post-disaster period, some 200 people from E.SUN Bank, E.SUN Securities and the E.SUN Volunteers rolled up their sleeves and went into disaster areas to provide service. People who were able to contribute funds did so, while others donated their time to the effort, helping people in disaster areas to rebuild their communities.



E.SUN Volunteer.

E.SUN produced the E.SUN Green Policy white paper, which exhibits its commitment and determination to environmental protection. It continues to include environmental protection considerations in its lending activities and it encourages energy conservation. The Bank holds any number of environmental protection activities. In 2008, E.SUN cooperated with National Chung

Hsing University's Hsinhua Forest Station in kicking off a six-year project to plant trees. Over this period, 10,000 trees will be planted on the grounds of the forest station in an effort to reduce carbon. At the same time, the activity seeks to educate the public about the importance of planting trees and the benefit this has on our environment. E.SUN has responded to the Earth Day activity to turn off lights for one hour. On Mid-Autumn Festival, it called for people to participate in an event to switch off lights in order to better see the moon, and it also participated in International Car Free Day on September 22. E.SUN has initiated activities on Taiwan to clean refuse from mountains and advocates other activities to cut carbon emissions. Environmental protection and conservation must be applied in the everyday workplace. As a result, E.SUN is gradually replacing its current light fixtures and is reducing unnecessarily display lighting. It is also reducing the illumination of its signboards at branches throughout Taiwan and is turning off lights in non-business offices for one hour over lunchtime. E.SUN is turning up air-conditioning settings during the summertime to reduce energy usage. Even subtle changes in office machinery and daily habits are helping E.SUN to promote a more environmentally friendly way of life.

Another important goal for E.SUN is to foster the development of baseball on Taiwan. E.SUN began

this initiative in 2007, devoting resources to support the development of youth baseball activities. It established the E.SUN Youth Baseball Fund Special Account. The fund is used to help stage the E.SUN Cup National Tournament, the E.SUN Sports Injuries Prevention Project, the E.SUN Youth Baseball Pitcher & Catcher Training Camp, and the Baseball Assistance Project for Remote Areas. It has provided baseball gear worth NT\$100,000 each to the baseball teams at National Tung Shih Senior High School and Hualien Physical Experimental Senior High School. E.SUN will continue to be involved in setting the foundation for youth baseball to flourish here, helping to nurture more and more baseball stars and generate more interest in the sport.



Build-up Foundation for Taiwan National Youth Baseball Champion League.

E.SUN also encourages academic excellence. It provides scholarships to enable outstanding students to complete their studies. To this point, E.SUN has provided scholarships to a total of 35 students participating in the manager training scholarship program, which is now in its fourth year.



E.SUN Scholarship program.

ESUN not only emphasizes business development, discipline and legal compliance, but also has consistently sought to enhance corporate governance. In 2009, it won corporate governance certification from the Taiwan Corporate Governance Association, Corporate Social Responsibility Award from Global Views Monthly and CSR award by Commonwealth magazine. These honors reflect E.SUN's commitment to quality, as well as its responsibility to customers, shareholders and society, and reflect another link in the effort to be the best performing and most respected enterprise.



Blood Donation activity.

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

a.E.SUN Bank's asset quality
Table 7 (attached).

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

(In Thousands of New Taiwan Dollars, %)

| Rank (Note 1) | December 31, 2009 | | | December 31, 2008 | | |
|------------------|---|--|--|---|--|--|
| | Industry of Group Enterprise (Note 2) | Total Amount of Credit Endorsement or Other Transactions (Note 3) | Percentage of E.SUN Bank's Equity | Industry of Group Enterprise (Note 2) | Total Amount of Credit Endorsement or Other Transactions (Note 3) | Percentage of E.SUN Bank's Equity |
| 1 | Group A Integrated circuits production | \$ 6,125,680 | 11.89 | Group A Integrated circuits production | \$ 6,962,631 | 15.32 |
| 2 | Group B Iron and steel smelting | 5,357,218 | 10.40 | Group D Liquid crystal panel and components production | 5,015,209 | 11.04 |
| 3 | Group C Liquid crystal panel and components production | 5,275,618 | 10.24 | Group C Liquid crystal panel and components production | 4,775,568 | 10.51 |
| 4 | Group D Liquid crystal panel and components production | 5,070,856 | 9.85 | Group E Railway transportation | 4,053,941 | 8.92 |
| 5 | Group E Railway transportation | 3,804,407 | 7.39 | Group B Iron and steel smelting | 3,992,000 | 8.79 |
| 6 | Group F Petroleum and coal products production | 3,000,804 | 5.83 | Group K Synthetic fiber production | 3,664,795 | 8.07 |
| 7 | Group G Liquid crystal panel and components production | 2,911,598 | 5.65 | Group H Real estate development | 3,018,500 | 6.64 |
| 8 | Group H Real estate development | 2,911,500 | 5.65 | Group L Other real estate not classified elsewhere | 2,975,793 | 6.55 |
| 9 | Group I Footwear manufacturing | 2,778,518 | 5.39 | Group M Electric wires and cables production | 2,154,043 | 4.74 |
| 10 | Group J Civil air transportation | 2,492,578 | 4.84 | Group N Financial leasing | 2,046,994 | 4.51 |

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

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

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

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

Interest Rate Sensitivity (New Taiwan Dollars)

December 31, 2009

(In Thousands of New Taiwan Dollars, %)

| Items | 1 to 90 Days | 91 to 180 Days | 181 Days to One Year | Over One Year | Total |
|--|----------------|----------------|----------------------|---------------|----------------|
| Interest rate-sensitive assets | \$ 709,246,308 | \$ 20,070,792 | \$ 2,204,275 | \$ 35,442,324 | \$ 766,963,699 |
| Interest rate-sensitive liabilities | 334,062,458 | 373,152,769 | 43,925,381 | 23,190,420 | 774,331,028 |
| Interest rate sensitivity gap | 375,183,850 | (353,081,977) | (41,721,106) | 12,251,904 | (7,367,329) |
| Net worth | | | | | 50,107,296 |
| Ratio of interest rate-sensitive assets to liabilities | | | | | 99.05 |
| Ratio of interest rate sensitivity gap to net worth | | | | | (14.70) |

Interest Rate Sensitivity (New Taiwan Dollars)

December 31, 2008

(In Thousands of New Taiwan Dollars, %)

| Items | 1 to 90 Days | 91 to 180 Days | 181 Days to One Year | Over One Year | Total |
|--|----------------|----------------|----------------------|---------------|----------------|
| Interest rate-sensitive assets | \$ 559,528,704 | \$ 31,321,810 | \$ 16,245,299 | \$ 64,575,594 | \$ 671,671,407 |
| Interest rate-sensitive liabilities | 307,187,721 | 258,755,003 | 87,082,683 | 29,259,069 | 682,284,476 |
| Interest rate sensitivity gap | 252,340,983 | (227,433,193) | (70,837,384) | 35,316,525 | (10,613,069) |
| Net worth | | | | | 46,104,480 |
| Ratio of interest rate-sensitive assets to liabilities | | | | | 98.44 |
| Ratio of interest rate sensitivity gap to net worth | | | | | (23.02) |

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

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

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

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

VI. Financial Information



The vitality of the Earth is on view with the arrival of spring.

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1. Condensed Financial Statements 2005 to 2009

(1) Condensed Balance Sheet

Unit: NT\$1,000

| Item | Year | Financial data 2005-2009 | | | | |
|---|---------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Cash and cash equivalents due from the central bank and call loans to banks | | 5,054,646 | 7,246,319 | 8,903,288 | 12,136,436 | 4,003,158 |
| Financial assets at fair value through profit or loss | | 1,011 | 303,324 | 485,318 | 854,736 | 0 |
| Receivables | | 807,921 | 507,706 | 411,695 | 408,123 | 647,499 |
| Equity investments under the equity method | | 57,006,584 | 50,886,052 | 51,970,577 | 46,045,985 | 44,629,600 |
| Other financial assets | | 12,690 | 12,690 | 12,690 | 12,690 | 40,000 |
| Properties | | 271 | 432 | 594 | 756 | 891 |
| Intangible assets | | 1,934 | 2,021 | 2,106 | 2,192 | 0 |
| Other assets | | 2,838 | 822,205 | 818,016 | 818,642 | 4,670 |
| Total assets | | 62,887,895 | 59,780,749 | 62,604,284 | 60,279,560 | 49,325,818 |
| Financial liabilities at fair value through profit or loss | | 4,798,424 | 4,967,559 | 8,988,783 | 9,413,820 | 0 |
| Payables | | 459,415 | 375,316 | 266,912 | 251,535 | 371,273 |
| Corporate bonds payable | | 5,500,000 | 5,500,000 | 5,500,000 | 5,000,000 | 5,000,000 |
| Accrued pension cost | | 3,569 | 7,641 | 6,725 | 10,329 | 4,337 |
| Other borrowings | | 0 | 0 | 0 | 0 | 200,000 |
| Other liabilities | | 188,771 | 188,032 | 0 | 36,007 | 19,940 |
| Total liabilities | Before distribution | 10,950,179 | 11,038,548 | 14,762,420 | 14,711,691 | 5,595,550 |
| | After distribution | Note 1 | 11,049,524 | 16,114,170 | 14,711,691 | 8,904,343 |
| Capital Stock | | 36,528,000 | 35,443,511 | 33,033,000 | 33,033,000 | 30,270,000 |
| Capital Surplus | | 10,451,904 | 10,407,577 | 9,883,176 | 9,883,176 | 7,607,644 |
| Retained earnings | Before distribution | 4,759,376 | 3,881,743 | 5,609,490 | 2,315,680 | 5,931,050 |
| | After distribution | Note 1 | 3,991,219 | 4,257,740 | 2,315,680 | 2,622,257 |
| Equity adjustments | | 198,436 | (990,630) | (683,802) | 336,013 | (78,426) |
| Total stockholders' equity | Before distribution | 51,937,716 | 48,742,201 | 47,841,864 | 45,567,869 | 43,730,268 |
| | After distribution | Note 1 | 48,742,201 | 47,841,864 | 45,567,869 | 40,421,475 |

Note 1: Earnings distribution of the year ended December 31 2009 shall be resolved in the shareholders' meeting.

(2) Condensed Balance Sheet (Consolidated)

Unit : NT\$1,000

| Item | Year | Financial data 2005-2009 | | | | | |
|---|---------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 | |
| Cash and cash equivalents due from the central bank and call loans to banks | | 226,996,247 | 100,544,324 | 40,630,262 | 52,842,974 | 50,924,698 | |
| Financial assets at fair value through profit or loss | | 40,126,282 | 74,377,362 | 99,729,801 | 76,707,267 | 78,999,011 | |
| Securities purchased under resell agreements | | 3,384,993 | 353,252 | 295,975 | 4,241,999 | 5,446,257 | |
| Receivables | | 37,147,658 | 32,607,482 | 32,626,300 | 34,340,268 | 36,822,878 | |
| Discounts and loans | | 550,483,765 | 532,944,978 | 514,648,763 | 439,171,905 | 367,998,648 | |
| Available-for-sale financial assets | | 37,300,338 | 42,884,680 | 38,078,612 | 44,271,276 | 51,556,027 | |
| Held-to-maturity financial assets | | 18,278,241 | 14,241,499 | 14,389,915 | 14,642,940 | 15,657,046 | |
| Equity investments under the equity method | | - | - | 130,259 | - | - | |
| Other financial assets | | 7,279,134 | 9,194,423 | 9,026,992 | 5,081,346 | 7,122,983 | |
| Properties | | 14,184,114 | 13,283,041 | 12,914,521 | 11,771,149 | 10,649,355 | |
| Goodwill and Intangible assets | | 4,048,234 | 4,039,733 | 3,936,018 | 3,825,398 | 3,662,701 | |
| Other assets | | 3,089,363 | 4,996,188 | 5,774,566 | 6,892,748 | 6,680,096 | |
| Total assets | | 942,318,369 | 829,466,962 | 772,181,984 | 693,789,270 | 635,519,700 | |
| Due to the central bank and other banks | | 39,051,957 | 21,168,220 | 32,516,451 | 29,746,974 | 40,449,556 | |
| Commercial paper issued, net | | 1,344,707 | - | 1,773,679 | 913,482 | 1,149,110 | |
| Financial liabilities at fair value through profit or loss | | 15,856,882 | 31,443,604 | 39,498,399 | 41,544,149 | 25,766,317 | |
| Securities sold under repurchase agreements | | 14,518,968 | 23,161,468 | 17,631,985 | 23,134,616 | 58,729,182 | |
| Payables | | 8,641,721 | 10,261,151 | 8,478,831 | 14,598,548 | 11,518,178 | |
| Deposits and remittances | | 769,286,147 | 658,990,601 | 589,441,331 | 506,263,564 | 423,933,719 | |
| Bonds payable | | 39,000,000 | 32,800,000 | 31,100,000 | 27,300,000 | 24,700,000 | |
| Other borrowings | | - | - | 300,000 | 940,000 | 1,330,000 | |
| Other financial liabilities | | 2,128,437 | 2,369,094 | 2,967,194 | 2,791,235 | 2,761,318 | |
| Other liabilities | | 551,834 | 530,623 | 632,250 | 987,092 | 1,441,862 | |
| Total liabilities | | 890,380,653 | 780,724,761 | 724,340,120 | 648,219,660 | 591,779,242 | |
| Total stockholders' equity of parent company | Capital Stock | 36,528,000 | 35,443,511 | 33,033,000 | 33,033,000 | 30,270,000 | |
| | Capital Surplus | 10,451,904 | 10,407,577 | 9,883,176 | 9,883,176 | 7,607,644 | |
| | Retained earnings | Before distribution | 4,759,376 | 3,881,743 | 5,609,490 | 2,315,680 | 5,931,050 |
| | | After distribution | Note 1 | 3,870,767 | 4,257,740 | 2,315,680 | 2,649,757 |
| Equity adjustments | | 198,436 | (990,630) | (683,802) | 336,013 | (78,426) | |
| Minority interest | | - | - | - | 1,741 | 10,190 | |
| Total stockholders' equity | Before distribution | 51,937,716 | 48,742,201 | 47,841,864 | 45,569,610 | 43,740,458 | |
| | After distribution | Note 1 | 48,731,225 | 46,490,114 | 45,569,610 | 40,459,165 | |

Note 1: Earnings distribution of the year ended December 31 2009 shall be resolved in the shareholders' meeting.

(3) Condensed Income Statement

Unit:NT\$1,000 Except Earnings Per Share

| Item | Year | Financial data 2005-2009 | | | | |
|--|------|--------------------------|-----------|-----------|-----------|-----------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Income from equity investments under the equity method | | 2,272,699 | 950,646 | 3,097,206 | 496,520 | 4,560,450 |
| Other revenues and gains | | 102,215 | 618,457 | 594,654 | 687,253 | 58,617 |
| Loss from equity investments under the equity method | | - | (63,663) | - | (301,049) | (18,144) |
| Operating expenses | | (157,310) | (125,584) | (68,591) | (97,029) | (46,121) |
| Other expenses and losses | | (352,815) | (217,367) | (468,125) | (373,877) | (30,518) |
| Income before income tax | | 1,864,789 | 1,162,489 | 3,155,144 | 411,818 | 4,524,284 |
| Net income | | 1,928,338 | 1,025,003 | 3,293,810 | 422,608 | 4,656,349 |
| Earnings per share (before income tax) | | 0.52 | 0.33 | 0.96 | 0.13 | 1.46 |
| Earnings per share (after income tax) | | 0.53 | 0.29 | 1.00 | 0.13 | 1.50 |

(4) Condensed Income Statement(Consolidated)

Unit:NT\$1,000 Except Earnings(Losses)Per Share

| Item | Year | Financial data 2005-2009 | | | | |
|--|-----------------------------------|--------------------------|-----------|-----------|-----------|------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Net interest | | 8,642,423 | 9,579,922 | 9,526,349 | 9,869,248 | 11,214,030 |
| Total net revenues and gains other than interest | | 4,616,528 | 4,584,388 | 4,715,331 | 3,666,080 | 2,916,324 |
| Bad-debt expenses | | (2,116,940) | 3,536,372 | 2,174,707 | 5,157,369 | 24,206 |
| Operating expenses | | (9,060,094) | 9,006,830 | 8,122,942 | 7,985,269 | 8,402,678 |
| Consolidated income before cumulative effect of changes in accounting principles | | 2,081,917 | 1,621,108 | 3,944,031 | 392,690 | 5,703,470 |
| Consolidated income after cumulative effect of changes in accounting principles | | 1,928,338 | 1,025,003 | 3,293,810 | 350,557 | 4,660,690 |
| Cumulative effect of changes in accounting principles (After income tax) | | 0 | 0 | 0 | 72,026 | 0 |
| Consolidated net income attributable to | Attributable to parent company | 1,928,338 | 1,025,003 | 3,293,810 | 442,608 | 4,656,349 |
| | Attributable to minority interest | 0 | 0 | 0 | (25) | 4,341 |
| Basic earnings per share | | 0.53 | 0.30 | 1.00 | 0.13 | 1.50 |

Note: Bad-debt expenses for bad-debt loan 2005 only.

(5)CPAs' Auditing Opinion from 2005 to 2009

Chang Ryh Yan, CPA, and Way Yung Do, CPA, of Deloitte & Touche had examined the Financial Statement of E.SUN Financial Holding Company for the years of 2005, ended on December 31, and issued modified unqualified opinion reports ; Wu Mei Hui, CPA, and Way Yung Do, CPA, of Deloitte & Touche had examined the Financial Statement of E.SUN Financial Holding Company for the years of 2006, ended on December 31, and issued modified unqualified opinion reports Chen Li Chi, CPA, and Wu Mei Hui, CPA, of Deloitte & Touche had examined the Financial Statement of E.SUN Financial Holding Company for the years of 2007, each ended on December 31, and issued modified unqualified opinion reports Chen Li Chi, CPA, and Chang Ryh Yan, CPA, of Deloitte & Touche had examined the Financial Statement of E.SUN Financial Holding Company for the years of 2008, ended on December 31, and issued modified unqualified opinion reports ; Chen Li Chi, CPA, and Chang Ryh Yan, CPA, of Deloitte & Touche had examined the Financial Statement of E.SUN Financial Holding Company for the years of 2009, ended on December 31, and issued modified unqualified opinion reports.

2.Financial analysis from 2005 to 2009

| Item | Year | Financial data 2005-2009 | | | | |
|---|--|--------------------------|------------|------------|------------|------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Operating ratio | Total assets turnover (Times) (Note 1) | 0.01 | 0.02 | 0.05 | 0.01 | 0.09 |
| | Ratio of loans to deposits(E.SUN Commercial Bank) | 71.49 | 80.51 | 86.38 | 85.11 | 86.31 |
| | NPL ratio(E.SUN Commercial Bank) | 0.67 | 0.90 | 0.89 | 0.99 | 0.79 |
| | Average revenue per employee (Note 2) (Note 1) | 407.43 | 270.09 | 735.51 | 2,588.84 | 3,887.31 |
| | Average net income per employee (Note 2) (Note 1) | 388.54 | 214.93 | 751.50 | 102.08 | 1,244.64 |
| Profitability ratio | Ratio of return on total assets%(Note1) | 3.40 | 1.94 | 5.52 | 0.94 | 9.97 |
| | Ratio of return on stockholders' equity%(Note1) | 3.83 | 2.12 | 7.05 | 0.95 | 10.82 |
| | Profit margin ratio%(Note1) | 95.36 | 79.58 | 102.17 | 83.05 | 101.88 |
| | Basic earnings(losses)per share (Before distribution) (Note 1) | 0.53 | 0.30 | 1.00 | 0.13 | 1.54 |
| | Basic earnings(losses)per share(After distribution) (Note 1) | 0.51 | 0.30 | 0.97 | 0.13 | 1.50 |
| Financial structure(%) | Ratio of debt to assets | 17.41 | 18.47 | 23.58 | 24.41 | 11.34 |
| | Ratio of debt to net worth | 21.08 | 22.65 | 30.86 | 32.29 | 12.80 |
| | Double Leverage Ratio | 109.76 | 104.40 | 108.63 | 101.05 | 102.06 |
| | According to Article 41 of Financial Holding Company Law | none | none | none | none | none |
| Leverage ratio | Operating leverage ratio | 100.01 | 100.01 | 100.01 | 192.39 | 100.68 |
| | Financial leverage ratio | 111.03 | 118.68 | 104.21 | 129.17 | 100.60 |
| Ratio of growing | Ratio of assets growing (Note1) | 5.20 | (4.51) | 3.86 | 22.21 | 10.97 |
| | Ratio of income growing (Note 1) | 60.41 | (63.16) | 666.15 | (90.92) | (3.72) |
| Analyses for Liquidity | Cash flow ratio (Note4) | - | 289.89 | 44.44 | 32.82 | 11.21 |
| | Cash flow adequacy ratio(Note4) | 42.56 | 38.99 | 34.67 | 36.25 | 5.94 |
| | Cash flow content ratio | - | 316.46 | Note 5 | Note 5 | Note 5 |
| Operating Scale(Note7) | Market share of assets(%) | 3.48 | 3.39 | 3.60 | 3.61 | 3.42 |
| | Market share of equity(%) | 2.74 | 2.98 | 3.11 | 3.14 | 3.04 |
| | Market share of deposit (E.SUN Commercial Bank) | 3.19 | 2.91 | 3.21 | 2.83 | 2.43 |
| | Market share of assets loans(E.SUN Commercial Bank) | 2.98 | 2.90 | 2.87 | 2.51 | 2.15 |
| endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law(NT\$ thousand) | | 93,947,032 | 50,046,909 | 57,429,411 | 41,628,778 | 26,888,514 |

Note 1: The variance of the ratio reaches 20% due to the growth of total asset and profitability of the company and subsidiaries.

Note 2: The variance of the ratio reaches 20% is the result of superior asset quality.

Note 3 : Employees is to include E.SUN Financial Holding Company, Ltd. and Subsidiaries.

Note 4 : Net cash provided by operating activities - Net cash provided by investing activities or Net cash provided by operating activities is minus not to analyze.

Note 5 : Formula :

1. Operating ratio

(1) 2005-2009 Total assets turnover = Net revenues / Total assets

(2) Ratio of loans to deposits = Total loans / Total deposits

(3) NPL ratio = Nonperforming loans / Total loans

(4) 2005-2009 Average revenue per employee = Net revenues / employee

(5) Average net income per employee = Income after income tax / employee

2. Profitability ratio

(1) Ratio of return on total assets = (Income after income tax + interest expenses (1 - tax rate)) / Average assets

(2) Ratio of return on stockholders' equity = Income after income tax / Average stockholders' equity

(3) 2005-2009 Profit margin ratio = Income after income tax / Net revenues

(4) Basic earnings per share = (Income after income tax - Dividends for preferred stocks) / Average issued shares

3. Financial structure

(1) Ratio of debt to assets = Total liabilities / Total assets

(2) Ratio of debt to net worth = Total liabilities / Total stockholders' equity

(3) Double Leverage Ratio = Equity investment for subsidiaries / Total stockholders' equity

4. Leverage ratio :

(1) 2005-2009 Operating leverage ratio = (Net revenues - Variable expenses) / Income before income tax

(2) 2005-2009 Financial leverage ratio = (Income before income tax + interest expenses) / Income before income tax

5. Ratio of growing :

(1) Ratio of assets growing = (Total assets - Last year total assets) / Last year total assets

(2) Ratio of income growing = (Income before income tax - Last year income before income tax) / Last year income before income tax

6. Analyses for Liquidity (2005-2009 is to include E.SUN Financial Holding Company, Ltd.)

(1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities purchased under resell agreements + Current portion of Payables)

(2) Cash flow adequacy ratio = Net cash provided by operating activities (from 2005 to 2009) / from 2005 to 2009 (Capital expenditure + Cash dividends)

(3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities

7. Operating Scale

(1) Market share of assets = Total assets / Total assets of all Financial Holding Co., Ltd.

(2) Market share of equity = Total stockholders' equity / Total stockholders' equity of all Financial Holding Co., Ltd.

(3) Market share of deposit (bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business

(4) Market share of assets loans (bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business

3.Capital adequacy Ratio from 2005 to 2009

| Item | Year | Financial data 2005-2009 | | | | |
|---|---|--------------------------|------------|------------|------------|------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Subsidiaries' Capital adequacy Ratio calculated by regulation (%) | E.SUN Commercial Bank | 11.03 | 10.56 | 11.42 | 10.79 | 10.46 |
| | E.SUN Securities Co., Ltd. | 489.82 | 836.16 | 550.33 | 491.30 | 514.57 |
| | E.SUN Venture Capital Co., Ltd. | 99.51 | 99.74 | 98.27 | 98.46 | 99.64 |
| | E.SUN Insurance Brokers Co., Ltd. | 80.77 | 85.16 | 87.48 | 86.88 | 92.26 |
| | E.SUN Securities Investment Trust Co., Ltd. | - | - | 95.89 | 96.81 | 94.44 |
| Qualified capital of subsidiaries (NT\$ thousand) | E.SUN Commercial Bank | 58,053,242 | 54,793,876 | 55,853,819 | 52,645,260 | 45,905,548 |
| | E.SUN Securities Co., Ltd. | 2,747,070 | 2,685,422 | 2,699,591 | 2,397,349 | 2,381,921 |
| | E.SUN Venture Capital Co., Ltd. | 1,658,277 | 1,221,173 | 1,270,831 | 1,346,993 | 1,026,130 |
| | E.SUN Insurance Brokers Co., Ltd. | 365,951 | 209,900 | 203,625 | 150,496 | 139,703 |
| | E.SUN Securities Investment Trust Co., Ltd. | - | - | 383,481 | 379,612 | 329,517 |
| Net Group qualified capital(NT\$ thousand) | | 51,201,061 | 52,911,643 | 44,169,802 | 46,915,974 | 42,328,200 |
| Legal requirement of subsidiaries' capital (NT\$ thousand) | E.SUN Commercial Bank | 42,098,339 | 41,504,878 | 39,139,309 | 39,044,901 | 35,120,519 |
| | E.SUN Securities Co., Ltd. | 841,247 | 481,742 | 735,806 | 731,942 | 694,337 |
| | E.SUN Venture Capital Co., Ltd. | 1,658,277 | 612,171 | 646,598 | 684,059 | 514,922 |
| | E.SUN Insurance Brokers Co., Ltd. | 365,951 | 123,235 | 116,390 | 86,612 | 75,714 |
| | E.SUN Securities Investment Trust Co., Ltd. | - | - | 199,950 | 196,051 | 174,456 |
| Legal requirement of group capital (NT\$ thousand) | | 44,033,246 | 43,915,499 | 42,199,645 | 42,516,770 | 36,587,723 |
| Group Capital Adequacy Ratio (%) (note 2) | | 116.28 | 120.49 | 104.67 | 110.35 | 115.69 |

Note 1 : Group Capital Adequacy Ratio=Net Group qualified capital ÷Legal requirement of group capital.

Note 2 : Financial data 2005 and 2006,E.SUN Commercial Bank's amount is for E.SUN Commercial Bank and E.SUN Bills Finance Corp. consolidated .

Note 3 : Capital adequacy ratio is one of the KPIs of E.SUN Financial Holding Company.

4.One of the KPIs of E.SUN Financial Holding Company

: Capital adequacy ratio.

5.Financial holding company and its subsidiaries should disclose the detail of impact when encounter financial difficulties for the latest complete financial year and year to date before the printing of annual report

: None.

6.Audit Committees' Report

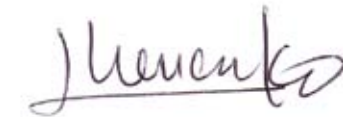
Audit Committee Report

To: E.SUN Financial Holding Company

The 2009 financial statements of E.SUN Financial Holding Company have been audited by Certified Public Accountants of Deloitte & Touche. After reviewing the financial statements and discussing with the CPAs, the Audit Committee found them to meet the requirements of applicable laws and regulations. This report is hereby prepared in accordance with Article 14-4 and Article 36 of Security and Exchange Law and submitted along with the financial statements of E.SUN Financial Holding Company for the Board's approval.

Audit Committee , E.SUN Financial Holding Company

Convener



Date: March 12, 2010

7.Independent Auditors' Report

Deloitte.
勤業眾信

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of E.SUN Financial Holding Company, Ltd. and subsidiaries (collectively, the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of E.SUN Financial Holding Company, Ltd.'s subsidiaries, the Los Angeles Branch ("LA Branch") of E.SUN Commercial Bank, Ltd. as of and for the years ended December 31, 2009 and 2008; of E.SUN Securities Co., Ltd. and subsidiary as of and for the year ended December 31, 2008; and of E.SUN Securities Investment Trust Co., Ltd. as of and for the nine months ended September 30, 2008. The total assets of the LA Branch were 1.56% (NT\$14,681,080 thousand) of the Company's consolidated total assets as of December 31, 2009. The total assets of E.SUN Securities Co., Ltd. and subsidiary and the LA Branch were 2.33% (NT\$19,320,266 thousand) of the Company's consolidated total assets as of December 31, 2008. The total net revenues of the LA Branch were 0.51% (NT\$67,240 thousand) of the Company's consolidated total net revenues in 2009. The total net revenues of E.SUN Securities Co., Ltd. and subsidiary, the LA Branch in 2008 and E.SUN Securities Investment Trust Co., Ltd. for the nine months ended September 30, 2008 were 5.04% (NT\$714,300 thousand) of the Company's consolidated total net revenues in 2008. The financial statements of the foregoing subsidiaries and the LA Branch were audited by other auditors, whose reports were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts of these subsidiaries and the LA Branch, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants, the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of E.SUN Financial Holding Company, Ltd. and subsidiaries as of December 31, 2009 and 2008 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Firms, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the consolidated financial statements, under an explanation issued by the Accounting Research and Development Foundation of the Republic of China, the Company should recognize bonus to employees and remuneration to directors and supervisors as compensation expenses effective January 1, 2009. These bonus and remuneration were previously recorded as appropriations from earnings.

Deloitte & Touche

February 12, 2010

Notice to Readers

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of E.SUN Financial Holding Company, Ltd. and subsidiaries (collectively, the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of E.SUN Financial Holding Company, Ltd.'s subsidiaries, the Los Angeles Branch ("LA Branch") of E.SUN Commercial Bank, Ltd. as of and for the years ended December 31, 2009 and 2008; of E.SUN Securities Co., Ltd. and subsidiary as of and for the year ended December 31, 2008; and of E.SUN Securities Investment Trust Co., Ltd. as of and for the nine months ended September 30, 2008. The total assets of the LA Branch were 1.56% (NT\$14,681,080 thousand) of the Company's consolidated total assets as of December 31, 2009. The total assets of E.SUN Securities Co., Ltd. and subsidiary and the LA Branch were 2.33% (NT\$19,320,266 thousand) of the Company's consolidated total assets as of December 31, 2008. The total net revenues of the LA Branch were 0.51% (NT\$67,240 thousand) of the Company's consolidated total net revenues in 2009. The total net revenues of E.SUN Securities Co., Ltd. and subsidiary, the LA Branch in 2008 and E.SUN Securities Investment Trust Co., Ltd. for the nine months ended September 30, 2008 were 5.04% (NT\$714,300 thousand) of the Company's consolidated total net revenues in 2008. The financial statements of the foregoing subsidiaries and the LA Branch were audited by other auditors, whose reports were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts of these subsidiaries and the LA Branch, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants, the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of E.SUN Financial Holding Company, Ltd. and subsidiaries as of December 31, 2009 and 2008 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Firms, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the consolidated financial statements, under an explanation issued by the Accounting Research and Development Foundation of the Republic of China, the Company should recognize bonus to employees and remuneration to directors and supervisors as compensation expenses effective January 1, 2009. These bonus and remuneration were previously recorded as appropriations from earnings.

February 12, 2010

Notice to Readers

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

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

CONSOLIDATED BALANCE SHEETS

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Par Value)

| | 2009 | 2008 | Percentage |
|--|-----------------------|-----------------------|-----------------------------|
| | Amount | Amount | Increase (Decrease) % |
| ASSETS | | | |
| CASH AND CASH EQUIVALENTS (Notes 2 and 4) | \$ 9,821,032 | \$ 11,573,928 | (15) |
| DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 5 and 32) | 217,175,215 | 88,970,396 | 144 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET (Notes 2, 6 and 32) | 40,126,282 | 74,377,362 | (46) |
| SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 2 and 7) | 3,384,993 | 353,252 | 858 |
| RECEIVABLES, NET (Notes 2, 8 and 32) | 37,147,658 | 32,607,482 | 14 |
| DISCOUNTS AND LOANS, NET (Notes 2, 9, 31 and 32) | 550,483,765 | 532,944,978 | 3 |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 2, 10, 11 and 32) | 37,300,338 | 42,884,680 | (13) |
| HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 2, 12 and 32) | 18,278,241 | 14,241,499 | 28 |
| OTHER FINANCIAL ASSETS, NET (Notes 2, 13 and 32) | 7,279,134 | 9,194,423 | (21) |
| PROPERTIES, NET (Notes 2 and 14) | 14,184,114 | 13,283,041 | 7 |
| GOODWILL AND INTANGIBLE ASSETS, NET (Notes 2 and 15) | 4,048,234 | 4,039,733 | - |
| OTHER ASSETS, NET (Notes 2, 16, 25 and 28) | 261,488 | 241,396 | 8 |
| Idle assets, net | 630,245 | 1,863,607 | (66) |
| Rentable assets, net | 1,364,797 | 2,172,352 | (37) |
| Refundable deposits | 673,499 | 449,412 | 50 |
| Operation deposits and settlement funds | - | 2,584 | (100) |
| Deferred income tax assets, net | - | - | - |
| Others | 159,334 | 266,837 | (40) |
| Total other assets, net | 3,089,363 | 4,996,188 | (38) |
| TOTAL | \$ 942,318,369 | \$ 829,466,962 | 14 |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 12, 2010)

| | 2009 | 2008 | Percentage Increase (Decrease) |
|--|-----------------------|-----------------------|--------------------------------|
| | Amount | Amount | % |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 17) | \$ 39,051,957 | \$ 21,168,220 | 84 |
| COMMERCIAL PAPER ISSUED, NET (Note 18) | 1,344,707 | - | - |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2, 6 and 22) | 15,856,882 | 31,443,604 | (50) |
| SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 2, 6, 7, 10, 12 and 19) | 14,518,968 | 23,161,468 | (37) |
| PAYABLES (Notes 2 and 20) | 8,641,721 | 10,261,151 | (16) |
| DEPOSITS AND REMITTANCES (Notes 21 and 31) | 769,286,147 | 658,990,601 | 17 |
| BONDS PAYABLE (Notes 2 and 22) | 39,000,000 | 32,800,000 | 19 |
| OTHER FINANCIAL LIABILITIES (Note 23) | 2,128,437 | 2,369,094 | (10) |
| OTHER LIABILITIES (Notes 2, 24, 25 and 28) | 551,834 | 530,623 | 4 |
| Total liabilities | <u>890,380,653</u> | <u>780,724,761</u> | 14 |
| Capital stock | | | |
| Common stock - NT\$10.00 par value, authorized 5,000,000 thousand shares; issued and outstanding 3,652,800 thousand shares in 2009 and 3,544,351 thousand shares in 2008 | 36,528,000 | 35,443,511 | 3 |
| Capital surplus | | | |
| Additional paid-in capital from share issuance in excess of par value | 7,182,010 | 7,182,990 | - |
| From treasury stock transactions | 3,269,894 | 3,224,587 | 1 |
| Total capital surplus | <u>10,451,904</u> | <u>10,407,577</u> | - |
| Retained earnings | | | |
| Legal reserve | 1,876,324 | 1,773,823 | 6 |
| Special reserve | 817,781 | 683,801 | 20 |
| Unappropriated earnings | 2,065,271 | 1,424,119 | 45 |
| Total retained earnings | <u>4,759,376</u> | <u>3,881,743</u> | 23 |
| Equity adjustments | | | |
| Cumulative translation adjustments | (39,540) | (11,318) | 249 |
| Unrealized valuation gains (losses) on financial instruments | 408,083 | (636,969) | 164 |
| Treasury stock - 21,000 thousand shares in 2009 and 42,000 thousand shares in 2008 | (168,399) | (336,819) | (50) |
| Net loss not recognized as pension cost | (1,708) | (5,524) | (69) |
| Total equity adjustments | <u>198,436</u> | <u>(990,630)</u> | 120 |
| Total stockholders' equity | <u>51,937,716</u> | <u>48,742,201</u> | 7 |
| CONTINGENCIES AND COMMITMENTS (Notes 2 and 33) | | | |
| TOTAL | <u>\$ 942,318,369</u> | <u>\$ 829,466,962</u> | 14 |

CONSOLIDATED STATEMENTS OF INCOME

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| | 2009 | 2008 | Percentage Increase (Decrease) |
|---|---------------------|---------------------|--------------------------------|
| | Amount | Amount | % |
| INTEREST REVENUE (Notes 2 and 33) | \$ 16,103,392 | \$ 24,222,319 | (34) |
| INTEREST EXPENSE (Notes 2 and 33) | (7,460,969) | (14,642,397) | (49) |
| NET INTEREST | <u>8,642,423</u> | <u>9,579,922</u> | (10) |
| NET REVENUES AND GAINS OTHER THAN INTEREST | | | |
| Service fee and commission income, net (Notes 2, 26 and 31) | 4,033,342 | 3,241,232 | 24 |
| Gains on financial assets and liabilities at fair value through profit or loss (Note 2) | 75,804 | 1,805,682 | (96) |
| Realized gains (losses) on available-for-sale financial assets (Note 2) | 358,928 | (701,259) | 151 |
| Realized losses on held-to-maturity financial assets (Note 2) | (6,954) | (296,278) | (98) |
| Gains from equity investments under the equity method, net (Note 2) | - | 5,359 | (100) |
| Foreign exchange gains, net (Note 2) | 459,334 | 242,896 | 89 |
| Impairment losses on assets (Notes 2, 10, 12, 13 and 16) | (61,659) | (220,940) | (72) |
| Gains on financial assets carried at cost, net (Note 2) | 80,596 | 280,465 | (71) |
| Gains on the sale of stock investments, net | - | 163,969 | (100) |
| Rental income, net (Note 31) | 66,086 | 94,406 | (30) |
| Net loss on the sale of loans | (228,805) | - | - |
| Other noninterest losses, net | (160,144) | (31,144) | 414 |
| Total net revenues and gains other than interest | <u>4,616,528</u> | <u>4,584,388</u> | 1 |
| TOTAL NET REVENUES | <u>13,258,951</u> | <u>14,164,310</u> | (6) |
| ALLOWANCE FOR BAD-DEBT EXPENSES (Notes 2 and 9) | (2,116,940) | (3,536,372) | (40) |
| OPERATING EXPENSES (Notes 2, 3, 25, 27 and 31) | | | |
| Personnel | (4,338,155) | (4,102,991) | 6 |
| Depreciation and amortization | (966,135) | (934,512) | 3 |
| General and administrative | (3,755,804) | (3,969,327) | (5) |
| Total operating expenses | <u>(9,060,094)</u> | <u>(9,006,830)</u> | 1 |
| CONSOLIDATED INCOME BEFORE INCOME TAX | \$ 2,081,917 | \$ 1,621,108 | 28 |
| INCOME TAX EXPENSE (Notes 2 and 28) | (153,579) | (596,105) | (74) |
| CONSOLIDATED NET INCOME | <u>\$ 1,928,338</u> | <u>\$ 1,025,003</u> | 88 |
| ATTRIBUTABLE TO: | | | |
| Parent company | <u>\$ 1,928,338</u> | <u>\$ 1,025,003</u> | 88 |
| | | | |
| | 2009 | 2008 | |
| | Before Income Tax | After Income Tax | Before Income Tax |
| EARNINGS PER SHARE (Note 29) | \$ 0.52 | \$ 0.53 | \$ 0.33 |
| Basic earnings per share | \$ 0.51 | \$ 0.51 | \$ 0.19 |
| Diluted earnings per share | | | \$ 0.19 |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 12, 2010)

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

| | Stockholders' Equity of Parent Company | | | | | | Equity Adjustments | | | | Total Stockholders' Equity |
|---|--|---------------|------------------------------------|---------------|-----------------|---|---|---------------------------------|--|-------------------------|----------------------------|
| | Capital Stock (Note 30) | | Retained Earnings (Notes 2 and 30) | | | Cumulative Translation Adjustments (Note 2) | Unrealized Valuation Gains (Losses) on Financial Instruments (Note 2) | Treasury Stock (Notes 2 and 30) | Net Loss Not Recognized as Pension Cost (Note 2) | | |
| | Shares (in Thousands) | Common Stock | Capital Surplus (Notes 2 and 30) | Legal Reserve | Special Reserve | | | | | Unappropriated Earnings | |
| BALANCE, JANUARY 1, 2008 | 3,303,300 | \$ 33,033,000 | \$ 9,883,176 | \$ 1,444,442 | \$ - | \$ 4,165,048 | \$ (8,906) | \$ (670,728) | \$ - | \$ (4,168) | \$ 47,841,864 |
| Appropriation of prior year's earnings | - | - | - | 329,381 | - | (329,381) | - | - | - | - | - |
| Legal reserve | - | - | - | - | 683,801 | (683,801) | - | - | - | - | - |
| Special reserve | - | - | - | - | - | (1,321,320) | - | - | - | - | (1,321,320) |
| Dividend | - | - | - | - | - | (1,321,320) | - | - | - | - | (1,321,320) |
| Cash | - | - | - | - | - | (27,528) | - | - | - | - | (27,528) |
| Stock | 132,132 | 1,321,320 | - | - | - | - | - | - | - | - | - |
| Remuneration to directors and supervisors | - | - | - | - | - | (82,582) | - | - | - | - | (82,582) |
| Bonus to employees - 7,968 thousand shares and \$2,902 thousand in cash | 7,968 | 79,680 | - | - | - | - | - | - | - | - | (2,902) |
| Balance after appropriation | 3,443,400 | 34,434,000 | 9,883,176 | 1,773,823 | 683,801 | 399,116 | (8,906) | (670,728) | - | (4,168) | 46,490,114 |
| Convertible bonds converted to capital stock | 100,951 | 1,009,511 | 524,401 | - | - | - | - | - | - | - | 1,533,912 |
| Consolidated net income in 2008 | - | - | - | - | - | 1,025,003 | - | - | - | - | 1,025,003 |
| Change in cumulative translation adjustments | - | - | - | - | - | - | (2,412) | - | - | - | (2,412) |
| Change in unrealized valuation gains on financial instruments | - | - | - | - | - | - | - | 33,759 | - | - | 33,759 |
| Acquisition of treasury stock - 42,000 thousand shares | - | - | - | - | - | - | - | (336,819) | - | - | (336,819) |
| Change in net loss not recognized as pension cost | - | - | - | - | - | - | - | - | (1,356) | - | (1,356) |
| BALANCE, DECEMBER 31, 2008 | 3,544,351 | 35,443,511 | 10,407,577 | 1,773,823 | 683,801 | 1,424,119 | (11,318) | (636,969) | (336,819) | (5,524) | 48,742,201 |
| Reversal of special reserve | - | - | - | - | (29,989) | 29,989 | - | - | - | - | - |
| Appropriation of prior year's earnings (Note) | - | - | - | 102,501 | - | (102,501) | - | - | - | - | - |
| Legal reserve | - | - | - | - | 163,969 | (163,969) | - | - | - | - | - |
| Special reserve | - | - | - | - | - | (1,050,705) | - | - | - | - | (1,050,705) |
| Stock dividend | 105,071 | 1,050,705 | - | - | - | - | - | - | - | - | - |
| Balance after appropriation | 3,649,422 | 36,494,216 | 10,407,577 | 1,876,324 | 817,781 | 136,933 | (11,318) | (636,969) | (336,819) | (5,524) | 48,742,201 |
| Issuance of common stock from bonus to employees | 3,378 | 33,784 | (980) | - | - | - | - | - | - | - | 32,804 |
| Consolidated net income in 2009 | - | - | - | - | - | 1,928,338 | - | - | - | - | 1,928,338 |
| Change in cumulative translation adjustments | - | - | - | - | - | - | (28,222) | - | - | - | (28,222) |
| Change in unrealized valuation gains on financial instruments | - | - | - | - | - | - | - | 1,045,052 | - | - | 1,045,052 |
| Reissuance of treasury stock to employees - 21,000 thousand shares | - | - | 45,307 | - | - | - | - | 168,420 | - | - | 213,727 |
| Change in net loss not recognized as pension cost | - | - | - | - | - | - | - | - | 3,816 | - | 3,816 |
| BALANCE, DECEMBER 31, 2009 | 3,652,800 | \$ 36,528,000 | \$ 10,451,904 | \$ 1,876,324 | \$ 817,781 | \$ 2,065,271 | \$ (39,540) | \$ 408,083 | \$ (168,399) | \$ (1,708) | \$51,937,716 |

Note: The remuneration to directors of \$10,945 thousand and bonus to employees of \$32,835 thousand (\$32,804 thousand in common stock and \$31 thousand in cash) were deducted from the consolidated income statements. The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche audit report dated February 12, 2010)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIE

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

CASH FLOWS FROM OPERATING ACTIVITIES

| | 2009 | 2008 |
|---|--------------|--------------|
| Consolidated net income | \$ 1,928,338 | \$ 1,025,003 |
| Depreciation and amortization expenses | 966,135 | 934,512 |
| Impairment losses on assets | 61,659 | 220,940 |
| Allowance for bad-debt expenses | 2,116,940 | 3,536,372 |
| Provision of reserve for losses | 68,258 | 37,166 |
| Recovery of written-off credits and reserve for losses on guarantees | 514,292 | 356,821 |
| Realized gains on the sale of financial instruments designated at fair value through profit or loss | (68,552) | (668,198) |
| Realized losses (gains) on the sale of available-for-sale financial assets | (321,722) | 769,714 |
| Gains from equity investments under the equity method, net | - | (5,359) |
| Net loss on the sale of loans | 228,805 | - |
| Realized losses on the sale of held-to-maturity financial assets | 6,954 | 296,278 |
| Gains on the sale of properties, rentable assets, idle assets and foreclosed collaterals, net | (15,478) | (18,171) |
| Realized gains on the sale of financial assets carried at cost | (29,113) | (1,456) |
| Gains on the sale of stock investments, net | - | (163,969) |
| Amortization of premium or discount on bonds | 218,175 | 220,339 |
| Deferred income tax | 54,453 | 262,649 |
| Losses on valuation of financial instruments | 1,149,709 | 227,763 |
| Others | 56,149 | (32,790) |
| Net changes in operating assets and liabilities | | |
| Held-for-trading financial assets | 28,834,544 | 17,237,391 |
| Held-for-trading financial liabilities | (3,139,896) | 2,102,272 |
| Receivables | (6,042,599) | (2,006,602) |
| Other assets | 105,924 | (54,174) |
| Payables | (1,585,935) | 1,778,172 |
| Other liabilities | (109,177) | (128,401) |
| Net cash provided by operating activities | 24,997,863 | 25,926,272 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|---------------|--------------|
| Increase in due from the Central Bank and call loans to other banks | (128,204,819) | (57,299,285) |
| Increase in securities purchased under resell agreements | (3,031,741) | (57,277) |
| Increase in discounts and loans | (18,880,268) | (20,211,043) |
| Decrease in financial assets designated at fair value through profit or loss | 5,433,272 | 10,094,538 |
| Acquisition of available-for-sale financial assets | (40,549,288) | (33,597,541) |
| Proceeds of the sale of available-for-sale financial assets | 47,439,238 | 27,718,858 |
| Acquisition of held-to-maturity financial assets | (5,308,187) | (1,670,011) |
| Proceeds of the sale of and return of principal on held-to-maturity financial assets | 1,030,020 | 1,333,064 |
| Acquisition of financial assets carried at cost | (268,575) | (221,711) |

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| | 2009 | 2008 |
|--|----------------------|----------------------|
| Proceeds of the sale of and return of principal on financial assets carried at cost | \$ 53,561 | \$ 48,261 |
| Acquisition of debt instruments with no active market | (386,112) | (1,225,332) |
| Proceeds of the sale of and return of principal on debt instruments with no active market | 2,273,465 | 1,399,324 |
| Return of principal on equity investments under the equity method | - | 131,184 |
| Cash arising from the sale of entire share capital of E.SUN Securities Investment Trust Corp. - September 30, 2008 | - | 217,506 |
| Acquisition of properties and intangible assets | (728,945) | (1,101,422) |
| Proceeds of the sale of properties | 73,093 | 58,292 |
| Proceeds of the sale of rentable assets, idle assets and foreclosed collaterals | 14,285 | 8,738 |
| Decrease (increase) in other financial assets | 158,375 | (287,976) |
| Decrease in other assets | 525,923 | 434,300 |
| Net cash used in investing activities | <u>(140,356,703)</u> | <u>(74,227,533)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in due to the Central Bank and other banks | 17,883,737 | (11,348,231) |
| Increase (decrease) in commercial paper issued | 1,344,707 | (1,773,679) |
| Decrease in other borrowings | - | (300,000) |
| Decrease in financial liabilities designated at fair value through profit or loss | (13,455,508) | (10,160,647) |
| Increase (decrease) in securities sold under repurchase agreements | (8,642,500) | 5,529,483 |
| Increase in deposits and remittances | 110,295,546 | 69,549,270 |
| Decrease in other financial liabilities | (240,657) | (598,100) |
| Proceeds of the issuance of bank debentures | 6,200,000 | 2,600,000 |
| Repayment of bank debentures | - | (900,000) |
| Cash dividends paid | - | (1,321,320) |
| Bonus to employees and remuneration to directors and supervisors | - | (31,230) |
| Acquisition of treasury stock | - | (336,819) |
| Proceeds from disposal of treasury stock | 167,915 | - |
| Decrease in other liabilities | - | (595) |
| Net cash provided by financing activities | <u>113,553,240</u> | <u>50,908,132</u> |
| EFFECTS OF EXCHANGE RATE CHANGES | <u>52,704</u> | <u>7,906</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(1,752,896)</u> | <u>2,614,777</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>11,573,928</u> | <u>8,959,151</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 9,821,032</u> | <u>\$ 11,573,928</u> |

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| | 2009 | 2008 |
|---|-------------------|---------------------|
| SUPPLEMENTARY CASH FLOW INFORMATION | | |
| Interest paid | \$ 8,744,675 | \$ 14,492,357 |
| Income tax paid | <u>\$ 571,213</u> | <u>\$ 517,827</u> |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Convertible bonds converted to capital stock | <u>\$ -</u> | <u>\$ 1,533,912</u> |
| The sale by E.SUN Financial Holding Company, Ltd. of its entire holding in E.SUN Securities Investment Trust Corp. (ESSIT) in September 2008 is summarized as follows (Note 1): | | |
| | | 2008 |
| ESSIT's net equity as of September 30, 2008 | | \$ 356,325 |
| Gains on the sale of stock investments | | 163,969 |
| Proceeds of the sale of the entire holding in ESSIT | | 520,294 |
| ESSIT's cash, September 30, 2008 | | <u>(302,788)</u> |
| Cash arising from the sale of the entire holding in E.SUN Securities Investment Trust Corp. - September 30, 2008 | | <u>\$ 217,506</u> |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 12, 2010)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

1. ORGANIZATION AND OPERATIONS

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

E.SUN Securities Investment Trust Corp. (ESSIT) became a wholly owned subsidiary of ESFHC through a share swap on September 16, 2003. To follow its overall growth strategy and operations, increase the efficiency of working capital, and develop further its core business, ESFHC sold its entire holding in ESSIT to Schroder International Holdings Limited on September 30, 2008.

ESFHC invests in and manages financial institutions.

E.SUN Bank engages in commercial banking activities permitted by the Banking Law. The operations of E.SUN Bank's Trust Department consist of planning, managing and operating the trust business. These operations are regulated under the Banking Law and Trust Law of the ROC. As of December 31, 2009, E.SUN Bank had a business department, international banking department, trust department, credit card business division, an offshore banking unit (OBU), 2 overseas branches (Los Angeles and Hong Kong) and 121 domestic branches.

To integrate resources, enhance operating effectiveness, strengthen E.SUN Bank's equity structure, and ensure its long-term development, the stockholders of E.SUN Bank and E.SUN Bills resolved on August 25, 2006 to have a merger with each other, with E.SUN Bank as the survivor equity. The Financial Supervisory Commission approved this merger on November 10, 2006.

E.SUN Securities engages in underwriting, dealing and brokerage of securities. The Financial Supervisory Commission approved the operating in brokerage of futures on January 28, 2010.

ESSIT issues beneficiary certificates to raise securities investment trust funds and uses these funds to invest in securities and related products.

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

E.SUN Insurance Broker Co., Ltd. (ESIB) is a life and property insurance broker.

The above consolidated entities are hereinafter referred to collectively as the "Company." Please see Table 4 (attached) for more information on the consolidated entities.

As of December 31, 2009 and 2008, ESFHC and its subsidiaries had 4,963 and 4,769 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING

POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Firms, Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the ROC.

In preparing consolidated financial statements, ESFHC and its subsidiaries are required to make certain estimates and assumptions that could affect the valuation of financial instruments, the amounts of allowance for possible losses, reserve for losses on guarantees, property depreciation, amortization on intangible asset, pension, income tax, impairment loss on assets, accrued litigation loss, bonus to employees and remuneration to directors and supervisors. Actual results could differ from these estimates.

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

The Company's significant accounting policies are summarized as follows:

Consolidation

ESFHC's consolidated financial statements as of and for the years ended December 31, 2008 included the accounts of ESFHC, E.SUN Bank, E.SUN Securities and subsidiary (E.SUN Securities Investment Consulting Corp.), ESSIT, ESVC and ESIB. On August 16, 2007, the board of directors of E.SUN Finance & Leasing Corp. (ESFL) resolved to liquidate ESFL and this liquidation was completed in September 2008. Thus, ESFL's accounts were excluded from the consolidated financial statements as of and for the years ended December 31, 2009 and 2008. Because ESFL was a minor subsidiary, the ESFHC's management believed that this exclusion would not have a significant effect on the consolidated financial statements as of and for the year ended December 31, 2008. ESFHC sold its entire holding in ESSIT on September 30, 2008. Thus, ESFHC's consolidated financial statements as of and for the year ended December 31, 2008 included the gains or losses of ESSIT in the nine months ended September 30, 2008. ESFHC's consolidated financial statements as of and for the year ended December 31, 2009 included the accounts of ESFHC, E.SUN Bank, E.SUN Securities and subsidiary, ESVC and ESIB. The financial statements of E.SUN Bank, E.SUN Securities and subsidiary, ESVC and ESIB as of and for the year ended December 31, 2008 and the financial statements of ESSIT as of and for the nine months ended September 30, 2008 as well as the financial statements of all the above subsidiaries of ESFHC as of and for the year ended December 31, 2009 had been audited. All significant intercompany transactions and balances have been eliminated for consolidation purposes.

E.SUN Bank's financial statements included the accounts of the Head Office, OBU, and all branches. All interoffice transactions and balances have been eliminated.

Current and Noncurrent Assets and Liabilities

Since the operating cycle in the financial holding and banking industry cannot be reasonably identified, accounts included in the financial statements of ESFHC and E.SUN Bank are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by their liquidity.

Except for the matter stated in the preceding paragraph, cash and cash equivalents or assets to be converted or consumed within one year are classified as current. Obligations to be liquidated or settled within one year are classified as current. All other assets and liabilities are classified as noncurrent.

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the financial holding and banking industry

accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity. Please refer to Note 35 for the maturity analysis of assets and liabilities.

Cash Equivalents

Cash equivalents are highly liquid investments with maturities of up to three months.

Basis of Fair Value

Fair value are determined as follows: (a) short-term bills - reference prices published by Reuters; (b) listed stocks and GreTai Securities Market (the "GTSM") stocks - closing prices as of the balance sheet date; (c) beneficiary certificates (open-end funds) - net asset values as of the balance sheet date; (d) bonds - period-end reference prices published by the GTSM; (e) securities which is unlisted and not traded in GTSM with quoted market prices or trading records - quoted market prices or trading prices; and (f) for the financial instruments without active markets - fair value estimates based on valuation techniques.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus direct acquisition costs. When subsequently measured at fair value, the changes in fair value are excluded from earnings and reported as a separate component of stockholders' equity. The accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. The Company uses settlement date accounting when recording related transactions, except for stocks and beneficiary certificates, for which trade date accounting is used.

Cash dividends received within a year of asset acquisition are recognized as reduction of the original investment cost and are subsequently recognized as investment income on the ex-dividend date. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated based on the new number of shares. Any difference between the initial carrying amount of a debt security and its amount on maturity is amortized and then recognized as earnings using the effective interest method.

Financial Asset Securitization

Under the Financial Asset Securitization Act, E.SUN Bank securitized part of its bonds and entrusted those bonds to a trustee for the issuance of beneficiary securities. Except for beneficiary securities being retained for credit enhancement and reclassified as available-for-sale financial assets, E.SUN Bank de-recognizes

the bonds from the balance sheet and recognizes gain or loss because the control of contractual rights on these bonds has been surrendered and transferred to a trustee. The gain or loss on the sale of the bonds is the difference between the proceeds and carrying amount of the bonds, and this carrying amount should be allocated at the ratio of the retained right and the part sold to their fair values on the date of sale.

Since quoted market prices are not available for retained interests, E.SUN Bank estimates fair value using management's key assumptions on bond credit loss rate and discount rates commensurate to the risks involved. The fair value is the expected future cash flows, and the changes in fair value are reported as a separate component of stockholders' equity.

Held-to-maturity Financial Assets

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. These financial assets are initially recognized at fair value plus direct acquisition costs. Gains or losses are recognized at the time of de-recognition, impairment or amortization. The Company uses settlement date accounting when recording transactions.

Equity Investments under Equity Method

Investments in shares of companies in which the Company exercises significant influence on their operating and financial policy decisions are accounted for by the equity method. Under the equity method, the investments are carried at cost on the acquisition date and subsequently adjusted for the Company's proportionate share in the net income or loss of the investees. The proportionate share in the net income or loss is recognized as current income or loss, and any cash dividends received are reflected as a reduction of the carrying values of the investments. Capital increase of investees that results in the increase of the Company's equity in the investees' net assets is credited to capital surplus, and any decrease is charged to such capital surplus. If capital surplus is not enough for charging purposes, the difference is charged to unappropriated earnings.

For equity-method investments, stock dividends received are recognized only as increases in the number of shares held, and not as income. Cost of equity investments under the equity method sold is determined by the weighted-average method.

Other Financial Assets

Investments in equity instruments with no quoted market price in an active market and with fair value that cannot be reliably measured, are measured (including unlisted stocks and emerging stocks) at cost. The accounting treatment for

dividends on these instruments is the same as that for dividends on available-for-sale financial assets, except for the recognition of cash dividends upon the declaration by an investees' stockholders under an approved resolution.

Debt instruments with no active market are those with no quoted market prices in an active market and with predetermined amounts. These instruments are carried at amortized cost. The accounting treatment for debt instruments with no active market is similar to that for held-to-maturity financial assets. In addition, in contrast to held-to-maturity financial assets, debt instruments with no active market can be sold anytime.

Properties, Rentable Assets and Idle Assets

Properties, rentable assets and idle assets are stated at cost less accumulated depreciation. The cost of betterments and major renewals that extend the useful life of an item of property and equipment is capitalized. The cost of repairs and maintenance is charged to expense as incurred.

Depreciation is calculated by the straight-line method over service lives estimated as follows: buildings, 5 to 50 years; computers, 3 to 8 years; transportation equipment, 5 to 8 years; and miscellaneous equipment, 2 to 10 years; rentable assets, 50 years, and idle assets, 50 years. If an asset reaches its residual value but is still in use, it is further depreciated over its newly estimated service life.

The cost, accumulated depreciation and accumulated impairment are removed from the accounts when an item of property is disposed of or retired, and any gain or loss is credited or charged to current income.

Financial Instruments at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss are financial assets or liabilities that are designated on initial recognition as those to be measured at fair values with fair value changes recognized in profit or loss or financial assets or liabilities classified as held for trading. These instruments are required to be recognized at fair value plus direct acquisition costs and to be measured at fair value through profit or loss on the balance sheet date. The Company uses settlement date accounting when recording related transactions, except for stocks, beneficiary certificates and derivatives, for which trade date accounting is used.

Financial instruments used in derivative transactions that do not qualify for hedge accounting treatment are classified as financial assets or liabilities held for trading. If the fair value of a derivative

is a positive number, the derivative is carried as an asset and if the fair value is a negative number, the derivative is carried as a liability.

Applying the fair value option eliminates accounting measurement mismatch for items that naturally offset each other or eliminates the burden of separating embedded derivatives that are not considered to be closely related to the host contract pertaining to a hybrid instrument.

The Company did not adopt hedge accounting in 2009 and 2008. If the hedged items are not designated as financial assets or liabilities at fair value through profit or loss (FVTPL), accounting measurement mismatches on these items will occur as a result of differences in measurement attributes. Thus, the Company designated debt instruments and bank debentures issued as financial assets and liabilities at FVTPL. Moreover, the Company designated a hybrid instrument as financial assets and liabilities at FVTPL because embedded derivatives are not separated from the host contract in a hybrid instrument.

Securities Purchased/Sold Under Resell/Repurchase Agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense over the life of each agreement.

Purchase on Margin and Short Sale

E.SUN Securities recognizes margin loans as loans to customers for purchases on margin while providing financing to investors who buy stocks. Margin loans made by E.SUN Securities are generally collateralized by securities in the client's account. These collateralized securities are not entered in E.SUN Securities' books, but recorded using memorandum entries. After the security investors settle the margin loan, these pledged securities are returned to investors.

E.SUN Securities requires a deposit from security investors for short sale services while providing short sale services to investors. This deposit is recorded as deposit on short-sale transactions. The amount collected from selling of short sale securities (net of securities transaction tax, brokerage fee and handling fee) is kept by E.SUN Securities as collateral and recorded as payable for short-sale transactions. The securities lent to clients as short sale are recorded using memorandum entries. The deposit on

short-sale transactions and payable for short sale are returned to security investors after investors settle the short-sale transactions.

The margin deposited by securities firms to securities finance companies are recorded as loan from refinanced margin. The refinancing securities delivered to E.SUN Securities are recorded through memorandum entries as refinancing stock loans. A portion of the proceeds from the short-sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral and is recorded as refinancing deposits receivable.

Overdue Loans

Under Ministry of Finance (MOF) guidelines, E.SUN Bank classifies loans and other credits (including accrued interest) overdue for at least six months as overdue loans.

Overdue loans (except other credits) resulting from loans are classified as discounts and loans, and the remaining are classified as other financial assets.

Allowance for Possible Losses and Reserve for Losses on Guarantees

E.SUN Bank makes provisions for bad debts and losses on guarantees based on the evaluation of loans, overdue loans, bills, discounts, receivables, guarantees and acceptances for their specific or general risks.

Debts and guarantees with specific risks are evaluated internally for their collaterals, collectibility and customers' overall credits. Under MOF guidelines, E.SUN Bank makes 100%, 50%, 10% and 2% provisions for credits deemed uncollectible, highly uncollectible, substandard and special mention, respectively, as minimum provisions for possible losses.

Under the regulation (88) Tai-Tsai-Tseng (7) No. 91625, E.SUN Securities should provide 3% of annual primary business transactions from July 1, 1999 to write off credits or to use as allowance for bad-debt expenses. However, this allowance requirement was terminated on July 1, 2003.

Under MOF guidelines, credits deemed uncollectible may be written off if the write-off is approved by the board of directors.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus direct acquisition costs. When subsequently measured at fair value, the changes in fair value are excluded from earnings and reported as a separate

component of stockholders' equity. The accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. The Company uses settlement date accounting when recording related transactions, except for stocks and beneficiary certificates, for which trade date accounting is used.

Cash dividends received within a year of asset acquisition are recognized as reduction of the original investment cost and are subsequently recognized as investment income on the ex-dividend date. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated based on the new number of shares. Any difference between the initial carrying amount of a debt security and its amount on maturity is amortized and then recognized as earnings using the effective interest method.

Financial Asset Securitization

Under the Financial Asset Securitization Act, E.SUN Bank securitized part of its bonds and entrusted those bonds to a trustee for the issuance of beneficiary securities. Except for beneficiary securities being retained for credit enhancement and reclassified as available-for-sale financial assets, E.SUN Bank de-recognizes the bonds from the balance sheet and recognizes gain or loss because the control of contractual rights on these bonds has been surrendered and transferred to a trustee. The gain or loss on the sale of the bonds is the difference between the proceeds and carrying amount of the bonds, and this carrying amount should be allocated at the ratio of the retained right and the part sold to their fair values on the date of the sale.

Since quoted market prices are not available for retained beneficiary securities, E.SUN Bank estimates fair value using management's key assumptions on bond credit loss rate and discount rates commensurate to the risks involved. The fair value is the expected future cash flows, and the changes in fair value are reported as a separate component of stockholders' equity.

Held-to-maturity Financial Assets

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. These financial assets are initially recognized at fair value plus direct acquisition costs. Gains or losses are recognized at the time of de-recognition, impairment or amortization. The Company uses settlement date accounting when recording transactions.

Equity Investments under Equity Method

Investments in shares of companies in which the Company exercises significant influence on their operating and financial policy decisions are accounted for by the equity method. Under the equity method, the investments are carried at cost on the acquisition date and subsequently adjusted for the Company's proportionate share in the net income or loss of the investees. The proportionate share in the net income or loss is recognized as current income or loss, and any cash dividends received are reflected as a reduction of the carrying values of the investments. Capital increase of investees that results in the increase of the Company's equity in the investees' net assets is credited to capital surplus, and any decrease is charged to such capital surplus. If capital surplus is not enough for charging purposes, the difference is charged to unappropriated earnings.

For equity-method investments, stock dividends received are recognized only as increases in the number of shares held, and not as income. Cost of equity investments under the equity method sold is determined by the weighted-average method.

In June 2008, E.SUN Finance & Leasing Co. began to undergo liquidation, which was completed in September 2008.

Other Financial Assets

Investments in equity instruments with no quoted market price in an active market and with fair value that cannot be reliably measured, are measured (including unlisted stocks and emerging stocks) at cost. The accounting treatment for dividends on these instruments is the same as that for dividends on available-for-sale financial assets, except for the recognition of cash dividends upon the declaration by an investees' stockholders under an approved resolution.

Debt instruments with no active market are those with no quoted market prices in an active market and with predetermined amounts. These instruments are carried at amortized cost. The accounting treatment for debt instruments with no active market is similar to that for held-to-maturity financial assets. In addition, in contrast to held-to-maturity financial assets, debt instruments with no active market can be sold anytime.

Properties, Rentable Assets and Idle Assets

Properties, rentable assets and idle assets are stated at cost less accumulated depreciation and accumulated impairment. The cost of betterments and major renewals that extend the useful life of an item of property and equipment is capitalized. The cost of repairs and maintenance is charged to expense as incurred.

Depreciation is calculated by the straight-line method over service lives estimated as follows: buildings, 5 to 50 years; computers, 3 to 8 years; transportation equipment, 5 to 8 years; and miscellaneous equipment, 5 to 10 years; rentable assets, 50 years, and idle assets, 50 years. If an asset reaches its residual value but is still in use, it is further depreciated over its newly estimated service life.

The cost, accumulated depreciation and accumulated impairment are removed from the accounts when an item of property is disposed of or retired, and any gain or loss is credited or charged to current income.

Goodwill and Intangible Assets

Intangible assets are recorded at acquisition cost. Computer software and operating rights are amortized by the straight-line method over their service lives estimated at three to five years. The carrying value of goodwill is based on the cost, net of accumulated impairment.

Operation Deposits

Under the regulations, securities firms and securities investment consulting companies should place in government-designated banks guarantee deposits based on their respective type of business operations after registration.

Settlement Funds

Under the regulations, securities firms that broker marketable securities and trade securities for their own purposes should deposit settlement funds to the Taiwan Stock Exchange and the Over-the-Counter exchange before and after the start of business operation.

Brokerage Accounts, Net

Under the Guidelines Governing the Preparation of Financial Reports by Securities Firms, the brokerage accounts, net are recorded as brokerage accounts - debit (including bank deposits - settlement account, brokerage securities receivable, exchange clearance, credit transactions and settlements receivable) and brokerage accounts - credit (including brokerage securities payable, exchange clearances, credit transactions and settlements payable). As a result, brokerage accounts - debits are offset against brokerage accounts - credit and recorded as brokerage accounts, net.

Asset Impairment

a. Available-for-sale financial assets

If an available-for-sale financial asset is determined

to be impaired, a loss is recognized. If the impairment loss on equity securities decreases, this loss is reversed to the extent of the decrease and recorded as an adjustment to stockholders' equity; for debt securities, this loss is recognized as earnings.

b. Held-to-maturity financial assets and debt instruments with no active market

If a held-to-maturity financial asset or debt instrument with no active market is determined to be impaired, a loss is recognized. If the impairment loss decreases, the previously recognized impairment loss is reversed. However, the reversal should not result in the carrying amount of financial assets exceeding the amortized cost that would have been determined had no impairment loss been recognized.

c. Financial assets carried at cost

If there is objective evidence that a financial asset carried at cost is impaired, an impairment loss is recognized. However, impairment loss reversal is prohibited.

d. Properties, goodwill, intangible assets, and other assets

The Company tests assets (mainly properties, idle assets, rentable assets, goodwill and intangible assets) and cash-generating units (CGUs) for impairment on each balance sheet date. If impairment is determined, the Company estimates the recoverable amounts of assets or CGUs. An impairment loss should be recognized whenever the recoverable amount of the assets or the CGU is below the carrying amount.

If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

Goodwill is tested for impairment annually, or more frequently if events indicate goodwill impairment. Impairment loss is recorded if the book value exceeds value in use. No recording of a subsequent recovery in fair value of goodwill is allowed.

Corporate Bonds Payable

The net carrying amount of overseas convertible bonds at the date of conversion is credited to the appropriate capital accounts (capital stock equal to par value, with the balance credited to capital surplus) upon bond conversion.

Reserve for Losses on Breach of Purchase Commitment

Securities firms engaging in brokerage trading of marketable securities are required to provide 0.0028% of the monthly transaction volume as the default loss provision (part of other

liabilities) until the balance of this provision reaches \$200,000 thousand. This provision may only be used to offset default loss or other loss approved by the Securities and Futures Bureau (SFB) of the ROC.

Reserve for Losses on the Sale of Bonds

Under the regulations of the SFB, reserve for losses on the sale of bonds (part of other liabilities) is computed at 10% of net gain on the sale of bonds until the balance of the reserve reaches the amounts required under relevant regulations. This reserve should only be used to offset actual losses on the sale of bonds.

Pension Costs

The Company has two types of pension plans: Defined benefit and defined contribution.

For the defined benefit plan, the Company recognizes pension costs based on actuarial calculations, and unrecognized net transitional asset or obligation is amortized over 15 to 31 years. For the defined contribution plan, the Company recognizes pension costs based on the Company's contributions to the employees' individual pension accounts during the employees' service periods.

When a defined benefit plan is amended, the prior service costs should be amortized on a straight-line basis over the average period from the plan effective or amendment date until the benefits become vested. When the benefits are vested immediately following changes in the defined benefit plan, the Company should recognize the prior service cost as expense immediately.

Treasury Stock

Shares reacquired as treasury stock are carried at cost and presented as a deduction to arrive at stockholders' equity. When the treasury shares are reissued to the employees, the difference between the disposal price and book value will be credited or debited to "capital surplus - treasury stock." If this capital surplus is not enough for "debiting purposes, the shortfall is charged to unappropriated retained earnings.

Recognition of Revenue

Interest revenue is recorded on an accrual basis. Under MOF regulations, no interest revenue is recognized on loans and other credits extended by the Company that are classified as overdue loans. The interest revenue on those loans is recognized upon collection of the loans and credits.

The unpaid interest on rescheduled loans should be recorded as deferred revenue, and the paid interest is recognized as interest revenue.

Service fees are recorded when a major part of the earnings process is completed and revenue is realized.

Other operating revenue is recorded on an accrual basis when a major part of the earnings process is completed.

Income Tax

Provision for income tax is based on inter-period and intra-period tax allocation. The tax effects of deductible temporary differences, unused tax credits, operating loss carryforwards and debit of stockholders' equity adjustments are recognized as deferred income tax assets, and those of taxable temporary differences and credit of stockholders' equity adjustments are recognized as deferred income tax liabilities. Valuation allowance is provided for deferred income tax assets that are not certain to be realized.

ESFHC and its subsidiaries elected to file a consolidated tax return from 2003. The difference between consolidated income tax payable and the sum of income tax payable of the entities included in the consolidated tax return is considered as a tax consolidation adjustment which is shown on ESFHC's income tax expense or benefit. Any distribution of cash payments and receipts among the consolidated group members is recorded as receivable or payable.

Income tax on interest in short-term negotiable instruments or special-purpose trust beneficiary securities, which is levied separately, and any adjustment of income taxes of prior years are added to or deducted from the current year's income tax expense.

Tax credits for personnel training and stock investments are recognized in the current period.

According to the Income Tax Law, income taxes (10%) on undistributed earnings generated annually since 1998 are recorded as expense in the year when the stockholders resolve to retain the earnings.

Contingencies

A loss is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. A footnote disclosure is made for a situation that might result in a loss if loss is possible but the amount of loss cannot be reasonably estimated.

Foreign Currency Transactions

Foreign-currency transactions of ESFHC, ESVC and ESIB are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Losses or gains resulting from the application of prevailing exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the period of settlement. The period-end balances of foreign-currency monetary assets and liabilities are restated at the prevailing exchange rates, and the resulting differences are recorded as credits or charges to current income.

E.SUN Bank records foreign-currency transactions in the respective currencies in which these are denominated. Every month-end, foreign currency income and expenses are translated into New Taiwan dollars at the closing exchange rates announced by the Central Bank of China (CBC). On balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the CBC closing exchange rates, and exchange differences are recognized in the income statement.

Unrealized exchange differences on nonmonetary assets (investments in equity instruments) and liabilities are a component of the change in their entire fair value. For a

nonmonetary financial assets and liabilities classified as financial instruments measured at fair value through profit or loss, unrealized exchange differences are recognized in the income statement. For nonmonetary financial instruments that are classified as available-for-sale, unrealized exchange differences are recorded directly under stockholders' equity until the asset is sold or becomes impaired. Nonmonetary financial instruments that are classified as carried at cost are recognized at the exchange rate on the transaction date. E.SUN Bank translates overseas branches' financial statements at the following rates: Asset and liabilities - the CBC closing exchange rates on balance sheet date; and income and expenses - the average exchange rate in the year. Translation difference net of income tax is recorded as "cumulative translation adjustments" under stockholders' equity.

3. ACCOUNTING CHANGES

Effective January 1, 2008, under an explanation issued by the Accounting Research and Development Foundation of the ROC, the Company should recognize bonus to employees and remuneration to directors and supervisors as compensation expenses. These bonus and remuneration were previously recorded as appropriations from earnings. This accounting change decreased the Company's consolidated net income in the year ended December 31, 2008 by \$32,835 thousand and basic earnings per share after income tax by NT\$0.01.

4. CASH AND CASH EQUIVALENTS

| | December 31 | |
|--|---------------------|----------------------|
| | 2009 | 2008 |
| Cash on hand | \$ 5,866,635 | \$ 5,644,606 |
| Checks for clearing | 2,604,154 | 4,146,969 |
| Due from banks | 1,332,168 | 1,782,353 |
| Cash equivalents - earnings ratio is 0.05% | 18,075 | - |
| | <u>\$ 9,821,032</u> | <u>\$ 11,573,928</u> |

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

| | December 31 | |
|---|-----------------------|----------------------|
| | 2009 | 2008 |
| Deposit reserves - account A | \$ 12,812,619 | \$ 10,164,082 |
| Deposit reserves - account B | 19,897,536 | 16,609,105 |
| Reserves for deposits - foreign currency deposits | 78,831 | 98,322 |
| Deposits in the Central Bank | 173,000,000 | 53,700,000 |
| Call loans to banks | 10,368,417 | 7,581,740 |
| Deposits in the Central Bank - other | 1,017,812 | 817,147 |
| | <u>\$ 217,175,215</u> | <u>\$ 88,970,396</u> |

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

6. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

| | December 31 | |
|--|----------------------|----------------------|
| | 2009 | 2008 |
| <u>Held-for-trading financial assets</u> | | |
| Commercial paper | \$ 7,135,900 | \$ 10,687,757 |
| Interest rate swap contracts | 2,415,101 | 3,333,205 |
| Overseas bonds | 575,538 | 420,149 |
| Convertible corporate bonds | 433,323 | 770,149 |
| Beneficiary certificates | 420,055 | 727,597 |
| Listed stock - domestic | 390,921 | 20,600 |
| Treasury bills | 356,758 | 11,712,460 |
| Operating securities - dealing department | 282,591 | 731,543 |
| Currency option contracts | 252,962 | 619,596 |
| Cross-currency swap contracts | 232,252 | 641,915 |
| Currency swap contracts | 223,031 | 920,209 |
| Bank debentures | 93,553 | 1,112,074 |
| Forward contracts | 84,843 | 40,250 |
| Futures exchange margins | 71,735 | 18,650 |
| Credit default swap contracts | 33,799 | 89,687 |
| Non-deliverable forward contracts | 28,441 | 246,859 |
| Foreign-currency margin contracts | 27,340 | 37,057 |
| Metal commodity swap contracts | 13,344 | - |
| Forward commodity contracts | 9,525 | 21,091 |
| Negotiable certificates of deposit | - | 8,815,462 |
| Government bonds | - | 422,893 |
| Corporate bonds | - | 60,140 |
| Operating securities - underwriting department | - | 18,000 |
| Bank acceptances | - | 8,758 |
| | <u>13,081,012</u> | <u>41,476,101</u> |
| <u>Financial assets designated at fair value through profit or loss</u> | | |
| Bank debentures | \$ 15,768,353 | \$ 16,908,298 |
| Corporate bonds | 10,228,135 | 12,773,164 |
| Structured products | 502,591 | 3,017,708 |
| Overseas government bonds | 414,896 | - |
| Sold equity securities with interest receivable | 131,295 | 202,091 |
| | <u>27,045,270</u> | <u>32,901,261</u> |
| | <u>\$ 40,126,282</u> | <u>\$ 74,377,362</u> |
| <u>Held-for-trading financial liabilities</u> | | |
| Interest rate swap contracts | \$ 2,482,752 | \$ 3,343,197 |
| Currency option contracts | 327,495 | 466,315 |
| Currency swap contracts | 215,379 | 207,379 |
| Cross-currency swap contracts | 197,352 | 516,840 |
| Non-deliverable forward contracts | 31,744 | 127,332 |
| Credit default swap contracts | 22,690 | 29,148 |
| Forward contracts | 20,736 | 695,827 |
| Metal commodity contracts | 11,898 | - |
| Forward commodity contracts | 9,525 | 21,091 |
| Foreign-currency margin contracts | 47 | 608 |
| | <u>3,319,618</u> | <u>5,407,737</u> |
| <u>Financial liabilities designated at fair value through profit or loss</u> | | |
| Corporate bonds payable (Note 22) | 4,798,424 | 4,774,886 |
| Bank debentures (Note 22) | 4,775,793 | 12,079,765 |
| Structured products | 2,963,047 | 9,181,216 |
| | <u>12,537,264</u> | <u>26,035,867</u> |
| | <u>\$ 15,856,882</u> | <u>\$ 31,443,604</u> |

As of December 31, 2009 and 2008, some of the securities which amounted to \$4,626,000 thousand and \$6,830,100 thousand (face value), respectively, had been sold under repurchase agreements.

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

The contract (nominal) amounts of derivative transactions by ESFHC as of December 31, 2008 were as follows:

| | December 31 | |
|-----------------------------------|--------------|------|
| | 2008 | 2008 |
| Cross-currency swap contracts | \$26,083,200 | |
| Currency option contracts | 34,740,440 | |
| Non-deliverable forward contracts | 9,045,624 | |

The contract (nominal) amounts of derivative transactions by E.SUN Bank as of December 31, 2009 and 2008 were as follows:

| | December 31 | |
|-----------------------------------|----------------|----------------|
| | 2009 | 2008 |
| Interest rate swap contracts | \$ 295,907,950 | \$ 234,935,065 |
| Currency swap contracts | 61,835,179 | 50,645,033 |
| Currency option contracts | 48,975,840 | 33,946,691 |
| Credit default swap contracts | 13,799,088 | 15,015,759 |
| Cross-currency swap contracts | 7,911,236 | 17,810,654 |
| Forward contracts | 7,111,741 | 6,499,979 |
| Non-deliverable forward contracts | 4,382,226 | 2,594,539 |
| Foreign-currency margin contracts | 610,948 | 469,181 |
| Metal commodity swap contracts | 549,953 | - |
| Forward commodity contracts | 242,510 | 247,017 |
| Futures contracts | 128,704 | - |

Gains (losses) on stock warrants issued by E.SUN Securities were as follows:

| | December 31, 2008 |
|-------------------------------------|-------------------|
| Stock warrants liabilities | |
| Gains on changes in market value | \$ 447,800 |
| Gains on expiry of stock warrants | 2,400 |
| Stock warrants repurchased | |
| Losses from disposal | (433,951) |
| Losses from changes in market value | - |
| | <u>\$ 16,249</u> |

As of December 31, 2009 and 2008, there were no unsettled futures contracts and TAIEX option contracts held by E.SUN Securities. The futures exchange margins receivable held by E.SUN Securities as of December 31, 2009 and 2008 were \$4,000 thousand and \$2,040 thousand, respectively.

7. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$3,384,993 thousand and \$353,252 thousand under resell agreements as of December 31, 2009 and 2008, respectively, will be sold for \$3,386,255 thousand and \$353,365 thousand by March 3, 2010 and January 7, 2009, respectively. As of December 31, 2009, some of the securities, which amounted to \$1,542,400 thousand (face value), had been sold under repurchase agreements.

8. RECEIVABLES, NET

| | December 31 | |
|-------------------------------------|----------------------|----------------------|
| | 2009 | 2008 |
| Credit cards | \$ 29,478,091 | \$ 27,092,733 |
| Margin loans receivable | 3,680,803 | 1,687,220 |
| Accrued interest | 1,471,953 | 2,221,461 |
| Acceptances | 1,335,674 | 750,481 |
| Tax refundable | 737,134 | 427,817 |
| Accounts receivable | 694,822 | 448,565 |
| Receivables on overdue securities | 323,295 | 494,857 |
| Accrued income | 675 | 100,950 |
| Others | 354,202 | 338,363 |
| | 38,076,649 | 33,562,447 |
| Less: Allowance for possible losses | 928,991 | 954,965 |
| | <u>\$ 37,147,658</u> | <u>\$ 32,607,482</u> |

The changes in allowance for credit losses are summarized below:

| | December 31 | |
|----------------------------------|-------------------|------------------|
| | 2009 | 2008 |
| Balance, January 1 | \$ 954,965 | \$ 357,325 |
| Provisions | 1,345,557 | 1,880,965 |
| Write-offs | (1,517,487) | (1,423,367) |
| Recovery of written-off credits | 158,612 | 122,400 |
| Reclassification | (3,695) | - |
| Effects of exchange rate changes | (8,961) | 17,642 |
| Balance, December 31 | <u>\$ 928,991</u> | <u>\$954,965</u> |

9. DISCOUNTS AND LOANS, NET

| | December 31 | |
|-------------------------------------|-----------------------|-----------------------|
| | 2009 | 2008 |
| Loans | | |
| Short-term | \$ 90,348,550 | \$ 93,512,386 |
| Medium-term | 127,221,157 | 129,963,895 |
| Long-term | 331,776,592 | 308,346,338 |
| Overdue loans | 3,430,524 | 3,679,605 |
| Bills negotiated and discounts | 1,158,958 | 1,010,035 |
| | 553,935,781 | 536,512,259 |
| Less: Allowance for possible losses | 3,452,016 | 3,567,281 |
| | <u>\$ 550,483,765</u> | <u>\$ 532,944,978</u> |

As of December 31, 2009 and 2008, the loan and credit balances, for which accrual of interest revenues was discontinued, amounted to \$3,430,524 thousand and \$3,679,605 thousand, respectively. The unrecognized interest revenues on these loans and credits amounted to \$76,127 thousand and \$132,289 thousand in 2009 and 2008, respectively.

In 2009 and 2008, the Company carried out legal procedures required before writing off certain credits.

The details of and changes in allowance for credit losses are summarized below:

| | 2009 | | |
|----------------------------------|---------------------|-------------------|---------------------|
| | Specific Risk | General Risk | Total |
| Balance, January 1 | \$ 2,498,972 | \$ 1,068,309 | \$ 3,567,281 |
| Provisions (reversal) | 1,160,210 | (388,605) | 771,605 |
| Write-offs | (1,194,612) | - | (1,194,612) |
| Recovery of written-off credits | 355,680 | - | 355,680 |
| Effects of exchange rate changes | - | (47,938) | (47,938) |
| Balance, December 31 | <u>\$ 2,820,250</u> | <u>\$ 631,766</u> | <u>\$ 3,452,016</u> |

| | 2008 | | |
|----------------------------------|---------------------|---------------------|---------------------|
| | Specific Risk | General Risk | Total |
| Balance, January 1 | \$ 1,958,393 | \$ 511,652 | \$ 2,470,045 |
| Provisions | 1,123,750 | 531,504 | 1,655,254 |
| Write-offs | (817,592) | - | (817,592) |
| Recovery of written-off credits | 234,421 | - | 234,421 |
| Effects of exchange rate changes | - | 25,153 | 25,153 |
| Balance, December 31 | <u>\$ 2,498,972</u> | <u>\$ 1,068,309</u> | <u>\$ 3,567,281</u> |

The details of allowance for bad-debt expenses in 2009 and 2008 were as follows:

| | 2009 | 2008 |
|---|---------------------|---------------------|
| Provisions for possible losses on discounts and loans | \$ 771,605 | \$ 1,655,254 |
| Provisions for possible losses on receivables | 1,345,557 | 1,880,965 |
| Provisions (reversal) of reserve for guarantees | (222) | 153 |
| | <u>\$ 2,116,940</u> | <u>\$ 3,536,372</u> |

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

| | December 31 | |
|---|----------------------|----------------------|
| | 2009 | 2008 |
| Bank debentures | \$ 13,474,351 | \$ 4,270,565 |
| Government bonds | 11,514,703 | 26,450,843 |
| Corporate bonds | 5,961,225 | 5,934,364 |
| Beneficiary securities under securitization | 4,609,377 | 5,096,380 |
| Listed stock | 1,539,797 | 1,003,338 |
| Beneficiary certificates | 200,885 | 129,190 |
| | <u>\$ 37,300,338</u> | <u>\$ 42,884,680</u> |

The Company recognized an impairment loss of \$185,529 thousand on available-for-sale financial assets in 2008.

As of December 31, 2009 and 2008, the available-for-sale financial assets amounted \$5,682,300 thousand and \$14,490,400 thousand (face value), respectively, had been sold under repurchase agreements.

11. FINANCIAL ASSET SECURITIZATION

E.SUN Bank entered into four trust contracts with The Hong Kong and Shanghai Banking Corporation Limited (HSBC, the trustee) and transferred E.SUN Bank's rights and risks on bond holdings. These contracts amounted to \$10,060,287 thousand and \$18,340,853 thousand in the fourth quarter of 2005 and \$8,960,000 thousand and \$18,164,571 thousand in the second quarter of 2007 to the trustee in accordance with the Financial Asset Securitization Act. Upon the transfer, the trustee acquired the bondholder's rights from E.SUN Bank, and the trustee issued beneficiary securities named E.SUN CBO 2005-1, E.SUN CBO 2005-2, E.SUN CBO 2007-1 and E.SUN CBO 2007-2 to general investors and turned over to E.SUN Bank the funds raised on securities issuance along with the retained beneficiary securities (E.SUN CBO 2005-1 is Type D; E.SUN CBO 2005-2 is Type C) and the sold equity securities with interest receivable.

The issuance period for E.SUN CBO 2005-1, amounting to \$10,050,000 thousand, is between October 19, 2005 and July 20, 2012. Interest is payable quarterly. The beneficiary securities are categorized as follows:

| Type of Beneficial Security | Repayment Priority | Issued Amount | Interest Rate |
|-----------------------------|--------------------|---------------|---------------|
| A | First | \$8,750,000 | 1.825% |
| B | Second | 800,000 | 2.050% |
| C | Third | 450,000 | 1.925% |
| D | Fourth/remainder | 50,000 | None |

The issuance period for E.SUN CBO 2005-2, amounting to \$18,341,000 thousand, is between December 28, 2005 and September 20, 2014. The beneficiary securities are categorized as follows:

| Type of Beneficial Security | Repayment Priority | Issued Amount | Interest Rate | Percentage to Total Amount Issued |
|-----------------------------|--------------------|---------------|---------------|-----------------------------------|
| A1 | First | \$2,500,000 | 0% | 95.36 |
| A2 | First | 6,215,000 | 0% | 90.08 |
| A3 | First | 5,774,349 | 0% | 83.60 |
| B | Second | 1,908,281 | 0% | 82.03 |
| C | Third/remainder | 1,943,370 | None | |

The issuance period for E.SUN CBO 2007-1, amounting to \$9,000,000 thousand, is between May 16, 2007 and March 15, 2047. The beneficiary securities are categorized as follows:

| Type of Beneficial Security | Repayment Priority | Issued Amount | Interest Rate | Percentage to Total Amount Issued |
|-----------------------------|--------------------|---------------|------------------|-----------------------------------|
| A1 | First | \$4,000,000 | 2.10% | 100 |
| B1 | Second | 4,400,000 | 2.45% | 100 |
| B2 | Third | 560,000 | 3.10% | 100 |
| B3 | Fourth/remainder | 40,000 | 12% and residual | 100 |

The issuance period for E.SUN CBO 2007-2, amounting to \$19,650,000 thousand, is between June 22, 2007 and February 10, 2016. Interest is payable quarterly. The beneficiary securities are categorized as follows:

| Type of Beneficial Security | Repayment Priority | Issued Amount | Interest Rate | Percentage to Total Amount Issued |
|-----------------------------|--------------------|---------------|---------------|-----------------------------------|
| A1 | First | \$8,800,000 | None | 95.63 |
| A2 | Second | 5,940,000 | None | 83.65 |
| B | Third | 1,720,000 | 3.0% | 100.00 |
| C | Fourth | 990,000 | 4.0% | 100.00 |
| D | Fifth | 2,200,000 | Residual | 100.00 |

E.SUN Bank is the servicer of E.SUN CBO 2005-1, E.SUN CBO 2005-2 and E.SUN CBO 2007-1. Future service income on these contracts is expected to cover all service costs; thus, no service asset or service liability is recognized. E.SUN Bank's retained beneficiary securities ensure that E.SUN Bank will retain its liquidity after the investor collects its income based on the trust contract. If the security issuers cannot disburse funds upon security maturity, the investors and the trustee have no right of recourse on the E.SUN Bank's other assets. In addition, the investors' rights take precedence over the rights on the retained beneficiary securities. The value of the retained beneficiary securities will be affected by the credit risk of the bond issuers, interest rate risk, etc.

a. Key assumptions used in measuring retained interests:

| | E.SUN CBO 2005-1 | | E.SUN CBO 2005-2 | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2009 | December 31, 2008 | December 31, 2009 | December 31, 2008 |
| Projected advance reimbursement rate | 0% | 0% | 0% | 0% |
| Projected credit loss rate | 0% | 0% | 2% | 2% |
| Discount rate for residual cash flows | 2.519% | 2.619% | 1.579% | 1.234% |

All the bond issuers or guarantors in the asset pool of E.SUN CBO 2005-1 have attained the credit rating of twA or above, and during the past ten years, debtors with credit rating above twBBB never breached the contracts according to the Taiwan Ratings 2006 to 2008 research. Thus, the Company's projected credit loss rate will be zero.

b. Sensitivity analysis:

As of December 31, 2009 and 2008, respectively, the key assumptions and the sensitivity of the current fair value of residual cash flows to the immediate 10% and 20% adverse changes in these assumptions were as follows:

| | E.SUN CBO 2005-1 | | E.SUN CBO 2005-2 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2009 | December 31, 2008 | December 31, 2009 | December 31, 2008 |
| Carrying amount of retained interests | \$ 57,146 | \$ 55,625 | \$ 4,287,420 | \$ 4,462,786 |
| Projected credit loss rate (annual) | 0% | 0% | 2% | 2% |
| Impact on fair value of 10% adverse change | - | - | (72,474) | (127,170) |
| Impact on fair value of 20% adverse change | - | - | (147,761) | (252,815) |

c.As of December 31, 2009 and 2008, there had been no credit loss on the securitized bonds; thus, the expected static pool credit loss rate is equal to projected credit loss rate.

d.Cash flows

Cash flows resulting from the securitization were as follows:

| | E.SUN CBO 2005-1 | | E.SUN CBO 2005-2 | | E.SUN CBO 2007-1 | |
|-------------------------------|------------------|----------|------------------|----------|------------------|----------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Proceeds of the sale of bonds | \$ 836 | \$ 1,868 | \$ 3,003 | \$ 3,375 | \$ 1,505 | \$ 1,765 |
| Service income | 15,944 | - | - | - | - | - |

12.HELD-TO-MATURITY FINANCIAL ASSETS, NET

| | December 31 | |
|---|----------------------|----------------------|
| | 2009 | 2008 |
| Government bonds | \$ 6,696,028 | \$ 6,803,021 |
| Bank debentures | 6,034,374 | 2,974,113 |
| Corporate bonds | 4,783,171 | 3,638,741 |
| Beneficiary securities under securitization | 445,152 | 825,624 |
| Overseas bonds | 319,516 | - |
| | <u>\$ 18,278,241</u> | <u>\$ 14,241,499</u> |

The Company recognized an impairment loss of \$63,079 thousand on held-to-maturity financial assets in 2008.

As of December 31, 2009, the held-to-maturity financial assets amounted to \$1,708,600 thousand (face value) had been sold under repurchased agreements.

13.OTHER FINANCIAL ASSETS, NET

| | December 31 | |
|--|---------------------|---------------------|
| | 2009 | 2008 |
| Debt instruments with no active market, net | \$ 4,964,351 | \$ 6,799,795 |
| Financial assets carried at cost, net | 1,699,151 | 1,677,874 |
| Excess reserve trust assets for E.SUN CBO 2005-1 | 550,000 | 570,746 |
| Restricted certificates of deposit | - | 65,548 |
| Others | 65,632 | 80,460 |
| | <u>\$ 7,279,134</u> | <u>\$ 9,194,423</u> |

Financial assets carried at cost were unlisted common stocks or stock warrants with no quoted market prices in an active market and with the fair value that cannot be reliably measured. Thus, these assets are measured at cost. The Company recognized an impairment loss of \$47,006 thousand and \$6,953 thousand on financial asset carried at cost in 2009 and 2008, respectively.

The details of debt instruments with no active market were as follows:

| | December 31 | |
|---|---------------------|---------------------|
| | 2009 | 2008 |
| Beneficiary securities under securitization | \$ 3,910,491 | \$ 4,647,051 |
| Corporate bonds | 933,104 | 1,868,118 |
| Credit-linked products - host contract | 100,000 | 100,000 |
| Preferred stock | 20,756 | 20,756 |
| Bank debentures | - | 163,870 |
| | <u>\$ 4,964,351</u> | <u>\$ 6,799,795</u> |

14.PROPERTIES, NET

| | December 31 | |
|-------------------------------|----------------------|----------------------|
| | 2009 | 2008 |
| Cost | | |
| Land | \$ 8,272,341 | \$ 7,258,549 |
| Buildings | 5,783,075 | 5,422,079 |
| Computers | 2,899,651 | 2,793,735 |
| Transportation equipment | 475,145 | 453,915 |
| Miscellaneous equipment | 1,478,140 | 1,405,458 |
| | <u>18,908,352</u> | <u>17,333,736</u> |
| Less accumulated depreciation | 1,325,672 | 1,080,001 |
| Buildings | 2,246,882 | 2,041,042 |
| Computers | 286,236 | 231,749 |
| Transportation equipment | 969,485 | 793,535 |
| Miscellaneous equipment | 4,828,275 | 4,146,327 |
| | <u>14,080,077</u> | <u>13,187,409</u> |
| | 104,037 | 95,632 |
| Prepayments | <u>\$ 14,184,114</u> | <u>\$ 13,283,041</u> |

15.GOODWILL AND INTANGIBLE ASSETS, NET

| | December 31 | |
|-----------------------|---------------------|---------------------|
| | 2009 | 2008 |
| Goodwill | \$ 3,662,701 | \$ 3,662,701 |
| Computer software | 383,397 | 374,845 |
| Deferred pension cost | 2,136 | 2,187 |
| | <u>\$ 4,048,234</u> | <u>\$ 4,039,733</u> |

In testing assets for impairment, the Company defined each branch or operating unit as a cash-generating unit (CGU), except for rentable assets and idle assets using net fair value as recoverable amount. Goodwill was allocated to branches or operating units (CGUs with allocated goodwill) resulting from the acquisition of the Kaohsiung Business Bank Co., Ltd. The recoverable amount of a CGU was determined at its value in use. The Company estimates the next five years' cash flows of a CGU as a going-concern entity on the basis of each CGU's operations or business cycle, etc., and this estimate is used to determine the value in use of each CGU. The discount rates for future cash flows of CGUs with allocated goodwill were 12.15% and 9.67% as of December 31, 2009 and 2008, respectively. No impairment losses were incurred after the testing assets for impairment.

16. OTHER ASSETS, NET

| | December 31 | |
|---|---------------------|---------------------|
| | 2009 | 2008 |
| Refundable deposits | \$ 1,364,797 | \$ 2,172,352 |
| Operation deposits and settlement funds | 673,499 | 449,412 |
| Rentable assets, net (less accumulated depreciation amounting to \$18,191 thousand in 2009 and \$57,511 thousand in 2008 and less accumulated impairment amounting to \$25,829 thousand in 2009 and \$121,641 thousand in 2008) | 630,245 | 1,863,607 |
| Idle assets, net (less accumulated depreciation amounting to \$23,026 thousand in 2009 and \$6,522 thousand in 2008 and less accumulated impairment amounting to \$137,251 thousand in 2009 and \$41,439 thousand in 2008) | 261,488 | 241,396 |
| Prepaid expenses | 132,072 | 229,746 |
| Securities brokerage accounts, net | 21,708 | 29,750 |
| Deferred charges, net | 5,554 | 7,341 |
| Deferred income tax assets, net | - | 2,584 |
| | <u>\$ 3,089,363</u> | <u>\$ 4,996,188</u> |

There were no indications that the value in use of rentable assets and idle assets significantly exceeded net fair value, the net fair value should be used as the recoverable amount. Thus, the Company designated real estate appraisal firms and the Company's appraisal center to value these assets. As a result, the Company recognized a net reversal of impairment loss of \$34,703 thousand in 2008.

The Company recognized an impairment loss of \$5,770 thousand and \$82 thousand on refundable deposits in 2009 and 2008.

17. DUE TO THE CENTRAL BANK AND OTHER BANKS

| | December 31 | |
|---------------------------------------|----------------------|----------------------|
| | 2009 | 2008 |
| Call loans from banks | \$ 25,705,056 | \$ 5,955,280 |
| Deposits from Chunghwa Post Co., Ltd. | 12,522,380 | 12,565,901 |
| Due to banks | 548,024 | 2,399,181 |
| Bank overdraft | 232,300 | 198,308 |
| Due to the Central Bank | 44,197 | 49,550 |
| | <u>\$ 39,051,957</u> | <u>\$ 21,168,220</u> |

18. COMMERCIAL PAPER ISSUED, NET

The face value of commercial paper issued was \$1,345,000 thousand and the annual discount rate was 0.192-0.400% as of December 31, 2009. These commercial papers were guaranteed and accepted by financial institutions.

19. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements, which amounted to \$14,518,968 thousand and \$23,161,468 thousand as of December 31, 2009 and 2008, would be repurchased for \$14,527,740 thousand and \$23,193,042 thousand by August 23, 2010 and June 30, 2009, respectively.

20. PAYABLES

| | December 31 | |
|--------------------------------------|---------------------|----------------------|
| | 2009 | 2008 |
| Checks for clearing | \$ 2,604,154 | \$ 4,146,969 |
| Accrued interest | 1,389,802 | 2,702,460 |
| Acceptances | 1,339,890 | 749,342 |
| Accrued expenses | 862,321 | 656,769 |
| Collections payable | 502,631 | 484,529 |
| Payables for short-sale transactions | 396,779 | 151,115 |
| Deposits on short-sale transactions | 357,637 | 136,844 |
| Tax payable | 137,421 | 292,589 |
| Others | 1,051,086 | 940,534 |
| | <u>\$ 8,641,721</u> | <u>\$ 10,261,151</u> |

21. DEPOSITS AND REMITTANCES

| | December 31 | |
|------------------------------------|-----------------------|-----------------------|
| | 2009 | 2008 |
| Deposits: | | |
| Checking | \$ 8,171,244 | \$ 7,636,697 |
| Demand | 157,366,751 | 93,898,216 |
| Savings - demand | 191,774,073 | 137,574,047 |
| Time | 200,566,561 | 189,607,328 |
| Negotiable certificates of deposit | 19,821,200 | 14,407,300 |
| Savings - time | 191,374,338 | 215,766,864 |
| Remittances | 211,980 | 100,149 |
| | <u>\$ 769,286,147</u> | <u>\$ 658,990,601</u> |

22. BONDS PAYABLE

| | December 31 | |
|---|----------------------|----------------------|
| | 2009 | 2008 |
| Bank debentures | \$ 33,500,000 | \$ 27,300,000 |
| ESFHC's unsecured corporate bonds - first issue in 2005 | 5,000,000 | 5,000,000 |
| ESFHC's unsecured corporate bonds - first issue in 2007 | 500,000 | 500,000 |
| | <u>\$ 39,000,000</u> | <u>\$ 32,800,000</u> |

On December 15, 2005, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of \$5,000,000 thousand and par value of \$10,000 thousand. The bond will mature in seven years, and principal is repayable on maturity. Interest is payable quarterly at the floating rate for the one-year time savings deposit of Chunghwa Post Co., Ltd. plus 0.4%.

On December 13, 2007, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of \$500,000 thousand and par value of \$10,000 thousand. The bond will mature in seven years, and principal is repayable on maturity. Interest is payable annually at 90 days' interest rate for commercial paper (stated below) plus 0.6%.

To raise its working capital and strengthen its capital structure, the ESFHC's Board of Directors resolved on January 28, 2010 the issuance of unsecured subordinated corporate bonds amounting to \$4,000,000 thousand. The issuance of unsecured subordinated corporate bonds will be submitted to the Financial Supervisory Commission for approval.

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

| | December 31 | |
|--|--------------|--------------|
| | 2009 | 2008 |
| Subordinated bonds issued on September 16, 2004; 2.95% interest, payable semiannually; principal repayable on maturity date (5.5 years after the issue date). | \$ 1,300,000 | \$ 1,300,000 |
| Subordinated bonds issued on December 17, 2004; 2.80% interest, payable semiannually; principal repayable on maturity date (5.5 years after the issue date). | 3,700,000 | 3,700,000 |
| Bonds issued on June 24, 2005; 2.75% interest, payable annually; principal repayable on maturity date (10 years after the issue date). | 5,000,000 | 5,000,000 |
| Subordinated bonds issued on October 11, 2005; interest rate at the one-year time savings deposit floating rate of Chunghwa Post Co., Ltd. plus 0.425%, payable quarterly; principal repayable on maturity date (7 years after the issue date). | 2,000,000 | 2,000,000 |
| Subordinated bonds issued on October 19, 2005; 2.725% interest, payable annually; principal repayable on maturity date (7 years after the issue date). | 1,400,000 | 1,400,000 |
| Subordinated bonds issued on November 4, 2005; interest rate at the one-year time savings deposit floating rate of Chunghwa Post Co., Ltd. plus 0.4%, payable annually; principal repayable on maturity date (7 years after the issue date). | 1,600,000 | 1,600,000 |
| Two types of subordinated bonds issued on August 24, 2006; interest rate at (a) 90 days' interest rate for commercial paper plus 0.25% for type A bond; and (b) 2.60% interest for type B bond; interest payable annually for both bond types; principal repayable on maturity date (7 years after the issue date). | 6,000,000 | 6,000,000 |
| Two types of subordinated bonds issued on June 29, 2007; interest rate at (a) the one-year time savings deposit floating rate of Bank of Taiwan plus 0.5% for type A bond; and (b) 90 days' interest rate for commercial paper plus 0.39% for type B bond; interest payable annually for both bond types; principal repayable on maturity date (7 years after the issue date). | \$ 3,700,000 | \$ 3,700,000 |

(Continued)

| | December 31 | |
|--|----------------------|----------------------|
| | 2009 | 2008 |
| Subordinated bonds issued on February 15, 2008; 3.10% interest, payable annually; principal repayable on maturity date (7 years after the issue date). | \$2,300,000 | \$2,300,000 |
| Subordinated bonds issued on October 24, 2008; 3.15% interest, payable annually; principal repayable on maturity date (7 years after the issue date). | 300,000 | 300,000 |
| Subordinated bonds issued on February 20, 2009; 2.10% interest payable annually; principal repayable on maturity date (5 years after the issue date). | 1,000,000 | 1,000,000 |
| Subordinated bonds issued on March 5, 2009; 2.15% interest payable annually; principal repayable on maturity date (5.5 years after the issue date). | 500,000 | 500,000 |
| Two types of subordinated bonds issued on April 3, 2009; interest rate at (a) 2.15% for Type A bond and (b) 2.50% for Type B bond; interest payable annually for both bond types; principal repayable on maturity date (5.5 years for Type A bond and 7 years for Type B bond after the issue date). | 500,000 | 500,000 |
| Subordinated bonds issued on May 18, 2009; 2.35% interest payable annually; principal repayable on maturity date (5.5 years after the issue date). | 1,800,000 | 1,800,000 |
| Subordinated bond issued on July 17, 2009; 2.5% interest payable annually; principal repayable on maturity date (7 years after the issue date). | 900,000 | 900,000 |
| Subordinated bond issued on October 20, 2009; 2.35% interest payable annually; principal repayable on maturity date (7 years after the issue date). | 1,500,000 | 1,500,000 |
| | <u>\$ 33,500,000</u> | <u>\$ 33,500,000</u> |

The details of corporate bonds designated at fair value through profit or loss were as follows:

| | December 31 | |
|--|---------------------|---------------------|
| | 2009 | 2008 |
| ESFHC overseas unsecured convertible bonds in 2008 | \$ 4,556,616 | \$ 4,556,616 |
| Valuation adjustment | 241,808 | 218,270 |
| | <u>\$ 4,798,424</u> | <u>\$ 4,774,886</u> |

On July 24, 2008, ESFHC issued US\$200,000 thousand worth of overseas convertible bonds (the "Bonds") with par of US\$100,000 or an integral multiple thereof. Interest is payable semiannually at 2.3% from July 24, 2008 to July 24, 2013 and at 0% after July 24, 2013. The terms of the Bonds are as follows:

a.Redemption method

ESFHC will redeem the Bonds on the maturity date at a price equal to 100% of the outstanding principal amount unless the Bonds had been previously redeemed, repurchased and canceled or converted.

1)Redemption at the option of ESFHC

ESFHC may redeem all the Bonds at one time, i.e., not piecemeal, at 100% of the principal plus a premium (the "Early Redemption Amount") at any time if any changes in the ROC tax laws or regulations would require ESFHC to gross up the payment of interest or premium.

2)Redemption at the options of holders

a)Each holder of the Bonds has the right to require ESFHC to redeem all or part of the Bonds only on July 24, 2013 at 110% of the principal unless the Bonds had been previously redeemed, repurchased and canceled or converted.

b)Each holder has the right to require ESFHC to buy all or a portion of the holder's Bonds at the Early Redemption Amount if (a) the shares cease to be listed or admitted for trading on the Taiwan Stock Exchange for at least five consecutive trading days ; (b) there is a change of control over ESFHC (including but not limited to a change of half of the members of ESFHC's board of directors.) ; (c) ESFHC fails to maintain an issuer rating at or above at least one of the following levels: (i) BBB- rating by Standard & Poor's Corp.; (ii) Baa3 rating by Moody's Investors Service; (iii) BBB- rating by Fitch Inc.; (iv) twBBB- rating by Taiwan Ratings Corp.; (v) BBB- (twn) rating by Fitch International's Taiwan subsidiary; or (vi) Baa3. tw rating by Moody's Credit Rating Co., Ltd., and this failure continues for 60 consecutive days; or (d) the capital adequacy ratio of ESFHC, E.SUN Bank or E.SUN Securities decreases to a level that is below the minimum standard set by the relevant regulatory authorities and remains at such a level for 60 consecutive days.

b.Maturity date

The maturity period is 10 years after Bond issuance. Since Bonds were issued on July 24, 2008, their maturity is on July 24, 2018.

c.Pledged

Negative.

d.Conversion period

The bondholder can convert the Bonds to ESFHC's stock for the period starting on or after August 24, 2008 up to July 14, 2018. The holders of the Bonds, however, will not be able to effect conversions into shares during any closed period. A closed period means (i) 60 days before the date of any general stockholders' meetings; (ii) 30 days before the date of any special stockholders' meetings; (iii) the period from the date following the third trading day before the date of ESFHC's notification to the Taiwan Stock Exchange of the record date for the determination of stockholders entitled to the receipt of dividends, subscription of new shares due to capital increase or appropriation of other benefits and bonuses; and (iv) such other periods during which ESFHC may be required to close its stock transfer books under the ROC laws and regulations..

e.Conversion price

1)For bond conversions, the conversion prices are (i) NT\$16.16 per share for any conversion from August 24, 2008 to September 22, 2008 (the "First Tranche Conversion Price") and (ii) NT\$19.00 per share for any conversion from September 23, 2008 to July 14, 2018 (the "Second Tranche Conversion Price"). The conversion price in U.S. dollars is based on the exchange rate of US\$1.000=NT\$30.406. The conversion price is subject to adjustment based on certain terms of the related indenture.

2)If the average closing price of the shares for 20 consecutive trading days immediately prior to each anniversary of the issue date ("Reset Date"), converted into U.S. dollars at the prevailing rate on the Reset Date, is less than the conversion price then in effect converted into U.S. dollars at the fixed exchange rate, the conversion price will be adjusted. The conversion price adjustment should only be downward and should not be less than 80% of the Second Tranche Conversion Price.

To strengthen the capital structure and long-term con August 2008, ESFHC lowered the conversion price for the Second Tranche to NT\$17.78 per share because of its issuance of new shares for a capital increase. ESFHC again lowered the conversion price for the Second Tranche to NT\$14.22 per share on the reset date in 2009 and to NT\$13.80 per share in August 2009 because of its issuance of new shares for another capital increase.

As of December 31, 2009, the Bonds with an aggregate par of US\$50,200 thousand had been converted.

To enhance its long-term competitiveness and strengthen its capability to meet the challenges of Taiwan's financial holding industry, ESFHC entered into an investor agreement

with Morgan Stanley Apollo Holdings (Cayman) Ltd. and Morgan Stanley Apollo Holdings 2 (Cayman) Ltd. (jointly, the "MS") on July 10, 2008. Under regulatory approvals, ESFHC granted MS the right to appoint an ESFHC director. As of February 12, 2010, the date of the accompanying independent auditors' report, MS had not decided whether it would exercise this right.

The details of bank debentures issued by E.SUN Bank originally designated at fair value through profit or loss were as follows:

| | December 31 | |
|--|--------------|--------------|
| | 2009 | 2008 |
| Seven types of bonds issued on February 27, 2004; interest rates at (a) 6M LIBOR if 6M LIBOR is less than 1.05%, or 3.6% if 6M LIBOR is between 1.05% and 2%, or 4.52% minus 6M LIBOR if 6M LIBOR is more than 2% for types A to D bonds; and (b) 6M LIBOR if 6M LIBOR is less than 1.05%, or 3.50% if 6M LIBOR is between 1.05% and 2%, or 4.5% minus 6M LIBOR if 6M LIBOR is more than 2% for types E to G bonds with all interest rates not to fall below 0% and interest payable quarterly for all bond types; principal repayable on the maturity date (5 years after the issue date). | \$ - | \$ 2,000,000 |
| Eight types of secured bonds issued on February 20, 2004; interest rates at (a) 6M LIBOR for type A bond, 6M LIBOR + 0.001% for type B bond, 6M LIBOR + 0.002% for type C bond, 6M LIBOR + 0.003% for type D bond, 6M LIBOR + 0.004% for type E bond, 6M LIBOR + 0.005% for type F bond, 6M LIBOR + 0.006% for type G bond, 6M LIBOR + 0.007% for type H bond if 6M LIBOR is less than 1.05%; (b) 3.8% if 6M LIBOR is between 1.05% and 2.00% for types A to H bonds; and (c) 5% minus 6M LIBOR if 6M LIBOR is more than 2% for types A to H bonds, with all interest rates not to fall below 0% and interest payable semiannually for all bond types; principal repayable on the maturity date (5 years after the issue date). | \$ - | \$ 2,000,000 |
| Three types of bonds issued on February 27, 2004; interest rates at 3.03% if 6M LIBOR is less than or equal to 2.5%, or 5.2% minus 6M LIBOR if 6M LIBOR is more than 2.5%, with all interest rates not to fall below 0% and interest payable quarterly for all bond types; principal repayable on the maturity date (7 years after the issue date). | \$ 1,000,000 | \$ 1,000,000 |
| Eight types of bonds issued on March 18, 2004; interest rates at (a) 6M LIBOR if 6M LIBOR is less than 1.05%, or 3.50% if 6M LIBOR is between 1.05% and 2.00%, or 4.5% minus 6M LIBOR if 6M LIBOR is more than 2% for types A and B bonds; (b) 6M LIBOR if 6M LIBOR is less than 1.05%, or 3.40% if 6M LIBOR is between 1.05% and 2.00%, or 4.4% minus 6M LIBOR if 6M LIBOR is more than 2% for types C to E bonds; (c) 2.5 times of the five years' NT\$ IRS minus the two years' NT\$ IRS and plus 0.5% if the five years' NT\$ IRS minus the two years' NT\$ IRS is less than or equal to 1.2%, or 2% if the five years' NT\$ IRS minus the two years' NT\$ IRS is more than 1.2% for types F and G bonds; and (d) 2 times of the five years' NT\$ IRS minus the two years' NT\$ IRS and plus 1.75% if the five years' NT\$ IRS minus the two years' NT\$ IRS is less than or equal to 1.2%, or 2.65% if the five years' NT\$ IRS minus the two years' NT\$ IRS is more than 1.2% in the first and second years, and 3 times of the five years' NT\$ IRS minus the two years' NT\$ IRS if the | | |

| | December 31 | |
|---|-------------|-------------|
| | 2009 | 2008 |
| five years' NT\$ IRS minus the two years' NT\$ IRS is less than or equal to 1.2%, or 2.1% if the five years' NT\$ IRS minus the two years' NT\$ IRS is more than 1.2% in the third to fifth year for type H bond, with all interest rates not to fall below 0% and interest payable quarterly for all bond types; principal repayable on the maturity date (5 years after the issue date). | \$ - | \$2,000,000 |
| Five bond types issued on May 10, 2004; interest rates at (a) (6M LIBOR plus 0.5001%) × n/N for type A bond; (b) (6M LIBOR plus 0.5002%) × n/N for type B bond; (c) (6M LIBOR plus 0.5003%) × n/N for type C bond; (d) (6M LIBOR plus 0.5004%) × n/N for type D bond, with 6M LIBOR for types A to D bonds between 1% and 2% in the first year, between 1% and 2.25% in the second year, between 1.05% and 3.00% in the third year, between 1.05% and 3.50% in the fourth year, between 1.1% and 4.0% in the fifth year, between 1.10% and 4.25% in the sixth year, between 1.1% and 4.5% in the seventh year, "n" means the total days of 6M LIBOR between the foregoing interest rate range in each interest-bearing period, "N" means total days of each interest-bearing period; and (e) 1.15 times of the ten years' US\$ Constant Maturity Swap (CMS) minus the two years' US\$ CMS with interest rates not to fall below 0% for type E bond; interest payable quarterly for all bond types; principal repayable on the maturity date (7 years after the issue date). | 2,300,000 | 2,300,000 |
| Three types of bonds issued on May 19, 2004, interest rates at (a) 3% if 6M LIBOR is less than or equal to 2.5%, or 5.3% minus 6M LIBOR if 6M LIBOR is more than 2.5% for type A bond; (b) 6M LIBOR if 6M LIBOR is less than 1.1%, or 3.82% if 6M LIBOR is between 1.1% and 2.5%, or 5% minus 6M LIBOR if 6M LIBOR is more than 2.5% for type B bond; and (c) 6M LIBOR if 6M LIBOR is less than 1.1%, or 4% if 6M LIBOR is between 1.1% and 2.0%, or 5.1% minus 6M LIBOR if 6M LIBOR is more than 2%; with all interest rates not to fall below 0% and interest payable semiannually for all bond types; principal repayable on the maturity date (7 years after the issue date). | 900,000 | 900,000 |
| Five types of bonds issued on June 1, 2004; interest rates at (a) 6M LIBOR if 6M LIBOR is less than 1.1%, or 3.5% if 6M LIBOR is between 1.1% and 2.5%, or 5.15% minus 6M LIBOR if 6M LIBOR is more than 2.5% for type A bond; (b) 6M LIBOR if 6M LIBOR is less than 1.1%, or 4% if 6M LIBOR is between 1.1% and 3.5%, or 5.5% minus 6M LIBOR if 6M LIBOR is more than 3.5% for types B and C bonds; and (c) 6M LIBOR if 6M LIBOR is less than 1.1%, or 4% if 6M LIBOR is between 1.1% and 3.5%, or 6.05% minus 6M LIBOR if 6M LIBOR is more than 3.5%, with all interest rates not to fall below 0% and interest payable semiannually for all bond types; principal repayable on the maturity date (5 years after the issue date). | - | 1,300,000 |

| | December 31 | |
|---|--------------|---------------|
| | 2009 | 2008 |
| Bonds issued on June 1, 2004; interest rate at 6M LIBOR if 6M LIBOR is less than 0.9%, or 4% if 6M LIBOR is between 0.9% and 3.5%, or 5.5% minus 6M LIBOR if 6M LIBOR is more than 3.5%, with all interest rates not to fall below 0% and interest payable semiannually; principal repayable on the maturity date (7 years after the issue date). | 500,000 | 500,000 |
| | 4,700,000 | 12,000,000 |
| Valuation adjustment | 75,793 | 79,765 |
| Financial liabilities designated at fair value through profit or loss | \$ 4,775,793 | \$ 12,079,765 |

Commercial paper interest rates for 90 days and 180 days were based on the average interest rate quoted by Hong Kong's Moneyline Telerate and Reuters.

To increase its capital adequacy ratio and strengthen its capital structure, E.SUN Bank proposed the issuance of domestic bank debentures with aggregate face value of \$3,000,000 thousand and domestic subordinated bank debentures with aggregate face value of \$7,000,000 thousand. The issuance was approved by the Financial Supervisory Commission on September 22, 2009. As of December 31, 2009, the bank debentures amounting to \$8,500,000 thousand had not yet been issued.

23. OTHER FINANCIAL LIABILITIES

| | December 31 | |
|---|--------------|--------------|
| | 2009 | 2008 |
| Credit-linked structured products - host contract | \$ 1,850,000 | \$ 2,050,000 |
| Appropriations for loans | 182,591 | 223,343 |
| Guarantee deposits received | 95,846 | 95,751 |
| | \$ 2,128,437 | \$ 2,369,094 |

Credit-linked structured products refer to money deposited in accordance with the structured-product contracts, valued in New Taiwan dollars, between E.SUN Bank and other parties, in which credit risks on certain bonds will be transferred to the counterparties. When the bond issuers face certain situations as described in the contract, E.SUN Bank can make repayments by giving the bonds to the counterparties. The interest rate for this product is from 2.18% to 2.40%, and product maturity is in November 2010.

24. OTHER LIABILITIES

| | December 31 | |
|---|-------------|------------|
| | 2009 | 2008 |
| Advances | \$ 254,324 | \$ 361,455 |
| Reserve for losses on breach of purchase commitment | 72,862 | 54,143 |
| Reserve for losses on the sale of bonds | 71,613 | 21,706 |
| Deferred tax liabilities | 63,280 | - |
| Reserve for land revaluation increment tax | 58,203 | 58,203 |
| Reserve for losses on guarantees | 11,271 | 11,496 |
| Other | 20,281 | 23,260 |
| | \$ 551,834 | \$ 530,623 |

25. PENSION PLAN

The Company has pension plans for all regular employees. Upon retirement, an employee will receive the Company's contributions before the Labor Standards Act (LSA), which were credited to his/her account, plus earnings thereof and an amount calculated on the basis of length of service after the LSA effective date, and monthly average basic pay of the year before retirement. E.SUN Bank amended the defined benefit plan in 2005. Upon retirement, an employee will receive an amount calculated on the basis of service years.

ESFHC makes monthly contributions, equal to 5.54% of salaries, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the workers' fund administration committee, which manages the fund.

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

E.SUN Securities and ESSIT (before September 30, 2008) make monthly contributions, equal to 4% and 6% of salaries

(rate of monthly contributions of ESSIT was changed to 2% of salaries in July 2008), to a pension fund, respectively. The fund is managed by the workers' fund administration committee and deposited in its name in the Bank of Taiwan.

The Labor Pension Act (the "Act") took effect on July 1, 2005. A new defined contribution pension plan is stipulated by this Act. Employees may choose the pension mechanism under the LSA or under this Act. For those employees who were subject to the LSA before the enforcement of this Act, still work for the same business entity after the enforcement of this Act, and choose to be subject to the pension mechanism under this Act, their service year before the enforcement of this Act will be retained. Under the Act, the rate of an employer's monthly contribution to the Labor Pension Fund should be at least 6% of the employee's monthly wages. On the other hand, the Company has continued to make monthly pension contributions for the employees who chose the defined benefit plan under the LSA.

Pension expenses recognized by the Company were \$198,074 thousand and \$181,131 thousand (\$144,559 thousand and \$136,136 thousand were recognized under the Act, respectively) in 2009 and 2008, respectively.

Other information in 2009 and 2008 on the defined benefit plan is as follows:

| | 2009 | 2008 |
|--|---------------------|---------------------|
| a. Net pension cost | | |
| Service cost | \$ 29,082 | \$ 33,009 |
| Interest cost | 26,346 | 29,164 |
| Actual return on plan assets | (99,614) | 119,897 |
| Amortization | 97,701 | (137,075) |
| Net pension cost | <u>\$ 53,515</u> | <u>\$ 44,995</u> |
| b. Reconciliation of the plan funded status to balance sheet amounts | | |
| | December 31 | |
| | 2007 | 2006 |
| Benefit obligation: | | |
| Vested benefit obligation | \$ (127,279) | \$ (113,030) |
| Non-vested benefit obligation | (564,826) | (559,618) |
| Accumulated benefit obligation | (692,105) | (672,648) |
| Additional benefits based on future salaries | (377,858) | (381,233) |
| Projected benefit obligation | (1,069,963) | (1,053,881) |
| Fair value of plan assets | 974,643 | 842,269 |
| Funded status | (95,320) | (211,612) |
| Unrecognized transitional net asset | (9,848) | (10,036) |
| Unamortized prior service cost | 84,607 | 94,411 |
| Unamortized net pension gains or losses | 50,383 | 154,637 |
| Additional minimum pension | (3,843) | (7,710) |
| Prepaid pension (part of other assets - other) | (30,222) | (27,942) |
| Pension liabilities (part of other liabilities - other) | <u>\$ (4,243)</u> | <u>\$ (8,252)</u> |
| Vested benefits | <u>\$ (154,163)</u> | <u>\$ (130,073)</u> |

c. Actuarial assumptions

| | | |
|--|-------------|-------------|
| Discount rate | 2.50% | 2.50% |
| Rate of increase in compensation | 2.00%-2.50% | 2.00%-2.50% |
| Expected long-term rate of return on plan assets | 2.50% | 2.50% |

d. Summary of pension fund contributions and payments

| | 2009 | 2008 |
|---------------------|------------------|------------------|
| Contributions | <u>\$ 43,404</u> | <u>\$ 42,597</u> |
| Payment of benefits | <u>\$ 15,355</u> | <u>\$ 23,208</u> |

26. SERVICE FEE AND COMMISSION INCOME, NET

| | 2009 | 2008 |
|--|---------------------|---------------------|
| Service fee and commission income | \$ 4,845,642 | \$ 4,001,340 |
| Service charge and commission expenses | (812,300) | (760,108) |
| | <u>\$ 4,033,342</u> | <u>\$ 3,241,232</u> |

27. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

| | 2009 | 2008 |
|-----------------------|-------------|--------------|
| Personnel expenses | | |
| Salaries | \$3,682,656 | \$ 3,458,534 |
| Insurance | 253,332 | 233,007 |
| Pension | 198,074 | 181,131 |
| Other | 204,093 | 230,319 |
| Depreciation expenses | 775,128 | 793,005 |
| Amortization expenses | 191,007 | 141,507 |

28. INCOME TAX

Under Article 49 of the Financial Holding Company Law, a financial holding company (FHC) can elect to file consolidated income tax returns for the regular corporate income tax as well as the 10% income tax on undistributed earnings for FHC and its domestic subsidiaries if the FHC held more than 90% of the subsidiaries' outstanding shares for the entire tax year. ESFHC is qualified in the regulations.

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

a. Income tax was calculated as follows:

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Income tax expense - current before tax credits | \$ 228,610 | \$ 283,830 |
| Net changes in deferred income tax: | | |
| Goodwill | 203,914 | 305,871 |
| Effect of tax law changes on deferred income tax | 32,998 | - |
| Allowance for possible losses on loans and receivables and reserve for losses on guarantees | 682 | - |
| Expense for convertible bond issuance | - | 2,473 |
| Tax credits | (2,421) | (5,214) |
| Impairments losses on assets | (2,463) | 2,348 |
| Loss carryforwards | (45,459) | (219,108) |
| Unrealized foreign exchange gain or loss | (74,606) | 60,207 |
| Unrealized gain or loss on financial instruments | (200,602) | 7,252 |
| Others | (4,147) | (2,439) |
| Valuation allowance | (4,500) | (1,839) |
| Tax on unappropriated earnings (10%) | 19,247 | 4,036 |
| Adjustment of prior year's tax | (12,674) | 3,230 |
| Tax effect on consolidated tax returns | 15,000 | 155,458 |
| Income tax expense | <u>\$ 153,579</u> | <u>\$ 596,105</u> |

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Company recalculated its deferred tax assets and liabilities in accordance with this amendment and recorded the resulting difference as an income tax expense.

b. A reconciliation of income tax expense - current before tax credits and income tax expense on income before income tax is shown below:

| | 2009 | 2008 |
|--|-------------------|-------------------|
| Income tax expense on income before income tax at statutory rate (25%) | \$ 520,469 | \$ 405,267 |
| Permanent differences | (381,011) | 250,021 |
| Temporary differences | 81,183 | (371,986) |
| Tax under the Alternative Minimum Tax Act | 7,969 | 528 |
| Income tax expense - current before tax credits | <u>\$ 228,610</u> | <u>\$ 283,830</u> |

c. Net deferred income tax assets (liabilities - part of other liabilities) were as follows:

| | December 31 | |
|---|--------------------|-----------------|
| | 2009 | 2008 |
| Deferred income tax assets (liabilities) | | |
| Loss carryforwards | \$ 490,152 | \$ 771,711 |
| Unrealized gain or loss on the valuation of financial instruments | 167,325 | 18,806 |
| Cumulative translation adjustments | 9,885 | - |
| Impairment losses on assets | 25,244 | 20,093 |
| Reserve for losses on breach on purchase commitment | 14,572 | - |
| Allowance for possible losses on loans and receivables and reserve for losses on guarantees | 63 | 769 |
| Unrealized foreign exchange gain | (25,807) | (106,864) |
| Goodwill | (732,540) | (711,762) |
| Others | 76 | 20,643 |
| | (51,030) | 13,396 |
| Less: Valuation allowance | 12,250 | 10,812 |
| Net deferred income tax assets (liabilities) | <u>\$ (63,280)</u> | <u>\$ 2,584</u> |

Loss carryforwards not yet expired as of December 31, 2009 amounted to \$2,450,756 thousand.

d. Imputed tax credit is summarized as follows:

| | ESFHC | E.SUN Bank | E.SUN Securities | ESIB | ESVC |
|---|-----------|------------|------------------|------|----------|
| Balance of ICA | | | | | |
| December 31, 2009 | \$ 33,673 | \$ 29,627 | \$ 7,907 | \$ - | \$ 7,498 |
| December 31, 2008 | 135,754 | 175,462 | 3,391 | - | 8,674 |
| Estimated creditable tax ratio for distributing the 2009 earnings | 4.17% | 1.69% | 3.31% | - | 14.24% |
| Actual creditable tax ratio for distributing the 2008 earnings | 32.80% | 23.49% | - | - | 35.96% |

The actual creditable tax ratio may differ from the estimated creditable tax ratio since this ratio is computed on the date the dividend is actually paid or distributed.

e. The unappropriated earnings generated before January 1, 1998 were as follows:

| | ESFHC | E.SUN Bank | E.SUN Securities | ESIB | ESVC |
|----------------------------|-------|------------|------------------|------|------|
| December 31, 2009 and 2008 | \$ - | \$ 91,777 | \$ - | \$ - | \$ - |

f. The years for which income tax returns had been examined by the tax authorities as of December 31, 2009 were as follows:

| ESFHC | E.SUN Bank | E.SUN Securities | ESIB | ESVC |
|-------|------------|------------------|------|------|
| 2005 | 2005 | 2005 | 2005 | 2005 |

g. For ESFHC's income tax returns of 2004 and 2005, the tax authorities disapproved the Company's claim that operating and interest expenses on investments were deductible from taxable income; thus, the taxable income increased by \$207,586 thousand. As a result, the Company initiated an administrative litigation. In addition, ESFHC did not accrue any additional tax expense because the possibility of a positive result on the administrative litigation is high.

h. For E.SUN Bank's income tax returns of 1994 to 2001 (except 1996 and 1999), the tax authorities denied the use as tax credit of 10% withholding tax on interest revenue on bonds pertaining to periods when those bonds, totaling \$290,044 thousand, were held by other investors. E.SUN Bank had accrued liabilities and written off assets that were related to the foregoing withholding taxes as part of income tax expense in 2001. In August 2002, the Supreme Administrative Court decided that the Taipei

National Tax Administration should review the withholding tax issue again.

In 2003, the Taipei National Tax Administration decided to rebate 65% of the foregoing withholding taxes. E.SUN Bank accepted this decision and thus recognized a tax refund receivable in 2003. As of December 31, 2009, E.SUN Bank had received the entire tax refund.

The tax authorities examined E.SUN Bank's over-distribution of the stockholders' imputed tax credit amounting to \$27,416 thousand in their assessment of the 2001 to 2005 (except 2003) stockholders' imputed tax credit returns because of foregoing withholding taxes. E.SUN Bank filed an application for the refund of overpaid tax and also initiated an administrative litigation. In addition, E.SUN Bank did not accrue the related liabilities because the possibility of a positive result on E.SUN Bank's application and administrative litigation is high.

On the goodwill amortization of \$407,828 thousand and

\$1,223,483 thousand resulting from the merger of E.SUN Bank with Kaohsiung Business Bank Co., Ltd. (KBB) and reported in the income tax returns of 2004 and 2005, respectively, the tax authorities disapproved the related expense because the authorities considered the goodwill on the purchase of KBB's assets, liabilities and operations as having resulting from a subsidy authorized by the Executive Yuan to be released from the Resolution Trust Corporation fund and not from E.SUN Bank's use of its own cash. E.SUN Bank disagreed with the tax authorities' decision and initiated an administrative litigation. In addition, E.SUN Bank did not accrue the related liabilities because the possibility of a positive result on E.SUN Bank's administrative litigation is high.

- i. E.SUN Securities will initiate an administrative litigation for the tax authorities to reconsider the assessment of stock warrants pertaining to the 2005 income tax return. Nevertheless, E.SUN Securities accrued an additional income tax payable of \$11,172 thousand on these stock warrants in 2009.
- j. The main effective income tax rates to calculate deferred income tax for 2009 and 2008 were 20% and 25%, respectively.

Effective January 1, 2008, under an explanation issued by the Accounting Research and Development Foundation of the ROC, the Company should recognize bonus to employees and remuneration to directors and supervisors as compensation expenses. These bonus and remuneration were previously recorded as appropriations from earnings. If the bonus is in the form of cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding to be used in calculating diluted earnings per share (EPS) if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares on the balance sheet date. The dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees in the following year.

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted to reflect the effects of the stock dividends distributed in the year following earning appropriation.

30. STOCKHOLDERS' EQUITY

a. Capital stock

On June 13, 2008, stockholders' meeting of ESFHC resolved to use \$1,401,000 thousand from the unappropriated earnings as stock bonus to stockholders amounting to \$1,321,320 thousand and stock bonus to employees amounting to \$79,680 thousand, or a total of 140,100 thousand shares. These appropriations were approved by the Financial Supervisory Commission (FSC) and Ministry of Economic Affairs (MOEA). The convertible bonds issued by ESFHC were converted into 100,951 thousand shares in 2008.

On June 19, 2009, stockholders' meeting of ESFHC resolved to use \$1,050,705 thousand from the unappropriated earnings as stock bonus to stockholders and also resolved to use \$32,804 thousand from the bonus to employees as stock bonus. These appropriations and bonus, which were a total of 108,449 thousand shares, were approved by the FSC and this issuance was approved by the MOEA. As of December 31, 2009, the paid-in capital of ESFHC was \$36,528,000 thousand.

To dispose of ESFHC's shares held by E.SUN Bank, ESFHC issued 6,800 thousand units of Global Depositary Shares (GDS) (one unit represents 25 common shares), which equaled 170,000 thousand common shares, at US\$14.5 dollars per share, on the Luxembourg Stock Exchange on September 27, 2004.

The GDS holders are entitled to present their GDSs for cancellation and receive the corresponding number of underlying common shares, and the common shares can be traded in the domestic stock exchange market. As of December 31, 2009, the GDS holders had canceled 9,160 thousand units (equaled 228,997 thousand shares), ESFHC issued 116 thousand units (equaled 2,904 thousand shares) because of stock dividend distribution, and the

deposit agents reissued 2,248 thousand units (equaled 56,189 thousand shares). Therefore, the outstanding GDSs were 4 thousand units, which equaled 96 thousand shares, or 0.0026% of ESFHC's total outstanding common shares.

b. Capital surplus

Under the related regulations, capital surplus may only be used to offset a deficit. However, capital surplus arising from issuance of shares in excess of par value (issuance in excess of common stock par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law.

Capital surplus from equity investments under equity method can not be distributed for any purpose.

Under the Financial Holding Company Law and related directives issued by the Securities and Futures Bureau (SFB), the distribution of the unappropriated earnings that are generated by financial institutions (the subsidiaries) before conversion to ESFHC and become part of capital surplus of the financial holding company after conversion, is exempted from the appropriation restriction of the Securities and Exchange Law.

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

The capital surplus as of December 31, 2009 came from treasury stock transactions and the issuance of shares in excess of par value. Capital surplus sources and uses were as follows:

29. EARNINGS PER SHARE

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

| | Amounts (Numerator) | | Shares (Denominator in Thousands) | Earnings Per Share (New Taiwan Dollar) | |
|----------------------------------|----------------------|---------------------|---|---|---------------------|
| | Before Income Tax | After Income Tax | | Before Income Tax | After Income Tax |
| <u>2009</u> | | | | | |
| Basic earnings per share | \$ 1,864,789 | \$ 1,928,338 | 3,614,989 | \$0.52 | \$0.53 |
| Effect of diluted common shares: | | | | | |
| Bonus to employees | - | - | 6,665 | | |
| Overseas convertible bonds | 139,000 | 104,251 | 330,190 | | |
| Diluted earnings per share | \$2,003,789 | \$2,032,589 | 3,951,844 | \$0.51 | \$0.51 |
| | | | | | |
| | Amounts (Numerator) | | Shares (Denominator in Thousands) | Earnings Per Share (New Taiwan Dollar) | |
| | Before Income Tax | After Income Tax | | Before Income Tax | After Income Tax |
| <u>2008</u> | | | | | |
| Basic earnings per share | \$ 1,162,489 | \$ 1,025,003 | 3,569,733 | \$0.33 | \$0.29 |
| Effect of diluted common shares: | | | | | |
| Bonus to employees | - | - | 3,874 | | |
| Overseas convertible bonds | (452,977) | (339,733) | 78,941 | | |
| Diluted earnings per share | \$ 709,512 | \$ 685,270 | 3,652,548 | \$0.19 | \$0.19 |

Sources

| | |
|--|------------------|
| From subsidiaries | |
| Capital surplus (mainly additional paid-in capital from share issuance in excess of par value) | \$ 413,733 |
| Legal reserve | 2,776,834 |
| Special reserve | 109,230 |
| Unappropriated earnings | <u>2,919,727</u> |
| | 6,219,524 |
| Total capital stock of subsidiaries in excess of ESFHC's issuance | 600,000 |
| Balance on January 28, 2002 | <u>6,819,524</u> |
| From ESSIT which became a 100% subsidiary of ESFHC in 2003 through a share swap | |
| Legal reserve | 4,350 |
| Unappropriated earnings | <u>7,861</u> |
| | 6,831,735 |
| Corporate bonds converted into capital stock | |
| In 2003 | 9,005 |
| In 2004 | 2,613,625 |
| In 2006 | 2,252,133 |
| In 2008 | 524,401 |
| Treasury stock transactions recognized from subsidiaries | 3,015,943 |
| Transferring of shares to employees by subsidiary | 483 |
| Cash dividends from ESFHC received by subsidiaries | 208,161 |
| Transferring of shares to employees by ESFHC | <u>45,307</u> |
| | 15,500,793 |

Uses

| | |
|---|----------------------|
| Remuneration to directors and supervisors and bonus to employees by subsidiaries | (156,458) |
| Issuance of ESFHC's stock dividends in 2002 | (1,800,000) |
| Offset of deficit in 2003 | (3,091,451) |
| The difference between par value and issue price for the issuance of common stock from bonus to employees in 2009 | <u>(980)</u> |
| | \$ <u>10,451,904</u> |

c. Appropriation of earnings and dividend policy

When ESFHC appropriates its earnings, legal reserve should be appropriated from the annual net income less any accumulated deficit. A special reserve may then be appropriated. Any remainder should be appropriated as follows:

- 1) 96% as dividends.
- 2) 1% as remuneration to directors (knows as remuneration to directors and supervisors before the revision of ESFHC's Articles of Incorporation on June 13, 2008).
- 3) 3% as bonus to employees.

Under ESFHC's Articles of Incorporation, the stockholders may decide not to declare any dividends or

declare only a portion of distributable earnings as dividends.

Under ESFHC's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen ESFHC's financial structure. This policy is also intended to improve the ESFHC's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. However, when dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT\$0.10 dollar.

For the year ended December 31, 2009 and 2008, the bonus to employees and remuneration to directors of \$90,795 thousand and \$43,780 thousand, respectively, representing 3% and 1% of the appropriation, were accrued on the basis

of past experiences. If the bonus and remuneration proposed by ESFHC's Board of Directors change materially, the change should be included in the expenses of the current year. If the bonus and remuneration approved by the ESFHC's stockholders differ from the Board of Directors' proposal, this change should be treated as a revision of the accounting estimate, and the related accrued expenses should be adjusted in the year of the stockholders' approval of the bonus and remuneration. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the eve of the stockholders' meeting.

Under the Company Law, legal reserve should be appropriated until the reserve equals ESFHC's paid-in

capital. This reserve should only be used to offset a deficit. When the reserve exceeds 50% of ESFHC's paid-in capital, the excess may be distributed as follows: (a) if ESFHC has no earnings, the excess may be declared as dividends or bonus; and (b) if ESFHC has no deficit, only the excess portion that is over 25% of ESFHC's paid-in capital may be declared as stock dividends.

Under an SFB directive, a special reserve is appropriated from the balance of the retained earnings at an amount that is equal to the debit balance of accounts in the stockholders' equity section (such as unrealized gain or loss on financial instruments and cumulative translation adjustments, except treasury stocks). The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts.

On June 19, 2009, the stockholders of ESFHC resolved the following appropriation of earnings in 2008, which were resolved by the ESFHC's Board of Directors on February 27, 2009:

| | |
|------------------------------------|------------|
| Legal reserve | \$ 102,501 |
| Special reserve | 163,969 |
| Stock dividend - NT\$0.3 per share | 1,050,705 |

On June 19, 2009, the stockholders of ESFHC also resolved the bonus to employees of \$32,835 thousand and remuneration to directors of \$10,945 thousand.

On June 13, 2008, the stockholders of ESFHC resolved the following appropriation of earnings in 2007, which were resolved by the ESFHC's Board of Directors on March 3, 2008, as follows:

| | |
|---|-----------|
| Legal reserve | \$329,381 |
| Special reserve | 683,801 |
| Dividend | |
| Cash - NT\$0.4 per share | 1,321,320 |
| Stock - NT\$0.4 per share | 1,321,320 |
| Remuneration to directors and supervisors | 27,528 |
| Bonus to employees | |
| Cash | 2,902 |
| Stock | 79,680 |

As of February 12, 2010, the date of the accompanying auditors' report, the ESFH's Board of Directors had not resolved the appropriation of earnings in 2009. Information on the appropriation of earnings or deficit offsetting can be accessed through the Web site of the Taiwan Stock Exchange (<http://emops.tse.com.tw>).

Under the integrated income tax system, certain stockholders are allowed tax credits for the income tax paid by the Company.

d. Treasury stock

| Reason for Redemption | Beginning of Year | Increase | Decrease | End of Year |
|--------------------------------|-------------------|----------|----------|-------------|
| Reissuance to employees (Note) | | | | |
| 2009 | 42,000 | - | 21,000 | 21,000 |
| 2008 | - | 42,000 | - | 42,000 |

Note: Shares in thousands.

To conform to government policies and give more incentives to employees, ESFHC's board of directors resolved to buy back its shares on October 8, 2008 in accordance with the Securities Exchange Law and Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Company. The purpose of the share repurchase is to transfer shares to employees.

On September 23, 2009, there was a transfer of 21,000 thousand shares to employees of ESFHC and subsidiaries at NT\$8.02 per share.

The Securities and Exchange Law provides for the following:

- 1)The total number of shares that can be held in treasury stock is limited to 10% of the number of total outstanding shares.
- 2)The maximum cost of reacquiring treasury shares is limited to the sum of the balances of the retained earnings, paid-in capital in excess of par value and capital surplus which are realized;
- 3)Using treasury shares to secure any obligations or commitment of ESFHC is prohibited;
- 4)ESFHC is prohibited from exercising the rights of the stockholder with respect to the treasury shares.

31. RELATED-PARTY TRANSACTIONS

In addition to Table 6 and those mentioned in other notes, the relationship with the Company and significant related-party transactions were summarized as follows:

a. Related parties

| Related Party | Relationship with the Company |
|---|--|
| E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation | One third of the funds are donated by E.SUN Bank |
| E.SUN Finance & Leasing Co. | Equity-method investee (until its liquidation in September 2008) |
| Fu Bon Securities Finance Co. and Bank-Pro E-Service Technology Co., Ltd. | E.SUN Bank is a director of these two companies |
| Financial Information Service Co., Ltd. | E.SUN Bank is a supervisor of the Company |
| Mutual funds managed by ESSIT | Mutual funds managed by ESSIT (until September 2008) |
| Chiu-Hsiung Huang | Representative of a company that is a member of ESFHC's board of directors |
| Joseph N.C. Huang | President of ESFHC |
| Heng-Hwa Yang | Deputy president of ESFHC |
| Joe Huang | Vice president of ESFHC |
| J.C. Wang | Vice president of ESFHC |
| Shuei-Ping Wan | E.SUN Bank's vice president |
| Kuan-Her Wu | Chief accounting officer of ESFHC |
| Shih-Hui Lin | E.SUN Bank's manager |
| I-Shun Chou | E.SUN Bank's manager |
| Cheng-Ren Liu | E.SUN Bank's manager |
| Jia-Tie Huang | E.SUN Bank's manager |
| Edward Chen | E.SUN Bank's manager |
| Tsung-Pin Chen | E.SUN Bank's manager |
| Wen-Yuh Chen | E.SUN Bank's manager |
| Hao-Wei Tsai | E.SUN Bank's manager |

Related Party

Relationship with the Company

| | |
|-----------------|---|
| Rong-Huel Chang | E.SUN Bank's manager |
| Day-Yu Chen | E.SUN Bank's manager |
| Nan-Ming Chen | E.SUN Bank's manager |
| Huei-Ling Tsai | E.SUN Bank's manager |
| Bruce Lee | ESFHC's manager |
| Yin-Sung Liu | Relative within the second degree of consanguinity of ESFHC's chairman |
| Yi-Hung Liu | Relative within the second degree of consanguinity of ESFHC's chairman |
| Shu-Hua Yang | Relative within the second degree of consanguinity of E.SUN Bank's president |
| Other | ESFHC's and subsidiaries' chairman, president, directors, supervisors, managers and their relatives with the second degree of consanguinity |

b. Significant transactions with related parties

1) Loans and deposits

| | December 31 | | | |
|-------------|-------------|------------|-------------------|----------------------------|
| | Amount | % to Total | Interest Rate (%) | Interest Revenue (Expense) |
| <u>2009</u> | | | | |
| Loans | \$ 435,067 | - | 0.75-3.81 | \$ 8,049 |
| Deposits | \$ 728,686 | - | 0-8.65 | \$ (15,081) |
| <u>2008</u> | | | | |
| Loans | \$ 532,020 | - | 1.62-4.32 | \$ 11,703 |
| Deposits | \$ 826,060 | - | 0-9.99 | \$ (19,566) |

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

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

2) Directors as credit guarantors

| | December 31 | | | |
|------|-------------|------------|-------------------|-----------------------------------|
| | Amount | % to Total | Interest Rate (%) | Rate of Guarantee Service Fee (%) |
| 2009 | \$ 81,799 | - | 1.21-2.47 | - |
| 2008 | \$ 155,307 | - | 2.72-4.02 | - |

| | December 31 | | | |
|---|-------------|------------|-----------|------------|
| | 2009 | | 2008 | |
| | Amount | % to Total | Amount | % to Total |
| 3) Commissions (part of service fee and commission income, net) | \$ - | - | \$ 30,802 | 1 |
| 4) Brokerage service fee (part of service fee and commission income, net) | \$ - | - | \$ 3,294 | - |
| 5) Rental income | \$ - | - | \$ 59 | - |
| 6) Donation (part of general and administrative expenses) | \$ 9,229 | - | \$ 4,647 | - |
| 7) Others (part of general and administrative expenses) | \$ 2,675 | - | \$ 4,773 | - |

The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity and for the E.SUN Foundation's culture and education promotion.

| | 2008 |
|-------------------------|-----------|
| 18) Sales of securities | \$ 15,098 |

The terms of the above transactions were similar to, or approximated, those for third parties.

c. Subsidiaries' related-party transactions and balances that each amounted to more than \$100,000 thousand as of and for the years ended December 31, 2009 and 2008

1) E.SUN Bank

| | December 31 | | | |
|-------------|--------------|------------|-------------------|----------------------------|
| | Amount | % to Total | Interest Rate (%) | Interest Revenue (Expense) |
| <u>2009</u> | | | | |
| a) Loans | \$ 435,067 | - | 0.75-3.81 | \$ 8,049 |
| b) Deposits | \$ 7,230,697 | 1 | 0-8.65 | \$ (93,205) |
| <u>2008</u> | | | | |
| a) Loans | \$ 532,020 | - | 1.62-4.32 | \$ 11,703 |
| b) Deposits | \$ 8,884,350 | 1 | 0-9.99 | \$ (211,663) |

| | December 31 | | | |
|---|-------------|------------|------------|------------|
| | 2009 | | 2008 | |
| | Amount | % to Total | Amount | % to Total |
| c) Other receivable (part of receivables) | | | | |
| ESFHC | \$ 295,875 | - | \$ 112,026 | - |

The other receivables refer to ESFHC's filed consolidated corporate tax returns from 2003.

| | December 31 | | | |
|-------------|-------------|------------|-------------------|-----------------------------------|
| | Amount | % to Total | Interest Rate (%) | Rate of Guarantee Service Fee (%) |
| <u>2009</u> | \$ 81,799 | - | 1.21-2.47 | - |
| <u>2008</u> | \$ 155,307 | - | 2.72-4.02 | - |

e) E.SUN Bank made cross-currency swap contracts with ESFHC. The contract (nominal) amounts were \$1,293,475 thousand as of December 31, 2009. In 2009, the realized gain was \$252 thousand. The valuation loss was \$1,011 thousand in 2009.

f) E.SUN Bank made currency swap contracts with ESFHC. The contract (nominal) amounts were \$327,740 thousand as of December 31, 2008. In 2009 and 2008, the realized gains were \$14,350 thousand and \$15,200 thousand, respectively. The valuation gain was \$12,240 in 2008.

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

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

2)E.SUN Securities

a)Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of December 31, 2009 and 2008

| | December 31 | |
|-----------------------|-------------|------------|
| | 2009 | 2008 |
| Deposits | \$ 217,709 | \$ 5,889 |
| Pledged time deposits | \$ 145,000 | \$ 223,000 |
| Operation deposits | \$ 565,000 | \$ 355,000 |

b)E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to \$3,000,000 thousand in both years. For this overdraft, E.SUN Securities provided time deposits and real estate to E.SUN Bank as collaterals as of December 31, 2009 and 2008. Other financial institutions provided guarantee for the overdraft for both years. As of December 31, 2009 and 2008, there was no overdraft amount.

3)ESVC

| | December 31 | |
|-----------------------|-------------|-----------|
| | 2009 | 2008 |
| Deposits - E.SUN Bank | \$ 292,520 | \$ 93,548 |

4)ESIB

| | December 31 | |
|-------------------------|-------------|------------|
| | 2009 | 2008 |
| a)Deposits - E.SUN Bank | \$ 192,017 | \$ 105,700 |

d.Compensation of directors, supervisors and management personnel

| | 2009 | 2008 |
|----------------------|-----------|-----------|
| Salaries | \$ 30,294 | \$ 33,357 |
| Incentives | 10,938 | 11,370 |
| Special compensation | 1,203 | 1,513 |
| Bonus | 25,034 | 12,308 |
| | \$ 67,469 | \$ 58,548 |

32.PLEDGED ASSETS

In addition to those mentioned in other notes, the pledged assets of the Company are summarized as follows:

| | December 31 | |
|--|-------------|-------------|
| | 2009 | 2008 |
| Due from the Central Bank and call loans to other banks | \$ - | \$1,000,000 |
| Financial assets at fair value through profit or loss (securities at face value) | 424,900 | 4,000,000 |
| Receivables (bonds) | 200 | 400 |
| Available-for-sale financial assets (bonds at face value) | 339,900 | 394,000 |
| Held-to-maturity financial assets (face value) | 3,470,552 | 2,120,000 |
| Other financial assets (face value) | 804 | 65,548 |
| | \$4,236,356 | \$7,579,948 |

As of December 31, 2009 and 2008, the foregoing securities, with aggregate face value of \$3,400,000 thousand and \$5,000,000 thousand, respectively, had been provided as collaterals for day-term overdraft to comply with the Central Bank's clearing system requirement for real-time gross settlement (RTGS). The unused overdraft amount at the end of the day may also be treated as liquidity reserve.

As of December 31, 2008, the above-mentioned securities purchased amounting \$2,120,000 thousand had been provided to Mega International Commercial Bank as collaterals for issuing secured bank debentures by E.SUN Bank. Other securities were placed with courts of justice for various collection cases on overdue loans or were used as business reserve.

To expand its capital sourcing and enhance its liquidity position, E.SUN Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. For this access, the Los Angeles Branch pledged the following assets:

| Date | (In Thousands of U.S. Dollars) | |
|-------------------|--------------------------------|------------------|
| | Outstanding Loan Balance | Collateral Value |
| December 31, 2009 | \$ 21,868 | \$ 13,121 |
| December 31, 2008 | \$31,748 | \$23,811 |

33.CONTINGENCIES AND COMMITMENTS

In addition to those mentioned in other notes, the commitments as of December 31, 2009 were as follows:

a.ESFHC

To help ESSIT in dealing with structured bonds, ESFHC committed to increase ESSIT's capital in cash if ESSIT's net worth is lower than the par value of its stock when it compensates E.SUN Bank for the securitization of the structured bonds (E.SUN CBO 2005-2) at the end of the trust period. However, on July 17, 2008, ESFHC resolved to sell all shares of ESSIT. In order to improve the process of the sale and increase the value of ESSIT, ESFHC agreed to undertake the obligation of ESSIT with E.SUN Bank and compensate E.SUN Bank for any loss at the end of the trust period.

b.E.SUN Bank

1)Renewable operating lease agreements on premises occupied by E.SUN Bank's branches, which will expire on various dates by July 2019. Rentals are calculated on the basis of the leased areas and are payable monthly, quarterly or semiannually. As of December 31, 2009, refundable deposits on these leases totaled \$910,266 thousand. Minimum annual rentals for the next five years are as follows:

| Year | Amount |
|------|------------|
| 2010 | \$ 479,132 |
| 2011 | 376,675 |
| 2012 | 310,544 |
| 2013 | 235,255 |
| 2014 | 178,609 |

Total rentals for January 2015 to July 2019 will aggregate \$87,428 thousand. The present value of these rentals is \$81,792 thousand, based on 0.83%, which is the annual fixed interest rate set by Chunghwa Post Co., Ltd. for its one-year time savings deposits on the balance sheet date.

2)Agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by its branches amounted to approximately \$314,433 thousand. As of December 31, 2009 the remaining unpaid amount was approximately \$225,880 thousand.

c.E.SUN Securities

1)Renewable operating lease agreements on premises occupied by E.SUN Securities' branches, which will expire on various dates by September 2014. Rentals are calculated on the basis of the leased areas and are payable monthly or quarterly. As of December 31, 2009, refundable deposits on these leases totaled \$11,738 thousand. Minimum annual rentals for the next five years are as follows:

| Year | Amount |
|------|-----------|
| 2010 | \$ 37,602 |
| 2011 | 30,247 |
| 2012 | 26,098 |
| 2013 | 20,825 |
| 2014 | 13,736 |

2)Agreements on the decoration of buildings and various purchases related to the improvements of existing premises occupied by its branches amounted to approximately \$26,169 thousand. As of December 31, 2009, the remaining unpaid amount was approximately \$7,761 thousand.

d.ESIB

ESIB entered into insurance agent contracts with various insurance companies. The contracts are summarized as follows:

| Insurance Company | Contract Date | Commission Received | Contract Period |
|----------------------|---------------|---|--|
| Prudential Insurance | 2004.01.09 | Billed and received according to contract terms | Effectively starts on January 9, 2004 and will expire on January 9, 2014. The contract may be updated according to the parties' written notice when the contract expired. |
| Tokio Marine Newa | 2005.10.15 | Billed and received according to contract terms | Effectively starts on October 15, 2005 and will expire on October 15, 2014. The contract may be updated according to the parties' written notice when the contract expired. |
| Taian Insurance | 2007.10.19 | Billed and received according to contract terms | Effectively starts on October 19, 2007 and will expire on October 19, 2008. The contract is automatically extended for another year if the parties do not terminate the contract in writing earlier than 30 days before the end of the contract. |

34.E.SUN BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

| Interest-earning assets | 2009 | | 2008 | |
|--|-----------------|------------------|-----------------|------------------|
| | Average Balance | Average Rate (%) | Average Balance | Average Rate (%) |
| Cash and cash equivalents - due from banks | \$ 1,295,487 | 0.11 | \$ 1,188,439 | 1.31 |
| Call loans to banks | 10,050,054 | 0.82 | 4,521,042 | 2.19 |
| Due from the Central Bank | 123,076,143 | 0.63 | 16,480,880 | 1.54 |
| Held-for-trading financial assets - bonds | 2,462,622 | 1.81 | 1,813,739 | 1.33 |
| Held-for-trading financial assets - bills | 19,838,890 | 0.86 | 56,998,413 | 2.18 |
| Financial assets designated at fair value through profit or loss - bonds and bills | 29,320,370 | 2.47 | 38,587,903 | 2.97 |
| Securities purchased under resell agreements | 2,619,371 | 0.06 | 642,757 | 1.56 |
| Discounts and loans | 536,973,072 | 1.89 | 537,267,151 | 3.25 |
| Receivables on credit cards | 16,990,288 | 12.48 | 17,340,616 | 13.10 |
| Available-for-sale financial assets - bonds | 39,187,961 | 2.09 | 29,503,886 | 2.78 |
| Held-to-maturity financial assets | 17,966,090 | 2.26 | 13,782,745 | 2.20 |
| Debt instruments with no active market | 6,080,789 | 2.24 | 7,289,366 | 2.50 |

Interest-bearing liabilities

| | | | | |
|---|---------------|------|---------------|------|
| Due to the Central Bank and other banks | \$ 21,371,779 | 0.43 | \$ 25,261,764 | 2.81 |
| Financial liabilities at fair value through profit or loss (exclusive of financial liabilities designated at fair value through profit or loss - bank debentures) | 3,608,375 | 0.57 | 10,590,710 | 2.38 |
| Securities sold under repurchase agreements | 26,293,478 | 0.24 | 26,460,185 | 1.65 |
| Demand deposits | 110,668,431 | 0.09 | 77,880,720 | 0.38 |
| Savings - demand deposits | 167,405,007 | 0.25 | 130,972,363 | 0.57 |
| Time deposits | 208,009,400 | 1.07 | 197,998,539 | 2.61 |
| Savings - time deposits | 210,870,315 | 1.51 | 201,611,543 | 2.53 |
| Negotiable certificates of deposit | 12,415,442 | 0.72 | 12,949,152 | 2.13 |
| Bank debentures (inclusive of financial liabilities designated at fair value through profit or loss - bank debentures) | 37,038,639 | 2.29 | 46,189,757 | 2.30 |

35.FINANCIAL INSTRUMENTS

a.ESFHC

1)Fair value of financial instruments

| | December 31 | | | |
|---|-----------------|----------------------|-----------------|----------------------|
| | 2009 | | 2008 | |
| Financial assets | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Financial assets - with fair values approximating carrying amounts | \$ 5,083,926 | \$ 5,083,926 | \$ 8,134,615 | \$ 8,134,615 |
| Financial assets at fair value through profit or loss | 1,011 | 1,011 | 303,324 | 303,324 |
| Financial liabilities | | | | |
| Financial liabilities - with fair values approximating carrying amounts | 163,540 | 163,540 | 125,795 | 125,795 |
| Financial liabilities at fair value through profit or loss | 4,798,424 | 4,798,424 | 4,967,559 | 4,967,559 |
| Corporate bonds payable | 5,500,000 | 5,509,477 | 5,500,000 | 5,546,437 |

2)Methods and assumptions applied to estimate the fair value of financial instruments are summarized as follows:

- a)The carrying amounts of short-term financial instruments approximate their fair values because of the short maturities of these instruments. Other short-term financial assets are cash and cash equivalents, receivables (except tax refundable) and refundable deposits. Other short-term financial liabilities are payables (except tax payable).
- b)For financial instruments at fair value through profit or loss and corporate bonds payable, fair value is best determined on the basis of quoted market prices. If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for valuating the fair value; otherwise, ESFHC uses other financial data and appropriate valuation methodologies to determine fair value.
- c)If equity investments under the equity method and financial assets carried at cost both consist of unlisted stock, these investments have no quoted market prices in an active market and their fair value cannot be reliably measured. Thus, the Company does not disclose their fair value.

3)Financial risk information

a)Risk management

ESFHC established the Risk Management Committee, whose convener is the general manger and executive secretary is the chief risk officer, to draw up the principles and policies of risk management followed by each subsidiary, to coordinate and monitor the enforcement of risk management policies of each subsidiary and to deliberate whether proposals brought up by each risk-based unit focusing on a variety of individual issues are suitable for the Company. The committee also supports decision making on several important issues, such as asset allocation, designing and pricing of new products, merging,

joint venture and transfer of ownership, from the point of view of risk management to ensure that the Company has adequate capital to achieve profit objectives under reasonable risk.

b)Market risk

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

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

c)Credit risk

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

d)Liquidity risk

ESFHC set up "The Liquidity Risk Management Guideline of E.SUN Financial Holding Company" as the guideline of management of liquidity risk.

It monitors and asks ESFHC and subsidiaries to maintain appropriate liquidity, payment ability, financial stability, and to improve urgent situation handling ability.

ESFHC and subsidiaries also follow the requirements of authorities, adopt numeral management, and compile cash flow gap analysis report regularly. Additionally, ESFHC and subsidiaries set up liquidity risk management index, and implement and monitor strictly.

b.E.SUN Bank

1)Fair value of financial instruments

| | December 31 | | | |
|--|-----------------|----------------------|-----------------|----------------------|
| | 2009 | | 2008 | |
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| <u>Financial assets</u> | | | | |
| Financial assets - with fair value approximating carrying amounts | \$ 264,170,974 | \$ 264,170,974 | \$ 132,413,462 | \$ 132,413,462 |
| Financial assets at fair value through profit or loss | 39,489,518 | 39,489,518 | 72,690,441 | 72,690,441 |
| Available-for-sale financial assets | 36,818,491 | 36,818,491 | 42,606,239 | 42,606,239 |
| Discounts and loans | 550,483,765 | 550,483,765 | 532,944,978 | 532,944,978 |
| Held-to-maturity financial assets | 18,278,241 | 18,585,200 | 14,241,499 | 14,460,273 |
| Other financial assets (exclusive of financial assets carried at cost) | 5,559,228 | 5,580,481 | 7,495,793 | 7,460,285 |
| <u>Financial liabilities</u> | | | | |
| Financial liabilities - with fair value approximating carrying amounts | 60,989,968 | 60,989,968 | 53,183,460 | 53,183,460 |
| Financial liabilities at fair value through profit or loss | 11,059,469 | 11,059,469 | 26,488,285 | 26,488,285 |
| Deposits and remittances | 775,064,009 | 775,064,009 | 666,460,275 | 666,460,275 |
| Bank debentures | 33,500,000 | 33,919,422 | 27,300,000 | 27,162,767 |
| Other financial liabilities | 2,136,729 | 2,136,729 | 2,372,937 | 2,372,937 |

Effective January 1, 2006, E.SUN Bank adopted SFAS No. 34 - "Accounting for Financial Instruments." The amount of the cumulative effect of accounting changes and the adjustments of stockholders' equity resulting from the adoption of SFAS No. 34 are mentioned in Note 3.

2)Methods and assumptions applied to estimate the fair value of financial instruments are summarized as follows:

- a)The carrying amounts of short-term financial instruments approximate their fair values because of the short maturities of these instruments. Other short-term financial assets are cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables (except tax refundable) and refundable deposits. Other short-term financial liabilities are due to the Central Bank and other banks, securities sold under repurchase agreements, payables (except tax payable) and remittances.
- b)For financial instruments at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets and bank debentures, fair value is best determined on the basis of quoted market prices. However, in many instances where there are no quoted market prices for E.SUN Bank's various financial instruments, fair values are based on estimates using other financial data and appropriate valuation methodologies.

E.SUN Bank estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values on these two types of contracts are provided by counter-parties. Fair values of currency option contracts are based on estimates using the Black Scholes model, binomial method or Monte Carlo simulation. Fair values of credit default swap contracts are valued using the discount spreads method or modified Hull-White model. The fair value of each futures contract is calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. E.SUN Bank uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for

payments. As of December 31, 2009 and 2008, the discount rates used were between 0.108% and 2.185% and between 0.471% and 1.842%, respectively, for the New Taiwan dollar and between 0.175% and 4.477% and between 0.150% and 2.695%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for valuating the fair value of debt instruments with no active market and classified as other financial assets; otherwise, E.SUN Bank uses the foregoing discounted cash flow method to determine fair value.

c) Discounts and loans, and deposits are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair value. The fair value of overdue loans is based on their carrying amount, net of allowance for credit losses.

| | December 31 | | | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | 2009 | | 2008 | |
| | Quoted Market Prices | Estimated Market Prices | Quoted Market Prices | Estimated Market Prices |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | \$ 8,869,416 | \$ 30,620,102 | \$ 32,538,940 | \$ 40,151,501 |
| Available-for-sale financial assets | 12,816,402 | 24,002,089 | 27,304,930 | 15,301,309 |
| Held-to-maturity financial assets | 6,952,915 | 11,632,285 | 7,030,651 | 7,429,622 |
| Other financial assets (exclusive of financial assets carried at cost) | 615,632 | 4,964,849 | 720,433 | 6,739,852 |
| Financial liabilities | | | | |
| Financial liabilities at fair value through profit or loss | - | 11,059,469 | - | 26,488,285 |
| Bank debentures | - | 33,919,422 | - | 27,162,767 |

4) A valuation of financial instruments at estimated market prices showed a loss of \$837,390 thousand and \$162,594 thousand in 2009 and 2008, respectively.

5) For the years ended December 31, 2009 and 2008, the adjustments of stockholders' equity credited directly from the available-for-sale financial assets amounted to \$1,245,924 thousand and debited directly from the available-for-sale financial assets amounted to \$675,538 thousand, respectively; the gain or loss recognized and deducted from the adjustments of stockholders' equity amounted to a gain of \$267,601 thousand and a loss of \$780,553 thousand, respectively.

6) Financial risk information

a) Risk management

E.SUN Bank established the Risk Management Division to draw up the principles and policies of risk management followed by each department, to coordinate and monitor the enforcement of risk

d) If equity investments under the equity method and financial assets carried at cost both consist of unlisted stock, these investments have no quoted market prices in an active market and their fair value cannot be reliably measured. Thus, E.SUN Bank does not disclose their fair value.

e) Other financial liabilities include guarantee deposits received, appropriations for loans and credit-linked structured products. They are interest-bearing liabilities or items that can be transferred to other banks at any time depending on the business situation or withdrawn by providers. The carrying amounts of these liabilities represent their fair values.

3) As of December 31, 2009 and 2008, respectively, fair values of financial assets and liabilities determined using quoted market prices or market prices estimated on the basis of valuation method were as follows:

management policies of each department and to deliberate whether proposals brought up by each risk-based unit focusing on a variety of individual issues are suitable for E.SUN Bank. The division also supports decision making on several important issues, such as asset allocation, designing and pricing of new products and transfer of ownership, from the point of view of risk management to ensure that E.SUN Bank has adequate capital to achieve profit objectives under reasonable risk.

b) Market risk

E.SUN Bank evaluated the market risk of financial instruments on the basis of value at risk (VaR). VaR is the potential loss in market value of financial instruments held by E.SUN Bank, which is measured within a set confidence interval for a specified period. E.SUN Bank estimated VaR on the basis of the changes in prices of financial instruments in the past two years.

Net positions on foreign-currency transactions were as follows:

Unit: In Thousands of Dollars

| Items | December 31, 2009 | | December 31, 2008 | |
|---|-------------------|---------------|-------------------|-------------|
| | Currency | NT\$ | Currency | NT\$ |
| Net position on foreign-currency transactions | USD | (36,226) | HKD | (76,308) |
| | SGD | 10,966 | USD | 9,800 |
| (market risk) | AUD | 7,043 | JPY | (680,531) |
| | HKD | 46,205 | EUR | 3,069 |
| | CNY | (24,523) | CNY | 14,043 |
| | | \$(1,165,608) | | \$(322,693) |
| | | 251,391 | | 321,185 |
| | | 203,352 | | (246,723) |
| | | 191,705 | | 141,911 |
| | | (115,576) | | 67,351 |

Note: The foreign currencies represent the top five currencies in E.SUN Bank's basket of international currencies.

c) Credit risk

E.SUN Bank is exposed to potential loss due to defaults by counter-parties or issuers. Under normal business operations, E.SUN Bank is a party to transactions involving financial services with off-balance-sheet risks, such as issuing credit cards, extending credit facilities and providing financial guarantee and obligations under letters of credit issued. Generally, these transactions are for one year.

As of December 31, 2009 and 2008, the interest rates for loans were between 0.15% and 18.25% and between 0.59% and 18.25%, respectively. The highest interest rate for credit cards was 19.71% in both years.

There was no concentration of maturity dates in one particular period that would potentially result in liquidity problems to E.SUN Bank.

E.SUN Bank evaluates the creditworthiness of credit applications case by case, taking into account the applicant's credit history, credit rating and financial condition. Collateral, mostly in the form of real estate, cash, inventories, marketable securities and other assets, may be required depending on the evaluation result. As of December 31, 2009 and 2008, about 70% and 65% of total loans granted, respectively, and about 15% and 18%, respectively, for both the aggregate guarantees and letters of credit issued, were secured. If the customers break a contract, E.SUN Bank will execute its right on the collaterals and decrease its credit risk. However, E.SUN Bank discloses the maximum credit exposure without consideration of collateral fair value.

The maximum credit exposure of financial assets is the carrying amounts of financial assets on the balance sheet date.

The amounts of financial contracts with off-balance-sheet credit risks as of December 31, 2009 and 2008 were as follows:

| | December 31 | |
|---|---------------|---------------|
| | 2009 | 2008 |
| Credit card commitments | \$248,796,255 | \$244,073,452 |
| Guarantees and letters of credit issued | 17,880,961 | 14,793,569 |

The concentration of credit risk exists when counter-parties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Groups or industries and regions with outstanding loans that were 10% or more of total outstanding loans were as follows:

| Credit Risk Profile by Group or Industry | December 31 | | | |
|--|----------------|----|----------------|----|
| | 2009 | | 2008 | |
| | Amount | % | Amount | % |
| Natural person | \$ 322,569,407 | 57 | \$ 286,616,096 | 53 |
| Manufacturing | 124,544,378 | 22 | 133,970,694 | 25 |

| Credit Risk Profile by Region | December 31 | | | |
|-------------------------------|----------------|----|----------------|----|
| | 2009 | | 2008 | |
| | Amount | % | Amount | % |
| Domestic | \$ 525,862,522 | 93 | \$ 503,274,180 | 92 |
| North America | 10,796,412 | 2 | 14,141,824 | 3 |
| Asia | 10,852,963 | 2 | 12,936,053 | 2 |

d)Liquidity risk

In December 2009 and 2008, the liquidity reserve ratio was 26.26% and 16.95%, respectively. E.SUN Bank has sufficient equity capital and working capital to execute all contract obligations and had no liquidity risk.

The contract or notional amount is used to calculate the amounts to settle with the counter-parties, so it is neither the actual amount delivered nor the cash

requirement for E.SUN Bank. Also, E.SUN Bank can enter into derivative financial contracts at reasonable market terms. Thus, E.SUN Bank did not expect significant cash flow demands to settle these contracts.

The management policy of E.SUN Bank is to match the contractual maturity profile to the interest rates for its assets and liabilities. Because of uncertainties, however, the maturities did not fully match the interest rates, resulting in gaps that may potentially give rise to gain or loss.

E.SUN Bank applied appropriate ways to group assets and liabilities. The maturity analysis of assets and liabilities was as follows:

| | December 31, 2009 | | | | | |
|---|-----------------------|---|--|---|--------------------------|-----------------------|
| | Due in One Month | Due after One Month Up to Three Months | Due after Three Months Up to One Year | Due after One Year Up to Seven Years | Due after Seven Years | Total |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 9,800,366 | \$ - | \$ - | \$ - | \$ - | \$ 9,800,366 |
| Due from the Central Bank and call loans to other banks | 150,389,990 | 52,802,585 | 13,982,640 | - | - | 217,175,215 |
| Financial assets at fair value through profit or loss | 11,592,696 | 1,469,807 | 4,481,713 | 20,703,697 | 1,241,605 | 39,489,518 |
| Securities purchased under resell agreements | - | 3,384,993 | - | - | - | 3,384,993 |
| Receivables | 294,487 | 29,445,511 | 130,313 | 4,047,622 | - | 33,917,933 |
| Discounts and loans | 56,965,804 | 34,209,971 | 57,689,394 | 199,327,741 | 205,742,871 | 553,935,781 |
| Available-for-sale financial assets | 7,039,034 | 86,537 | 3,413,240 | 24,551,649 | 1,728,031 | 36,818,491 |
| Held-to-maturity financial assets | 160,599 | 224,319 | 402,978 | 16,627,442 | 862,903 | 18,278,241 |
| Other financial assets (exclusive of financial assets carried at cost) | 772 | - | 969,655 | 1,586,246 | 3,002,555 | 5,559,228 |
| | <u>\$236,243,748</u> | <u>\$121,623,723</u> | <u>\$ 81,069,933</u> | <u>\$ 266,844,397</u> | <u>\$212,577,965</u> | <u>\$ 918,359,766</u> |
| Liabilities | | | | | | |
| Due to the Central Bank and other banks | \$ 22,751,593 | \$ 3,508,184 | \$ 12,792,180 | \$ - | \$ - | \$ 39,051,957 |
| Financial liabilities at fair value through profit or loss | 2,900,000 | 45,000 | 3,414,469 | 4,700,000 | - | 11,059,469 |
| Securities sold under repurchase agreements | 10,684,799 | 2,126,860 | 1,707,309 | - | - | 14,518,968 |
| Payables | 3,241,111 | 792,217 | 1,617,918 | 1,901,139 | 3,867 | 7,556,252 |
| Deposits and remittances | 430,737,338 | 98,117,703 | 234,411,849 | 11,797,119 | - | 775,064,009 |
| Bank debentures | - | 1,300,000 | 3,700,000 | 28,500,000 | - | 33,500,000 |
| Other financial liabilities | 500,000 | 1,948 | 1,379,922 | 182,591 | 72,268 | 2,136,729 |
| | <u>\$ 470,814,841</u> | <u>\$105,891,912</u> | <u>\$259,023,647</u> | <u>\$ 47,080,849</u> | <u>\$ 76,135</u> | <u>\$ 882,887,384</u> |

December 31, 2008

| | Due in One Month | Due after One Month Up to Three Months | Due after Three Months Up to One Year | Due after One Year Up to Seven Years | Due after Seven Years | Total |
|--|----------------------|---|--|---|--------------------------|-----------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 11,572,247 | \$ - | \$ - | \$ - | \$ - | \$ 11,572,247 |
| Due from the Central Bank and call loans to other banks | 60,321,437 | 19,148,959 | 9,500,000 | - | - | 88,970,396 |
| Financial assets at fair value through profit or loss | 13,622,141 | 11,116,416 | 20,346,654 | 25,664,649 | 1,940,581 | 72,690,441 |
| Securities purchased under resell agreements | 353,252 | - | - | - | - | 353,252 |
| Receivables | 323,822 | 27,738,510 | 68,494 | 3,383,927 | - | 31,514,753 |
| Discounts and loans | 61,107,424 | 38,555,538 | 52,569,158 | 193,317,896 | 190,962,243 | 536,512,259 |
| Available-for-sale financial assets | 4,631,754 | - | 6,331,571 | 30,177,512 | 1,465,402 | 42,606,239 |
| Held-to-maturity financial assets | \$ - | \$ 163,610 | \$ 335,836 | \$ 11,253,257 | \$ 2,488,796 | \$ 14,241,499 |
| Other financial assets (exclusive of financial assets carried at cost) | 492,070 | - | 1,278,365 | 5,725,358 | - | 7,495,793 |
| | <u>\$152,424,147</u> | <u>\$ 96,723,033</u> | <u>\$ 90,430,078</u> | <u>\$269,522,599</u> | <u>\$196,857,022</u> | <u>\$ 805,956,879</u> |
| Liabilities | | | | | | |
| Due to the Central Bank and other banks | \$ 5,906,839 | \$ 655,480 | \$14,605,901 | \$ - | \$ - | \$ 21,168,220 |
| Financial liabilities at fair value through profit or loss | 8,396,921 | 10,000,000 | 1,302,126 | 6,789,238 | - | 26,488,285 |
| Securities sold under repurchase agreements | 15,907,397 | 5,059,406 | 1,481,219 | - | - | 22,448,022 |
| Payables | 5,540,907 | 76,924 | 174,933 | 3,926,030 | - | 9,718,794 |
| Deposits and remittances | 314,092,225 | 97,372,256 | 236,113,737 | 18,882,057 | - | 666,460,275 |
| Bank debentures | - | - | - | 27,300,000 | - | 27,300,000 |
| Other financial liabilities | 509,700 | 625,270 | 950,000 | 287,967 | - | 2,372,937 |
| | <u>\$350,353,989</u> | <u>\$113,789,336</u> | <u>\$254,627,916</u> | <u>\$57,185,292</u> | <u>\$ -</u> | <u>\$775,956,533</u> |

7)The gains (losses) on financial assets and liabilities at fair value through profit or loss in 2009 and 2008 were as follows:

| | 2009 | 2008 |
|---|--------------------|---------------------|
| Financial assets at fair value through profit or loss | | |
| Realized gains | \$ 2,384,923 | \$ 3,941,550 |
| Valuation gains (losses) | (1,311,565) | 2,142,491 |
| | <u>1,073,358</u> | <u>6,084,041</u> |
| Financial liabilities at fair value through profit or loss | | |
| Realized losses | (1,621,114) | (2,150,353) |
| Valuation gains (losses) | 513,905 | (2,327,236) |
| | <u>(1,107,209)</u> | <u>(4,477,589)</u> |
| | <u>\$ (33,851)</u> | <u>\$ 1,606,452</u> |

c. E.SUN Securities

1)Fair value of financial instruments

| | December 31 | | | |
|--|--------------------|-------------------------|--------------------|-------------------------|
| | 2009 | | 2008 | |
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Nonderivative | | | | |
| Assets | | | | |
| Financial assets with fair value approximating carrying amount | \$ 4,810,233 | \$ 4,810,233 | \$ 2,440,135 | \$ 2,440,135 |
| Financial assets at fair value through profit or loss - current | | | | |
| Beneficiary certificates | 330,422 | 330,422 | 626,621 | 626,621 |
| Operating securities - dealing department | 282,591 | 282,591 | 731,543 | 731,543 |
| Operating securities - underwriting department | - | - | 18,000 | 18,000 |
| Liabilities | | | | |
| Financial liabilities with fair value approximating carrying amount | 2,263,144 | 2,263,144 | 1,045,309 | 1,045,309 |
| Derivatives | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss - current | | | | |
| Futures exchange margins | 4,000 | 4,000 | 2,040 | 2,040 |

2) Methods and assumptions applied to estimate the fair value of financial instruments are summarized as follows:

a) The carrying amounts of short-term financial instruments approximate their fair values because of the short maturities of these instruments. The method applies to cash and cash equivalents, margin loans receivable, loan from refinanced margin, refinancing deposits receivable, accounts receivable, other receivables (except receivables from adopting the consolidated income tax returns and tax refundable), restricted assets - current, commercial paper issued, securities sold under repurchase agreements, deposits on short-sale transactions, payables for short-sale transactions, accounts payable, other payables (except payables from adopting the consolidated income tax returns and tax payable).

b) For beneficiary certificates, fair value is determined on the basis of quoted market prices.

c) For operating securities, fair value is determined on the listed securities' closing prices or period-end reference prices published by GTSM on the balance sheet date.

d) For operation deposits, settlement funds, and refundable deposits, fair value is their carrying amount because they have no specific maturity dates.

e) Emerging stocks held by the dealing department, noncurrent available-for-sale assets and equity investments under the equity method consist of unlisted stocks. Since these investments have no quoted market prices in an active market and their fair value cannot be reliably measured, E.SUN Securities does not disclose their fair value.

4) As of December 31, 2009 and 2008, financial assets exposed to fair value interest rate risk amounted to \$4,020,564 thousand and \$2,945,862 thousand, respectively, financial assets exposed to cash flow interest rate risk amounted to \$593,000 thousand and \$45,000 thousand, respectively, and financial liabilities exposed to fair value interest rate risk amounted to \$2,099,123 thousand and \$1,001,405 thousand, respectively.

5) As of December 31, 2009 and 2008, the interest revenue (expense) and financial revenue (expense) associated with financial assets (liabilities) other than those at FVTPL were as follows:

| | 2009 | 2008 |
|-------------------|------------|------------|
| Interest revenue | \$ 157,143 | \$ 224,707 |
| Interest expense | 2,213 | 20,491 |
| Financial revenue | 6,391 | 11,651 |
| Financial expense | 1,108 | 25,592 |

3) As of December 31, 2009 and 2008, respectively, fair values of financial assets and liabilities determined using quoted market prices or market prices estimated on the basis of valuation method were as follows:

| | December 31 | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2009 | | 2008 | |
| | Quoted Market Prices | Estimated Fair Value | Quoted Market Prices | Estimated Fair Value |
| <u>Nonderivative</u> | | | | |
| <u>Assets</u> | | | | |
| Financial assets at fair value through profit or loss - current | | | | |
| Beneficiary certificates | \$ 330,422 | \$ - | \$ 626,621 | \$ - |
| Operating securities - dealing department | 282,591 | - | 731,543 | - |
| Operating securities - underwriting department | - | - | 18,000 | - |
| <u>Derivatives</u> | | | | |
| <u>Assets</u> | | | | |
| Futures exchange margins | 4,000 | - | 2,040 | - |

6) Risk management policy and hedge strategy

The non-derivative financial instruments held by E.SUN Securities mainly include cash and cash equivalents, financial assets at fair value through profit or loss - stocks and beneficiary certificates, borrowings, commercial paper issued and securities sold under repurchase agreements. These financial instruments are held to meet demands for funds. E.SUN Securities also holds receivables and payables arising from operating activities.

E.SUN Securities issues derivative financial instruments, including futures contracts and options, to generate reasonable profit.

E.SUN Securities' major risks are cash flow risk arising from interest rate fluctuation, credit risk and liquidity risk.

a) Cash flow risk arising from interest rate fluctuation

E.SUN Securities' main cash flow risk arises from interest rate fluctuation on time deposits, borrowings and commercial paper issued with floating rate. E.SUN Securities manages its interest rate risk by integrating fix and floating interest rate.

b) Credit risk

E.SUN Securities only conducts business with recognized and creditworthy third parties. Customers are subject to credit verification procedures, and the collection of accounts receivable are subsequently assessed.

The futures and TAIEX options contracts entered into by E.SUN Securities are all exchange traded and can be settled before expiration without default. Therefore, no significant credit risk is expected to arise. Other financial assets (including cash and cash equivalents) held by E.SUN Securities is exposed to credit risk on counter-party defaults. The maximum exposure to losses equals the carrying amount of financial instruments.

Collateral would not be required because E.SUN Securities only conducts business with recognized third parties.

c) Liquidity risk

E.SUN Securities adjusts its liquidity position by using tools such as commercial paper issued and cash and cash equivalents to reach its objectives such as financial stabilization and financial flexibility.

Information on derivative financial instruments is summarized as follows:

a) Stock warrants issued

As premiums from the stock warrants issued by E.SUN Securities were all received, there is no credit risk.

E.SUN Securities is in a short position for the stock warrants issued, which is in reverse to the investors' position. As the investors may exercise their option rights before expiration of the contracts because of the fluctuations in the underlying securities' fair values, E.SUN Securities' position is expected to be exposed to market risk. To reduce the uncertainty, E.SUN Securities mainly adopts delta and vega risk hedging strategies, which are summarized below.

i. Delta risk hedging strategy

The hedge instruments are mainly the underlying securities. The dynamic hedging method is adopted by referring to the delta risk value calculated using E.SUN Securities' risk model.

ii. Vega risk hedging strategy

The hedge instruments are mainly the warrants listed in the domestic market with the same underlying securities. The strategy adopted in vega hedge is primarily through buying the significantly underpriced stock warrants with the same underlying securities, of which the price volatility will partly offset the price volatility of the stock warrants issued by E.SUN Securities.

Future cash flows refer to the cash inflows or outflows resulting from the settlements of stock warrants by cash or securities when the warrants are exercised. The amount and timing of future cash flows depend on the amount and timing of the stock warrants exercised.

Please refer to the related information in Note 6.

b) Futures and TAIEX options

The contracts entered into by E.SUN Securities are all exchange traded and can be settled before expiration without default. Therefore, no significant credit risk is expected to arise.

The major risk associated with the futures and options undertaken by E.SUN Securities is the market risk arising from the fluctuations in the market prices of the underlying assets. Losses will be incurred if market index prices and the prices of the investment index move in opposite directions. To control the risk within a tolerable limit, a stop-loss mechanism has been established. Hence, market risk is assessed to be remote.

As premiums are paid before futures and option contracts are bought, no funding requirement is expected. In addition, the options written and the outstanding futures contracts can be settled at reasonable prices. Therefore, liquidity risk is assessed to be remote.

To hedge the risk arising from proprietary trading of stocks, E.SUN Securities has entered into TAIEX Index Futures and options. Margin deposits are paid before the transactions take effect. E.SUN Securities in the outstanding futures contracts is marked to market daily, and its working capital is assessed to be adequate to support the margin calls. Hence, no cash flow risk or significant cash requirements are expected.

The gains (losses) from the derivative transactions in 2009 and 2008 were summarized as follows:

| | 2009 | 2008 |
|-------------------------------------|-----------------|-------------------|
| Gains (losses) on futures contracts | | |
| Gain (realized) | \$ 731 | \$ 691 |
| Loss (realized) | (1,491) | (868) |
| | <u>\$ (760)</u> | <u>\$ (177)</u> |
| Gains (losses) on option contracts | | |
| Gain (realized) | \$ 218 | \$ 490 |
| Loss (realized) | (281) | (1,591) |
| | <u>\$ (63)</u> | <u>\$ (1,101)</u> |

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

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

| | E.SUN Bank | E.SUN Securities | Total | Allocation Method |
|-----------------------------------|-----------------|------------------|-----------------|---|
| <u>2009</u> | | | | |
| Rental expense | \$ 2,160 | \$ 1,080 | \$ 3,240 | E.SUN Bank - 2/3 and E.SUN Securities - 1/3 |
| Broadcasting and security systems | 36 | 36 | 72 | 50% each |
| Others | 1,357 | 1,268 | 2,625 | Cleaning expenses: E.SUN Bank - 24% and E.SUN Securities - 76% Utilities: 50% each Building maintenance expenses: Based on space actually occupied |
| | <u>\$ 3,553</u> | <u>\$ 2,384</u> | <u>\$ 5,937</u> | |
| <u>2008</u> | | | | |
| Rental expense | \$2,160 | \$1,080 | \$3,240 | E.SUN Bank - 2/3 and E.SUN Securities - 1/3 |
| Broadcasting and security systems | 176 | 176 | 352 | 50% each |
| Others | 1,607 | 1,368 | 2,975 | Cleaning expenses: E.SUN Bank - 24% and E.SUN Securities - 76% Utilities: 50% each, but for E.SUN Bank's Chiayi Branch - 2/3 and E.SUN Securities - 1/3 Building maintenance expenses: Based on space actually occupied |
| | <u>\$3,943</u> | <u>\$2,624</u> | <u>\$6,567</u> | |

Under cooperation arrangements, E.SUN Bank and ESIB shared some equipment and operating sites, personnel, and an internet service system and provided cross-selling financial services starting in 2004. The service fees earned by E.SUN Bank were based on 10% of the gross revenue derived from the insurance companies' products sold by E.SUN Bank. In 2009 and 2008, ESIB should have paid E.SUN Bank \$39,113 thousand and \$17,445 thousand, respectively; the unpaid amount was \$4,298 thousand and \$3,497 thousand on December 31, 2009 and 2008, respectively.

E.SUN Bank had recognized \$123 thousand in cross-selling revenues from ESSIT in 2008.

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

| | 2009 | 2008 |
|---------|------------------|-----------------|
| Revenue | <u>\$ 2,459</u> | <u>\$ 1,680</u> |
| Expense | <u>\$ 56,802</u> | <u>\$ 3,459</u> |

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

a.E.SUN Bank's asset quality
Table 7 (attached).

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

(In Thousands of New Taiwan Dollars, %)

| Rank (Note 1) | December 31, 2009 | | | December 31, 2008 | | |
|------------------|---|--|--|---|--|--|
| | Industry of Group Enterprise (Note 2) | Total Amount of Credit Endorsement or Other Transactions (Note 3) | Percentage of E.SUN Bank's Equity | Industry of Group Enterprise (Note 2) | Total Amount of Credit Endorsement or Other Transactions (Note 3) | Percentage of E.SUN Bank's Equity |
| 1 | Group A Integrated circuits production | \$ 6,125,680 | 11.89 | Group A Integrated circuits production | \$ 6,962,631 | 15.32 |
| 2 | Group B Iron and steel smelting | 5,357,218 | 10.40 | Group D Liquid crystal panel and components production | 5,015,209 | 11.04 |
| 3 | Group C Liquid crystal panel and components production | 5,275,618 | 10.24 | Group C Liquid crystal panel and components production | 4,775,568 | 10.51 |
| 4 | Group D Liquid crystal panel and components production | 5,070,856 | 9.85 | Group E Railway transportation | 4,053,941 | 8.92 |
| 5 | Group E Railway transportation | 3,804,407 | 7.39 | Group B Iron and steel smelting | 3,992,000 | 8.79 |
| 6 | Group F Petroleum and coal products production | 3,000,804 | 5.83 | Group K Synthetic fiber production | 3,664,795 | 8.07 |
| 7 | Group G Liquid crystal panel and components production | 2,911,598 | 5.65 | Group H Real estate development | 3,018,500 | 6.64 |
| 8 | Group H Real estate development | 2,911,500 | 5.65 | Group L Other real estate not classified elsewhere | 2,975,793 | 6.55 |
| 9 | Group I Footwear manufacturing | 2,778,518 | 5.39 | Group M Electric wires and cables production | 2,154,043 | 4.74 |
| 10 | Group J Civil air transportation | 2,492,578 | 4.84 | Group N Financial leasing | 2,046,994 | 4.51 |

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

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

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

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

Interest Rate Sensitivity (New Taiwan Dollars)

December 31, 2009

(In Thousands of New Taiwan Dollars, %)

| Items | 1 to 90 Days | 91 to 180 Days | 181 Days to One Year | Over One Year | Total |
|--|----------------|----------------|----------------------|---------------|----------------|
| Interest rate-sensitive assets | \$ 709,246,308 | \$ 20,070,792 | \$ 2,204,275 | \$ 35,442,324 | \$ 766,963,699 |
| Interest rate-sensitive liabilities | 334,062,458 | 373,152,769 | 43,925,381 | 23,190,420 | 774,331,028 |
| Interest rate sensitivity gap | 375,183,850 | (353,081,977) | (41,721,106) | 12,251,904 | (7,367,329) |
| Net worth | | | | | 50,107,296 |
| Ratio of interest rate-sensitive assets to liabilities | | | | | 99.05 |
| Ratio of interest rate sensitivity gap to net worth | | | | | (14.70) |

Interest Rate Sensitivity (New Taiwan Dollars)

December 31, 2008

(In Thousands of New Taiwan Dollars, %)

| Items | 1 to 90 Days | 91 to 180 Days | 181 Days to One Year | Over One Year | Total |
|--|----------------|----------------|----------------------|---------------|----------------|
| Interest rate-sensitive assets | \$ 559,528,704 | \$ 31,321,810 | \$ 16,245,299 | \$ 64,575,594 | \$ 671,671,407 |
| Interest rate-sensitive liabilities | 307,187,721 | 258,755,003 | 87,082,683 | 29,259,069 | 682,284,476 |
| Interest rate sensitivity gap | 252,340,983 | (227,433,193) | (70,837,384) | 35,316,525 | (10,613,069) |
| Net worth | | | | | 46,104,480 |
| Ratio of interest rate-sensitive assets to liabilities | | | | | 98.44 |
| Ratio of interest rate sensitivity gap to net worth | | | | | (23.02) |

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

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

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

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

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2009

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

| Items | 1 to 90 Days | 91 to 180 Days | 181 Days to One Year | Over One Year | Total |
|--|--------------|----------------|----------------------|---------------|--------------|
| Interest rate-sensitive assets | \$ 3,353,219 | \$ 456,559 | \$ 145,603 | \$ 326,979 | \$ 4,282,360 |
| Interest rate-sensitive liabilities | 3,712,607 | 289,952 | 216,744 | - | 4,219,303 |
| Interest rate sensitivity gap | (359,388) | 166,607 | (71,141) | 326,979 | 63,057 |
| Net worth | | | | | 41,084 |
| Ratio of interest rate-sensitive assets to liabilities | | | | | 101.49 |
| Ratio of interest rate sensitivity gap to net worth | | | | | 153.48 |

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2008

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

| Items | 1 to 90 Days | 91 to 180 Days | 181 Days to One Year | Over One Year | Total |
|--|--------------|----------------|----------------------|---------------|--------------|
| Interest rate-sensitive assets | \$ 2,713,565 | \$ 437,948 | \$ 150,441 | \$ 230,364 | \$ 3,532,318 |
| Interest rate-sensitive liabilities | 2,901,286 | 434,538 | 169,919 | - | 3,505,743 |
| Interest rate sensitivity gap | (187,721) | 3,410 | (19,478) | 230,364 | 26,575 |
| Net worth | | | | | 2,874 |
| Ratio of interest rate-sensitive assets to liabilities | | | | | 100.76 |
| Ratio of interest rate sensitivity gap to net worth | | | | | 924.67 |

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

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

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

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

d. Profitability

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

(%)

| Items | Year Ended December 31, 2009 | Year Ended December 31, 2008 | |
|------------------------|------------------------------|------------------------------|------|
| Return on total assets | Before income tax | 0.24 | 0.20 |
| | After income tax | 0.22 | 0.13 |
| Return on equity | Before income tax | 4.14 | 3.36 |
| | After income tax | 3.83 | 2.12 |
| Net income ratio | 14.54 | 7.24 | |

2) E.SUN Financial Holding Company, Ltd.

(%)

| Items | Year Ended December 31, 2009 | Year Ended December 31, 2008 | |
|------------------------|------------------------------|------------------------------|------|
| Return on total assets | Before income tax | 3.04 | 1.90 |
| | After income tax | 3.14 | 1.68 |
| Return on equity | Before income tax | 3.70 | 2.41 |
| | After income tax | 3.83 | 2.12 |
| Net income ratio | 95.36 | 79.58 | |

3) E.SUN Bank

(%)

| Items | Year Ended December 31, 2009 | Year Ended December 31, 2008 | |
|------------------------|------------------------------|------------------------------|------|
| Return on total assets | Before income tax | 0.21 | 0.15 |
| | After income tax | 0.20 | 0.10 |
| Return on equity | Before income tax | 3.82 | 2.55 |
| | After income tax | 3.63 | 1.68 |
| Net income ratio | 14.41 | 6.02 | |

4) E.SUN Securities

(%)

| Items | Year Ended December 31, 2009 | Year Ended December 31, 2008 | |
|------------------------|------------------------------|------------------------------|--------|
| Return on total assets | Before income tax | 5.60 | (0.40) |
| | After income tax | 4.63 | (0.89) |
| Return on equity | Before income tax | 8.58 | (0.69) |
| | After income tax | 7.09 | (1.55) |
| Net income ratio | 25.90 | (11.08) | |

5) E.SUN Insurance Broker Co., Ltd.

| Items | | Year Ended December 31, 2009 | Year Ended December 31, 2008 |
|------------------------|-------------------|---------------------------------|---------------------------------|
| Return on total assets | Before income tax | 80.18 | 38.90 |
| | After income tax | 60.23 | 28.61 |
| Return on equity | Before income tax | 97.41 | 45.09 |
| | After income tax | 73.17 | 33.15 |
| Net income ratio | | 55.20 | 41.40 |

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

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

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2009 and 2008.

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

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

December 31, 2009

(In Millions of New Taiwan Dollars)

| | Total | Remaining Period to Maturity | | | | |
|----------------------------------|------------|------------------------------|------------|-------------|-------------------|-------------|
| | | 1-30 Days | 31-90 Days | 91-180 Days | 181 Days - 1 Year | Over 1 Year |
| Main capital inflow on maturity | \$ 845,822 | \$ 190,812 | \$ 96,124 | \$ 45,418 | \$ 49,035 | \$ 464,433 |
| Main capital outflow on maturity | 1,053,093 | 120,877 | 149,164 | 182,505 | 261,983 | 338,564 |
| Gap | (207,271) | 69,935 | (53,040) | (137,087) | (212,948) | 125,869 |

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

December 31, 2008

(In Thousands of New Taiwan Dollars)

| | Total | Remaining Period to Maturity | | | | |
|----------------------------------|------------|------------------------------|------------|-------------|-------------------|-------------|
| | | 1-30 Days | 31-90 Days | 91-180 Days | 181 Days - 1 Year | Over 1 Year |
| Main capital inflow on maturity | \$ 748,464 | \$ 148,906 | \$ 59,057 | \$ 41,935 | \$ 44,253 | \$ 454,313 |
| Main capital outflow on maturity | 921,969 | 114,736 | 126,865 | 129,832 | 242,890 | 307,646 |
| Gap | (173,505) | 34,170 | (67,808) | (87,897) | (198,637) | 146,667 |

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

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

December 31, 2009

(In Thousands of U.S. Dollars)

| | Total | Remaining Period to Maturity | | | | |
|----------------------------------|--------------|------------------------------|------------|-------------|-------------------|--------------|
| | | 1-30 Days | 31-90 Days | 91-180 Days | 181 Days - 1 Year | Over 1 Year |
| Main capital inflow on maturity | \$ 3,626,444 | \$ 843,685 | \$ 670,001 | \$ 490,237 | \$ 295,151 | \$ 1,327,370 |
| Main capital outflow on maturity | 3,729,442 | 1,563,170 | 890,782 | 602,067 | 546,998 | 126,425 |
| Gap | (102,998) | (719,485) | (220,781) | (111,830) | (251,847) | 1,200,945 |

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

December 31, 2008

(In Thousands of U.S. Dollars)

| | Total | Remaining Period to Maturity | | | | |
|----------------------------------|--------------|------------------------------|------------|-------------|-------------------|--------------|
| | | 1-30 Days | 31-90 Days | 91-180 Days | 181 Days - 1 Year | Over 1 Year |
| Main capital inflow on maturity | \$ 2,961,716 | \$ 778,487 | \$ 353,444 | \$ 240,446 | \$ 163,983 | \$ 1,425,356 |
| Main capital outflow on maturity | 3,118,602 | 1,507,141 | 689,890 | 471,539 | 201,391 | 248,641 |
| Gap | (156,886) | (728,654) | (336,446) | (231,093) | (37,408) | 1,176,715 |

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

f.E.SUN Bank's operation and legal risk

Matters Requiring Special Notation

(In Thousands of New Taiwan Dollars)

| Causes | Summary and Amount | |
|---|----------------------|----------------------|
| | December 31, 2009 | December 31, 2008 |
| Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor | None | None |
| Within the past year, a fine was levied on the Bank resulting in the authorities for violations of laws and regulations | None | None |
| Within the past year, misconduct occurred, resulting in the authorities imposing strict corrective measures on the Bank | None | None |
| Within the past year, the Bank faced penalties due to violations of "the Banking Law of the Republic of China" Article 61-1 | None | None |
| Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" exceeded NT\$50 million dollars | None | None |
| Other | None | None |

Note: The term "within the past year" means one year before the balance sheet date.

38.E.SUN BANK'S INFORMATION REGARDING THE TRUST BUSINESS UNDER THE TRUST LAW

a.Trust-related items, as shown in the following balance sheets and trust property list

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

Balance Sheet of Trust Accounts

December 31, 2009 and 2008

| Trust Assets | 2009 | 2008 | Trust Liabilities | 2009 | 2008 |
|--|-----------------------|----------------------|--|-----------------------|----------------------|
| Cash in banks | \$ 1,224,668 | \$ 809,343 | Account payable on securities under custody | \$ 8,752,604 | \$ 19,981,270 |
| Short-term investments | 95,570,898 | 77,305,712 | Trust capital | | |
| Land | 857,840 | 727,537 | Cash | 98,625,763 | 77,127,405 |
| Collective investment trust fund account | 68,303 | 39,521 | Securities | 3,613,791 | 3,564,895 |
| Securities under custody | 8,752,604 | 19,981,270 | Real estates | 857,840 | 727,537 |
| | | | Collective investment trust fund account | 68,303 | 39,521 |
| | | | Reserves and retained earnings (accumulated deficit) | (6,035,053) | 3,836,238 |
| | | | Net income (loss) | 591,065 | (6,413,483) |
| Total assets | <u>\$ 106,474,313</u> | <u>\$ 98,863,383</u> | Total liabilities | <u>\$ 106,474,313</u> | <u>\$ 98,863,383</u> |

Trust Property List

December 31, 2009 and 2008

| Investment Items | 2009 | 2008 |
|--|-----------------------|----------------------|
| Cash in banks | \$ 1,224,668 | \$ 809,343 |
| Stocks | 3,597,902 | 3,393,112 |
| Mutual funds | 91,482,799 | 73,838,286 |
| Bonds | 488,425 | 72,424 |
| Unsettled beneficiary certificates | 1,032 | 150 |
| Collective investments | 740 | 1,740 |
| Land | 857,840 | 727,537 |
| Collective investment trust fund account | 68,303 | 39,521 |
| Securities under custody | 8,752,604 | 19,981,270 |
| | <u>\$ 106,474,313</u> | <u>\$ 98,863,383</u> |

Statements of Income on Trust Accounts Years Ended December 31, 2009 and 2008

| Revenues | 2009 | 2008 |
|--|-------------------|-----------------------|
| Interest | \$ 6,372 | \$ 8,020 |
| Cash dividend | 1,627,451 | 2,145,384 |
| Property gain | 1,993,858 | 898,788 |
| Realized capital gain - mutual funds | 7,457 | 3,997 |
| Realized capital gain - collective investments | - | 519 |
| Revenues from beneficiary certificates | 578 | 865 |
| | <u>3,635,716</u> | <u>3,057,573</u> |
| Expenses | | |
| Management fees | 218,268 | 163,939 |
| Supervisor fees | 133 | 60 |
| Service fees | 3,198 | 452 |
| Realized capital loss - bonds | - | 188 |
| Property loss | 2,795,992 | 9,301,437 |
| Income tax | 378 | 531 |
| Other expenses | 25,638 | 1,436 |
| Realized capital loss - mutual funds | 913 | 2,944 |
| Realized capital loss - collective investments | 131 | 67 |
| Realized foreign exchange loss | - | 2 |
| | <u>3,044,651</u> | <u>9,471,056</u> |
| Net income(loss) | <u>\$ 591,065</u> | <u>\$ (6,413,483)</u> |

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

39.ESFHC'S FINANCIAL STATEMENTS AND CONDENSED FINANCIAL STATEMENTS OF SUBSIDIARIES

Please see Table 8 (attached).

40.BUSINESS SEGMENT FINANCIAL INFORMATION

Please see Table 9 (attached).

41.CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Law and related regulations, ESFHC should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted, and the authorities may discipline ESFHC, depending on the situation.

The Banking Law and related regulations require that E.SUN Bank maintains both stand-alone and consolidated CARs at a minimum of 8% each. If E.SUN Bank's CAR falls below 8%, the authorities may impose certain restrictions on the amount of cash dividends that E.SUN Bank may declare or, in certain conditions, totally prohibit E.SUN Bank from declaring cash dividends.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations. The CARs of E.SUN Securities were 489.82% and 836.16% as of December 31, 2009 and 2008.

Please refer to related information in Table 10.

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

Please see Table 11 (attached).

43.OTHER

A former employee of E.SUN Securities was accused of stealing and selling clients' stocks, and the affected clients sued and demanded compensation from E.SUN Securities. Taiwan's Chiayi District Court decided that E.SUN Securities and the former employee should give the clients a compensation of \$11,566 thousand. On October 27, 2009, E.SUN Securities reached a compromise with the plaintiff in the Tainan District

Civil Court under the Taiwan High Court. Thus, E.SUN Securities paid only \$8,800 thousand as indemnification to the clients.

44.ADDITIONAL DISCLOSURES

Following are the additional disclosures for ESFHC and its investees:

a.Information on significant transactions and investees:

- 1)Financing provided: ESFHC and E.SUN Bank - not applicable; investee - none.
 - 2)Endorsement/guarantee provided: ESFHC and E.SUN Bank - not applicable; investee - none.
 - 3)Marketable securities held: ESFHC, E.SUN Bank and E.SUN Securities - not applicable; investee - Table 1 (attached).
 - 4)Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (ESFHC and E.SUN Bank disclosed its investments acquired or disposed of): E.SUN Securities - not applicable; ESFHC and investee - Table 2 (attached).
 - 5)Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
 - 6)Disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
 - 7)Financial asset securitization by subsidiaries: Note 11 to the consolidated financial statements.
 - 8)Allowance of service fees to related parties amounting to at least NT\$5 million: None.
 - 9)Sale of nonperforming loans by subsidiaries: None.
 - 10)Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: None.
 - 11)The related information and proportionate share in investees: Table 3 (attached).
 - 12)Derivative transactions: Notes 6 and 35 to the consolidated financial statements.
 - 13)Other significant transactions which may affect the decisions of users of financial reports: None.
- b.Investment in Mainland China: None.
- c.Business relationship and significant transactions between the parent company and subsidiaries: Table 5 (attached).

45.SEGMENT INFORMATION

ESFHC and its subsidiaries engage in investing, banking, securities and insurance. The revenues, operating profits and identifiable assets related to the Company's banking operations represent more than 90% of those of the Company's operations. Accordingly, no segment information is required to be disclosed.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

TABLE 1

| Holding Company Name | Marketable Securities Type and Issuer | Relationship with the Holding Company | Financial Statement Account | December 31, 2009 | | | | Note |
|--|--|---------------------------------------|---|--------------------|----------------|-------------------------|---------------------------------|------|
| | | | | Shares (Thousands) | Carrying Value | Percentage of Ownership | Market Value or Net Asset Value | |
| E.SUN Venture Capital Co., Ltd. | Stocks | | | | | | | |
| | E-Ton Solar Tech. | - | Financial assets at fair value through profit or loss | 14 | \$ 1,108 | 0.01 | \$1,108 | 1 |
| | Formosa Advanced Technologies Co., Ltd. | - | Financial assets at fair value through profit or loss | 31 | 1,488 | 0.01 | 1,488 | 1 |
| | Gallant Precision Machining Co., Ltd. | - | Financial assets at fair value through profit or loss | 100 | 2,650 | 0.04 | 2,650 | 1 |
| | Optimer | - | Financial assets at fair value through profit or loss | 40 | 14,505 | 0.12 | 14,505 | 1 |
| | Ampire Co., Ltd. | - | Available-for-sale financial assets | 597 | 12,028 | 0.68 | 12,028 | 1 |
| | Star World Technology Co., Ltd. | - | Available-for-sale financial assets | 5 | 138 | 0.01 | 138 | 1 |
| | Gallant Precision Machining Co., Ltd. | - | Available-for-sale financial assets | 272 | 7,199 | 0.12 | 7,199 | 1 |
| | Epistar Corp. | - | Available-for-sale financial assets | 27 | 3,215 | - | 3,215 | 1 |
| | E-Ton Solar Tech. | - | Available-for-sale financial assets | 2 | 135 | - | 135 | 1 |
| | Univacco Technology Inc. | - | Available-for-sale financial assets | 240 | 8,147 | 0.33 | 8,147 | 1 |
| | Formosa Advanced Technologies Co., Ltd. | - | Available-for-sale financial assets | 400 | 19,200 | 0.09 | 19,200 | 1 |
| | Optimer | - | Available-for-sale financial assets | 246 | 89,258 | 0.76 | 89,258 | 1 |
| | Goodway Machine Corp. | - | Available-for-sale financial assets | 899 | 26,602 | 0.96 | 26,602 | 1 |
| | Hi-Light Tek Co., Ltd. | - | Available-for-sale financial assets | 600 | 23,460 | 1.69 | 23,460 | 1 |
| | Dynamic Electronics Co., Ltd. | - | Available-for-sale financial assets | 25 | 960 | 0.01 | 960 | 1 |
| | T.H.I. Group Ltd. | - | Available-for-sale financial assets | 1,159 | 22,025 | 2.30 | 22,025 | 1 |
| | Joinsoon Electronics Mfg. Co., Ltd. | - | Available-for-sale financial assets | 953 | 25,731 | 1.32 | 25,731 | 1 |
| | Bank-Pro E-Service Technology Co., Ltd. | - | Financial assets carried at cost | 325 | 3,250 | 2.41 | 4,083 | 2 |
| | Epoch Chemtronics Corp. | - | Financial assets carried at cost | 2,014 | 28,001 | 7.89 | 27,681 | 2 |
| | Chungghwa Chemical Synthesis Biotech Co., Ltd. | - | Financial assets carried at cost | 2,062 | 20,625 | 2.94 | 33,335 | 2 |
| | Sam Lam Technology Co., Ltd. | - | Financial assets carried at cost | 1,700 | - | 6.07 | - | 2 |
| | Etrend Technology Co., Ltd. | - | Financial assets carried at cost | 1,510 | 19,472 | 4.28 | 19,137 | 2 |
| | Progressive Optoelectronic Technology Co., Ltd. | - | Financial assets carried at cost | 568 | 272 | 1.22 | 423 | 2 |
| | Beyond Innovation Technology Co., Ltd. | - | Financial assets carried at cost | 941 | 20,388 | 2.79 | 4,599 | 2 |
| | Super Link Electronics Co., Ltd. - common stock | - | Financial assets carried at cost | 940 | 11,750 | 10.00 | 6,210 | 2 |
| | Super Link Electronics Co., Ltd. - preferred stock | - | Debt instruments with no active market | 1,200 | 12,000 | 40.00 | 13,003 | 4 |
| | Applied Green Light, Inc. of Cayman | - | Debt instruments with no active market | 1,000 | 9,107 | 6.77 | 9,322 | 4 |
| | Solidlite Co., Ltd. | - | Financial assets carried at cost | 1,400 | 15,369 | 6.38 | 9,534 | 2 |
| | MOSA Industrial Corporation | - | Financial assets carried at cost | 1,544 | 26,064 | 1.70 | 28,136 | 2 |
| | Orchem Technologies Inc. | - | Financial assets carried at cost | 1,109 | 56,000 | 2.04 | 24,285 | 2 |
| | Exploit Technology Co., Ltd. | - | Financial assets carried at cost | 505 | 7,103 | 0.83 | 3,979 | 2 |
| | Mao Chia Metal Co., Ltd. | - | Financial assets carried at cost | 600 | 18,000 | 1.90 | 11,650 | 2 |
| | Wieson Technologies Co., Ltd. | - | Financial assets carried at cost | 1,791 | 25,600 | 2.98 | 23,930 | 2 |
| | Litek Opto-electronics Co., Ltd. | - | Financial assets carried at cost | 1,000 | 9,301 | 4.97 | 8,168 | 2 |
| | Tospom Corporation | - | Financial assets carried at cost | 1,783 | 45,800 | 10.61 | 39,176 | 3 |
| | Azure Ware Holding Inc. | - | Financial assets carried at cost | 165 | 2,074 | 0.18 | 2,152 | 2 |
| | Powerking Optoelectronic Co., Ltd. | - | Financial assets carried at cost | 893 | 16,363 | 4.32 | 7,654 | 2 |
| | Chuan Shih Industrial Co., Ltd. | - | Financial assets carried at cost | 2,250 | 10,250 | 5.79 | 17,537 | 2 |
| | Crowningtek Inc. | - | Financial assets carried at cost | 1,900 | 22,200 | 10.86 | 9,233 | 2 |
| | Chia Chang Co., Ltd. | - | Financial assets carried at cost | 2,211 | 99,996 | 2.06 | 108,927 | 2 |
| | Gloria Solar International Holding, Inc. | - | Financial assets carried at cost | 500 | 30,000 | 0.51 | 52,580 | 2 |
| | Aero Win Technology Corporation | - | Financial assets carried at cost | 1,090 | 13,000 | 2.00 | 12,728 | 2 |
| | Bay Zu Precision Co., Ltd. | - | Financial assets carried at cost | 800 | 16,000 | 1.73 | 9,033 | 2 |
| | Starships Technology Inc. | - | Financial assets carried at cost | 1,000 | 22,500 | 5.56 | 5,845 | 2 |
| | Pai Lung Machinery Mill Co., Ltd. | - | Financial assets carried at cost | 500 | 11,000 | 1.16 | 3,207 | 2 |
| | Vactronics Technologies Inc. | - | Financial assets carried at cost | 1,700 | 23,800 | 5.31 | 9,510 | 2 |
| Fuho Technology Co., Ltd. | - | Financial assets carried at cost | 330 | 11,400 | 1.21 | 4,921 | 2 | |
| Auria Solar Co., Ltd. | - | Financial assets carried at cost | 1,200 | 30,000 | 0.57 | 19,530 | 2 | |
| Mercury Electronic Industrial Co., Ltd. | - | Financial assets carried at cost | 1,400 | 16,800 | 5.68 | 14,392 | 2 | |
| Awin Diamond Technology Corporation | - | Financial assets carried at cost | 1,500 | 20,250 | 14.72 | 11,446 | 3 | |
| Chipsip Technology Co., Ltd. | - | Financial assets carried at cost | 690 | 32,801 | 1.97 | 12,142 | 3 | |
| Well Technology Co., Ltd. | - | Financial assets carried at cost | 321 | 14,144 | 1.39 | 3,769 | 2 | |
| Innovation & Infinity Global Corporation | - | Financial assets carried at cost | 1,389 | 36,900 | 3.17 | 27,000 | 2 | |
| UniDisplay Inc. | - | Financial assets carried at cost | 1,600 | 28,800 | 1.23 | 17,165 | 2 | |
| Dano Tech Co., Ltd. | - | Financial assets carried at cost | 1,200 | 36,000 | 2.82 | 7,507 | 2 | |
| Wisdom Marine Lines Co., Ltd. | - | Financial assets carried at cost | 1,500 | 52,500 | 0.68 | 34,281 | 2 | |
| Suntek Precision Corp. | - | Financial assets carried at cost | 1,300 | 20,600 | 2.73 | 10,525 | 2 | |
| Arclite Optronics Corp. | - | Financial assets carried at cost | 1,242 | 22,959 | 5.22 | 11,184 | 2 | |
| Optimer Biotechnology, Inc. | - | Financial assets carried at cost | 2,582 | 17,664 | 4.80 | 11,501 | 2 | |
| Tai Tung Communication Co., Ltd. | - | Financial assets carried at cost | 2,090 | 48,000 | 3.33 | 27,553 | 2 | |
| Partner Tech Corp. | - | Financial assets carried at cost | 703 | 7,745 | 1.14 | 8,777 | 2 | |
| Beneficiary certificates | - | | | | | | | |
| Schroder Global Bond Fund of Fund | - | Available-for-sale financial assets | 3,489 | 38,096 | - | 38,096 | 1 | |
| Corporate bonds | - | | | | | | | |
| Wells Fargo & Company WFC438 | - | Available-for-sale financial assets | 1,000 | 33,173 | - | 33,173 | 1 | |
| Citigroup Inc. C458 | - | | | | | | | |
| Beneficiary certificates | - | | | | | | | |
| Fuh Hwa Global Short-term Income Fund | - | Available-for-sale financial assets | 300 | 9,691 | - | 9,691 | 1 | |
| Fuh Hwa Global Fixed Income Fund of Funds | - | Available-for-sale financial assets | 3,468 | 36,047 | - | 36,047 | 1 | |
| E.SUN Global Trestige Collective Investment Trust Fund Account | - | Available-for-sale financial assets | 2,083 | 25,562 | - | 25,562 | 1 | |
| Yuanta Wan-Tai Fund | - | Available-for-sale financial assets | 1,712 | 21,155 | - | 21,155 | 1 | |
| AllianceBernstein-Global High Yield Portfolio | - | Available-for-sale financial assets | 3,455 | 50,004 | - | 50,004 | 1 | |
| Schroder ISF Emerging Markets Debt Absolute Return | - | Available-for-sale financial assets | 33,625 | 10,016 | - | 10,016 | 1 | |
| International Opportunities Funds US Investment Grade Bond | - | Available-for-sale financial assets | 12,168 | 10,035 | - | 10,035 | 1 | |
| | | | 25,609 | 9,970 | - | 9,970 | 1 | |

Note 1: Market value of the listed stocks was based on the closing price as of December 31, 2009. The market value of fund was based on the net asset value as of December 31, 2009.
 Note 2: Unlisted company. The amounts are based on the investee's latest unaudited or unreviewed financial statements.
 Note 3: Unlisted company. The amounts are based on the investee's latest audited or reviewed financial statements.
 Note 4: The fair value is determined on the basis of the discounted cash flow method.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST
NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(ESFHC AND E.SUN BANK DISCLOSED ITS INVESTMENTS ACCUMULATED OR DISPOSED OF)
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

TABLE 2

| Company Name | Marketable Securities Type and Name | Financial Statement Account | Counter-party | Nature of Relationship | Beginning Balance | | Acquisition | | Disposal | | | Ending Balance | | |
|---------------------------------------|-------------------------------------|--|---------------|------------------------|-------------------|--------------|------------------|---------------------------|----------|--------|--------------------------|------------------------|-----------|----------------------|
| | | | | | Shares | Amount | Shares | Amount | Shares | Amount | Carrying Value | Gain(Loss) on Disposal | Shares | Amount |
| E.SUN Financial Holding Company, Ltd. | E.SUN Venture Capital Co., Ltd. | Equity investments under the equity method | None | None | 115,500 | \$ 1,221,173 | 34,500 | \$454,429 (Notes 1 and 5) | - | \$ - | \$17,325 (Notes 2 and 5) | \$ - | 150,000 | \$1,658,277 (Note 5) |
| | E.SUN Commercial Bank | Equity investments under the equity method | None | None | 3,120,000 | 46,219,870 | 242,400 (Note 3) | 5,286,994 (Notes 4 and 5) | - | - | - | - | 3,362,400 | 51,506,864 (Note 5) |

Note 1: Including \$345,000 thousand due to capital increase, \$81 thousand due to equity increase in share-based payment, \$49,531 thousand as the net gain from equity investment under the equity method, and \$59,817 thousand due to unrealized valuation gain on financial instruments.

Note 2: Cash dividend.

Note 3: Including 180,000 thousand shares issuance for cash and 62,400 thousand shares for stock dividend.

Note 4: Including \$2,520,000 thousand due to capital increase, \$42,458 thousand due to equity increase in share-based payment, \$1,774,435 thousand as the net gain from equity investment under the equity method, and \$950,101 thousand due to net increase other equity adjustments.

Note 5: When preparing the consolidated financial statements, this amount was eliminated.

E.SUN FINANCIAL HOLDING COMPANY, LTD.

INFORMATION OF AND PROPORTIONATE SHARE IN INVESTEEES
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

TABLE 3

| Investor Company | Investee Company | Location | Main Businesses and Products | Percentage of Ownership | Carrying Value | Investment Gain | The Proportionate Share of the Company and its Affiliates in Investees (Note 1) | | | | Note |
|---------------------------------------|---|------------------|--|-------------------------|----------------------|-------------------|---|---------------------------|--------------------|-------------------------|--------|
| | | | | | | | Shares (Thousands) | Pro Forma Shares (Note 2) | Total | | |
| | | | | | | | | | Shares (Thousands) | Percentage of Ownership | |
| E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | Taipei | Banking | 100.00 | \$51,506,864 | \$1,774,435 | 3,362,400 | - | 3,362,400 | 100.00 | 3 |
| | E.SUN Securities Co., Ltd. | Taipei | Dealing, underwriting and brokering securities | 100.00 | 3,475,492 | 238,055 | 306,000 | - | 306,000 | 100.00 | 3 |
| | E.SUN Venture Capital Co., Ltd. E.SUN Insurance Broker Co., Ltd. | Taipei Taipei | Investment Insurance broker | 100.00 100.00 | 1,658,277 365,951 | 49,531 210,678 | 150,000 11,300 | - | 150,000 11,300 | 100.00 100.00 | 3 3 |

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

Note 2: a.Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Paragraph 2 of Article 36 and Article 37 of the Financial Holding Company Act.

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

c.Derivative contracts are those conforming to the definition of derivatives in Statement of Financial Accounting Standards No. 34- "Accounting for Financial Instruments," such as stock options.

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
DECEMBER 31, 2009 AND 2008

TABLE 4

Subsidiaries included in the consolidated financial statements:

| Investor Company | Investee Company | Location | Main Businesses and Products | Percentage of Ownership | | Note |
|---------------------------------------|--|----------|---|-------------------------|-------------------|------|
| | | | | December 31, 2007 | December 31, 2006 | |
| E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | Taipei | Banking | 100.00 | 100.00 | |
| | E.SUN Securities Co., Ltd. | Taipei | Dealing, underwriting and brokering securities | 100.00 | 100.00 | |
| | E.SUN Venture Capital Co., Ltd. | Taipei | Investment | 100.00 | 100.00 | |
| | E.SUN Insurance Broker Co., Ltd. | Taipei | Insurance broker | 100.00 | 100.00 | |
| | E.SUN Securities Investment Trust Co., Ltd. | Taipei | Investing funds under full discretionary authorization from customers | - | - | 1 |
| E.SUN Securities Co., Ltd. | E.SUN Securities Investment Consulting Co., Ltd. | Taipei | Security consulting | 100.00 | 100.00 | |

Subsidiaries not included in the consolidated financial statements:

| Investor Company | Investee Company | Location | Main Businesses and Products | Percentage of Ownership | | Note |
|-----------------------------|-----------------------------------|----------|---|-------------------------|-------------------|------|
| | | | | December 31, 2007 | December 31, 2006 | |
| E.SUN Commercial Bank, Ltd. | E.SUN Finance & Leasing Co., Ltd. | Taipei | Leasing and sale of machinery and equipment | - | - | 2 |

Note 1: ESFHC sold entire share capital of ESSIT on September 30, 2008. Thus, ESFHC's consolidated financial statements as of and for the year ended December 31, 2008 included the gains or losses of ESSIT in the nine months ended September 30, 2008 solely.

Note 2: On August 16, 2007, the board of directors of E.SUN Finance & Leasing Corp. (ESFL) resolved to liquidate ESFL and this liquidation was completed in September 2008. Because ESFL was a minor subsidiary, the ESFHC's management believed that this exclusion would not have a significant effect on the consolidated financial statements as of and for the year ended December 31, 2008.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

TABLE 5

2009

| No. (Note 1) | Transaction Company | Counter-party | Transaction Flow (Note 2) | Description of Transactions (Notes 3 and 5) | | | |
|--------------|---------------------------------------|---------------------------------------|---------------------------|---|-------------|---------------|--|
| | | | | Financial Statement Account | Amounts | Trading Terms | Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (%) |
| 0 | E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | a | Cash and cash equivalents | \$5,054,645 | Note 4 | 0.54 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Financial Holding Company, Ltd. | b | Deposits and remittances | 5,054,645 | Note 4 | 0.54 |
| 0 | E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | a | Other payable | 295,875 | Note 4 | 0.03 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Financial Holding Company, Ltd. | b | Other receivable | 295,875 | Note 4 | 0.03 |
| 4 | E.SUN Venture Capital Co., Ltd. | E.SUN Commercial Bank, Ltd. | c | Cash and cash equivalents | 292,520 | Note 4 | 0.03 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Venture Capital Co., Ltd. | c | Deposits and remittances | 292,520 | Note 4 | 0.03 |
| 3 | E.SUN Securities Co., Ltd. | E.SUN Commercial Bank, Ltd. | c | Cash and cash equivalents | 217,709 | Note 4 | 0.02 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Securities Co., Ltd. | c | Deposits and remittances | 217,709 | Note 4 | 0.02 |
| 2 | E.SUN Insurance Broker Co., Ltd. | E.SUN Commercial Bank, Ltd. | c | Cash and cash equivalents | 192,017 | Note 4 | 0.02 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Insurance Broker Co., Ltd. | c | Deposits and remittances | 192,017 | Note 4 | 0.02 |

2008

| No. (Note 1) | Transaction Company | Counter-party | Transaction Flow (Note 2) | Description of Transactions (Notes 3 and 5) | | | |
|--------------|---------------------------------------|---------------------------------------|---------------------------|---|-------------|---------------|--|
| | | | | Financial Statement Account | Amounts | Trading Terms | Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (%) |
| 0 | E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | a | Cash and cash equivalents | \$7,246,318 | Note 4 | 0.87 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Financial Holding Company, Ltd. | b | Deposits and remittances | 7,246,318 | Note 4 | 0.87 |
| 0 | E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | a | Interest revenue | 174,037 | Note 4 | 1.23 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Financial Holding Company, Ltd. | b | Interest expense | 174,037 | Note 4 | 1.23 |
| 0 | E.SUN Financial Holding Company, Ltd. | E.SUN Commercial Bank, Ltd. | a | Other payable | 112,026 | Note 4 | 0.01 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Financial Holding Company, Ltd. | b | Other receivable | 112,026 | Note 4 | 0.01 |
| 2 | E.SUN Insurance Broker Co., Ltd. | E.SUN Commercial Bank, Ltd. | c | Cash and cash equivalents | 105,700 | Note 4 | 0.01 |
| 1 | E.SUN Commercial Bank, Ltd. | E.SUN Insurance Broker Co., Ltd. | c | Deposits and remittances | 105,700 | Note 4 | 0.01 |

Note 1: The parent company and subsidiaries are numbered, as follows:
a. Parent company: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:
a. From parent company to subsidiary.
b. From subsidiary to parent company.
c. Between subsidiaries.

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

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

Note 5: Referring to transactions exceeding New Taiwan dollars 100,000 thousand.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

TABLE 6
Loan
December 31, 2009

| Type | Account Volume or Name | Highest Balance in the Year Ended December 31, 2007 (Note) | Ending Balance | Loans Classification | | Collateral | Differences in Terms of Transaction Compared with Those for Unrelated Parties |
|----------------------------------|------------------------|--|----------------|----------------------|---------------------|--|---|
| | | | | Normal Loans | Nonperforming Loans | | |
| Consumer loans | 75 | \$211,719 | \$168,019 | \$168,019 | \$ - | Land and buildings as collateral for part of the loans | None |
| Self-used housing mortgage loans | 52 | 330,067 | 217,222 | 217,222 | - | Land and buildings | None |
| Other loans | Chiu-Hsiung Huang | 35,000 | - | - | - | Land and buildings | None |
| Other loans | Joseph N. C. Huang | 10,000 | 1,000 | 1,000 | - | Land and buildings | None |
| Other loans | Joseph N. C. Huang | 4,947 | 4,717 | 4,717 | - | Land and buildings | None |
| Other loans | Heng-Hwa Yang | 363 | - | - | - | Land and buildings | None |
| Other loans | Heng-Hwa Yang | 356 | 320 | 320 | - | Land and buildings | None |
| Other loans | Joe Huang | 1,300 | - | - | - | Land and buildings | None |
| Other loans | Joe Huang | 6,000 | 6,000 | 6,000 | - | Land and buildings | None |
| Other loans | J.C. Wang | 1,834 | 1,712 | 1,712 | - | Land and buildings | None |
| Other loans | Shuei-Ping Wan | 870 | 870 | 870 | - | Land and buildings | None |
| Other loans | Kuan-Her Wu | 1,933 | 1,845 | 1,845 | - | Land and buildings | None |
| Other loans | Rong Huel Chang | 463 | - | - | - | Land and buildings | None |
| Other loans | Rong Huel Chang | 4,000 | 3,940 | 3,940 | - | Land and buildings | None |
| Other loans | Shih-Hui Lin | 2,156 | 1,675 | 1,675 | - | Land and buildings | None |
| Other loans | Yin-Sung Liu | 6,445 | 6,445 | 6,445 | - | Land and buildings | None |
| Other loans | Yin-Sung Liu | 1,500 | - | - | - | Land and buildings | None |
| Other loans | Yin-Sung Liu | 1,400 | - | - | - | Land and buildings | None |
| Other loans | Yin-Hung Liu | 35,000 | - | - | - | Land and buildings | None |
| Other loans | I-Shun Chou | 2,991 | - | - | - | Land and buildings | None |
| Other loans | Cheng-Jen Liu | 2,660 | - | - | - | Land and buildings | None |
| Other loans | Jia-Tie Huang | 2,000 | 2,000 | 2,000 | - | Land and buildings | None |
| Other loans | Edward Chen | 4,000 | 3,825 | 3,825 | - | Land and buildings | None |
| Other loans | Tsung-Pin Chen | 4,000 | 3,828 | 3,828 | - | Land and buildings | None |
| Other loans | Tsung-Pin Chen | 5,000 | 5,000 | 5,000 | - | Land and buildings | None |
| Other loans | Day-Yu Chen | 5,100 | 700 | 700 | - | Land and buildings | None |
| Other loans | Shu-Hwa Yang | 150 | - | - | - | Time deposit | None |
| Other loans | Nan-Ming Chen | 2,000 | 1,949 | 1,949 | - | Land and buildings | None |
| Other loans | Huei-Ling Tsai | 4,000 | 4,000 | 4,000 | - | Land and buildings | None |

December 31, 2008

| Type | Account Volume or Name | Highest Balance in the Year Ended December 31, 2007 (Note) | Ending Balance | Loans Classification | | Collateral | Differences in Terms of Transaction Compared with Those for Unrelated Parties |
|----------------------------------|------------------------------------|--|----------------|----------------------|---------------------|--|---|
| | | | | Normal Loans | Nonperforming Loans | | |
| Consumer loans | 78 | \$232,616 | \$198,934 | \$198,934 | \$ - | Land and buildings as collateral for part of the loans | None |
| Self-used housing mortgage loans | 53 | 298,259 | 233,294 | 233,294 | - | Land and buildings | None |
| Other loans | Chiu-Hsiung Huang | 35,000 | 20,000 | 20,000 | - | Land and buildings | None |
| Other loans | Joseph N. C. Huang | 10,000 | 10,000 | 10,000 | - | Land and buildings | None |
| Other loans | Joseph N. C. Huang | 5,000 | 4,947 | 4,947 | - | Land and buildings | None |
| Other loans | Heng-Hwa Yang | 997 | 363 | 363 | - | Land and buildings | None |
| Other loans | Joe Huang | 6,000 | 1,300 | 1,300 | - | Land and buildings | None |
| Other loans | J.C. Wang | 1,948 | 1,834 | 1,834 | - | Land and buildings | None |
| Other loans | Kuan-Her Wu | 2,000 | 1,933 | 1,933 | - | Land and buildings | None |
| Other loans | Wen-Yuh Chen | 6,300 | 6,300 | 6,300 | - | Land and buildings | None |
| Other loans | Hao-Wei Tsai | 1,752 | - | - | - | Land and buildings | None |
| Other loans | Rong Huel Chang | 1,956 | 463 | 463 | - | Land and buildings | None |
| Other loans | Bruce Lee | 800 | - | - | - | None | None |
| Other loans | Shih-Hui Lin | 2,200 | 2,156 | 2,156 | - | Land and buildings | None |
| Other loans | Yin-Sung Liu | 8,000 | 6,445 | 6,445 | - | Land and buildings | None |
| Other loans | Yin-Sung Liu | 1,400 | 1,400 | 1,400 | - | Land and buildings | None |
| Other loans | Yin-Hung Liu | 35,000 | 35,000 | 35,000 | - | Land and buildings | None |
| Other loans | I-Shun Chou | 3,000 | 2,991 | 2,991 | - | Land and buildings | None |
| Other loans | Cheng-Jen Liu | 2,700 | 2,660 | 2,660 | - | Land and buildings | None |
| Other loans | Jia-Tie Huang | 2,000 | 2,000 | 2,000 | - | Land and buildings | None |
| Other loans | Fubon Securities Finance Co., Ltd. | 50,000 | - | - | - | None | None |

Note: The sum of the respective highest balances of all accounts in the years ended December 31, 2009 and 2008.

E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, %)

TABLE 7

| Period | | December 31, 2009 | | | | | December 31, 2008 | | | | | |
|--|-----------------------------------|------------------------------------|---------------|---|-------------------------------|-------------------------|------------------------------------|---------------|---|-------------------------------|-------------------------|--------|
| Items | | Nonperforming Loans (Note 1) | Loans | Ratio of Nonperforming Loans (Note 2) | Allowance for Possible Losses | Coverage Ratio (Note 3) | Nonperforming Loans (Note 1) | Loans | Ratio of Nonperforming Loans (Note 2) | Allowance for Possible Losses | Coverage Ratio (Note 3) | |
| Corporate Banking | Secured | \$ 586,353 | \$ 90,561,093 | 0.65 | \$ 586,353 | 100.00 | \$ 686,417 | \$ 86,620,588 | 0.79 | \$ 308,695 | 44.97 | |
| | Unsecured | 1,296,494 | 136,370,502 | 0.95 | 1,296,494 | 100.00 | 1,605,071 | 160,902,386 | 1.00 | 1,530,071 | 95.33 | |
| Consumer Banking | Housing mortgage (Note 4) | 819,020 | 255,536,546 | 0.32 | 549,736 | 67.12 | 1,163,567 | 236,456,735 | 0.49 | 418,090 | 35.93 | |
| | Cash card | 3,990 | 40,746 | 9.79 | 3,990 | 100.00 | 9,193 | 57,986 | 15.85 | 9,193 | 100.00 | |
| | Small scale credit loans (Note 5) | 861,627 | 14,181,548 | 6.08 | 861,627 | 100.00 | 1,162,038 | 9,020,801 | 12.88 | 1,162,038 | 100.00 | |
| | Other (Note 6) | Secured | 51,252 | 51,479,366 | 0.10 | 51,252 | 100.00 | 90,324 | 39,391,462 | 0.23 | 21,777 | 24.11 |
| | | Unsecured | 102,564 | 5,765,980 | 1.78 | 102,564 | 100.00 | 117,417 | 4,062,301 | 2.89 | 117,417 | 100.00 |
| Loan | | 3,721,300 | 553,935,781 | 0.67 | 3,452,016 | 92.76 | 4,834,027 | 536,512,259 | 0.90 | 3,567,281 | 73.80 | |
| | | Nonperforming Receivables (Note 1) | Receivables | Ratio of Nonperforming Receivables (Note 2) | Allowance for Possible Losses | Coverage Ratio (Note 3) | Nonperforming Receivables (Note 1) | Receivables | Ratio of Nonperforming Receivables (Note 2) | Allowance for Possible Losses | Coverage Ratio (Note 3) | |
| Credit cards | | 430,815 | 29,849,038 | 1.44 | 575,489 | 133.58 | 466,020 | 28,140,324 | 1.66 | 446,353 | 95.78 | |
| Factoring accounts receivable without recourse (Note 7) | | - | 528,849 | - | 2,000 | - | - | 63,725 | - | - | - | |
| Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8) | | 96,047 | | | 126,470 | | | | | | | |
| Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8) | | 1,018,770 | | | 1,301,502 | | | | | | | |
| Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9) | | 85,078 | | | - | | | | | | | |
| Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9) | | 800,828 | | | 186,262 | | | | | | | |

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Non-accrued Loans."

Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

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

Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivables balance.

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

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

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

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

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

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

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

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

ESFHC'S FINANCIAL STATEMENTS AND CONDENSED FINANCIAL STATEMENTS
OF SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2009 AND 2008

TABLE 8

1.ESFHC's Financial Statements

E.SUN Financial Holding Company, Ltd.

Balance Sheets
December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Except Par Value)

| Assets | 2009 | 2008 | Liabilities and Stockholder's Equity | 2009 | 2008 |
|---|---------------|--------------|---|---------------|---------------|
| Cash and cash equivalents | \$ 5,054,646 | \$ 7,246,319 | Financial liabilities at fair value | | |
| Financial assets at fair value through profit or loss | 1,011 | 303,324 | through profit or loss | \$ 4,798,424 | \$ 4,967,559 |
| Receivables | 807,921 | 507,706 | Payables | 459,415 | 375,316 |
| Equity investments under the equity method | 57,006,584 | 50,886,052 | Corporate bonds payable | 5,500,000 | 5,500,000 |
| Other financial assets | 12,690 | 432 | Accrued pension cost | 3,569 | 7,641 |
| Properties, net | 271 | 2,021 | Other liabilities | 188,771 | 188,032 |
| Intangible assets | 1,934 | 822,205 | Total liabilities | 10,950,179 | 11,038,548 |
| Other assets, net | 2,838 | | Stockholder's equity | | |
| | | | Common stock - NT\$10.00 | | |
| | | | par value, authorized 5,000,000 | | |
| | | | thousand shares; issued and | | |
| | | | outstanding 3,652,800 thousand | | |
| | | | shares in 2009 and 3,544,351 | | |
| | | | thousand shares in 2008 | 36,528,000 | 35,443,511 |
| | | | Capital surplus | 10,451,904 | 10,407,577 |
| | | | Retained earnings | 4,759,376 | 3,881,743 |
| | | | Cumulative translation adjustments | (39,540) | (11,318) |
| | | | Unrealized valuation gains (losses) on | | |
| | | | financial instruments | 408,083 | (636,969) |
| | | | Treasury stock | (168,399) | (336,819) |
| | | | | \$ 59,780,749 | |
| | | | Net loss not recognized as pension cost | (1,708) | (5,524) |
| Total | \$ 62,887,895 | | Total stockholders' equity | 51,937,716 | 48,742,201 |
| | | | Total | \$ 62,887,895 | \$ 59,780,749 |

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Income
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| | 2009 | | 2008 | |
|--|----------------------|---------------------|----------------------|---------------------|
| | Before Income Tax | After Income Tax | Before Income Tax | After Income Tax |
| Revenues and gains | | | | |
| Income from equity investments under the equity method | \$ 2,272,699 | | \$ 950,646 | |
| Other revenues and gains | 102,215 | | 618,457 | |
| Total revenues and gains | 2,374,914 | | 1,569,103 | |
| Expenses and losses | | | | |
| Losses from equity investments under the equity method | - | | 63,663 | |
| Operating expenses | 157,310 | | 125,584 | |
| Other expenses and losses | 352,815 | | 217,367 | |
| Total expenses and losses | 510,125 | | 406,614 | |
| Income before income tax | 1,864,789 | | 1,162,489 | |
| Income tax benefit | 63,549 | | (137,486) | |
| Net income | \$ 1,928,338 | | \$ 1,025,003 | |
| Earnings per share | | | | |
| Basic earnings per share | \$ 0.52 | \$ 0.53 | \$ 0.33 | \$ 0.29 |
| Diluted earnings per share | \$ 0.51 | \$ 0.51 | \$ 0.19 | \$ 0.19 |

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Changes in Stockholders' Equity
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars)

| | Issued and Outstanding Capital Stock | | Retained Earnings | | | Equity Adjustments | | | Net Loss Not Recognized as Pension Cost | Total Stockholders' Equity | |
|--|---|-----------------|--------------------|------------------|--------------------|----------------------------|--|---|---|----------------------------------|----------------|
| | Shares (in Thousands) | Common Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Cumulative Translation Adjustments | Unrealized Valuation Gains (Losses) on Financial Instruments | | | Treasury Stock |
| BALANCE, JANUARY 1, 2008 | \$ 3,303,300 | \$ 33,033,000 | \$ 9,883,176 | \$ 1,444,442 | \$ - | \$ 4,165,048 | \$ (8,906) | \$ (670,728) | \$ - | \$ (4,168) | \$47,841,864 |
| Appropriation of prior year's earnings | - | - | - | 329,381 | - | (329,381) | - | - | - | - | - |
| Legal reserve | - | - | - | 329,381 | - | (329,381) | - | - | - | - | - |
| Special reserve | - | - | - | - | 683,801 | (683,801) | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - |
| Cash | - | - | - | - | - | (1,321,320) | - | - | - | - | (1,321,320) |
| Stock | 132,132 | 1,321,320 | - | - | - | (1,321,320) | - | - | - | - | - |
| Remuneration to directors and supervisors | - | - | - | - | - | (27,528) | - | - | - | - | (27,528) |
| Bonus to employees - 7,968 thousand issued shares and \$2,902 thousand in cash | 7,968 | 79,680 | - | - | - | (82,582) | - | - | - | - | (2,902) |
| Balance after appropriation | 3,443,400 | 34,434,000 | 9,883,176 | 1,773,823 | 683,801 | 399,116 | (8,906) | (670,728) | - | (4,168) | 46,490,114 |
| Convertible bonds converted to capital stock | 100,951 | 1,009,511 | 524,401 | - | - | - | - | - | - | - | 1,533,912 |
| Net income in 2008 | - | - | - | - | - | 1,025,003 | - | - | - | - | 1,025,003 |
| Change in cumulative translation adjustments | - | - | - | - | - | - | (2,412) | - | - | - | (2,412) |
| Change in unrealized valuation gains on financial instruments | - | - | - | - | - | - | - | 33,759 | - | - | 33,759 |
| Acquisition of treasury stock - 42,000 thousand shares | - | - | - | - | - | - | - | - | (336,819) | - | (336,819) |
| Change in net loss not recognized as pension cost | - | - | - | - | - | - | - | - | - | (1,356) | (1,356) |
| BALANCE, DECEMBER 31, 2008 | 3,544,351 | 35,443,351 | 10,407,577 | 1,773,823 | 683,801 | 1,424,119 | (11,318) | (636,969) | (336,819) | (5,524) | 48,742,201 |
| Reversal of special reserve | - | - | - | - | (29,989) | 29,989 | - | - | - | - | - |
| Appropriation of prior year's earnings (Note) | - | - | - | - | - | (102,501) | - | - | - | - | - |
| Legal reserve | - | - | - | 102,501 | - | (102,501) | - | - | - | - | - |
| Special reserve | - | - | - | - | 163,969 | (163,969) | - | - | - | - | - |
| Stock dividend | 105,071 | 1,005,070 | - | - | - | (1,050,705) | - | - | - | - | - |
| Balance after appropriation | 3,649,422 | 36,494,216 | 10,407,577 | 1,876,324 | 817,781 | 136,933 | (11,318) | (636,969) | (336,819) | (5,524) | 48,742,201 |
| Issuance of common stock from bonus to employees | 3,378 | 33,784 | (980) | - | - | - | - | - | - | - | 32,804 |
| Net income in 2009 | - | - | - | - | - | 1,928,338 | - | - | - | - | 1,928,338 |
| Change in cumulative translation adjustments | - | - | - | - | - | - | (28,222) | - | - | - | (28,222) |
| Change in unrealized valuation gains on financial instruments | - | - | - | - | - | - | - | 1,045,052 | - | - | 1,045,052 |
| Reissuance of treasury stock to employees - 21,000 thousand shares | - | - | 45,307 | - | - | - | - | - | 168,420 | - | 213,727 |
| Change in net loss not recognized as pension cost | - | - | - | - | - | - | - | - | - | 3,816 | 3,816 |
| BALANCE, DECEMBER 31, 2009 | \$ 3,652,800 | \$ 36,528,000 | \$ 10,451,904 | \$ 1,876,324 | \$ 817,781 | \$ 2,065,271 | \$ (39,540) | \$ 408,083 | \$ (168,399) | \$ (1,708) | \$51,937,716 |

Note: The remuneration to directors of \$10,945 thousand and bonus to employees of \$32,835 thousand (\$32,804 thousand in common stock and \$31 thousand in cash) were deducted from the income statements.

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Cash Flows
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Net income | \$ 1,928,338 | \$ 1,025,003 |
| Income from equity investments under the equity method, net | (2,272,699) | (886,983) |
| Cash dividends from equity investments under the equity method | 78,910 | 1,482,561 |
| Depreciation expenses | 161 | 162 |
| Losses on the valuation of financial instruments | 375,318 | 26,568 |
| Salary expense on share-based payment | 899 | - |
| Realized gains on financial liabilities designated at fair value through profit or loss | - | (446,048) |
| Deferred income tax | 739 | 191,069 |
| Other | (169) | (355) |
| Net changes in operating assets and liabilities | | |
| Held-for-trading financial assets | 1,438,353 | (176,030) |
| Held-for-trading financial liabilities | (1,680,493) | 418,170 |
| Receivables | (300,215) | (96,011) |
| Other assets | 17 | 24 |
| Payables | 116,903 | 108,404 |
| Net cash provided by (used in) operating activities | (313,93) | 1,646,534 |
| Cash flows from investing activities | | |
| Increase in equity investments under the equity method | (2,865,000) | - |
| Decrease in refundable deposits | 848,100 | - |
| Proceeds of the sale of equity investments under the equity method | - | 520,294 |
| Net cash provided by (used in) investing activities | (2,016,900) | 520,294 |
| Cash flows from financing activities | | |
| Decrease in financial liabilities designated at fair value through profit or loss | - | (2,127,978) |
| Cash dividends paid | - | (1,321,320) |
| Bonus to employees and remuneration to directors and supervisors | - | (30,430) |
| Proceeds from disposal of treasury stock | 167,915 | - |
| Acquisition of treasury stock | - | (336,819) |
| Net cash provided by (used in) financing activities | 167,915 | (3,816,547) |
| Effects of exchange rate changes | (28,750) | (7,250) |
| Net decrease in cash and cash equivalents | (2,191,673) | (1,656,969) |
| Cash and cash equivalents, beginning of year | 7,246,319 | 8,903,288 |
| Cash and cash equivalents, end of year | \$ 5,054,646 | \$ 7,246,319 |
| Supplementary cash flow information | | |
| Interest paid | \$ 215,274 | \$ 162,472 |
| Income tax paid | \$ 309,617 | \$ 5,483 |
| Noncash investing and financing activities | | |
| Convertible bonds converted to capital stock | \$ - | \$ 1,533,912 |

(Continued)

2.Subsidiaries' condensed balance sheets

E.SUN Commercial Bank, Ltd.

Condensed Balance Sheets
December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars)

| Assets | 2009 | 2008 | Liabilities and Stockholder's Equity | 2009 | 2008 |
|--|----------------|----------------|--|----------------|----------------|
| | | | <u>Liabilities</u> | | |
| Cash and cash equivalents | \$ 9,800,366 | \$ 11,572,247 | Due to the Central Bank and other banks | \$ 39,051,957 | \$ 21,168,220 |
| Due from the Central Bank and call loans to other banks | 217,175,215 | 88,970,396 | Financial liabilities at fair value through profit or loss | 11,059,469 | 26,488,285 |
| Financial assets at fair value through profit or loss, net | 39,489,518 | 72,690,441 | Securities sold under repurchase agreements | 14,518,968 | 22,448,022 |
| Securities purchased under resell agreements | 3,384,993 | 353,252 | Payables | 7,556,252 | 9,718,794 |
| Receivables, net | 32,990,151 | 30,559,788 | Deposits and remittances | 775,064,009 | 666,460,275 |
| Discounts and loans, net | 550,483,765 | 532,944,978 | Bank debentures | 33,500,000 | 27,300,000 |
| Available-for-sale financial assets, net | 36,818,491 | 42,606,239 | Other financial liabilities | 2,136,729 | 2,372,937 |
| Held-to-maturity financial assets, net | 18,278,241 | 14,241,499 | Other | 402,615 | 474,846 |
| Other financial assets, net | 6,146,635 | 8,097,140 | Total liabilities | 883,289,999 | 776,431,379 |
| Properties, net | 13,859,239 | 12,974,852 | <u>Stockholder's equity</u> | | |
| Intangible assets | 4,030,756 | 4,022,745 | Capital stock | 33,624,000 | 31,200,000 |
| Other assets, net | 2,339,493 | 3,617,672 | Capital surplus | 8,083,943 | 7,321,485 |
| Total | \$ 934,796,863 | \$ 822,651,249 | Retained earnings | 9,496,329 | 8,345,894 |
| | | | Cumulative translation adjustments | (39,540) | (11,318) |
| | | | Unrealized valuation gains (losses) on financial instruments | 342,132 | (636,191) |
| | | | Total stockholder's equity | 51,506,864 | 46,219,870 |
| | | | Total | \$ 934,796,863 | \$ 822,651,249 |

E.SUN Securities Co., Ltd.

Condensed Balance Sheets
December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars)

| Assets | 2009 | 2008 | Liabilities and Stockholder's Equity | 2009 | 2008 |
|------------------------------------|--------------|--------------|--------------------------------------|--------------|--------------|
| | | | <u>Liabilities</u> | | |
| Current assets | \$ 4,755,548 | \$ 3,457,552 | Current liability | \$ 2,344,725 | \$ 1,079,361 |
| Fund and investments | 82,570 | 76,427 | Other | 82,833 | 57,221 |
| Properties, net | 324,125 | 307,463 | Total liabilities | 2,427,558 | 1,136,582 |
| Intangible assets | 13,717 | 12,363 | <u>Stockholders' equity</u> | | |
| Other assets | 705,382 | 488,135 | Capital stock | 3,060,000 | 3,060,000 |
| Securities brokerage accounts, net | 21,708 | 29,751 | Capital surplus | 2,328 | - |
| Total | \$ 5,903,050 | \$ 4,371,691 | Retained earnings | 413,164 | 175,109 |
| | | | Total stockholders' equity | 3,475,492 | 3,235,109 |
| | | | Total | \$ 5,903,050 | \$ 4,371,691 |

E.SUN Insurance Broker Co., Ltd.

Condensed Balance Sheets
December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars)

| Assets | 2009 | 2008 | Liabilities and Stockholder's Equity | |
|----------------------|------------|------------|---|-------------|
| | | | 2009 | 2008 |
| | | | <u>Liabilities</u> | |
| Current assets | \$ 417,952 | \$ 243,793 | | |
| Fund and investments | 33,173 | - | Current liability | \$ 86,980 |
| Properties, net | 68 | - | Other | 166 |
| Intangible assets | 1,767 | 2,542 | Total liabilities | 87,146 |
| Other assets | 137 | 135 | | 36,570 |
| | | | <u>Stockholders' equity</u> | |
| | | | Capital stock | 113,000 |
| | | | Capital surplus | 45 |
| | | | Retained earnings | 251,992 |
| | | | Unrealized valuation gains (losses) on financial instruments | 914 (5,999) |
| | | | Total stockholders' equity | 365,951 |
| Total | \$ 453,097 | \$ 246,470 | Total | \$ 453,097 |

E.SUN Venture Capital Co., Ltd.

Condensed Balance Sheets
December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars)

| Assets | 2009 | 2008 | Liabilities and Stockholder's Equity | |
|----------------------|--------------|--------------|--|--------------|
| | | | 2009 | 2008 |
| | | | <u>Liabilities</u> | |
| Current assets | \$ 611,004 | \$ 301,283 | | |
| Fund and investments | 1,054,973 | 922,545 | Current liability | \$ 7,966 |
| Properties, net | 227 | 294 | Other | 176 |
| Intangible assets | 60 | 62 | Total liabilities | 8,142 |
| Other assets | 155 | 157 | | 3,168 |
| | | | <u>Stockholders' equity</u> | |
| | | | Capital stock | 1,500,000 |
| | | | Capital surplus | 81 |
| | | | Retained earnings | 93,158 |
| | | | Unrealized valuation gains on financial instruments | 65,038 5,221 |
| | | | Total stockholders' equity | 1,658,277 |
| Total | \$ 1,666,419 | \$ 1,224,341 | Total | \$ 1,666,419 |

3.Subsidiaries' condensed income statements

E.SUN Commercial Bank, Ltd.

Condensed Income Statements
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| Items | 2009 | 2008 |
|--|--------------|--------------|
| Net interest | \$ 8,601,685 | \$ 9,375,272 |
| Net revenues and gains other than interest | 3,714,781 | 3,623,824 |
| Total net revenues | 12,316,466 | 12,999,096 |
| Allowance for bad-debt expenses | (2,112,036) | (3,536,372) |
| Operating expenses | (8,336,371) | (8,278,201) |
| Income before income tax | \$ 1,868,059 | \$ 1,184,523 |
| Net income | \$ 1,774,435 | \$ 781,963 |
| Earnings per share - before income tax | \$0.59 | \$0.37 |
| Earnings per share - after income tax | \$0.56 | \$0.25 |

E.SUN Securities Co., Ltd.

Condensed Income Statements
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| Items | 2009 | 2008 |
|---|------------|-------------|
| Revenues | \$ 975,317 | \$ 695,788 |
| Expenses | (687,541) | (718,825) |
| Income (losses) before income tax | \$ 287,776 | \$ (23,037) |
| Net income (losses) | \$ 238,055 | \$ (51,801) |
| Earnings (loss) per share - before income tax | \$0.94 | \$(0.08) |
| Earnings (loss) per share - after income tax | \$0.78 | \$(0.17) |

E.SUN Insurance Broker Co., Ltd.

Condensed Income Statements
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| Items | 2009 | 2008 |
|--|------------|------------|
| Operating income | \$ 372,953 | \$ 167,336 |
| Operating expenses | (101,215) | (72,367) |
| Nonoperating revenues and gains | 10,332 | 4,281 |
| Nonoperating expenses and losses | (1,607) | (6,031) |
| Income before income tax | \$ 280,463 | \$ 93,219 |
| Net income | \$ 210,678 | \$ 68,546 |
| Earnings per share - before income tax | \$24.82 | \$8.25 |
| Earnings per share - after income tax | \$18.64 | \$6.07 |

E.SUN Venture Capital Co., Ltd.

Condensed Income Statements
Years Ended December 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| Items | 2009 | 2008 |
|--|-----------|-----------|
| Revenues and gains | \$ 96,020 | \$ 41,736 |
| Expenses and losses | (42,935) | (24,370) |
| Income before income tax | \$ 53,085 | \$ 17,366 |
| Net income | \$ 49,531 | \$ 18,337 |
| Earnings per share - before income tax | \$0.40 | \$0.15 |
| Earnings per share - after income tax | \$0.37 | \$0.16 |

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

TABLE 9
2009

| Items | Business Segment | | | Consolidated |
|--|------------------|------------|--------------|--------------|
| | Banking | Securities | Others | |
| Net interest (losses) | \$ 8,679,809 | \$ 163,273 | \$ (200,659) | \$ 8,642,423 |
| Net revenues and gains other than interest | 3,656,333 | 693,317 | 266,878 | 4,616,528 |
| Total net revenues (losses) | 12,336,142 | 856,590 | 66,219 | 13,258,951 |
| Allowance for bad-debt expenses | (2,112,036) | (4,904) | - | (2,116,940) |
| Operating expenses | (8,258,102) | (614,145) | (187,847) | (9,060,094) |
| Income (losses) before income tax | 1,966,004 | 237,541 | (121,628) | 2,081,917 |
| Income tax expenses | (93,624) | (49,721) | (10,234) | (153,579) |
| Net income (losses) | 1,872,380 | 187,820 | (131,862) | 1,928,338 |

2008

| Items | Business Segment | | | Consolidated |
|--|------------------|------------|--------------|--------------|
| | Banking | Securities | Others | |
| Net interest (losses) | \$ 9,567,369 | \$ 201,626 | \$ (189,073) | \$ 9,579,922 |
| Net revenues and gains other than interest | 3,586,043 | 250,216 | 748,129 | 4,584,388 |
| Total net revenues | 13,153,412 | 451,842 | 559,056 | 14,164,310 |
| Allowance for bad-debt expenses | (3,536,372) | - | - | (3,536,372) |
| Operating expenses | (8,265,604) | (480,411) | (260,815) | (9,006,830) |
| Income (losses) before income tax | 1,351,436 | (28,569) | 298,241 | 1,621,108 |
| Income tax expenses | (402,560) | (28,764) | (164,781) | (596,105) |
| Net income (losses) | 948,876 | (57,333) | 133,460 | 1,025,003 |

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CAPITAL ADEQUACY RATIO
DECEMBER 31, 2009 AND 2008

TABLE 10

1.E.SUN Financial Holding Company, Ltd.'s Capital Adequacy Ratio

Unit: In Thousands of New Taiwan Dollars, %

| | December 31, 2009 | | | December 31, 2008 | | |
|---------------------------------------|---------------------|------------------------------|---------------------------------------|---------------------|------------------------------|---------------------------------------|
| | Proportionate Share | Group's Net Eligible Capital | Group's Statutory Capital Requirement | Proportionate Share | Group's Net Eligible Capital | Group's Statutory Capital Requirement |
| E.SUN Financial Holding Company, Ltd. | | \$ 54,337,716 | \$ 57,053,175 | | \$ 52,240,180 | \$ 52,092,215 |
| E.SUN Commercial Bank, Ltd. | 100 | 58,053,242 | 42,098,339 | 100 | 54,793,876 | 41,504,878 |
| E.SUN Securities Co., Ltd. | 100 | 2,747,070 | 841,247 | 100 | 2,685,422 | 481,742 |
| E.SUN Venture Capital Co., Ltd. | 100 | 1,658,277 | 833,210 | 100 | 1,221,173 | 612,171 |
| E.SUN Insurance Broker Co., Ltd. | 100 | 365,951 | 226,549 | 100 | 209,900 | 123,235 |
| Deduction | | (65,961,195) | (57,019,274) | | (58,238,908) | (50,898,742) |
| Total | | 51,201,061 | 44,033,246 | | 52,911,643 | 43,915,499 |
| Group capital adequacy ratio | | 116.28 | | | 120.49 | |

Note 1: The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."
Note 2: Group capital adequacy ratio = Group's net eligible capital ÷ Group's statutory capital requirement.

2.E.SUN Financial Holding Company, Ltd.'s Eligible Capital

Unit: In Thousands of New Taiwan Dollars, %

| Items | December 31, 2009 | December 31, 2008 |
|--|-------------------|-------------------|
| Common stock | \$ 36,528,000 | \$ 35,443,511 |
| Qualified noncumulative perpetual preferred stocks and noncumulative subordinated debts without maturity dates conformed with the terms of Bank's tier 1 capital | - | - |
| Other preferred stocks and subordinated debts | 2,400,000 | 3,500,000 |
| Capital collected in advance | - | - |
| Capital surplus | 10,451,904 | 10,407,577 |
| Legal reserve | 1,876,324 | 1,773,823 |
| Special reserve | 817,781 | 683,801 |
| Cumulative earnings | 2,065,271 | 1,424,119 |
| Equity adjustments | 366,835 | (653,811) |
| Less: Goodwill | - | - |
| Less: Deferred assets | - | (2,021) |
| Less: Treasury stock | (168,399) | (336,819) |
| Total eligible capital | 54,337,716 | 52,240,180 |

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

3.E.SUN Commercial Bank, Ltd.'s Capital Adequacy Ratio

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

| Items | Year | | | |
|---|------------------------|---|---------------|-------------|
| | December 31, 2009 | December 31, 2008 | | |
| Eligible Capital | Tier 1 capital | \$ 43,649,594 | \$ 40,407,211 | |
| | Tier 2 capital | 14,403,648 | 14,386,665 | |
| | Tier 3 capital | - | - | |
| | Eligible Capital | 58,053,242 | 54,793,876 | |
| Risk-weighted assets | Credit risk | Standardized approach | 467,100,520 | 458,686,467 |
| | | Internal ratings - based approach | - | - |
| | | Securitization | 2,104,311 | 4,622,215 |
| | Operational risk | Basic indicator approach | 24,446,038 | 24,659,738 |
| | | Standardized approach/Alternative standardized approach | - | - |
| | | Advanced measurement approach | - | - |
| | Market risk | Standardized approach | 32,578,363 | 30,842,550 |
| | | Internal model approach | - | - |
| | Risk-weighted assets | 526,229,232 | 518,810,970 | |
| | Capital adequacy ratio | 11.03 | 10.56 | |
| Ratio of tier 1 capital to risk-weighted assets | 8.29 | 7.79 | | |
| Ratio of tier 2 capital to risk-weighted assets | 2.74 | 2.77 | | |
| Ratio of tier 3 capital to risk-weighted assets | - | - | | |
| Ratio of common stock to total assets | 3.60 | 3.79 | | |
| Ratio of leverage | 5.01 | 5.13 | | |

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

Note 2: Formulas used were as follows:

- 1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
- 2) Risk-weighted asset = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of tier 1 capital to risk-weighted assets = Tier 1 capital ÷ Risk-weighted assets.
- 5) Ratio of tier 2 capital to risk-weighted assets = Tier 2 capital ÷ Risk-weighted assets.
- 6) Ratio of tier 3 capital to risk-weighted assets = Tier 3 capital ÷ Risk-weighted assets.
- 7) Ratio of common stock to total assets = Common stock ÷ Total assets.
- 8) Ratio of leverage = Tier 1 capital ÷ Adjusted average total asset (the average total asset excludes goodwill, deferred losses on the sale of nonperforming loans and ineligible items deducted from tier 1 capital under the "Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks").

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DISCLOSURE REQUIRED UNDER ARTICLE 46 OF
THE FINANCIAL HOLDING COMPANY ACT
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, %)

TABLE 11
December 31, 2009

| Name | Total Amounts of Credits, Endorsement or Other Transactions | Percentage of ESFHC's Equity |
|--|---|------------------------------|
| 1. Same person | | |
| Tai Power Co., Ltd. | \$ 6,280,000 | 12.09 |
| JP Morgan Chase Bank | 5,249,869 | 10.11 |
| CSC Group | 4,958,000 | 9.55 |
| Taiwan High Speed Rail Corporation | 3,804,407 | 7.32 |
| AUO Co., Ltd. | 3,655,976 | 7.04 |
| First Commercial Bank Co., Ltd. | 3,525,994 | 6.79 |
| Deutsche Bank | 3,475,008 | 6.69 |
| International Bills Finance Corporation | 3,385,913 | 6.52 |
| Chi Mei Optoelectronics Corp. | 3,351,488 | 6.45 |
| Nanya Technology Corporation | 3,168,621 | 6.10 |
| Capital Securities Co., Ltd. | 3,150,000 | 6.06 |
| Chong Hong Construction Corp. | 2,623,000 | 5.05 |
| 2. Same related parties | | |
| None | | |
| 3. Same affiliate | | |
| CSC Group and related parties | 6,984,200 | 13.45 |
| Nan Ya Plastic Co., Ltd. and related parties | 6,545,994 | 12.60 |
| Chi Mei Optoelectronics Corp. and related parties | 5,490,288 | 10.57 |
| AUO Co., Ltd. and related parties | 5,463,776 | 10.52 |
| Chinatrust Financial Holding Co., Ltd. and related parties | 4,035,474 | 7.77 |
| Formosa Petrochemical Corporation and related parties | 3,800,804 | 7.32 |
| Hon Hai Precision Co., Ltd. and related parties | 3,329,766 | 6.41 |
| Capital Securities Corp. and related parties | 3,150,000 | 6.06 |
| Chong Hong Construction Co., Ltd. and related parties | 3,125,000 | 6.02 |
| Pou Chen Corporation and related parties | 2,773,518 | 5.34 |
| Far Easten New Century Corporation and related parties | 2,619,936 | 5.04 |

December 31, 2008

| Name | Counter Party | Total Amounts of Credits, Endorsement or Other Transactions | Percentage of ESFHC's Equity |
|---|----------------|---|------------------------------|
| 1. Tai Power Co., Ltd. | Same person | \$ 4,830,000 | 9.91 |
| 2. Taiwan High Speed Rail Corp. | Same person | 4,053,941 | 8.32 |
| 3. Capital Securities Corp. | Same person | 3,100,000 | 6.36 |
| 4. Nan Ya Plastic Co., Ltd. and related parties | Same affiliate | 8,153,444 | 16.73 |
| 5. Chi Mei Corp. and related parties | Same affiliate | 5,431,572 | 11.14 |
| 6. Far Eastern Textile Co., Ltd. and related parties | Same affiliate | 5,183,869 | 10.64 |
| 7. AUO Co., Ltd. and related parties | Same affiliate | 4,776,336 | 9.80 |
| 8. Mega Financial Holding Co., Ltd. and related parties | Same affiliate | 4,319,045 | 8.86 |
| 9. CSC Group and related parties | Same affiliate | 3,992,000 | 8.19 |
| 10. Chong Hong Construction Co., Ltd. and related parties | Same affiliate | 3,192,089 | 6.55 |
| 11. Sinyi Realty Inc. and related parties | Same affiliate | 3,014,613 | 6.18 |

VII. Risk Management



The light breeze gradually enables us to sense the coming of autumn.

1. Risk Management

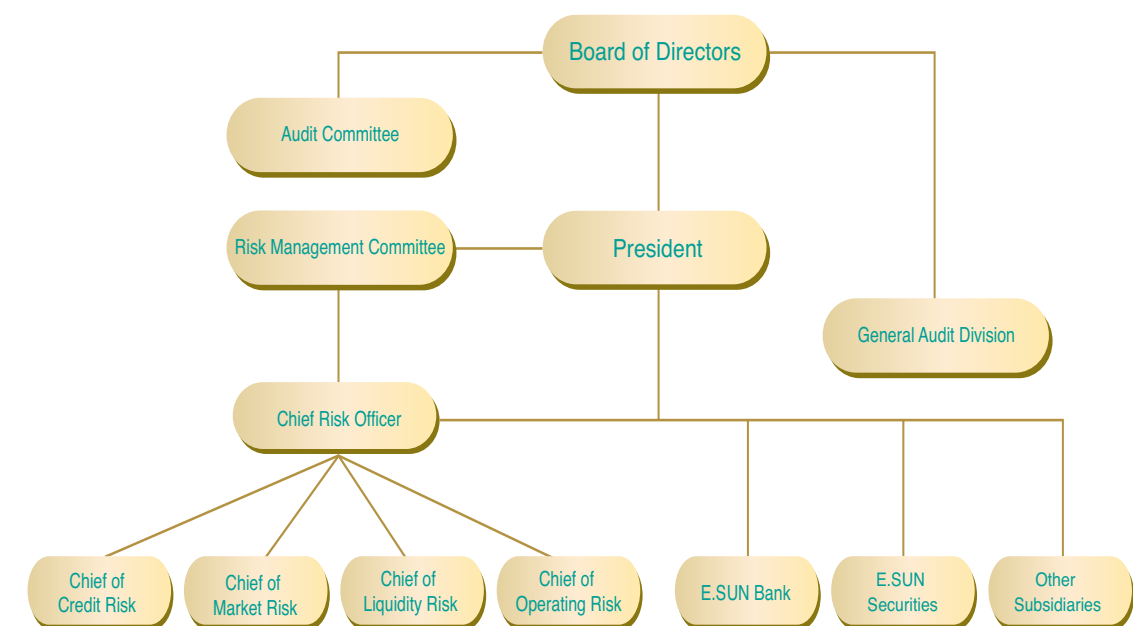
The primary objectives of E.SUN FHC's risk management are to ensure the safety of assets, provide customer service, and create shareholder value. All operations are carried out with risk considerations being the foremost concern. Operations are to stress safety and liquidity first, then profitability and then growth. All should take into account the interests of the public.

1.1 FHC's Risk Management

Framework

E.SUN has established an independent Risk Management Committee that is responsible for establishing risk management policies, implementing the policies and ensuring compliance with international standards, thereby

providing proper management of credit risk, market risk, operations risk and other risks. The Risk Management Committee is also required to provide risk reports on a regular basis to the quasi Audit Committee and the board of directors. At the same time, E.SUN is working to comply with the framework set forth in the Basel II Accord. In addition to accurately calculating risk-based capital charges under Pillar I, paving the way for appropriate capital and asset risk allocation, E.SUN is striving to comply with Pillar II qualitative and quantitative standards and establish a risk sensitivity management framework. The FHC's risk management organizational framework is shown in the following diagram.



The FHC's Risk Management Organizational Framework.

1.2 Risk Measurement and Control Methods, and Exposure-related Quantitative Information Applicable to All Subsidiaries

The Company has established internal risk compliance policies and acts in accordance with related regulations set forth by regulatory institutions. At the same time, it uses the Basel II Accord risk management framework as reference in instituting risk controls and managing risk. This raises E.SUN's overall ability to monitor risk.

(1) Routine Disclosures

a. Strategies and Procedures

(a) Credit Risk Management

1. The objective of risk management for each subsidiary is to be in compliance with regulations set forth by regulators and internal credit and trading risk control mechanisms. Internal guidelines will be adjusted at appropriate times based on local and overseas developments in the banking and economic sectors.
2. According to rules set forth by regulators, restrictions are placed on the risk position of any single financial institution. Credit rating and operational status are also factors taken into consideration.
3. E.SUN is to abide by regulations stipulated by regulators regarding the guarantee of short-term bills of a single enterprise and group of affiliates.
4. E.SUN sets limits on the amount of

lending it provides to a specific industry and acts in accordance with rules set by regulatory agencies in this regard.

(b) Market Risk Management

1. E.SUN manages assets and liabilities to ensure appropriate capital utilization and suitable liquidity.
2. E.SUN avoids risk associated with over-concentration of funds in a single or small group of fiscal tools or trading counterparties.
3. The Fund Utilization Committee meets daily to decide on trading strategies for that day and to remain abreast of any risks associated with price volatility.
4. E.SUN assesses risk positions on a regular basis. Information regarding such is used in deciding trading strategies.

(c) Operational Risk Management

E.SUN will continue to establish well-rounded operational systems, cultivate risk awareness among its employees, and promote a corporate culture that embraces self-discipline and regulatory compliance. The Company also exhibits a comprehensive internal auditing system. E.SUN regularly holds vocational training classes to enhance the expertise of its employees. In order to prevent operations risk, it has also enacted a variety of rules and regulations governing persons working for E.SUN, customer service (including KYC), product design, information security, back-up systems, and emergency contingencies. E.SUN also displays well thought-out operational procedures and guidelines. Meanwhile, the Company

maintains a close watch on external risk factors, such as the market environment, customer behavior, technological changes, and regulatory amendments, enabling itself to adapt appropriately at the earliest time possible.

b. Related Risk Management Systems

Organization and Framework – Applicable to All Subsidiaries The E.SUN FHC Risk Management Policies and Guiding Principles require each subsidiary to set forth risk management standards and rules. Each subsidiary must establish a credit screening committee, an asset and liabilities management committee, and a risk management department and auditing department that carry out pricing of daily positions, tabulate the level of risk exposure and monitor external events. Meanwhile, each subsidiary is required to continue to enhance its customer value and risk analysis technology, along with internal controls system. This helps the FHC to recognize the accuracy of risk assessment and to ensure that management methods conform to international standards.

c. Scope and Feature of Risk Reporting and Measurement Systems – Applicable to all Subsidiaries

(a) **Credit Risk:** Measures include the amount of credit extended to a single enterprise of single group of affiliates; controls on risk-based assets; total risk exposure to a single company; limits on liabilities with trading counterparties; and limits on trading of interest rate financial derivatives.

(b) **Market Risk:** Mechanisms have been

established to tabulate the fair value and trading profits/losses of business-related assets and financial derivatives.

(c) **Operational Risk:** Measures are adopted to determine whether business operations comply with guidelines and whether the suggestions for improvement provided in the course of internal audits are being carried out.

d. **Hedging and Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools – Applicable to All Subsidiaries** E.SUN FHC and its subsidiaries seek collateral, third-party guarantees and trade credit derivative products to hedge against risk. E.SUN will also use a trading counterparty's deposits to offset that party's liabilities. It also engages in asset securitization to transfer risk. E.SUN has set up internal risk control mechanisms and also complies with rules and systems set by regulatory agencies. E.SUN will adjust its measures as appropriate based on the developments in the domestic and foreign economic and banking environment. These measures ensure the continued effectiveness of risk avoidance and risk mitigation tools.

1.3 Impact of Important Domestic or Foreign Policy and Legal Changes on the FHC's Financial Operations, and Countermeasures:

In an effort to promote economic integration between Taiwan and the rest of the world, and also with an eye to boosting Taiwan's international competitiveness, the

government is engaged in negotiations on various pacts and an economic cooperation framework agreement with mainland China. Once realized, these agreements are likely to trigger major changes in financial interaction between the two sides of the Taiwan Strait. E.SUN has already begun evaluating the possible impact of these agreements and will be closely analyzing the details therein. The Company will be poised to take advantage of any opportunities that will effectively boost its competitiveness as a result of these developments and will also evaluate any associated risks.

1.4 Impact of Technological and Industrial Changes on the FHC's Financial Operations, and Countermeasures:

Technological and industrial changes not only inevitably influence the structural allocation of social resources, the method of utilizing capital and financial management tools, but also trigger fundamental conceptual changes in financial operations with respect to performance management, risk management and even strategic management. As a result, E.SUN encourages each subsidiary to monitor technological and industrial trends, apply the advice of world-class consultants, and strive to ensure that overall business knowledge and skills adhere to global standards.

1.5 Impact of Changes in the FHC's and Subsidiaries' Image on the Company, and Countermeasures:

ESUN not only emphasizes business development, discipline and legal compliance, but also has consistently sought to enhance corporate governance. In 2009, it won corporate governance certification from the Taiwan Corporate Governance Association, Corporate Social Responsibility Award from Global Views Monthly and CSR award by Commonwealth magazine. These honors reflect E.SUN's commitment to quality, as well as its responsibility to customers, shareholders and society, and reflect another link in the effort to be the best performing and most respected enterprise.

1.6 Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures:

None.

1.7 Risks from Concentration of Operations, and Countermeasures:

(1) Concentration of Operations

E.SUN remains sensitive to any changes in the financial industry. It stays abreast of macroeconomic and industrial trends, as well as the direction of prices. It adjusts its business development strategies as appropriate.

(2) Concentration of Counterparties

The Bank sets upper limits of risk exposure for

recipients of loans and investment, as well as individual conglomerates, and it strictly adheres to these limits. It acts in accordance with post-disbursement management regulations to regularly review the suitability of credit terms and assess the possibility of systemic risk.

1.8 Impact of the Transfer of Stakes Held by Directors, Supervisors or Major Shareholders Holding Stakes Over 1%, Possible Risks and Countermeasures:

As of the end of 2009, no directors, supervisors or major shareholders with a stake of over 1% transferred stakes to another party.

1.9 Influence of Changes in Ownership of the FHC, Possible Risks and Countermeasures:

None

1.10 Litigious or Non-litigious Incidents: None

1.11 Other Major Risks and Countermeasures: None

2. Crisis Handling Mechanism

E.SUN FHC and each subsidiary comply with standard operating procedures and rules set forth in Guidelines on Crisis Management. Each unit has established a crisis handling task force and emergency contact point people who will be responsible for responding to and providing reports on any irregular internal, local or international events. In addition, drills and examination measures are carried out regularly to ensure that they are effective. This contingency planning ensures the stable operations of each unit and helps the FHC of achieving its objectives of sustainable operations and of fulfilling its responsibility to society.

3. Other Important Issues: None

VIII Special Notes



The snow cover makes us even more resolute in our purpose.

1. Representation of Consolidated Financial Statements of Affiliated Enterprises

Representation of Consolidated Financial Statements of Affiliated Enterprises

The Company and its affiliated enterprises defined by “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” in 2009 are the same with those defined by Article 7 of Statement Financial Accounting Standard. A consolidated financial statement of the parent company and affiliated enterprises has already been released and therefore there is no need to separately produce a consolidated financial statement for affiliated enterprises.

Company Name: E.SUN Financial Holding Company, Ltd.



Chairman *Yung-Jen Huang*



February 12, 2010

2. Affiliation Report: Please refer to Section 8 of Financial Statement (Chapter VI)



E.SUN FINANCIAL HOLDING COMPANY, LTD.



Chairman of the Board

Yung-Jen Huang



March 30, 2010 Printed



E.SUN of Taiwan, as E.SUN of the World.

Service Network of E.SUN FHC

| E.SUN BANK | phone | phone | phone |
|------------------------------------|------------------|--|------------------|
| Head Office Business Division | +886 2 2719 1313 | Nanshijiao Branch | +886 2 2942 8813 |
| International Banking Division/OBU | +886 2 2175 1313 | Banciao Branch | +886 2 8257 1313 |
| Trust Division | +886 2 2175 1313 | Pu Chain Branch | +886 2 2963 1313 |
| Credit Card Division | +886 2 2182 1313 | Banhsin Branch | +886 2 8952 1313 |
| Nanching East Road Branch | +886 2 2760 1313 | Haishan Branch | +886 2 2256 1313 |
| Chengjhong Branch | +886 2 2389 1313 | Guangfu Branch | +886 2 2957 1313 |
| Dongmen Branch | +886 2 2321 1313 | Sanchung Branch | +886 2 2280 1313 |
| Chengtung Branch | +886 2 2504 1313 | Chongsin Branch | +886 2 2984 1313 |
| Keelungroad Branch | +886 2 2378 1313 | Er-Chong Branch | +886 2 2278 1313 |
| Hsinyi Branch | +886 2 8789 1313 | East Sanchung Branch | +886 2 2971 1313 |
| Tienmu Branch | +886 2 2835 1313 | Tucheng Branch | +886 2 2274 1313 |
| Minsheng Branch | +886 2 2509 1313 | South Tucheng Branch | +886 2 2267 1313 |
| Fuhsing Branch | +886 2 2771 1313 | Shulin Branch | +886 2 8675 1313 |
| Tunnan Branch | +886 2 2754 1313 | Hueilong Branch | +886 2 2689 1313 |
| Changchun Branch | +886 2 2546 1313 | Wugu Branch | +886 2 2290 1313 |
| Chungshan Branch | +886 2 2537 1313 | Sindian Branch | +886 2 2916 1313 |
| Neihu Branch | +886 2 2659 1313 | Beisin Branch | +886 2 8911 1313 |
| Shilin Branch | +886 2 2834 1313 | Sanxia Branch | +886 2 2673 6613 |
| Dong-Hu Branch | +886 2 2632 1313 | Taishan Branch | +886 2 2297 1313 |
| North Tienmu Branch | +886 2 2877 1313 | Sinshu Branch | +886 2 2203 1313 |
| Songshan Branch | +886 2 3765 1313 | Taoyuan Branch | +886 3 332 1313 |
| Heping Branch | +886 2 2362 1313 | South Taoyuan Branch | +886 3 337 1313 |
| Mincyuan Branch | +886 2 2568 1313 | Tao Yin Branch | +886 3 375 1313 |
| Jhonglun Branch | +886 2 2577 1313 | Linkou Branch | +886 3 396 1313 |
| Daan Branch | +886 2 2755 1313 | Nankan Branch | +886 3 352 1313 |
| Guting Branch | +886 2 2364 1313 | Bade Branch | +886 3 367 1313 |
| Beitou Branch | +886 2 2895 1313 | Jhongli Branch | +886 3 427 1313 |
| Songjiang Branch | +886 2 2562 1313 | Lisin Branch | +886 3 492 1313 |
| Mujha Branch | +886 2 2936 1313 | Yangmei Branch | +886 3 488 1313 |
| Shwang-yuan Branch | +886 2 2301 1313 | Hsinchu Branch | +886 3 523 1313 |
| Sinhu Branch | +886 2 8791 6613 | Guanghua Branch | +886 3 533 1313 |
| Nangang Branch | +886 2 2789 1313 | Jhu Bei Branch | +886 3 554 1313 |
| Hsinchuang Branch | +886 2 2202 1313 | Sinfong Branch | +886 3 557 1313 |
| North Hsinchuang Branch | +886 2 2997 1313 | Jhunanz Branch | +886 3 746 1313 |
| Lujhou Branch | +886 2 2848 1313 | Taichung Branch | +886 4 2291 1313 |
| Shwangho Branch | +886 2 2923 1313 | Dadun Branch | +886 4 2320 1313 |
| Yonghe Branch | +886 2 2949 1313 | Nantun Branch | +886 4 2380 1313 |
| Fu-Hei Branch | +886 2 8923 1313 | Situn Branch | +886 4 2461 1313 |
| Yung An Branch | +886 2 8921 1313 | Daya Branch | +886 4 2568 1313 |
| Jhonghe Branch | +886 2 2222 1313 | Longjing Branch | +886 4 2636 6813 |
| Liancheng Branch | +886 2 8228 1313 | Fongyuan Branch | +886 4 2512 1313 |
| Taihe Branch | +886 2 2242 1313 | | |
| | | Dali Branch | +886 4 2485 1313 |
| | | Caotun Branch | +886 4 9238 1313 |
| | | Changhua Branch | +886 4 728 1313 |
| | | Yuanlin Branch | +886 4 836 1313 |
| | | Douliou Branch | +886 5 532 1313 |
| | | Chiayi Branch | +886 5 223 1313 |
| | | East Chiayi Branch | +886 5 216 1313 |
| | | Puzih Branch | +886 5 379 1313 |
| | | Tainan Branch | +886 6 241 1313 |
| | | East Tainan Branch | +886 6 289 1313 |
| | | Jin hua Branch | +886 6 291 1313 |
| | | Yungkang Branch | +886 6 201 1313 |
| | | Chiali Branch | +886 6 721 1313 |
| | | Rende Branch | +886 6 270 6613 |
| | | Kaohsiung Branch | +886 7 336 1313 |
| | | Dashun Branch | +886 7 727 1313 |
| | | Lingya Branch | +886 7 716 1313 |
| | | Cianjhen Branch | +886 7 761 1313 |
| | | Chihshien Branch | +886 7 235 1313 |
| | | Zuoying Branch | +886 7 559 1313 |
| | | Nanzih Branch | +886 7 364 1313 |
| | | North Kaohsiung Branch | +886 7 350 1313 |
| | | Sanmin Branch | +886 7 315 1313 |
| | | Dachang Branch | +886 7 341 1313 |
| | | Chengcing Branch | +886 7 386 1313 |
| | | Siaogang Branch | +886 7 807 1313 |
| | | Fongshan Branch | +886 7 743 1313 |
| | | Gangshan Branch | +886 7 621 1313 |
| | | Linyuan Branch | +886 7 643 1313 |
| | | Houjhuang Branch | +886 7 702 1313 |
| | | Pingtung Branch | +886 8 733 1313 |
| | | Chaozhou Branch | +886 8 786 1313 |
| | | Donggang Branch | +886 8 835 1313 |
| | | Neipu Branch | +886 8 778 1313 |
| | | Keelung Branch | +886 2 2427 1313 |
| | | Luodong Branch | +886 3 957 1313 |
| | | Hualien Branch | +886 3 831 1313 |
| | | Taitung Branch | +886 8 936 1313 |
| | | Penghu Branch | +886 6 927 1313 |
| | | Los Angeles Branch | 1 626 810 2400 |
| | | Hong Kong Branch | 852 3405 6168 |
| | | Ho Chi Minh City Representative Office | (84)8 911 1313 |

E.SUN Spokesman

Name: Joseph N. C. Huang
 Position: President
 Telephone: +886 2 2175 1313
 email: Joseph@email.esunbank.com.tw

Deputy Spokesman

Name: Suka Chen
 Position: S.E.V.P.
 Telephone: +886 2 2175 1313
 email: suka@email.esunbank.com.tw

E.SUN Financial Holding Company, Ltd and subsidiaries

| Name | Address | Telephone | Website |
|---------------------------------------|---|------------------|---------------------|
| E.SUN Financial Holding Company, Ltd. | 14F, No.117 & 1F, No.115, Sec.3, Minsheng E. Rd., Songshan District, Taipei, Taiwan | +886 2 2175 1313 | www.esunfhc.com.tw |
| E.SUN Commercial Bank, Ltd. | No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan | +886 2 2175 1313 | www.esunbank.com.tw |
| E.SUN Securities Co., Ltd. | 8F, No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan | +886 2 5556 1313 | www.esunsec.com.tw |
| E.SUN Insurance Brokers Co., Ltd. | 9F, No.115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan | +886 2 2545 6613 | www.esunins.com.tw |
| E.SUN Venture Capital Co., Ltd. | 4F, No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan | +886 2 2719 6613 | |

Stock Transfer and Service Contact

Name: Stock Service Department, General Affairs Division, E.SUN FHC
 Address: No.115, Sec. 3, Minsheng E. Rd., Songshan District Taipei, Taiwan, R.O.C.
 Website: www.esunfhc.com.tw
 Telephone: +886 2 2719 1313

Rating Agency

Name: Moody's Investors Service Inc.
 Address: 7 World Trade Center 250 Greenwich Street, New York, NY 10007, U.S.A.
 Telephone: 1 212 553 0300

Auditing Certified Public Accountant

Certified Public Accountant: Chang Ryh Yan, Chen Li Chi
 Accounting Firm: Deloitte Taiwan
 Address: 12th FL., No. 156, Sec. 3, MinSheng East Road, Songshan District, Taipei, Taiwan, R.O. C.
 Website: www.deloitte.com.tw
 Telephone: +886 2 2545 9988

Information of Overseas Depository Receipt

Global Depository Receipt
 Place of Trading: Luxembourg Stock Exchange
 Website: http://www.bourse.lu

E.SUN Securities Co., Ltd.

| | | | |
|---------------------------|------------------|-------------------|------------------|
| Headquarters | +886 2 5556 1313 | Hsinchuang Branch | +886 2 2998 1313 |
| Brokerage HQ | +886 2 2713 1313 | Tucheng Branch | +886 2 2265 1313 |
| Chengjhong Branch | +886 2 2382 1313 | Taoyuan Branch | +886 3 336 6813 |
| Renai Branch | +886 2 3393 1313 | Taichung Branch | +886 4 2385 1313 |
| Taida Branch | +886 2 8369 1313 | Chiayi Branch | +886 5 216 9913 |
| Songjiang Branch | +886 2 2562 1313 | Tainan Branch | +886 6 269 9913 |
| Shinlin Branch | +886 2 2833 1313 | Kaohsiung Branch | +886 7 397 1313 |
| Nanching East Road Branch | +886 2 2765 1313 | Zuoying Branch | +886 7 558 6613 |
| Shwangho Branch | +886 2 8923 1313 | | |

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