



## · ANNUAL REPORT 2014 ·

E.SUN FHC 2884



玉山金控 E.SUN FHC

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### Information of Overseas Depositary Receipt

Global Depositary Receipt

Place of Trading: Luxembourg Stock Exchange

Website: http://www.bourse.lu



E.SUN FHC 13th



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Birds of waiting  
Possession of E.SUN

# CONTENTS

<b>I. Letter to the Shareholders</b>	<b>1</b>
<b>II. Company Profile</b>	<b>5</b>
1. Introduction	6
<b>III. Corporate Governance</b>	<b>11</b>
1. Organization Chart	12
2. Corporate Structure of E.SUN Financial Holding Company, Ltd.	12
3. Directors and Independent Directors	13
4. Implement of Corporate Governance	18
5. Information on CPAs	32
<b>IV. Capital Overview</b>	<b>33</b>
1. Capital and Dividend	34
2. Global Depository Receipt	37
3. Merger and Acquisition	38
4. Capital Utilization Plans	38
<b>V. Business Operation</b>	<b>39</b>
1. Business Scope	40
2. Business Plan	42
3. Industry Outlook	45
4. Research and Development	47
5. Cross-Selling Synergy	50
6. Market & Business Overview	51
7. Human Resources	51
8. Corporate responsibility and ethical conduct	53
<b>VI. Financial Information</b>	<b>55</b>
<b>VII. Risk Management</b>	<b>69</b>
1. Risk Management	70
2. Crisis Handling Mechanism	76
3. Disclosure of Evaluation for Financial Products	76
4. Other Important Issues	76
<b>VIII Special Notes</b>	<b>77</b>
<b>Appendix Consolidated Financial Statements and Independent Auditors' Report</b>	<b>79</b>

# I. Letter to the Shareholders

Dear Shareholders,

In 2014, the world economy managed far from significant growth. The U.S. economy grew at a moderate pace, while Japan and Europe were called upon to cope with their respective plights, and China-led emerging economies had to accommodate much weaker growth momentum. Nowadays co-opetition increasingly characterizes the world economy. Swings on financial markets also intensify by divergence in monetary policy decisions, fluctuations in commodity prices, and heightened geopolitical risk. For businesses, all this means any number of challenges. But it can also open up a wealth of opportunities for rapid growth and change.

E.SUN FHC had another spectacular year in 2014. On top of record earnings in excess of NT\$10 billion, the Company received Platinum Award in Excellence Management in Corporate Governance in Asia by The Asset Magazine for a fifth consecutive year and included as a component of the Dow Jones Sustainability Indexes (DJSI), the first such honor for any local financial services institution. All these accolades represent the extensive recognition from domestic and overseas, of E.SUN's conducting sound business and honoring corporate social responsibility.

Looking ahead to 2015, we are ready to abide by our hallmark: "Pure as Jade, Sturdy as Mountain" while conducting business with integrity and honesty; keeping up a fresh, professional brand image; offering premium, satisfactory services; and adopting precise and flexible strategies as well as executing them without fail. In today's ever-changing financial market, we will always adhere to our core values and pursue innovation, thereby making not only the best-performing enterprise but also the most-respected one in Taiwan.



## Record High Operating Performance in 2014

E.SUN FHC established its core subsidiary E.SUN Bank in 1992. E.SUN Bank was named after Yushan, Taiwan's highest peak, reflecting our resolve to make the best bank in the country. Over the years E.SUN has scored admirably across the board: operational performance, corporate governance, customer service, risk management, financial innovation, and corporate social responsibility. As Asia increasingly asserts itself, E.SUN is set to focus on deepening its root in Taiwan and entering to Asia in its third decade. E.SUN will build on its accomplishments and advantages in Taiwan to expand its overseas reach over the long haul, thereby creating a bank of its own class in Asia.

In 2014, E.SUN FHC posted a 25% increase in net income to NT\$10.529 billion, or NT\$1.56 per share. The year's ROE and ROA came in at 11.11% and 0.72% respectively. All these numbers represented multiyear highs. E.SUN Bank, the Company's core subsidiary, was able to keep up its premium asset quality; its NPL ratio of 0.18% was supplemented by a 604% loan loss coverage ratio. Thanks to the Company's well-rounded corporate governance and management performance, E.SUN FHC had seen combined shareholdings accumulated by foreign investors increase to 57% as of the end of 2014. In terms of credit ratings, both E.SUN FHC and E.SUN Bank

were accorded an upgrade in their long/short-term foreign-currency deposit ratings by Moody's Investors Service to Baa1/P-2 and A3/P-2 respectively. Both the parent company and banking subsidiary were given a stable outlook.

At the end of 2014, E.SUN FHC's total assets amounted to NT\$1.5664 trillion; outstanding deposit balance of NT\$1.2754 trillion, demand deposits and foreign currency deposits, NT\$576.8 billion and NT\$281.6 billion respectively; outstanding loan balance of NT\$945.3 billion; and capital adequacy ratio, 12.72%. Total fee income amounted to NT\$13 billion. Collectively, these numbers attest to the Bank's balanced development on all business. In 2014, E.SUN Bank not only extended more SME loans than all other privately run local banks but also emerged as a recipient of the SME Credit Guarantee Fund Partner Awards for the ninth consecutive year, a record unparalleled by any other local peer. In a similar vein, wealth management fee income kept up massive growth for three years in a row and the Bank continued to command the largest market share in the World MasterCard sector. In terms of unsecured personal loan, the outstanding balance rose 24% to NT\$60.2 billion.

In terms of financial innovation, E.SUN Bank took the lead to launch E.SUN Global Pass that allows customers to get swift access to their PayPal accounts. Similarly, E.SUN WebATM was introduced as a cross-strait platform for online shopping, the first of its kind in Taiwan. E.SUN ATM cardholders can thus easily pay for their Taobao and Tmall purchases. On the other hand, E.SUN Mobile CEO enables corporate executives to manage and allocate funds anytime, anywhere. E.SUN has no time for complacency. It will continue to pursue innovation to increase value by developing more cash flow, digital banking, and other products in the days ahead.

When it comes to expanding abroad, E.SUN Bank has to date established a subsidiary—Union Commercial Bank (UCB)—in Cambodia; four branches in Hong Kong, Los Angeles, Singapore, and Dongguan; and representative offices in Vietnam and Myanmar. In 2014, UCB increased its number of branches to eight by setting up three new branches. While the Cambodian subsidiary also completed installing a new credit card system last year, it is now preparing to revamp its ATM and core banking systems as well.

## Key Gauges for E.SUN FHC

Unit: NT\$million

Indicator	Item	2014/12	2013/12
Total Assets	E.SUN FHC	1,566,420	1,381,075
	E.SUN Bank	1,551,944	1,368,952
	E.SUN Securities	11,422	9,423
	E.SUN Insurance Broker	852	677
	E.SUN Venture Capital	3,225	2,445
Key Financial Ratios	E.SUN FHC Net Worth Per Share (NT\$)	15.15	14.96
	Double Leverage Ratio	106.12%	108.24%
	E.SUN FHC CAR	140.76%	132.43%
	E.SUN Bank CAR	12.72%	12.27%
Channels	E.SUN Bank's Domestic Branches	136	136
	E.SUN Bank's Overseas Branches	Los Angeles/HK/Dongguan/Singapore branches, Changan sub-branch Vietnam/Myanmar representative offices, Cambodian subsidiary UCB	
	E.SUN Securities' Branches	21	21
Earnings Data	Net Income (Attributable to owners of the parent)	10,529	8,416
	EPS (NT\$)	1.56	1.40
	ROE	11.11%	10.65%
	ROA	0.72%	0.64%



## Credit Ratings

### E.SUN FHC

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody's	Baa1	P-2	Stable	2014.07
	S&P	BBB-	A-3	Stable	2014.07
Domestic Ratings	Taiwan Ratings	twA	twA-1	Stable	2014.07

### E.SUN Bank

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody's	A3	P-2	Stable	2014.07
	S&P	BBB	A-2	Stable	2014.07
Domestic Ratings	Taiwan Ratings	twA+	twA-1	Stable	2014.07

## Focus on 3 Strategic Goals

As globalization gains momentum, Asia increasingly asserts itself, and regional economies integrate, E.SUN is set to focus on deepening its root in Taiwan and entering to Asia in its third decade. Three strategic goals have thus been set: achieving an aggressive upgrade in overall performance, becoming a distinctive bank in Asia, and leading in financial innovation. E.SUN is ready to take steady, firm steps toward attaining its long-term vision.

1. Achieving an aggressive upgrade in overall performance: Promote balanced development in all spheres and strive for more conspicuous growth in key businesses, thereby enhancing performance across the board.
2. Becoming a distinctive bank in Asia: Entering to other parts of Asia and consolidate resources across borders and platforms while further upgrading E.SUN Bank as a financial services provider. Aim for even more extraordinary performance across corporate governance, customer service, risk management, social responsibility, and financial innovation.
3. Leading in financial innovation: Identify emerging trends and pursue cross-sector integration. Provide innovative services that go beyond boundaries dividing countries, industries, and the virtual and real communities so as to refine customer experiences, meet customer needs, and create customer value.

In 2015, E.SUN FHC is set to uphold its core value by further refining customer experiences. To achieve this goal, the Company will continue to bolster its brand name, service, and core competitiveness and persist with innovative training of employees. It will also team up with premium partners for long-term strategic cooperation to provide comprehensive,

specialized services, thereby creating value for employees, customers, shareholders, and society at large. A summary of endeavors planned in different lines of business is as follows:

1. Further bolster the core competitiveness associated with E.SUN's brand name, service, and people, thereby promoting development across the board.
2. Integrate the human and other resources of all subsidiaries to create value shared by employees, customers, shareholders, and the general public.
3. Further expand the SME business and respond to the government call for fostering cultural and creative ventures and promoting the development of local businesses.
4. Persist with expansion of the wealth management business to win recognition as the most trusted brand name.
5. Consolidate brick-and-mortar and virtual branches as well as customer service operations to deliver more convenient financial services, thereby maximizing the value of retail channels.
6. Develop innovative cash flow and payment platforms; continue to expand the customer base and upgrade cardholder experiences in making payments.
7. Pioneer innovation by establishing a new digital banking division to integrate sales, IT, and channel resources to come up with innovative digital banking services.
8. Expand overseas and develop platforms for serving Greater China and Southeast Asia. Preparations are now under way for E.SUN Bank to set up a subsidiary and branch in Shenzhen, China as well as a branch in Dong Nai, Vietnam. The Cambodian subsidiary UCB will further expand its presence within the country as well. In Australia, E.SUN Bank already applied to the competent authority for establishing a Sydney branch.



Moreover, evaluation is now being made to determine the viability of opening branches at other overseas locations.

### Strive for Sustainable Development

Named after Taiwan's highest peak and most beautiful mountain, E.SUN is committed to making the country's best bank loved by employees, customers, and society at large.

E.SUN makes it a point to cultivate a distinct corporate culture under which everyone is humble and willing enough to feel grateful for whatever accomplishments the Company may enjoy at the end of the day. It is our belief that society can get better only if everyone harbors a genuine sense of gratitude for whatever blessing going his or her way. E.SUN is willing to take the lead. Through encouraging employees to interact with family, colleagues, customers, and the community out of gratitude, E.SUN hopes to inspire more enterprises and individuals to follow suit, that is, extending a helping hand to those in need to the best of their abilities.

E.SUN's commitment to sustainable development is reflected in all aspects of business: corporate governance, care for employees, customer rights and interests, environmental integrity, and public interest.

1. In terms of corporate governance, the Company has made it a point to establish operational systems and a corporate culture dictated by professionalism since its inception. The most stringent criteria are put in place for its selection of experts with both expertise and eminence as independent directors. In 2014, E.SUN received Platinum Award in Excellence Management in Corporate Governance in Asia by The Asset Magazine for a fifth consecutive year, a record for any Taiwanese enterprise.
2. In terms of employee care, E.SUN treasures all those who work for the Company as its most valuable assets. Over the years E.SUN has spared no investment in growing talent and building a pleasant working environment so that all employees can join forces to make real their aspirations and ideals. E.SUN was a recipient of the Taipei City Government's 2014 Happy Enterprise Awards.
3. In terms of customer rights and interests, E.SUN has regarded service as its core competitiveness and sought to establish a corporate culture of total quality management since the very beginning. In

2014, E.SUN was rated by Commonwealth magazine as the local banking industry's No. 1 recipient of its Gold Service Awards for the fourth straight year, a record for the local financial services industry.

4. In terms of environmental integrity, E.SUN is proactive to adapt to climate change and do its part in cutting greenhouse gas emissions. E.SUN's World MasterCard and ETC EasyCard both won international and national carbon footprint certification. Meanwhile, E.SUN Bank ushered in ISO 14064-1 verification of its greenhouse gas inventory, making it Taiwan's first bank to secure certification for having completed GHG verification of all of its business branches throughout the country.
5. In terms of public interest, E.SUN has long been dedicated to sponsoring academic and educational activities, sports development, charitable events, and the humanities and arts. In particular, the Golden Seed Project is designed to appeal to the benevolence of those who own E.SUN's World MasterCard for building libraries at remote elementary schools of the country. As of the end of 2014, E.SUN had established a total of 85 libraries—an inspirational learning environment that benefit 28,000 pupils. Separately, E.SUN volunteers have solicited donations from colleagues and launched the Care for Schoolchildren Project. Joining forces with schoolteachers, the project is designed specifically for financially disadvantaged schoolchildren or those suffering from sudden misfortune. In 2014, more than 10,000 schoolchildren benefited from this project.

E.SUN knows numerous challenges as well as opportunities must lie ahead as it continues to strive for excellence. We will build on our core competence as a brand and team of service professionals to get even stronger in the days ahead. Confronted with a constantly changing marketplace, we will place special emphasis on maximizing value. Our gratitude goes to all those who have supported, encouraged, and advised us. It is both an honor and responsibility for every member of the E.SUN family to continue working hard and serving customers and society at large. Best wishes for everyone in 2015!

*Yang Jen Huang*

Chairman

*Joseph Huang*

President

## II. Company Profile



# 1. Introduction

1. Establish date: 2002.1.28

## 2. History

### (1) E.SUN FHC

Thanks to the management team's meticulous planning and concerted efforts of the entire workforce, E.SUN FHC has grown into a full-fledged financial group that offers banking, securities, insurance brokerage and venture capital services. Ours is an outstanding track record on all fronts: corporate governance, operating results, service quality, risk management and CSR. In the days ahead, we will work even harder to enforce total quality management and adapt to the ever-changing world and financial markets with strategies, teamwork and execution marked by speed and flexibility. We believe our success means provision of better-rounded financial services and greater customer value.

E.SUN FHC was established in January 2002 to integrate product operations and promote product development, maximize integrated marketing, reduce business costs, and pursue operational synergy. The FHC was established through a share swap between E.SUN Bank, E.SUN Securities, and E.SUN Bills Finance. In October of that year, E.SUN Venture Capital was founded, 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, E.SUN Bank in September 2004 acquired the assets, liabilities and business of Kaohsiung Business Bank. Meanwhile, believing that E.SUN Bills Finance had achieved its designated

mission, this unit was merged into E.SUN Bank in December 2006. In September 2008, E.SUN signed an agreement with Schroders to sell a 100% stake in E.SUN Securities Investment Trust Co. to that company, furthermore, considering the market environment of leasing industry, E.SUN liquidated ESUN Leasing Co. which invested by subsidiary E.SUN Bank at the same period. In an effort to effectively expand its network and operational value, on July 9th 2011 subsidiary E.SUN Bank acquired the assets, liabilities and operations of Chu Nan Credit-Cooperative Association. Meanwhile, E.SUN Bank on November 3rd, 2012 acquired the assets, liability and operations of Chiayi Fourth Credit Cooperative. On August.28th, 2013, subsidiary E.SUN Bank has acquired 70% shares of Union Commercial Bank PLC. in Cambodia.

Thanks to the hard work of its entire workforce over the years, E.SUN FHC has long been recognized among local consumers as a trusted brand name of purity and professionalism. Abiding by our ideals of professionalism, service, and responsibility, we are ready to persist with talent cultivation and strive for growth through innovation, thereby fulfilling our vision for the E.SUN brand and achieving sustainable development over time.

### (2) Core subsidiaries- E.SUN Bank

In 1992, Taiwan lifted a decades-old ban on starting new commercial banks. Huang Yung-jen, founder and chairman of E.SUN Bank, was joined by a number of financial elites to start a bank not affiliated with any

business conglomerate or having anything to do with the government. It was named after Yushan, Taiwan's highest peak. With “Pure as Jade, Sturdy as Mountain” as its hallmark, E.SUN Bank has aimed for the best bank not only in Taiwan but also in Asia since its birth on February 21, 1992.

Retail branches hold the key to developing the financial services industry. On top of its 136 domestic branches, E.SUN Bank also draws on virtual channels—its online banking platform and 24/7 customer service center—to provide customers with an all-encompassing service network. On the overseas front, the Bank has to date established four branches in Los Angeles, Hong Kong, Singapore, and Dongguan as well as the Changan sub-branch of the Dongguan branch; representative offices in Vietnam and Myanmar; eight branches of the Cambodian subsidiary UCB. Meanwhile, Shenzhen subsidiary (China), Shenzhen branch (China) and Dongnai branch (Vietnam) are under preparation, Sydney branch (Australia) is now pending approval for branches in Australia. To be sure, the Bank is proactive to further assert itself in Asia and consolidate domestic and overseas service networks and product platforms, thereby providing customers with better-rounded, more convenient cross-border services.

### (3) Subsidiaries- E.SUN Securities

E.SUN Securities became operational on November 20, 2000 with a view to making the most trusted brokerage and winning reputation as the preferred choice for investors to trade shares. In 2014, it was cited by the Outstanding Enterprise Manager Association as a recipient of its Golden Peak Awards for the country's top ten enterprises. Keen to keep up

with and embrace the market moving toward digitized banking, E.SUN Securities has been committed to innovation and reengineering in every aspect of its business—branches, services, and information—so as to stay up to date with the ongoing migration toward new banking era and create new value.

When it comes to launching new services, E.SUN Securities secured regulatory approval in June 2014 to launch into the proprietary futures business. On top of IT support, a multipronged trading strategy is adopted to uphold the value of this new line of business. With the initiation of an offshore securities unit (OSU) in December 2014, E.SUN Securities is ready to enter into overseas markets and strive for new opportunities as it joins forces with its financial holding parent to build a more assertive standing in Asia.

### (4) Subsidiaries- E.SUN Venture Capital

E.SUN FHC established the venture capital subsidiary in 2002 with a view to providing corporate clients with comprehensive financial services. Capitalized at NT\$2 billion, it has increasingly shifted its focus away from the conventional electronics sector to biotechnology, precision machinery, and cultural and creative ventures, in turn promoting industrial transformation and fostering innovative startups.

### (5) Subsidiaries- E.SUN Insurance Brokers

Since its inception in July 2003, E.SUN Insurance Broker has been committed to professionalism, service and responsibility while consistently striving for customer value. In recent years, insurance has emerged as an essential instrument for people keen to better manage their wealth. To both accommodate market trends and meet customer needs, E.SUN Insurance





Brokers has teamed up with a number of partners, including Nan Shan Life Insurance, Mercuries Life Insurance, Allianz, Cigna Taiwan, and AIA, since 2012. These partners, in turn, have helped formulate a comprehensive product mix and assisted E.SUN in developing exclusive offerings. The ultimate goal is to come up with better-rounded quality services that take into account customer needs for both wealth management and insurance.

(6) Condition of Merger and Acquisition, Investment in Affiliates and Restructuring during period of 2014 and up till the printout date of 2014 annual report; Mass transfer of shareholding from board members, supervisors or qualified persons who should report their shareholdings in accordance with Paragraph 7 and 8, Article 16 of Taiwan Financial Holding Company Act; Change of ownership; Significant change of business operation or business contents, and any other event and its impacts which would affect shareholders' rights:

- a. Subsidiary E.SUN Bank on March 18, 2011 signed an agreement with Chu Nan Credit-Cooperative Association to acquire the latter. The record date for the transaction was July 9, 2011, upon which E.SUN acquired Chu Nan's assets, liabilities and operations.
- b. Subsidiary E.SUN Bank on March 16, 2012 signed an agreement with Chiayi Fourth Credit Cooperation to acquire the latter. E.SUN acquired Chiayi Fourth's assets, liabilities and operations with the record date for the transaction on November 3.
- c. Subsidiary E.SUN Bank on March. 22, 213, has approved by its board to acquire 70% shares of Union Commercial Bank PLC. in Cambodia, The record date for the transaction was August. 28, 2013.
- d. Others: None

### 3. E.SUN's Glory

As a brand and team of quality service, E.SUN has won the recognition and acclaim of the competent authority, specialized institutions both in Taiwan and abroad, and the general public. But we will never become complacent. We will stay proactive and modest and work even harder in the days ahead. Here are the accolades and glories we have won over the past three years:

#### \* 2014

- E.SUN FHC received 5 awards from TABF, including Special Contribution Award (Personal Award), Best CSR Award, Best e-banking Award, Best Business Innovation Award (Honorable Mention) and Best Trust Product Award (Honorable Mention) (Taiwan Academy of Banking and Finance)
- E.SUN FHC received the Best Domestic Bank Award (Asiamoney)
- E.SUN FHC ranked No.1 in financial institutions( and overall No.3 among large corporate) in the Award of Excellence in Corporate Social Responsibilities for 6 times (CommonWealth Magazine)
- E.SUN FHC was included in Dow Jones Sustainability Emerging Market Index, the first ever financial institution in Taiwan (DJSI)
- E.SUN FHC received Platinum Award in Excellence Management in Corporate Governance in Asia in 5 consecutive years. (The Asset Magazine)
- E.SUN Bank was top-ranked among financial institutions in Golden Service Award in 4 consecutive years. (CommonWealth Magazine)
- E.SUN Bank received three SME Credit Guarantee Fund Partner Awards for categories of outstanding headquarter and supporting young people (MOEA, Credit Guarantee Fund)
- E.SUN FHC was awarded with the highest transparency level A++ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies (Security & Future Institute)
- E.SUN FHC's CSR Report was approved by both international verification standards – AA1000 Verification Standard and GRI G4 (BSI)
- E.SUN Bank received the Golden Quality Award. (JCIC)
- E.SUN FHC received the Golden Quality Award in 2014 Financial Brand & CSR Survey- Best CSR of FHC (Wealth Magazine)
- E.SUN Bank received the Golden Quality Award in 2014 Financial Brand & CSR Survey- Best Service and Product (Wealth Magazine)
- E.SUN Bank received first prize in Best Wealth Management Team and Best Product Award. (The Business Today Magazine)
- E.SUN Bank received The Greater China Awards for corporates in Innovation : e-banking (The Asset)
- E.SUN Bank received the The Greater Chian Financial Service Award- Best SME Bank in Taiwan (The Asset)
- E.SUN Bank received the award of Highly-Recommend Best Domestic Bank in Taiwan(The Asset)
- E.SUN Bank received Best Payment Product in Taiwan Award (MILSTE)
- E.SUN Bank received award for Innovative Corporate in Taiwan,the only one in financial industry (Ministry of Economic Affairs)
- E.SUN Bank was chosen as the one of the best Companies to work for (Taipei City Government )
- E.SUN Bank received the Best Payment Initiatives Award in Taiwan (E.SUN Trade ) in 2 consecutive years(The Asian Banker)
- E.SUN Bank received the Best CRM project in Taiwan (The Asian Banker)
- E.SUN Bank received the Best in Treasury and working capital - SME in Taiwan award in 2consecutive years (The Asset)
- E.SUN Bank received the Best Data Analysis project in Taiwan (The Asian Banker)
- E.SUN Bank Received the Editors' Triple Star Award for 'Business on the move APP'(The Asset Magazine)
- E.SUN FHC was chosen as the model for overall performance in CSR award (Global View Magazine)
- E.SUN Bank received Greatest Contribution of the Year. (MasterCard)
- E.SUN Bank received Best Digital Solution of the Year. (MasterCard)
- E.SUN Bank received the certificate of ISO 50001 for Energy Management System
- E.SUN Securities received the certificate of ISO 50001 for Energy Management System
- E.SUN Bank received the certificate for the use of product carbon-footprint label for E.SUN World credit card and E.SUN ETC Easy Credit Card (Environmental Protection Administration, Executive Yuan)
- E.SUN Bank pass the certificate of 'PAS 2050:2011' carbon-footprint and water-footprint for E.SUN World credit card and E.SUN ETC Easy Credit Card
- E.SUN Bank received the certificate for ISO 14064-1 : 2006 Greenhouse Gases Emissions Verification
- E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization (Taipei City Government).
- E.SUN Bank received the merit certificate for Green Procurement in 5 consecutive years (Environmental Protection Administration).
- E.SUN FHC received Sustainable Governance Award (BSI)
- E.SUN Securities received the Golden Peak Award as Top 10 Outstanding Enterprise (Outstanding Enterprise Manager Association)

#### \* 2013

- E.SUN FHC ranked No. 4 (No. 1 in the group of Financial Institutions) in the Award of Excellence in Corporate Social Responsibility. (Common Wealth Magazine)

- E.SUN Bank received first prize in Best Wealth Management Bank and Best Customer Satisfaction Award. (The Business Today Magazine)
- E.SUN FHC received Platinum Award in Excellence Management in Corporate Governance in Asia in 4 consecutive years. (The Asset Magazine)
- E.SUN Bank received the Best in Treasury and working capital-SME in Taiwan award (The Asset)
- E.SUN Bank received SME Credit Guarantee Fund Partner Award for both categories of outstanding headquarter and supporting young people (MOEA, Credit Guarantee Fund)
- E.SUN Bank was top-ranked among financial institutions in Golden Service Award in 3 consecutive years. (CommonWealth Magazine)
- E.SUN FHC received the merit certificate for its CSR report in 2 consecutive year (Industry Development Bureau, Ministry of Economic Affairs)
- E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 4 consecutive years (Taipei City Government).
- E.SUN Bank received the merit certificate for Green Procurement in 4 consecutive years (Environmental Protection Administration).
- E.SUN FHC has been awarded the model of environmental protection in Corporate Social Responsibility award (Global View magazine)
- E.SUN Bank received the Best Payment Initiatives in Taiwan Award (The Asian Banker)
- E.SUN Bank received the outstanding award in IT innovation survey (Institute for Information Industry)
- E.SUN FHC received the certificate for ISO27001 Information Security System
- E.SUN FHC received the certificate of ISO 14001 for Environmental Management System
- E.SUN FHC received the outstanding award in the category of private enterprises in National Environmental Award (Environmental protection administration, Executive Yuan)
- E.SUN FHC received the best award in financial industry for 2013 Green Brand survey (BusinessNext)
- E.SUN FHC was awarded with the highest transparency level A+ from the Assessment of Information Transparency and Disclosure in all TWSE/GTSM listed companies in 4 consecutive years. (Security & Future Institute)
- E.SUN CSR Report received the AA1000 Assurance Standards and was deemed in accordance with the Level A+ of the Global Reporting Institute G3.1 Guidelines in 2012
- E.SUN Securities received Golden Torch award for innovative design (OEMCROC)
- E.SUN FHC received the CSR award in Green Policy. (BSI)
- E.SUN Bank received the awards for its long-term support to sports (Sports Affairs Council, Executive Yuan)
- E.SUN Bank received the outstanding award in innovation for FX interbank clearing system (Financial Information Service)

#### \* 2012

- E.SUN FHC ranked No. 5 (No. 1 in the group of Financial Institutions) in the Award of Excellence in Corporate Social Responsibility. (Common Wealth Magazine)
- E.SUN Bank received first prize of Best Customer Services Award. (The Business Today Magazine)
- E.SUN FHC once again received the Corporate Governance Evaluation Certification - Advanced CG6007(TCGA).
- E.SUN FHC received Platinum Award in Excellence Management in Corporate Governance in Asia in 3 consecutive years. (The Asset Magazine)
- E.SUN Bank was rated tops for service among financial institutions in Golden Service Award in 2 consecutive years. (Commonwealth Magazine)
- E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 3 consecutive years (Taipei City Government).
- E.SUN Bank received the merit certificate for Green Procurement (Environmental Protection Administration).
- E.SUN Bank received the Golden Quality Award. (JCIC)
- E.SUN FHC received the merit certificate in the performance assessment of "Save Energy & Reduce Carbon Emission Action Mark" campaign.(Environmental Protection Administration).
- E.SUN FHC was awarded with the highest transparency level A+ from the Assessment of Information Transparency and Disclosure in all TWSE/GTSM listed companies in 4 consecutive years. (Security & Future Institute)
- E.SUN Bank received SME Credit Guarantee Fund Partner Award for both categories of outstanding headquarters and outstanding branch managers (3) in 2011. (MOEA, Credit Guarantee Fund)
- E.SUN CSR Report received the AA1000 Assurance Standards and was deemed in accordance with the Global Reporting Institute G3.1 Guidelines in 2011
- E.SUN Bank received Youth Entrepreneurship Loan Award for both categories of outstanding headquarters and outstanding branches-Shwangho and Dali. (National Youth Commission, Executive Yuan)

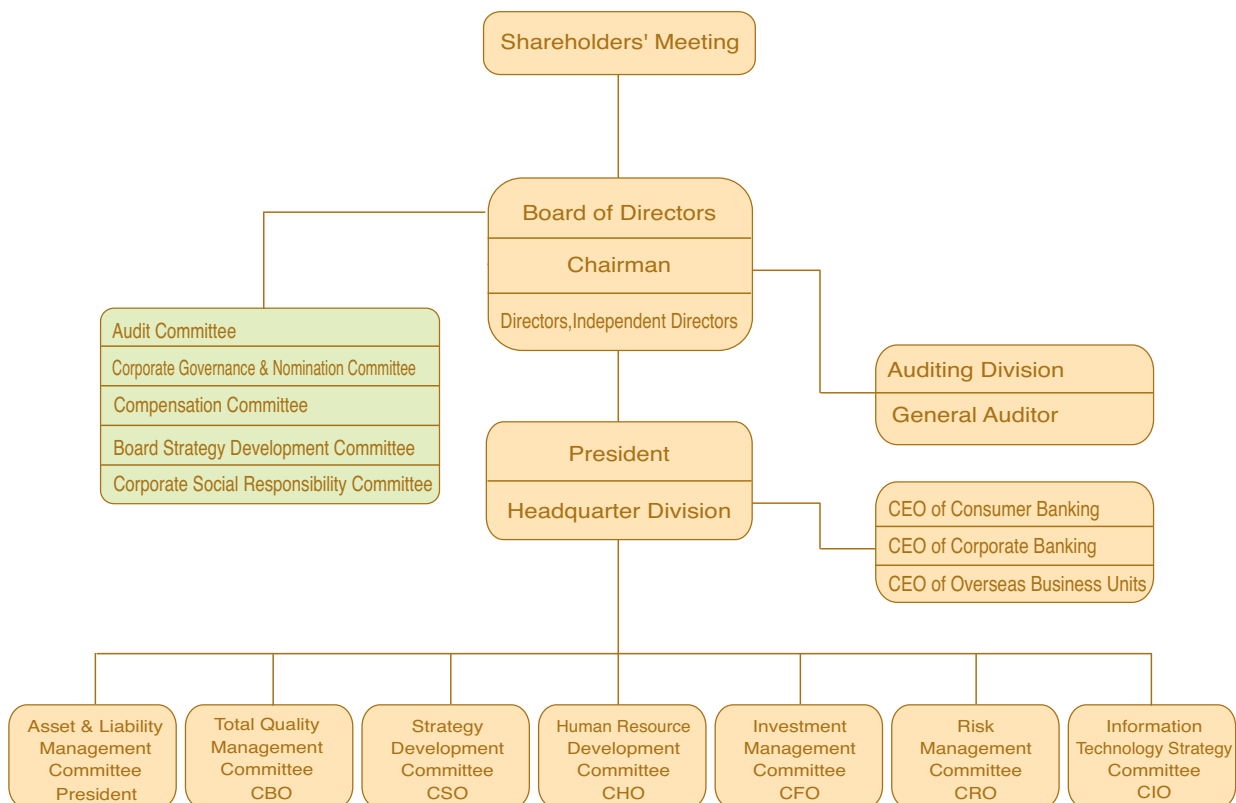
E.SUN is dedicated to establishing systems, cultivating talent and developing information, helping to generate core competitiveness in its brand name, service and team. The Group is consistently strengthening its corporate governance and fulfilling its corporate social responsibility, boosting value for the Group, customers, employees, shareholders and society. The honors we have won recognize our efforts and achievements, and we will intend to continue to provide highly professional service and exhibit our responsibility to society, creating a sustainable path for society and the Earth. At the same time, we are determined to institute R&D and innovation throughout our product lines and enhance service procedures so as to be the best performing and most respected enterprise.



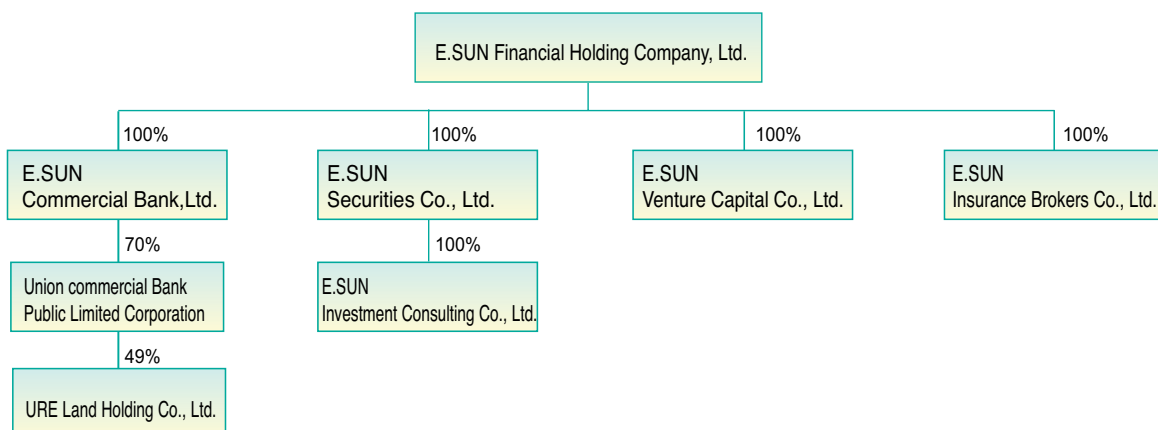
### III. Corporate Governance



# 1. Organization Chart



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



### 3. Directors and Independent Directors

#### (1) Directors and Independent Directors

2014.12.31 Unit NT\$ thousand shares%

Position	Nationalities	Representative	Date of Election	Term	Date of First Elected	Shareholding when elected		Current Shares		Shareholdings of the spouse and minors(Note1)		Shareholding under other's name		Education (Experience)
						Shares	%	Shares	%	Shares	%	Shares	%	
Chairman	R.O.C.	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	2014.06.20	3 Years	2005.6.10	17,387	0.302	20,662	0.293	6,574	0.093	0	0	Department of Cooperative Economics at National ChungHsing University
					2001.12.10									
Director	R.O.C.	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	2014.06.20	3 Years	2005.6.10	17,387	0.302	20,662	0.293	7,603	0.108	0	0	MBA of the City University of New York, 22 years in Financial Industry
					2008.6.13									
Director	R.O.C.	Representative of E.SUN Foundation Gary K.L. Tseng	2014.06.20	3 Years	2001.12.10	10,227	0.158	12,154	0.172	1,580	0.022	0	0	Master of Public Administration at Harvard University, Director of Banking Bureau, Financial Supervisory Commission
					2010.5.14									
Director	R.O.C.	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	2014.06.20	3 Years	2001.12.10	33,599	0.583	39,929	0.566	49,004	0.695	0	0	Kai-Nan Commercial & Technical High School
					2001.12.10									
Director	R.O.C.	Representative of Allcan Investment Co., Ltd. Chiu-Hsiung Huang	2014.06.20	3 Years	2001.12.10	75,584	1.311	82,324	1.167	41,573	0.589	0	0	PhD of Business Administration at Dela Salle University
					2001.12.10									
Independent Director	R.O.C.	Chen -En Ko	2014.06.20	3 Years	2004.6.11	0	0	0	0	0	0	0	0	PhD of Department of Accounting at University of Minnesota, Dean, College of Management, National Taiwan University
Independent Director	R.O.C.	Ji-Ren Lee	2014.06.20	3 Years	2006.6.9	0	0	0	0	0	0	0	0	PhD of Business Administration, University of Illinois, USA
Independent Director	R.O.C.	Chen-Chen Chang Lin	2014.06.20	3 Years	2007.6.15	0	0	0	0	0	0	0	0	Master of Mathematics and Statistics of University of Michigan
Independent Director	R.O.C.	Hsin-I Lin	2014.06.20	3 Years	2008.6.13	0	0	0	0	0	0	0	0	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University
Director	R.O.C.	Representative of Fu-Yuan Investment Co., Ltd. Ron-Chu Chen	2014.06.20	3 Years	2014.06.20	1,030	0.018	24,900	0.353	49	0.001	0	0	Chu Nan Junior High School
					2004.06.11									
Director	R.O.C.	Representative of Shang Li Car Co., Ltd. Chien-Li Wu	2014.06.20	3 Years	2005.6.10	28,000	0.486	33,330	0.473	0	0	0	0	Chung Jung High School
					2005.6.10									
Director	R.O.C.	Representative of Shan Meng Investment Co., Ltd., Magi Chen	2014.06.20	3 Years	2001.12.10	13,565	0.235	16,120	0.229	1,171	0.017	0	0	EMBA, University of Tennessee, Knoxville., 37 years in Financial Industry
					2014.06.20									
Director	R.O.C.	Representative of Sunlit Transportation Co., Ltd. Ben Chen	2014.06.20	3 Years	2005.6.10	28,000	0.486	33,660	0.477	3,642	0.052	0	0	Department of Business Administration at Soochow University 25 years in Financial Industry
					2014.06.20									

Note:

1. Shareholdings include trust accounts 2. For institutional director, the term 'shareholding of the spouse and minors' refer to the representative of the institution.

## (2) Professional Qualifications and Independence Analysis of Directors and Independent Directors

2014.12.31

Criteria  Name (Note)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other public companies in which the individual is concurrently serving as an Independent Director
	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, College or University	Being 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	Having work experience in commerce, law, finance, or accounting, or other areas necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Chairman Yung-Jen Huang		✓	✓	✓		✓		✓	✓	✓	✓	✓		0
Director Gary K.L. Tseng	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Joseph N.C. Huang			✓			✓	✓	✓	✓	✓	✓	✓		0
Independent Director Chen-En Ko	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Ji-Ren Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Chen-Chen Chang Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director Hsin-I Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Director Chiu-Hsiung Huang		✓	✓	✓			✓	✓	✓	✓	✓	✓		0
Director Jackson Mai			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Ron-Chu Chen			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Chien-Li Wu			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Magi Chen			✓			✓	✓	✓	✓	✓	✓	✓		0
Director Ben Chen			✓			✓	✓	✓	✓	✓	✓	✓		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. Not applicable to members of the Remuneration Committee who exercise powers in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter
- (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) Executive Officers



2015.3.30 Unit: NT\$ thousand shares:%

Position	Nationalities	Name	Date of Taking Office	2014.12.31						Education (Experience) Position	Current position Held at other company	Managers who are spouses or within the second degree of consanguinity		
				Shareholdings		Shares Held by Spouse and Children under 18		Shares Held Using Names of Other				Position	Name	Relationship
				Shares	%	Shares	%	Shares	%					
President & CSO	R.O.C.	Joseph N.C. Huang	2008.07.16	7,369	0.104	234	0.003	0	0	MBA of the City University of New York, 22 years in Financial Industry	Director of E.SUN FHC President & CSO of E.SUN FHC Managing Director of E.SUN Bank Director of Kellong(International )Cosmetics Limited and Cho Pharma Inc.	None	None	None
Deputy President	R.O.C.	Suka Chen	2012.01.07	1,736	0.025	71	0.001	0	0	Master of Department of Agricultural Economics at National Taiwan University, 25 years in Financial Industry	Deputy President of Corporate Banking Division at E.SUN Bank Supervisor of BankPro E-service Technology Co., Ltd.	None	None	None
CFO	R.O.C.	Magi Chen	2004.02.13	1,171	0.017	0	0	0	0	EMBA, University of Tennessee, Knoxville, 37 years in Financial Industry	Director of E.SUN FHC Director of E.SUN Bank CFO and Deputy President of Treasury Division at E.SUN Bank	None	None	None
Deputy President	R.O.C.	Ben Chen	2014.01.24	2,764	0.039	878	0.012	0	0	Department of Business Administration at Soochou University, 25 years in Financial Industry	Director of E.SUN FHC Director of E.SUN Bank CEO of Consumer Banking Division at E.SUN Bank Director of EasyCard Corporation Director of EasyCard Investment Holding Company.	None	None	None
CHO	R.O.C.	Jyh-Cherng Wang	2002.01.28	2,532	0.036	765	0.011	0	0	Master of Agricultural Management at National Chung Hsing University, 26 years in Financial Industry	CHO and SEVP of Human Resource Division at E.SUN Bank Supervisor of Shen Meng Investment Co., Ltd.	SVP	Pei-Hwa Wang	Sister
SEVP	R.O.C.	Mao-Chin Chen	2014.01.24	1,757	0.025	7	0.0001	0	0	Master of Department of Economics at National Taiwan University, 23 years in Financial Industry	Director of E.SUN Bank CEO of Corporate Banking Division at E.SUN Bank Director of UCB Bank, Cambodia	None	None	None
SEVP	R.O.C.	Shui-Chin Shen	2012.01.07	1,078	0.015	102	0.001	0	0	Master of Management at National Chung Hsing University, 37 years in Financial Industry	Chairman of E.SUN Securities	None	None	None
SEVP	R.O.C.	L.C. Lin	2012.01.07	361	0.005	545	0.008	0	0	Department of Public Administration at National Chung Hsing University, 26 years in Financial Industry	SEVP of Corporate Banking Division at E.SUN Bank Chairman of E.SUN Venture Capital	None	None	None
SEVP	R.O.C.	Joseph Shue	2014.01.24	749	0.011	0	0	0	0	Master of Department of Business Development at National Sun Yat-Sen University, 23 years in Financial Industry	SEVP of Treasury Division at E.SUN Bank	None	None	None
SEVP	R.O.C.	Wu-Ming Hsieh	2014.01.24	494	0.007	516	0.007	0	0	Master of Department of Business Development at Min Chuan University, 23 years in Financial Industry	SEVP of Consumer Banking Division at E.SUN Bank Director of E.SUN Securities	None	None	None
SEVP	R.O.C.	Jung-Hua Lin	2014.01.24	1,117	0.016	0	0	0	0	Master of Department of Business Development at National Chung Hsing University, 23 years in Financial Industry	SEVP of Credit Card & Payment Division. Director of E.SUN Insurance Brokers	None	None	None
SEVP	R.O.C.	Louis Chang	2015.02.06	1,305	0.018	249	0.004	0	0	Master of Institute of Business & Management at National Chiao Tung University, 19 years in Financial Industry	SEVP of Wealth Management Division at E.SUN Bank Chairman of E.SUN Insurance Brokers	None	None	None
General Auditor	R.O.C.	Chien-Hua Cheng	2013.09.13	549	0.008	392	0.006	0	0	Administrative Management Department, Administration Junior College, National Chengchi University, 44 years in Financial Industry	None	None	None	None
CAO	R.O.C.	Kuan-Her Wu	2002.01.28	414	0.006	0	0	0	0	Department of Accountancy at National Chung Hsing University, 39 years in Financial Industry	CAO and EVP, of Accounting Division at E.SUN Bank Supervisor of E.SUN Venture Capital	None	None	None
EVP	R.O.C.	Scott Chou	2002.01.28	2,119	0.030	517	0.007	0	0	Department of Civil Engineering at National Taipei Institute of Technology, 35 years in Financial Industry	EVP of General Affairs Division at E.SUN Bank	None	None	None
CIO	R.O.C.	Wan-Li Hsieh	2012.03.23	651	0.009	64	0.001	0	0	Department of ee and computer science at University of Chung Yung, 21 years in Financial Industry	CIO and EVP of IT Division at E.SUN Bank	None	None	None
CRO	R.O.C.	Oliver Shieh	2011.03.18	926	0.013	0	0	0	0	Master of Applied Finance center at Macquarie University, Australia, 21 years in Financial Industry	CRO and EVP of Risk Management Division at E.SUN Bank	None	None	None
CMO	R.O.C.	Bright Wen	2012.01.07	560	0.008	0	0	0	0	Master of Department of Economics at Soochou University, 19 years in Financial Industry	CMO and SVP of E.SUN Bank Supervisor of E.SUN Securities	None	None	None
CBO	R.O.C.	Daniel Tsai	2014.06.26	466	0.007	99	0.001	0	0	Master of Department of Management at National Taiwan University, 12 years in Financial Industry	Director of E.SUN Investment Consulting	None	None	None
Head of Legal compliance	R.O.C.	Fion OuYang	2015.02.06	159	0.002	0	0	0	0	College of Law at National Chengchi University, 17 years in Financial Industry	Head of Legal Compliance at E.SUN Bank	None	None	None



## (4) Remuneration of Directors, Independent Directors, President and SEVP

### a. Remuneration of Directors and Independent Director

2013.12.31 Unit:NT\$ thousand

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 stock meant for employees acquired (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)			Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)		Exercisable Employee Stock Options (H)		Amount of restricted stock meant for employees acquired								
		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	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		7,548	16,944	0	0	90,000	106,035	1,990	4,440	0.95%	1.21%	10,249	17,954	0	0	3,000	0	6,750	0	0	0	0	0	0	1.07%	1.44%	None

※List of Directors : Chairman: Yung-Jen Huang(Representative for E.SUN volunteer & Social Welfare Foundation ), Director: E.SUN volunteer & Social Welfare Foundation(Representative Joseph N.C. Huang), E.SUN Foundation(Representative Gary K.L. Tseng), Hsin Tung Yang Co.,Ltd. (Representative Jackson Mai), Allcan Investment Co., Ltd.(Representative Chiu-Hsiung Huang), Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin、Hsin-I Lin, Ron-Yuan Investment Co., Ltd.(Representative Chao-Kuo Chen), Fu-Yuan Investment Co.,Ltd. (Representative Ron-Chu Chen), Shang Li Car Co.,Ltd.(Representative Chien-Li Wu), Shan Meng Investment Co.,Ltd.(Representative Wu-lin Duh relieved the position on 2014.06.20 and replaced by Magi Chen), Sunlit Transportation Co.,Ltd.(Representative Suka Chen relieved the position on 2014.06.20 and replaced by Ben Chen).

※Ron-Yuan Investment Co., Ltd.(Representative Chao-Kuo Chen) relieved the position on 2014.06.20, Fu-Yuan Investment Co.,Ltd. (Representative Ron-Chu Chen) was elected on 2014.06.20

※Remuneration distributed to directors who are serving for year 2014.

### b. Remuneration Range table

Unit:NT\$ thousand

Sunlit Transportation Co.,Ltd. (Representative Suka Chen)	Name of Directors			
	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 NT\$ 2,000,000				
NT\$2,000,000 ~ NT\$5,000,000	Ron-Yuan Investment Co.,Ltd., Fu-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen),Sunlit Transportation Co.,Ltd. (Representative Ben Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh), Shan Meng Investment Co.,Ltd. (Representative Magi Chen)	Ron-Yuan Investment Co.,Ltd., Fu-Yuan Investment Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen),Sunlit Transportation Co.,Ltd. (Representative Ben Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh), Shan Meng Investment Co.,Ltd. (Representative Magi Chen)	Ron-Yuan Investment Co.,Ltd., Fu-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen),Sunlit Transportation Co.,Ltd. (Representative Ben Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh), Shan Meng Investment Co.,Ltd. (Representative Magi Chen)	Ron-Yuan Investment Co.,Ltd., Fu-Yuan Investment Co.,Ltd., Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh)
NT\$5,000,000 ~ NT\$10,000,000	E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang),E.SUN Foundation(Representative Gary K.L. Tseng), Hsin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin	Shang Li Car Co.,Ltd., E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), Hsin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin,	E.SUN Foundation(Representative Gary K.L. Tseng), Hsin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin	Shang Li Car Co.,Ltd., Hsin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Sunlit Transportation Co.,Ltd. (Representative Suka Chen),Sunlit Transportation Co.,Ltd. (Representative Ben Chen), Shan Meng Investment Co.,Ltd. (Representative Magi Chen)
NT\$10,000,000 ~ NT\$15,000,000				
NT\$15,000,000 ~ NT\$30,000,000	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), E.SUN Foundation(Representative Gary K.L. Tseng)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), E.SUN Foundation(Representative Gary K.L. Tseng)
NT\$30,000,000 ~ NT\$50,000,000				
NT\$50,000,000 ~ NT\$100,000,000				
Over NT\$100,000,000				
Total	99,538	127,418	112,787	152,122

※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 the 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 compensation

- c. Compare 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 President of the company, to the net profit after tax

Unit NT\$ thousand

Year Title	2014						2013					
	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	16	99,538	0.95%	16	127,419	1.21%	13	87,207	1.04%	13	115,153	1.37%
President and SEVP	12	16,929	0.16%	12	72,353	0.69%	11	14,026	0.17%	11	56,838	0.68%

Note: 2014 Net Profit for E.SUN FHC is NT\$10,528,551 thousand, 2013 Net Profit for E.SUN FHC is NT\$8,416,145 thousand.

- d. 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 managers is first screened by the Compensation Committee, following which the board makes a final decision. Salaries of managers should reflect their professional experience, the Company's, counterparts' and market standards and 'Codes of Managers' remuneration for E.SUN FHC'. 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 on the level of such risk.



## 4. Implement of Corporate Governance

### (1) Board of Directors

A total of 11 meetings of the board of directors were held in the previous period. Directors and Independent Directors attendance was as following

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	11	0	100	Re-elected
Director	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	11	0	100	Re-elected
Director	Representative of E.SUN Foundation Gary K.L. Tseng	11	0	100	Re-elected
Director	Representative of Allcan Investment Co.,Ltd. Chiu-Hsiung Huang	10	1	90.91	Re-elected
Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	10	1	90.91	Re-elected
Independent Director	Chen -En Ko	11	0	100	Re-elected
Independent Director	Ji-Ren Lee	11	0	100	Re-elected
Independent Director	Chen-Chen Chang Lin	11	0	100	Re-elected
Independent Director	Hsin-I Lin	8	3	72.73	Re-elected
Director	Representative of Fu -Yuan Investment Co.,Ltd. Ron-Chu Chen	7	0	100	New-elected
Director	Representative of Shang Li Car Co.,Ltd. Chien-Li Wu	10	1	90.91	Re-elected
Director	Representative of Shan Meng Investment Co.,Ltd. Magi Chen	7	0	100	New-elected
Director	Representative of Sunlit Transportation Co., Ltd. Ben Chen	7	0	100	New-elected

Other mentionable items:

- 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
- 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:

Director	Motions	Reasons for avoidance	Status of voting
Joseph N.C.Huang, Suka Chen	Motion concerning performance evaluation for managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Suka Chen	Motion concerning year-end bonus distribution to senior managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Suka Chen	Motion concerning salary adjustment to senior managers	Conflict of interest	Not involve in discussion and voting.
Yung-Jen Huang, Gary K.L. Tseng, Joseph N.C.Huang, Jackson Mai, Chiu-Hsiung Huang, Chao-Kuo Chen, Chien-Li Wu	Nominate for 5 <sup>th</sup> term of Directors	Conflict of interest	Not involve in discussion and voting.
Chen-En Ko, Ji-Ren Lee, Chan-Chan Chang Lin, Hsin-I Lin	Nominate for 5 <sup>th</sup> term of Independent Directors	Conflict of interest	Not involve in discussion and voting.
Gary K.L. Tseng, Joseph N.C.Huang, Jackson Mai, Chiu-Hsiung Huang, Ron-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen	Appoint Directors, Independent Directors (Supervisors) for subsidiary	Conflict of interest	Not involve in discussion and voting.
Chen-En Ko, Ji-Ren Lee, Chan-Chan Chang Lin, Hsin-I Lin	Appoint Directors, Independent Directors (Supervisors) for subsidiary	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Magi Chen, Ben Chen	Motion concerning 2014 year-end bonus distribution to senior managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Magi Chen, Ben Chen	Motion concerning amendment on salary adjustment to managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Magi Chen, Ben Chen	Motion concerning 2014 year-end bonus distribution to senior managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Magi Chen, Ben Chen	Motion concerning salary adjustment to senior managers	Conflict of interest	Not involve in discussion and voting.

- Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. establishment of an audit committee and enhancement of information transparency), and measures taken toward achievement thereof: To strengthen corporate governance, enhance supervision and upgrade management, the Company established its Audit Committee after the AGM elected a new board in June 2008. In 2011, the Company set up its Remuneration Committee ahead of time in accordance with Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. It was followed by the establishment of the Corporate Social Responsibility Committee in 2012 to enable the Company and its subsidiaries to better fulfill their CSR. Having also established the Corporate Governance and Nomination Committee and Board Strategy Development Committee, the board is keen to foster cooperation across all these operating committees, thereby strengthening its own functions and enforcing corporate governance effectively.

### (2) Audit Committee

A total of 8 Audit Committee (A) 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	8	0	100	Re-elected
Independent Director	Ji-Ren Lee	7	1	87.5	Re-elected
Independent Director	Chen-Chen Chang Lin	8	0	100	Re-elected
Independent Director	Shin-I Lin	7	1	87.5	Re-elected

Other mentionable items:

- 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
- 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
- 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.)

Date	Mode	Object	Issues to communicate	Result
2014.01.23	Audit Committee	CPA	Report the plan of audit work for 2013 financial reports.	Noted
		General Auditor	Report the results of audit work for year 2013	Noted
2014.03.5	Audit Committee	CPA	Report the results of audit work for 2013 financial reports.	Noted
2014.04.25	Audit Committee	General Auditor	Report the results of audit work for first quarter of 2014	Noted
2014.08.21	Audit Committee	CPA	Report the results of audit work for 1H2014 financial report	Noted
		General Auditor	Report the results of audit work for 1H2014	Noted
2014.11.13	Auditor Meeting	Discussion issues on internal audit work		Accordance with recommendations
		General Auditor	Report the results of audit work for third quarter of 2014	Noted
2015.1.28	Audit Committee	CPA	Report the plan of audit work for 2015	For Board's approval
		General Auditor	Report the plan of audit work for 2014 financial reports.	Noted
2015.2.18	Audit Committee	General Auditor	Report the results of audit work for year 2014	Noted
		CPA	Report the results of audit work for 2014 financial reports.	Noted

Note:(1) Where any independent director departs before a given year ends, the date of departure shall be specified in the remarks column. The ratio of attendance (%) of the independent director in question shall thus be calculated by taking into account the number of meetings convened by the Audit Committee during the period when he/she is in active duty as well as the number of his/her attendance.

(2) Where any independent director is reappointed before a given year ends, both the newly appointed and replaced independent directors shall be put on record, with their respective status (former, newly appointed, or serving a second term) as well as the date of reappointment being specified in the remarks column. The ratio of attendance (%) of the independent director in question shall thus be calculated by taking into account the number of meetings convened by the Audit Committee during the period when he/she is in active duty as well as the number of his/her attendance.

### (3) Items of disclosure according to corporate governance code for FHCs

Please refer to [https://www.esunfhc.com.tw/ir/about\\_cg.info](https://www.esunfhc.com.tw/ir/about_cg.info)

(4) Status of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such departure

Item	Status of implementation (Note 1)			Any discrepancies and reasons for such with Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>1. Implementing and Promoting Corporate Governance</p> <p>(1) Does the Company institute a set of internal operational procedures for handling shareholder proposals, doubts, disputes, and suits, as well as act in accordance with the said procedures?</p> <p>(2) Does the Company have access to the identity of major shareholders who have actual control over the Company as well as that of their ultimate control persons?</p> <p>(3) Does the Company put in place internal regulations that bar insiders from trading securities based on information yet to be made public on the market?</p>	V		<p>(1) The Company has appointed a spokesperson and established an investor relations department as well as a department charged specifically with stock affairs. Meanwhile, contact information is fully disclosed on the Company's official website so that shareholders can express opinions over the phone, by email, or through leaving online messages. In turn, the Company is proactive to respond to and deal with them properly in accordance with pertinent internal procedures.</p> <p>(2) Major shareholders who own a stake of not less than 5% all report to the Company the status of their shareholdings in accordance with pertinent laws and regulations. For its part, the Company promotes awareness of such laws and regulations and offers related documents and forms on its official website.</p> <p>(3) To supervise the establishment and implementation of a risk management system across the Company and its subsidiaries, the Company has set up a Risk Management Committee that is responsible for implementing and supervising risk management policy, building a risk management culture, and laying down the Company's Risk Management Policy and Guiding Principles. Moreover, the Risk Management Committee is responsible for implementing risk management decisions made by the Board of Directors. The committee is also supposed to act as integrator when it comes to the review, supervision, and coordination of risk management mechanisms across the Company and its subsidiaries; it is also to establish defense mechanisms to uphold information security in business interaction, transactions, and information exchanges between the parent company and subsidiaries. To uphold asset quality and strengthen management of excessive risk concentration, the Company has enforced the Guidelines Governing Quota Management for Dealings Between E.SUN FHC and Subsidiaries. Separately, the Guidelines Governing E.SUN FHC Dealing With Interested Parties, Guidelines Governing E.SUN FHC Dealing With Subsidiaries, and Internal Regulations for E.SUN FHC and Subsidiaries to Conform to Article 45 of the Financial Holding Company Act are put in place to further bolster internal management across the E.SUN group.</p>	None
<p>2. Composition and Duties/Responsibilities of the Board of Directors</p> <p>(1) Besides setting up the Compensation Committee and Audit Committee according to law, does the Company voluntarily set up other functional committees?</p> <p>(2) Does the Company evaluate the independence of its CPA on a regular basis?</p>	V		<p>(1) The Company has also set up the Corporate Governance and Nominating Committee, Strategy Committee, and Corporate Social Responsibility Committee.</p> <p>(2) Each year the Company entrusts an accounting firm to undertake certification of its finances and taxes. This engagement shall be preceded by the review and approval of the contracted accounting firm's professionalism, independence, and fair pricing by the Audit Committee and Board of Directors.</p>	None
<p>3. Does the Company have in place channels for communicating with stakeholders and set aside an exclusive section for stakeholders on its website so that it can properly respond to major corporate social responsibility issues of concern to the latter?</p>	V		<p>The Company has appointed a spokesperson and set up an investor relations department for communicating with stakeholders. Shareholders and customers can fully express their opinions through the Company's stock affairs and customer service departments respectively. For their part, employees can take their complaints, if any, to the Company's human resources department. All problems can be solved properly and communication can proceed smoothly. Separately, the Company's website includes a special section for corporate social responsibility that not only makes public the Company's CSR report but also provides a channel for communicating with stakeholders.</p>	None
<p>4. Information Disclosure</p> <p>(1) Does the Company install a website for disclosing information on finances, operations, and corporate governance?</p> <p>(2) Does the Company resort to other means of information disclosure (such as installing an English website, designating personnel to collect and disclose material information, appointing a spokesman to communicate with the general public, making public the recordings of investor briefings on its website, etc.)?</p>	V		<p>(1)</p> <p>a. The Company has installed a website (<a href="http://www.esunfbc.com.tw/ir/ir.aspx">http://www.esunfbc.com.tw/ir/ir.aspx</a>) to disclose information on finances, operations, and corporate governance.</p> <p>b. Information to be disclosed includes that with regard to finances, operations, board resolutions, presentations at investor briefings, internal control, personnel designated for communicating with investors, etc.</p> <p>(2)</p> <p>a. The Company has installed an English website and designated personnel to collect and disclose material information.</p> <p>b. The Company has faithfully implemented a mechanism under which the position of spokesperson is taken by someone who has a thorough understanding of the financial holding company's finances and operations and is able to coordinate with all departments. The spokesperson's contact information is fully disclosed on the Company's website:</p> <p>Spokesman Name: Joseph Huang Title: President, E.SUN FHC Telephone: (+886) 02-2175-1313 E-Mail: joseph@email.esunbank.com.tw</p> <p>Deputy Spokesman Name: Suka Chen Title: Deputy President, E.SUN FHC Telephone: (+886) 02-2175-1313 E-Mail: suka@email.esunbank.com.tw</p> <p>Agency Handling Share Transfer Stock Service Dept., General Affairs Division, E.SUN FHC Address: 1F, Sec. 3, Ming-Sheng E. Road, Taipei, Taiwan Telephone: (+886) 02-2175-1313</p> <p>c. Presentation materials prepared for investor briefings, along with audio files, are uploaded onto the Company's website, the upkeep of which is assigned to designated personnel.</p>	None

Item	Status of implementation (Note 1)			Any discrepancies and reasons for such with Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
5. Is there other important information that can facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights and interests, employee welfare, investor relations, supplier relations, rights of interested parties, training records of directors and supervisors, implementation of risk management policy and risk evaluation criteria, implementation of customer relations policy, and purchases of insurance for directors and supervisors)?	V		<p>(1) To boost the capacity of the Board of Directors for supervision and management, the Company has adopted the Rules of Procedure for Board Meetings that regulate the main agenda items, operational procedures, and mandatory contents of meeting minutes. Board meetings shall be held in accordance with these rules.</p> <p>(2) Board directors are asked to attend relevant training programs from time to time.</p> <p>(3) The Company has established the Risk Management Committee that is called upon to effectively implement risk control and management policy and compile risk management reports. A summary of the scope and characteristics of the Company's risk measurement system is as follows:</p> <p>a. Credit Risk Establish a systematic approach to managing credit risk associated with borrowers, counterparties in transactions, or asset portfolios: setting up a proper credit risk control environment; placing the credit risk of trading counterparties under control and management as well as producing credit ratings for the latter; setting conditions for the control and management of risk exposure and risk concentration associated with any individual product, industry, or business conglomerate.</p> <p>b. Market Risk For their on and off-balance sheet items, the Company and its subsidiaries shall establish mechanisms for assessing and controlling risk deriving from price, exchange rate, and interest rate fluctuations.</p> <p>c. Liquidity Risk Assess the composition of major assets and the liquidity risk facing them. Manage the risk based on the features of each industry and pertinent regulations set by the competent authority. Put in place a liquidity risk emergency plan.</p> <p>d. Operational Risk Establish a full range of operational processes, limits of authority for various operations, and processes for the control and management as well as audit of documents and certificates.</p> <p>e. Legal and Other Risk Manage legal and other risk by means of risk scenario stress testing as well as risk tolerance and capital adequacy evaluation.</p> <p>(4) The Company has always given priority to making sure that its subsidiaries offer quality customer service and implement a sound consumer protection policy. Their websites provide consumers with various channels of communication, including 24/7 customer service hotlines and sections reserved for online messages.</p> <p>(5) As part of its effort to establish a well-rounded corporate governance mechanism, the Company has provided board directors and key employees with comprehensive liability insurance so as to minimize the risk exposure of both itself and the personnel in question. The insured parties include the directors, supervisors, and managerial/supervisory employees of E.SUN FHC and its subsidiaries. The coverage extends to damage compensation and litigation expenses deriving from damage claims filed against E.SUN FHC and its subsidiaries for charges in relation to securities or employment practices; against directors or independent directors for alleged management or employment malpractices; against directors and independent directors for charges in relation to labor safety and health.</p> <p>(6) Multiple channels are made available for employees of the Company to communicate with all levels of management and the human resources department. All problems can be solved properly and communication can proceed smoothly. Each year the Company will organize a "knowledge-sharing" seminar to inform employees of its vision, policy, and other employee-related matters. Videoconferences are also held for communicating with employees whenever warranted. Meanwhile, the Employee Welfare Committee is charged with the responsibility of caring for employees.</p> <p>(7) To encourage shareholders to get involved in corporate governance, the Company has adopted the Rules of Procedure for Shareholders' Meetings. Besides the appointment of a spokesperson, the Company has also set up a department responsible specifically for handling stock affairs. Shareholders can fully express their opinions, and designated personnel will handle such matters accordingly. Moreover, all information on finances and operations is fully and truthfully disclosed in the Company's annual report and on its website.</p> <p>(8) To uphold corporate governance and corporate social responsibility, the Company has adopted the Regulations on Handling Donations. A summary of the Company's donations to political parties, interested parties, and public welfare organizations during the latest year: none.</p> <p>(9) Status of implementation of resolutions adopted by shareholders' meetings: All reports and ratified proposals are handled according to law. When it comes to matters for deliberation, all revisions to the Articles of Incorporation and Regulations Governing the Acquisition and Disposal of Assets are handled according to law while resolutions on capitalization of retained earnings are reported to the competent authority in tandem with pertinent regulations, after which new shares are issued accordingly.</p>	None
6. Does the Company compile any corporate governance self-evaluation report or have such a report commissioned to another specialized organization? If the answer is positive, please specify opinions of the Board of Directors, conclusions of the in-house or commissioned report, major deficiencies and corrective measures thus proposed, and status of improvement (Note 2).	V		<p>The Taiwan Corporate Governance Association has granted the Company CG6009 certification in recognition of the following: the Company's corporate culture and vision serve as a crucial basis for well-rounded corporate governance; the Company's independent directors come from different areas of specialization and help strengthen the functions of the board by proactively participating in board meetings; In 2014, E.SUN FHC was recognized by international institution by being the first ever financials in Taiwan included in Dow-Jones Suitability Emerging Markets Index. Company's active involvement in public interest endeavors serves as a valuable source of vitality conducive to sustainable development.</p> <p>Separately, the Taiwan Corporate Governance Association recommends that the Company sets up a system for evaluating board performance and a mechanism for reporting major chance occurrences as well as incorporates compensation for managers into risk considerations for the future. For its part, the Company is proactive to draw on domestic and overseas practices and theoretical doctrines to establish the said system and mechanism. To date the Company has implemented the Regulations for Evaluating Board of Directors Performance, based on which both self-evaluation by directors and overall evaluation are undertaken to enhance board functions and effectively realize corporate governance. Also put in place are the Regulations Governing Compensation for Managers.</p>	None

Note 1: Regardless of the choice of "Yes" or "No" with regard to the status of implementation, a more detailed account is warranted in the summary column.

Note 2: The said corporate governance self-evaluation report refers to one in which the Company reports on the status of its implementation of corporate governance in areas selected specifically for such evaluation.

Rationale for revision: Revise items of disclosure for the status of implementation of corporate governance in line with a revision to the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies.

## (5) Status of Performance of Social Responsibilities

Item	State of Operation			Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>1. Promotion of corporate governance</p> <p>(1) The Company's setting of corporate social responsibility policies or systems, and review of status of implementation and results.</p> <p>(2) Does company provide regular training of CSR?</p> <p>(3) Status of operation of any units established by the Company with full (or concurrent) corporate social responsibility duties.</p> <p>(4) The Company's regular holding of corporate ethics education, training, and awareness events for directors, supervisors, and employees, linkage with the employee performance evaluation system, and establishment of clear and effective rewards and penalties.</p>	V		<p>(1) The Company has laid down a set of corporate governance best-practice principles to ensure our complying with laws and regulations, bolster internal management, strengthen the functions of the board, and protect the rights and interests of shareholders and stakeholders. With priority given to capital adequacy, asset quality and liquidity, management competence, profit capacity, and risk sensitivity, the Company is equally committed to honoring corporate social responsibility and making investment accordingly. Standing by our business ideals, we are set to strive for sustainable development and attain the long-term goal of benefiting society. Besides working on corporate governance, customer rights, employee welfare, the public good, and energy conservation/carbon reduction, we pledge to do more in humanities, the arts and environmental protection in our endeavors toward fulfilling CSR and thus generate a greater impact on the community.</p> <p>(2) The Company instills and realizes corporate ethics through publicity and examinations.</p> <p>(3) The Company has established the Corporate Social Responsibility Committee and laid down its organizational regulations accordingly. As an operating committee of the board, it is supposed to make sure that the Company and its subsidiaries faithfully fulfill their corporate social responsibility.</p> <p>(4) The Company's Board of Directors has adopted a set of Regulations Governing Compensation for Managers, specifying that their compensation shall be based on performance and linked to future risk and the incidence of major risk events. In the meantime, rewards and penalties shall be given in accordance with provisions laid out in a separate set of working regulations.</p> <p>E.SUN's employee performance evaluation is linked to its corporate social responsibility policy that covers corporate governance, public interest, and environmental sustainability:</p> <p>a. Endorsement of the Company's corporate culture, stringent ethical and behavioral self-discipline, and commitment to the ideals of professionalism, service and responsibility.</p> <p>b. Proactiveness for working with colleagues to create a sound working environment, support one another, and attain excellence as a team.</p> <p>c. Evaluation of personnel assigned to environmental management duties shall take account of their performance in undertaking activities with regard to environmental sustainability as well as the results thereof.</p>	<p>E.SUN's corporate culture and operational philosophies play a foremost role in establishing complete legal compliance and internal control system. Besides promoting professional operations and implementing corporate governance, E.SUN complies with Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies. There is no discrepancy in the initiatives undertaken by E.SUN to promote corporate social responsibility</p>
<p>2. Environmentally sustainable development</p> <p>(1) The Company's efforts to enhance the efficiency of resource usage, and use of recycled materials with low environmental load.</p> <p>(2) The Company's establishment of an appropriate environmental management system reflecting the characteristics of its industry.</p> <p>(3) The Company's attention to the effect of climate change on its operational activities, and drafting of corporate energy conservation, carbon emission reduction, and greenhouse gas reduction strategies.</p>	V		<p>(1) The Company prioritizes the purchase and use of building materials, equipment, and tools bearing the Green Building Materials Mark or Green Mark, and also complying with relevant legal requirements. The Company makes extensive use of recycled materials and recyclable, low-pollution, energy-saving products, and avoids mechanical equipment with high energy consumption and products that are excessively packaged, harmful to the living environment, and not spontaneously decomposing.</p> <p>(2) The Company has adopted the ISO 14001 environmental management system and ISO50001 energy management system, and has established an environmental/energy management framework in accordance with the "E.SUN White Paper on Environmental Protection and Energy Conservation" in order to effectively implement carbon reduction, energy conservation, water conservation, and industrial waste management.</p> <p>(3) The Company has conducted ISO 14064-1 greenhouse gas inventories at the E.SUN headquarters building and all branches in Taiwan. These inventories have enabled the Company to understand its carbon emissions and draft a greenhouse gas reduction action plan.</p> <p>(4) The corporate social responsibility committee has established and environmental sustainability committee to bear responsibility for the promotion of environmental/energy management policies, and maximize the efforts of the Company and individuals. E.SUN FHC headquarters' Administration Department bears responsibility for implementation.</p> <p>(5) The Company includes borrowing companies' implementation of environmental protection policies and degree of environmental pollution in items considered when lending, and hopes to induce external companies to protect the environment. The Company also strives to promote widespread use of online services, reduction in paper use, and conservation of power.</p>	<p>The Company seeks to promote environmentally sustainable development through a progressive approach, and complies with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies." There are no substantive discrepancies in the promotion of environmentally sustainable development; the following is a relevant explanation:</p> <p>(1) The Company determined "Environmental Protection and Management Guidelines" in 1996, and issued the "E.SUN White Paper on Environmental Protection and Energy Conservation – E.SUN Green Policy" in 2007. The chief content of these documents includes policy formulation, establishment of a culture, and implementation of measures, and they take environmentally sustainable development as their ultimate goal and purpose.</p> <p>(2) The Company adopted the ISO 14001 environmental management system in 2013, has drafted energy conservation targets, has conducted greenhouse gas inventories focusing on greenhouse gas reduction efforts, water conservation, and power and vehicle fuel conservation, performs regular reviews and exchanges of views, and seeks to collectively fulfill its environmental protection and energy conservation policies.</p> <p>(3) The Company adopted the ISO 50001 energy management system in 2014, relies on energy reviews to analyze key factors affecting E.SUN's energy use, has established energy baselines, energy management performance indicators, energy targets, energy management action plans, and energy management procedures documents, and seeks to achieve continuing improvement of energy performance, reduce energy expenses, effectively reduce carbon emissions, and realize effective energy management.</p> <p>(4) The Company completed ISO 14064-1 greenhouse gas inventories at the E.SUN headquarters building and all Taiwan branches in 2014, has used these inventories to gauge its carbon emissions, and is relying on inventory results to draft a greenhouse gas reduction action plan aimed at mitigating the impact of global warming on the earth's environment.</p> <p>(5) With regard to the E.SUN World Card and E.SUN ETC Easy Card, we have performed "credit card carbon footprint PAS2050: 2011&amp;EPA" and "product water footprint" verification, and obtained the EPA's "Product Carbon Footprint Label." Thanks to carbon footprint verification, we understand carbon emissions from our products, and have drafted reduction plans aimed at contributing to environmental sustainability.</p> <p>(6) The Company participates in the Carbon Disclosure Project (CDP), and is a CDP signer and supporter.</p>



Item	State of Operation			Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>3. Preserve Public Interest</p> <p>(1) Does the Company adopt an appropriate management policy and procedures in accordance with pertinent laws and regulations as well as international human rights conventions?</p> <p>(2) Does the Company establish a mechanism and channels for receiving and handling employee complaints properly?</p> <p>(3) Does the Company provide a safe and healthy work environment for its employees and periodically organize employee training on safety and health?</p> <p>(4) Does the Company establish a mechanism for communicating with employees on a regular basis and, by reasonable means, inform employees of operational changes that might have material impacts?</p> <p>(5) Does the Company establish effective training programs for employees to foster career skills?</p> <p>(6) Does the Company adopt a policy for protecting consumer rights and interests in relation to its R&amp;D, procurement, and operational and service processes as well as put in place procedures for consumers to file complaints?</p> <p>(7) Does the Company abide by pertinent laws and regulations as well as international guidelines in marketing and labeling its products and services?</p> <p>(8) Does the Company check if a business has recorded any adverse effect on the environment and community before contracting it as a supplier?</p> <p>(9) Does the Company specify in contracts with major suppliers that it may terminate or cancel the contracts anytime if they are found to have violated its corporate social responsibility policy and have had a conspicuous impact on the environment and community?</p>	V		<p>(1) The Company considers people its core asset. Employee rights are upheld in accordance with pertinent laws and regulations. That is, the Company is committed to protecting and preserving employee rights prescribed by pertinent laws and regulations as well as implementing a nondiscriminatory employment policy, thereby creating a harmonious labor-management relationship.</p> <p>(2) We have long attached consequence to keeping open a wide range of channels for employees to say whatever they have to say. Listening to employees intently, we believe, should be both the best way to show how much we care and the basis for interacting with them. We welcome employee feedback verbally, on the Web, on the "Notes" platform, and in the form of reports and suggestions in writing. As such, we collect employee opinions from multiple sources to seek out their needs and in turn rectify our deficiencies along the way.</p> <p>(3) The installation of an exclusive section designed specifically for them signifies the emphasis the Company places on providing employees with a safe and healthy working environment. Every business division is staffed with a responsible person charged with labor safety who organizes training and study sessions on a regular basis. Meanwhile, a set of guidelines on physical examination is laid down as the basis for employees to undergo health checkup regularly. The special section on labor safety and health is intended to keep employees up to date on this front. In addition to sessions intended specifically for novice employees, labor safety training and health examination are undertaken across the Company on a regular basis. On top of emergency care personnel, every place of business is equipped with a security system as well as security personnel so as to uphold the safety of the place, employees and customers.</p> <p>(4) The Company makes it a point to keep up two-way communication while organizing knowledge-sharing sessions, human resources improvement projects and across-the-board videoconferences. Employees are free to take their complaints to various levels of management and the human resources department, thereby creating a harmonious and happy working environment.</p> <p>(5) In accordance with its organizational strategy and goals as well as employee needs, the Company devises well-rounded training programs and comprehensive guidelines for career development. These include novice training, specialization training, management and leadership training, and self-development training. Both new recruits and senior executives are offered suitable training to acquire specific capabilities in different stages. On top of courses on various disciplines, leadership, and management, there are programs designed to promote self-management and personal growth.</p> <p>To nurture talent with cross-sector competences, the Company implements a clearly defined rotation mechanism for employees to further enhance themselves. This practice not only contributes to a more flexible workforce but also makes possible much broader career horizons for employees.</p> <p>(6) State of formulating and implementing consumer rights policies</p> <p>a. Formulation and publication of consumer rights policies</p> <p>(a)E.SUN has set forth systems that comply with consumer rights legislation. It provides standardized contractual agreements and designs products and services suitable for consumers.</p> <p>(b)E.SUN holds consumer rights-related education and training for its employees to emphasize the importance of consumer rights and encourage them to provide considerate service.</p> <p>(c)E.SUN discloses accurate and comprehensive consumer information, such as easy to understand pricing included in lending contracts (mortgages and credit loans), as well as schedules that detail handling fees. In addition, the Bank offers special explanatory information on mortgage loans and letters of rights and obligations, thereby enabling consumers to clearly understand products through examples. This offers another opportunity to remind customers of related conditions and the rights and obligations of both parties.</p> <p>b. Process of filing complaints</p> <p>Consumer disputes are handled in accordance with Standard Procedures for Handling Consumer Disputes at E.SUN Bank. The Bank also operates a 24-hour complaint hotline and an E.SUN Internet Bank visitor message board to provide consumers with avenues to file complaints.</p> <p>(7) In terms of marketing and labeling products and services, the Company makes it a point to spell out related charges and risk reminders in pertinent texts. Product information is fully disclosed in brochures and prospectuses. Meanwhile, product information, calculation of charges, and campaign contents across the institutional banking, personal banking, wealth management, and credit card businesses are also made public through the Company's website, application forms, bills, DM and EDM, consumer manuals, contracts, and propaganda materials. Priority is given to enabling customers to understand methods of use and favorable terms, if any. Marketing events are organized in accordance with customer characteristics in a bid to create customer value.</p> <p>(8) While both new and existing suppliers are subject to evaluation and screening, the Company has spelled out a Statement of Commitment to Human Rights and Environmental Sustainability that covers such aspects as environmental integrity and occupational safety, labor management, fundamental human rights, and ethical guidelines. Both business partners and suppliers are invited to sign the said statement and join a common cause of striving for environmental sustainability.</p>	No difference
<p>4. Strengthening information disclosure</p> <p>Does the Company disclose relevant and reliable corporate social responsibility information.</p>	V		<p>At E.SUN, fulfillment of corporate social responsibility has long been considered both a mission and a commitment as it strives for sustainable development. CSR-related information is disclosed on the Company's website and in such publications as Sunrise Magazine and Smile E.SUN whenever warranted.</p>	No difference
<p>5. If the Company has drafted its corporate social responsibility rules on the basis of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies," please status any discrepancy between implementation and the drafted rules:</p> <p>E.SUN has drafted its corporate social responsibility on the basis of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies," upholds the spirit of prudence, pragmatism, and trustworthy operation, relies on its business philosophy, corporate culture, and common vision as its core, fulfills its corporate social responsibility, and strives to promote sound corporate governance, develop environmental sustainability, maintain social welfare, and strengthen its disclosure of corporate social responsibility information. It has no substantive discrepancies connected with fulfillment of corporate social responsibility.</p>				

State of Operation				Summary	Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TWSE/GTSM Listed Companies
Item	Yes	No			
6. Other important information facilitating understanding of implementation of corporate social responsibility					
<p>E.SUN fulfills its corporate social responsibility in the areas of environmental protection &amp; energy conservation, community participation, social contribution and service, and protection of human rights. It was awarded many honors in 2014, including the Taiwan Academy of Banking and Finance's 7th Taiwan Banking and Finance Best Practice Awards (the individual "Special Contribution Award" and organizational "Best Social Responsibility Award," "Best e-Finance Award," "Best Business Innovation Award—Award of Merit," and "Best Trust Finance Award—Award of Merit"); inclusion among the top three large companies (first in the financial industry) in Commonwealth Magazine's "Excellence in Corporate Social Responsibility Award" for the sixth time; a member of the DJSI's Emerging Markets Index; the best money management team and best product award in Business Today Magazine's "Financial Management Bank Assessment"; 1st place in the finance/banking category of Commonwealth Magazine's "Golden Service Awards" for four consecutive years; the Taipei City Department of Labor's "2014 Happy Company Award"; the "Credit Guarantee Partner Award—Outstanding Headquarters Bank Award," "Helping Youth Build their Dreams Award," and "Helping Young Entrepreneurs Award" granted by the Ministry of Economic Affairs and Credit Guarantee Fund; and passing ISO 50001 energy management system verification. The Company looks forward to paying back its customers, shareholders, and society at large with concrete actions, and helping build a superior living environment. The following are some of the tangible results of E.SUN's fulfillment of its social responsibility:</p>					
(1) Environmental protection:					
a. Drafted the "Human Rights and Environmental Sustainability Pledge," and invited partners and vendors to sign and jointly pledge to maintain basic human rights and sustainable development.					
b. Actively adopted the "ISO 50001 energy management system," and relied on energy reviews to establish energy baselines, energy management performance indicators, energy targets, energy management action plans, and energy management procedures, which will be used to achieve steadily improving energy performance, reduce energy costs, effectively implement carbon emissions reduction, and realize energy conservation.					
c. The Company has completed ISO 14064-1 greenhouse gas inventories at the E.SUN headquarters building and all branches in Taiwan, and will use these inventories to gauge its carbon emissions, and is relying on inventory results to draft a greenhouse gas reduction action plan aimed at mitigating the impact of global warming on the earth's environment.					
d. With regard to the E.SUN World Card and E.SUN ETC Easy Card, the Company has performed "credit card carbon footprint PAS2050: 2011&EPA" and "product water footprint" verification, and obtained the EPA's "Product Carbon Footprint Label." Thanks to carbon footprint verification, we understand carbon emissions from our products, and have drafted reduction plans aimed at contributing to environmental sustainability.					
e. The Company participates in the Carbon Disclosure Project (CDP), and is a CDP signer and supporter. We hope to achieve the sustainable coexistence of the Company and the natural environment.					
f. The Company has implemented the "E.SUN White Paper on Environmental Protection and Energy Conservation," which calls for promotion of environmental protection in lending, energy conservation through online services, and energy conservation in purchasing, and hopes to gradually spread environmental protection concepts to the individual.					
g. Responding to the global call for energy conservation and carbon reduction, the Company is cooperating with partners outside the industry, and is continuing to promote the public bicycle rental system program in Taipei in conjunction with Taipei City Government and Giant. We are using our influence and business operations to actively promote the "E.SUN Ubike Smile 123" program, which will enhance urban culture and help create a sustainable, appealing living environment.					
h. The Company hosted the "2014 Yangmingshan Butterfly Festival" in conjunction with Yangmingshan National Park, helped promote butterfly habitat conservation and environmental education at the national park, and used ecological experiences and a wide range of awareness methods to encourage the public to participate in butterfly festival activities, which included ecological exhibits, outdoors guide classes, musical performances, and a lecture series. These lively and appealing awareness methods transmitted butterfly-related knowledge, gave the public a better understanding of butterfly ecology, increased the public's recognition of butterflies, and thereby increased concern for butterflies and the environment.					
i. The Company jointly promoted conservation of the seriously threatened Formosan black bear in conjunction with the Council of Agriculture, Executive Yuan and the Taiwan Black Bear Conservation Association. The "2014 Black Bear Explorer—Following the Trail of the Bear" special exhibition, which featured seven exhibit areas containing interactive content concerning bears, was held from 1/22/2014 to 11/30/2014 at the Taiwan Endemic Species Research Institute in Jiji Township, Nantou County. The event contained exhibits on the black bear's origin and range, distinctive features of the Formosan black bear, the Formosan black bear's forest foods, a cub's growth, how to become a black bear explorer, the cultural story of the black bear, and becoming a black bear protector. E.SUN hopes that this exhibition on the Formosan black bear increased the public's understanding and knowledge of black bears, and encouraged people to participate further in the conservation of Taiwan's endemic species.					
j. The Company cooperated with Taipei Zoo in issuing Taiwan's first public interest credit card combining conservation and environmental coexistence—the "Formosan Black Bear Affinity Card." Whenever a transaction is made using this card, 0.2% goes to an animal conservation fund used for Formosan black bear conservation, habitat protection, restoration of Taiwan's native species, and environmental education. E.SUN hopes that this card will increase public awareness of environmental protection, and encourage consumers to do their part for wildlife conservation when making credit card purchases.					
k. The Company continued to help with the filming of the documentary Black Bear Forest, which seeks to give the public a better understanding of and greater concern for Taiwan's distinctive wildlife, promote conservation, and spread love for nature.					
l. The Company has continued to participate in trail adoption at Yushan National Park, along with promotion of ecological conservation and environmental protection education, and has encouraged E.SUN employees to participate and contribute to environmental protection.					
m. The Company held the "Find the Best Protector" Formosan black bear conservation awareness activity, which consisted of 32 black bear conservation sessions held on weekends during the 2014 International Children's Folklore & Folkgame Festival. In addition, close to 35 families participated in environmental protection classes at E.SUN's VIP family camps, and the Company conducted environmental protection education and awareness activities at two elementary schools.					
n. The Company is the 65th branch of the Taiwan Souji Association; for four consecutive years, managers have led approximately 40 E.SUN environmental volunteers in jointly participating in community clean-up activities.					
o. The Company has cooperated with National Chungshing University in implementing the six-year "One Life One Tree E.SUN Treeplanting Project" at the Xinhua Forestry Station. Work in 2014 included the tending of 10,000 seedlings at the forestry station.					
p. The Company joined forces with Pingtung County Governments to promote a treeplanting and tree adoption project. That is expected that the project will result in the planting of more than 6,000 tree seedlings at eight elementary and middle schools in the county, the forest area at the county government's Xiangtan Forestry Nursery, and school environmental landscaping areas. These trees will reduce carbon in the atmosphere by more than 30,000 kg, and thus help fulfill our social responsibility as an environmentally sustainable Company.					
q. Responding to the Bureau of Energy's "Voluntary Energy Conservation Promotion Plan," the Company has striven to create a superior living environment by promoting environmental sustainability, energy conservation, and carbon reduction.					
r. Responding to the New Taipei Government's "New Taipei Service Industry Power Conservation Activity," the Company did its part to raise power-saving consciousness and make the world a better place.					
s. The Company participated in the "Lights Out for the Start of Summer," "World Earth Day-Lights Out for One Hour," "Clean up the World—Taiwan," "Mid-Autumn Night—Lights Out to Watch the Moon," "International Car Free Day," and other international activities promoting energy conservation, carbon reduction, and environmental protection.					
t. Each unit conducts environmental protection education on the 13th day of each month; these sessions create awareness of energy conservation/carbon emissions reduction concepts and methods for the office and everyday life, and provide tips on how to protect the environment.					
u. The Company held the "2014 Mountain and Beach Environmental Cleanup Activity," which helped instill interest in healthy habits and exercise among E.SUN employees by combining public interest/environmental protection with employees' fitness.					
(2) Community participation:					
a. The Company participated in the 2014 Taiwan Lantern Festival (Nantou County) held by the Tourism Bureau, and donated 5,000 small "Chao-Meng-Ma" hand lanterns to participants, which added to festive atmosphere.					
b. E.SUN's various branches conduct regular spontaneous neighborly early morning clean-up work on a daily basis. Before work, at 8:30 each day, teams of employees clean-up the sidewalk in front of bank buildings and the surrounding area, which shows how we are taking concrete actions to create a better living environment around us.					
c. In the Sending Love to Kaohsiung campaign, after major gas explosions occurred in Kaohsiung's Qianzhen District, E.SUN employees actively embarked on a donation drive, and together with E.SUN FHC donated NTS10 million to the Kaohsiung Bureau of Social Affairs. Apart from conveying the love and concern of E.SUN's people, we also hoped that this activity would induce a similar response in others in a chain reaction of caring, and thus provide tangible assistance in relieving stricken residents and building a new and better community.					
d. The Company has participated in a large balloon parade activity for five consecutive years. Apart from again holding the activity at Kaohsiung's Dream Mall, we also held it in Banqiao as part of New Taipei's Christmas celebration, and E.SUN volunteers and Fortune Cat mingled with members of the public, which added to the fun and excitement.					

Item	State of Operation		Summary	Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No		
(3) Social contributions and service:				
a. The Company provides fair, generous, string-free educational resources to outstanding students. To date, we have provided scholarships to a total of 75 outstanding students under the 9th "Cultivating Outstanding Management Personnel" program.				
b. The Company provides incentive money to the world's leading management journals, and established the "E.SUN Academic Award" via an agreement with National Taiwan University; this award has been given to eight recipients thus far, and is helping to boost the standards of domestic management research.				
c. The Company has held the "Big Data Opportunity Innovation Competition"—which is aimed at data scientists—for three consecutive years in partnership with SAS Taiwan, which is a leading business analysis software and professional service provider. We hope that this extension of our corporate social responsibility philosophy will help nurture even more standout academic performers and stimulate the application of advanced technology to financial services.				
d. We have responded to invitations to share our customer service experience. We hope that sharing our service philosophy and experience will improve service quality, open non-commercial channels of communication, and thereby boost the service quality consciousness and standards of society as a whole.				
e. The Company joined forces with Brain magazine to hold the "Cross-Strait Student Digital Marketing Camp," which provided university students and graduate students an opportunity to study professional marketing and submit competing proposals. The intention behind this activity was to broaden the international horizons of students in Taiwan and actively enhance Taiwan's digital marketing competence.				
f. We have invited the Vienna Boys' Choir to Taiwan for four consecutive years. Performances were held at Taitung's Arts Center, Taipei's National Concert Hall, Taoyuan's Exhibition Center, Taichung's Chungshan Hall, and Kaohsiung's Zhide Hall. We hope that the power of music will help fulfill our corporate social responsibility.				
g. We held the "For Mother—Concerts for Moms" at two locations in the Tainan and Chiayi areas respectively on the eve of Mother's Day. The concerts were jointly performed by the E.SUN Chorus, Puluo Artists' Orchestra, Southern Taiwan Science Park Experimental Elementary School, and Chiayi Xuanxin Elementary School. Through these concerts, E.SUN expressed its concern for mothers and its love for Taiwan.				
(4) Social welfare:				
a. Motivated by the spirit of long-term concern and sustainable benefit, the "E.SUN Golden Seed Project" has striven to create E.SUN libraries at elementary schools in remote areas nationwide, and thereby the reading environment and resources for school children living in isolated areas. The Company had donated 85 E.SUN libraries as of the end of 2014.				
b. The "E.SUN Concern for Schoolchildren Program" provides assistance to schoolchildren who are economically disadvantaged or have undergone sudden life changes. This program seeks to ease the burden of educational costs on families, and ensure that children can learn and grow in secure and happy circumstances. A total of 10,165 schoolchildren at 505 schools benefited from this program in 2014.				
c. A team of 30 E.SUN volunteers from throughout Taiwan participated in the "E.SUN Bicycle Ride Around Taiwan: Sending Love Everywhere" activity, which took place May 19-28, 2014. This ride around the island of Taiwan started from E.SUN's headquarters building, and the Company donated NT\$10,000 to the "E.SUN Concern for Schoolchildren Program" for each kilometer the cyclists traveled. Since the entire trip was 1,000 km in length, the Company donated a total of NT\$10 million, which helped 5,000 underprivileged schoolchildren to learn and grow without worries.				
d. The "E.SUN Volunteer Passports" encouraged E.SUN employees to contribute to society in their spare time by participating in various public interest activities held by bank departments and external organizations.				
e. In order to promote youth baseball in Taiwan, the Company has provided resources for the development of youth baseball, and established the "E.SUN Youth Baseball Development Fund." Money from the fund is being systematically used for the "E.SUN Cup Youth Baseball Championship," "E.SUN Youth Baseball Protection Camp," "E.SUN Youth Baseball Pitching and Catching Camp," and "E.SUN Concern for Baseball Teams in Remote Areas Program." Furthermore, as of the end of 2014, we had provided funds for baseball equipment used by teams at 20 schools, including Luxing High School, Yuli High School, National Tainan Senior Marine Fishery Vocational School, Meihu Middle School, and Mailiao High School. And in order to establish an even stronger foundation for youth baseball in Taiwan, E.SUN further invited major league coaches to serve as guest lecturers and impart ball-playing skills, fitness suggestions, and psychological tips.				
f. The Company regularly holds blood drives entitled "One Simple Act of Love can Inspire Others to Love" in February and August of each year, and collected 4,636 bags of donated blood in 2014. We called on employees, neighbors, and customers to participate in this tangible public interest activity, and the enthusiastic response helped ensure sufficient reserve supplies of medical blood.				
g. We continued to hold the "Caring for Children in Need" activity, and conducted 20 sessions in 2014. E.SUN volunteers accompanied children from orphanages (including Bodani, Victory Home, Yuena Jiayuan, and Southern Taiwan Children's Home) in activities such as professional baseball games, saxophone concerts, and exhibitions, etc., as well as clean-up sessions and visits to nursing homes, which helped bring love to every place it is needed.				
h. The Company cooperated with Yushan National Park Administration sponsor a shift to growing organic rice at Nanan Village in Hualien County. This action helped farmers and provided tangible support to agriculture in Taiwan.				
i. The Company held the "Rainbow Hope" social welfare activity in conjunction with the innovation and entrepreneurship program at National Taiwan University. This activity successful raised NT\$1 million, and helped efforts to rebuild Hakai Village, Fuxing Township, Taoyuan County in the wake of typhoon damage.				
(5) Consumers' rights and interests:				
Whenever we provide products or services, if there are any items requiring customers' attention or if usage instructions should be provided, in accordance with the competent authority's regulations, we specifically status customers' rights and interests in contracts, products, DMs, and other relevant informative documents, or post this information on the Company website. By insuring full understanding by customers and other members of the public, we protect the rights and interests of both parties.				
(6) Human rights:				
a. Employees are the Company's most valuable assets, and E.SUN places great emphasis on employee development. To date, there have been no labor-management disputes causing losses at the Company or its subsidiaries, and labor-management relations have remained harmonious. The Company provides labor insurance, health insurance, and group insurance to employees, and has established a leave/vacation system and employee retirement regulations in accordance with the Labor Standards Act. The Company has further drafted "Sexual Harassment Prevention, Appeal, and Disciplinary Measure Rules" in accordance with the Act of Gender Equality in Employment.				
b. The Company has invited partners and major vendors to jointly sign the "Human Rights and Environmental Sustainability Pledge," which sets a positive example and maximizes the influence of the Company's social responsibility.				
(7) Health and safety:				
a. Apart from hardware protective devices, all units conduct safety drills in accordance with plans established by Company headquarters. The Company also occasionally arranges for managers and personnel to participate in labor health and safety manager training classes and first aid personnel training classes held by the Industrial Safety and Health Association of Taiwan; following these training sessions, the Company also conducts internal education and training aimed at enhancing employees' workplace safety and achieving the goal of a zero-accident workplace.				
b. In order to maintain a secure workplace and protect the safety of customers and employees, all business locations are equipped with security systems and have security personnel on the premises.				
c. To protect employees' health and dietary safety, taking Company headquarters and Dengfeng Building as an example, we perform on-site inspections of food suppliers with no early warning.				
d. In order to curb smoking among employees, the Company is actively promoting a smoke-free workplace, and has established a no-second-hand smoke working environment. In addition, the Company has been assessed by the Health Promotion Administration, Ministry of Health and Welfare as meeting "Healthy Workplace Certification - Tobacco Control Mark" requirements.				
e. As part of our campaign to establish a healthy working environment for employees, E.SUN has been assessed by the Health Promotion Administration, Ministry of Health and Welfare as meeting "Healthy Workplace Certification - Health Promotion Mark" requirements.				
f. To ensure employees' health and safety, and promote loyalty, E.SUN continues to engage professional healthcare organizations to provide annual health check-ups to employees. The Company also provides health classes and training, including "liver health and prevention of liver disease" and "stress relief and weight loss," as part of its efforts to enhance colleagues' health awareness and improve health management.				
g. The Company has provided new mothers with comfortable spaces for nursing, and the nursing rooms have received Taipei City Health Department Superior Nursing Room certification.				
7. Please specify if the Company's CSR Report has been certified by an independent certification institution:				
Firmly committed to honoring its corporate social responsibility, E.SUN FHC's 2013 CSR Report was granted both Global Reporting Initiative (GRI) G4 and AA1000 certification. Also available in English, the said report can be downloaded at the following website: <a href="http://www.esunfhc.com.tw/csr/csrinfo">http://www.esunfhc.com.tw/csr/csrinfo</a>				



## (6) State of E.SUN Achieving Trustworthy Operations and Related Measure

Item	State of Operation			Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1) Does the Company specify its ethical management policy and measures in internal regulations and external documents, and does the Board of Directors and management honor their pledge to enforcing the aforesaid policy?</p> <p>(2) Does the Company adopt an unethical conduct prevention program in which operational procedures, behavioral guidelines, and a mechanism for punishment of and appeal for alleged violations are clearly defined, and enforce it without fail?</p> <p>(3) Does the Company adopt preventive measures against practices listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies or other business activities with higher risk of being linked to unethical conduct?</p>	V		<p>(1) Based on a board of directors resolution, the Company has established a set of "Ethical Corporate Management Principles, Operational Procedures and Guidelines (hereafter "Ethical Corporate Management Principles," applicable to the Company as well as its subsidiaries). It spells out E.SUN's ethical corporate management policy, which is specified through such channels as the corporate website, external documents and investor briefings. Meanwhile, it also specifies that the board of directors shall exercise the due care of a good administrator to urge the Company to prevent unethical conduct, always review the results of preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policy.</p> <p>(2) To effectively forestall unethical conduct, the Company makes ethical corporate management an integral part of its evaluation of employee performance and human resources policy. It has also established a clearly defined, effective system for setting rewards/penalties and handling complaints.</p> <p>(3) Standing by ethical principles and committed to honest business, the Company refrains from engaging in business activities within its business scope that may incur a higher risk of committing acts of unethical conduct, and makes it a point to strengthen preventive measures. Meanwhile, the Company refrains from offering political donations as it is set to uphold political neutrality.</p>	No difference
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the records of ethical/unethical conduct of its business counterparties and explicitly spell out code of ethics provisions in contracts signed with the latter?</p> <p>(2) Does the Company establish a unit under the Board of Directors that is exclusively or concurrently responsible for promoting ethical management, and reports its status of implementation to the board on a regular basis?</p> <p>(3) Does the Company adopt a policy for avoiding conflicts of interest, provide appropriate means for reporting on any such conflict, and implement them without fail?</p> <p>(4) To enforce ethical management, does the Company establish effective accounting and internal control systems that are subject to regular inspection of an internal auditing department or audit by externally engaged CPAs?</p> <p>(5) Does the Company offer internal and external training with regard to ethical management on a regular basis?</p>	V		<p>(1) In the Ethical Corporate Management Principles, it is specified that the Company shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance.</p> <p>(2) The Company's Corporate Governance and Nomination Committee is charged with the duty of setting and enforcing its ethical management policy and program for prevention of unethical conduct. The committee is also responsible for mapping out, implementing, and interpreting behavioral guidelines; handling queries and consultations; and registering and archiving related reports. Meanwhile, the committee is supposed to report its status of implementation to the Board of Directors on a regular basis.</p> <p>(3) The Ethical Corporate Management Principles shall specify policies for preventing conflicts of interests and provide a viable communication and complaint system. Employees can file reports through a number of channels to management and the human resources department.</p> <p>(4) The Company has established an effective accounting system that prohibits any outside or secret accounts. On top of an effective internal control system, the Company has also established an internal audit unit under the board of directors; it is required to report to the audit committee and the board at least once each quarter</p> <p>(5) The Company undertakes training with regard to ethical service principles and behavioral guidelines on a regular basis. All employees are required to take the said training courses and pass tests afterwards.</p>	No difference
<p>3. Status of the Company's implementation of its mechanism for handling informants and their information:</p> <p>(1) Does the Company establish a mechanism that incentivizes informants to step forward, put in place channels convenient for taking such action, and assign appropriate personnel to handle such cases?</p> <p>(2) Does the Company set a standard operating procedure (SOP) for handling reports from informants and adopt a mechanism for keeping confidentiality?</p> <p>(3) Does the Company adopt measures to make sure that informants do not undergo improper treatment because of their stepping forward?</p>	V		<p>(1) The Company incorporates ethical management into its employee performance evaluation and human resources policy. A clearly defined, effective system of rewards and penalties is established, and multiple smooth, convenient channels are offered for employees to present information to both different levels of the management and the human resources department. Based on the Company's pertinent operating procedure, such cases are then transferred to the relevant dedicated unit, that is, the Administrative Management Section (Legal Affairs).</p> <p>(2) When handling allegations against unethical conduct performed by its employees, the Company shall abide by pertinent laws and regulations as well as internal rules and operating procedure while conducting investigations. Throughout the process, the identity of informants and content of their information shall be kept confidential.</p> <p>(3) The Company shall always keep the identity of any informant secret and offer personal protection so that the latter is not subject to mistreatment or targeted for revenge.</p>	No difference
<p>4. Strengthening of information disclosure</p> <p>Does the Company disclose the content and implementation status of its Principles for Ethical Management on its own website and the TWSE's Market Observation Post System website?</p>	V		<p>The Company makes public its ethical corporate management principles and behavioral guidelines as well as other related measures both on its own website and on the TSE's Market Observation Post System website.</p>	No difference
<p>5. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe the Company's implementation of the principles and any discrepancy therein and explain why: None.</p>				
<p>6. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management (e.g., amending its own ethical corporate management principles): the Company's ethical corporate management principles and practices are subject to reexamination and readjustment whenever warranted. With "Pure as Jade, Sturdy as Mountain" as its hallmark, E.SUN is committed to making "a paradigm of the financial services industry and a bellwether of the service industry." Over the years E.SUN has taken action to show care for society and honor its commitment to Taiwan. To be sure, E.SUN aims to be recognized as not only the best-performing enterprise but also the most-respected one in Taiwan.</p>				

## (7) Methods of referencing corporate governance guidelines and related regulations

Please refer to [http://www.esunfhc.com.tw/ir/about\\_cg.info](http://www.esunfhc.com.tw/ir/about_cg.info)

## (8) Other important information enhancing understanding of the state of the Company's corporate governance

The corporate governance self-evaluate report has been produced and disclose on Market observation post system

## (9) Training of Board Directors

Title	Name	Date of Election	Host Organization	Training Course	Training Hours	Does training conform to relevant regulations?
Juristic-Person Director's Representative	Gary K.L. Tseng	2014.06.20	Taiwan Corporate Governance Association	Duties of Board Directors in M&A Deals	3	Yes
Juristic-Person Director's Representative	Joseph N.C. Huang	2014.06.20	Taiwan Academy of Banking and Finance	267 <sup>th</sup> Workshop for Trust Industry Managers	6	Yes
Juristic-Person Director's Representative	Jackson Mai	2014.06.20	Taiwan Corporate Governance Association	Looking at Transactions Between Related Parties From Perspective of Corporate Governance: Controlled vs Not Controlled	3	Yes
Juristic-Person Director's Representative	Chiu-Hsiung Huang	2014.06.20	Taiwan Corporate Governance Association	Corporate Governance and Intellectual Property	3	Yes
Independent Director	Chen-En Ko	2014.06.20	Taiwan Corporate Governance Association	Revisions to the Business Mergers and Acquisitions Act; Duties of Directors and Supervisors in M&A Deals; Functioning of the Independent Review Committee	1	Yes
				Outlook for Taiwan's Corporate Governance—A Blueprint	1	
				Principle of Proportionality for Liabilities of Directors in Compensation for Damage Deriving from Third-Party Infringement; Liabilities of Shadow Directors	3	
				Duties of Board Directors in M&A Deals	3	
				Hong Kong can. What about Taiwan?	1	
Independent Director	Ji-Ren Lee	2014.06.20	Taiwan Corporate Governance Association	Liabilities of Public Company Board Directors	3	Yes
			Accounting Research and Development Foundation	Liabilities of Businesses Requesting for Intercession With Influence (Risk Involved and Actual Cases)	3	
Independent Director	Chen-Chen Chang Lin	2014.06.20	Taiwan Academy of Banking and Finance	Legislation of Trust Practices—Trust Law and Practical Issues	3	Yes
			Taiwan Corporate Governance Association	Reflecting on Major Corporate Corruption Scandals—Seizure and Confiscation of Criminal Assets	3	Yes
Independent Director	Hsin-I Lin	2014.06.20	Securities and Futures Institute	Functions of Directors/Supervisors as Part of Corporate Governance; Audit Committee in Practice	3	Yes
Juristic-Person Director's Representative	Ron-Chu Chen	2014.06.20	Taiwan Corporate Governance Association	Approaching Corporate Governance as a First-Time Director/Supervisor and Building Capacity for Doing an Expertly Job	3	Yes
				Liabilities of Directors and Supervisors for Falsehood in Material Information and Financial Statements	3	
				Crime and Punishment of Insider Trading: An Analysis of Actual Cases	3	
				Risk Management in Practice	3	
Juristic-Person Director's Representative	Chien-Li Wu	2014.06.20	Taiwan Corporate Governance Association	Techniques for Investigating Fraudulence in Financial Statements	3	Yes
			Taiwan Academy of Banking and Finance	C-Series Forum for Decision-Making Executives—New Role and Functions of CFOs	3	
Juristic-Person Director's Representative	Magi Chen	2014.06.20	Taiwan Corporate Governance Association	Race for Taiwanese Businesses to Reinvent Themselves	3	Yes
				Liabilities of Directors and Supervisors for Falsehood in Material Information and Financial Statements	3	
				Looking at External Audit and Internal Control From the Perspective of Directors/Supervisors	3	
				Crime and Punishment of Insider Trading: An Analysis of Actual Cases	3	
			Taiwan Academy of Banking and Finance	Workshop for Supervisory Personnel in the Trust Industry	3	
Juristic-Person Director's Representative	Ben Chen	2014.06.20	Taiwan Corporate Governance Association	Crime and Punishment of Insider Trading: An Analysis of Actual Cases	3	Yes
				Sustainable Business and Innovative Management	3	
				Risk Management in Practice	3	
				Obligations of Public Companies and Directors/Supervisors under the Securities and Exchange Act: An Analysis of Actual Cases	3	

## (10) Training for Managers

Title	Name	Date of Appointment	Host Organization	Training Course	Training Hours
President & CSO	Joseph N.C. Huang	2008.07.16	Taiwan Academy of Banking and Finance	On-the-Job Training for Supervisory Personnel of the Trust Industry	6
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (1 <sup>st</sup> Class)	138
Deputy President	Suka Chen	2012.01.07	Taipei Foundation of Finance	Symposium on Cross-Strait Financial Cooperation	13
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (2 <sup>nd</sup> Class)	124
CFO	Magi Chen	2004.02.13	Natixis	Symposium on Trends and Development of Financial Strategies	64
			Taiwan Corporate Governance Association	Crime and Punishment of Insider Trading	3
				Race for Taiwanese Businesses to Reinvent Themselves	3
				Looking at External Audit and Internal Control From the Perspective of Directors/Supervisors	3
				Liabilities of Directors and Supervisors in Information Disclosure	3
			Taiwan Academy of Banking and Finance	On-the-Job Training for Supervisory Personnel of the Trust Industry y	3
SEVP	Ben Chen	2014.01.24	National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (3 <sup>rd</sup> Class)	71
			Taiwan Corporate Governance Association	Crime and Punishment of Insider Trading	3
				Lessons on Corporate Sustainability and Innovation	3
				Risk Management in Practice	3
				Obligations of Directors and Supervisors Under the Securities and Exchange Act	3
CHO	J.C. Wong	2002.01.28	Taiwan Academy of Banking and Finance	REITS Workshop	6
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (1 <sup>st</sup> Class)	138
SEVP	Mao-chin Chen	2014.01.24	Taiwan Academy of Banking and Finance	On-the-Job Training for Supervisory Personnel of the Trust Industry	6
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (1 <sup>st</sup> Class)	138
SEVP	Shui-chin Shen	2012.01.07	Taiwan Stock Exchange	Seminar on Business Credibility and Corporate Responsibility	3
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (1 <sup>st</sup> Class)	138
			Taiwan Securities Association	Corporate Governance and Corporate Social Responsibility	3
				Challenges Facing Taxation Policy	3
				From IFRSs Adoption to Corporate Governance and Risk Management	3
			Taiwan Stock Exchange	Seminar on Credible Management and Corporate Social Responsibility of TWSE/GTSM-Listed Companies	3
			Taiwan Securities Association	Seminar for Responsible Persons of Securities Firms	2
SEVP	L.C. Lin	2012.01.07	Taiwan Academy of Banking and Finance	Expanding Corporate Banking Business in China	3
			Taiwan Securities Association	Forum on Banking Industry Backing Cultural/Creative Ventures	6
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (2 <sup>nd</sup> Class)	124
SEVP	Joseph Shue	2014.01.24	HSBC	HSBC China Forum	16
			Bank of China	Symposium on Cross-Strait RMB Services	40
			Taipei Foundation of Finance	Symposium on Cross-Strait Financial Cooperation	13
			SG Securities	Beijing Symposium	24
			Taiwan Academy of Banking and Finance	Renminbi Summit Forum	6
				Symposium on Critical Issues in Cross-Strait Financial Exchanges	9
			Taiwan Stock Exchange	Symposium on Outlook for Formosa Bonds	3
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (2 <sup>nd</sup> Class)	124
SEVP	Wu-ming Hsieh	2014.01.24	Taiwan Academy of Banking and Finance	International Symposium on Prevention of Money-Laundering	7
			National Taiwan University College of Management	Global Entrepreneur Workshop	40
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (3 <sup>rd</sup> Class)	71
			Taiwan Stock Exchange	Seminar on Credible Management and Corporate Social Responsibility of TWSE/GTSM-Listed Companies	3
				From IFRSs Adoption to Corporate Governance and Risk Management	3
				Impact of Shanghai-Hong Kong Stock Connect on Taiwan's Capital Markets	3
			Taiwan Securities Association	Liabilities of Bribery in the Conduct of Business & a Study of Cases	3

Title	Name	Date of Appointment	Host Organization	Training Course	Training Hours
SEVP	Jung-hua Lin	2014.01.24	National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (1 <sup>st</sup> Class)	138
General Auditor	Chien-hua Cheng	2013.09.13	Taiwan Academy of Banking and Finance	'Double-Ten Trends' Forum for Financial Industry	6
				Workshop for Auditors	15
			Financial Supervisory Commission	Seminar on Internal Audit of Financial Holding Companies	3
			E.SUN Bank	Self-Audit Workshop	12
				Seminar on Audit Operations	2
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (3 <sup>rd</sup> Class)	71
CAO	Kuan-her Wu	2002.01.28	Deloitte & Touche	Reminders for Shareholders' Meetings	2.5
			Accounting Research and Development Foundation	Analysis of IFRS Policy Guidelines	9
				TSE Advanced Program for Accounting Officers	12
			GreTai Securities Market	Seminar on International Practices for Financial Statements	3
EVP	Scott Chou	2002.01.28	Sinyi Realty	Taiwan Real Estate Forum	2
CIO	Wan-li Hsieh	2012.03.23	E.SUN Bank	Workshop on Information Services Management	15
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (3 <sup>rd</sup> Class)	71
CRO	Oliver Shieh	2011.03.18	Taiwan Academy of Banking and Finance	On-the-Job Training for Supervisory Personnel of the Trust Industry	3
				Seminar for Finance Heads of Creative Ventures	12
			Chinese International Economic Cooperation Association	Joint Conference of ROC-Australia & Australia-Taiwan Business Councils	5
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (3 <sup>rd</sup> Class)	71
CMO	Bright Wen	2012.01.07	E.SUN Bank	Program on Marketing Production and Distribution Marketing	3
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (2 <sup>nd</sup> Class)	124
			Taiwan Stock Exchange	Seminar on Credible Management and Corporate Social Responsibility of TWSE/GTSM-Listed Companies	3
			Taiwan Securities Association	From IFRSs Adoption to Corporate Governance and Risk Management	3
				Liabilities of Bribery in the Conduct of Business & A Study of Cases	3
				Applying for GTSM Listing/Emerging Board Registration: Analysis of Regulations and a Study of Cases	3
CBO	Daniel Tsai	2014.06.26	E.SUN Bank	Program on Marketing Production and Distribution Marketing	3
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (1 <sup>st</sup> Class)	138
			Teamwell Management Consulting Co., Ltd.	Program on Dynamic Strategic Planning	7.5
Head of Legal Compliance	Fion Ou Yang	2012.05.04	Chinese National Association of Industry and Commerce	Seminar on Cross-Strait Agreement on Trade in Services	2.5
			Taiwan Academy of Banking and Finance	Symposium on Critical Issues in Cross-Strait Financial Exchanges	9
				Seminar for Heads of Legal Compliance	3
				Seminar on International Trends in Regulatory Compliance	7
			Deloitte & Touche	Reminders for Shareholders' Meetings	2.5
			Bankers Association	Program for Core Legal Affairs Talent	14
			Securities and Futures Institute	Briefing on Regulatory Compliance in Stock Trading	3
			National Taiwan University College of Management/E.SUN Bank	Leadership Program of E.SUN Excellence Academy (3 <sup>rd</sup> Class)	71

## (11) Internal Control

### E.SUN FHC Statement of Internal Control System

Date: March 20, 2015

On behalf of E.SUN Financial Holding Co., Ltd., we hereby declare that the Company, pursuant to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, did establish an internal control system and conduct risk management from January 1 through December 31, 2014. In the meantime, an impartial and independent entity was called in to conduct audit and report its findings to the Company's Audit Committee and Board of Directors on a regular basis. Based on a meticulous review, we affirm that all departments of the Company had been able to effectively enforce internal control and compliance-related measures during the said period, except for matters listed in the table attached below. This Statement will be an integral part of E.SUN FHC's Annual Report for the year 2014 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the aforementioned items to be disclosed will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

To the Financial Supervisory Commission

Declarers

Chairman

*Yung-Gen Huang*

President

*Joseph Huang*

Chief Auditor

*Chien-Hua Cheng*

Chief Compliance Officer

*Fion Ou Yang*

**E.SUN FHC's Internal Control System—Items in Need of Improvement & Status of Improvement**  
(Record Date: December 31, 2014)

Item in Need of Improvement	Corrective Measure	Scheduled Time of Completion
Subsidiary E.SUN Bank In terms of assigning derivatives trading quota to customers, the necessity of taking into account their foreign currency revenues and forex hedging needs based on trading experience of the past as well as affirming the purpose of their trading	E.SUN Bank has revised its set of Guidelines Governing Risk Exposure Quota for Derivatives Trading and enforced it without fail. A summary is as follows: 1. On top of stringent KYC customer evaluation for derivatives trading, a new distinction is now drawn between hedging and non-hedging purposes for the setting of different limit. 2. Evaluation criteria are now differentiated for setting hedging limit and non-hedging limit, taking into account the industry where customers operate and the risks they are likely to encounter over the course of business operations as well as customers' financial health and risk appetite. 3. Pursuant to the Self-Regulatory Rules for Banks Dealing in Financial Derivatives, E.SUN Bank has introduced a new requirement for customers to come up with collateral for their non-hedging transactions. Moreover, customers are required to provide data with regard to their trading limit at other financial institutions.	Improvement already completed
Subsidiary E.SUN Bank In conducting the derivatives business, the necessity of conducting KYC and KYP evaluation and assessing customers' risk appetite, fully disclosing the risks involved, and reviewing operational procedures in accordance with the newly revised self-regulatory rules	1. Pursuant to the Self-Regulatory Rules for Banks Dealing in Financial Derivatives and Self-Regulatory Rules for Risk Management by Banks Dealing in Financial Derivatives, E.SUN Bank has revised internal control and operational procedures and established a better-rounded risk control and management mechanism. 2. E.SUN Bank has revised its Guidelines for Engaging Customers in Derivatives Trading, pursuant to which qualified TMO salespeople shall be responsible for pitching sales, explaining the risks involved, and conducting KYC verification, that is, learning about the currencies used by a given company in making and collecting payments, as well as its financial capacity, hedging and non-hedging needs, and prior experience, if any, in trading derivatives. Relationship managers (RMs), on the other hand, shall be prohibited from introducing or helping promote products cited above.	Improvement already completed
Subsidiary E.SUN Bank Keeping behalf of customers, of blank documents bearing their signatures and/or name seals meant for transactions	The cases in question have been duly dealt with. Education and training has been strengthened to prevent future incidence.	Improvement already completed
Subsidiary E.SUN Bank Compliance with the central bank's guidelines governing extension of mortgages for purchasing high-priced homes in specific areas	While the original loans in cases in question have been repaid, the subsequent new lending was handled in accordance with central bank regulations. Education and training has been strengthened to prevent future incidence.	Improvement already completed
Subsidiary E.SUN Bank Compliance with the central bank's guidelines governing extension of mortgages for home purchases in specific areas	While the original loans in cases in question have been repaid, education and training has been strengthened to prevent future incidence.	Improvement already completed
Subsidiary E.SUN Bank Compiling and reporting statistics pursuant to Article 72-2 of the Banking Act	While the original loans in cases in question have been repaid, the subsequent new lending was handled in accordance with regulations. Systematic control has been strengthened to prevent future incidence.	Improvement already completed
Subsidiary E.SUN Bank Reporting and registration of irregular cash transactions	The cases in question have been rectified. Education and training has been strengthened to prevent future incidence.	Improvement already completed
Subsidiary E.SUN Insurance Broker Conducting of telemarketing activities	1. Streamlining of telemarketing procedure 2. The issue in question should be included as a priority for random monitoring and evaluation.	Improvement already completed

## (12) Legal Infractions and Punishment and Major Shortfalls of the FHC and Subsidiaries and the State of Improvement over the Past Two Years

- a. Litigation filed by prosecutors of E.SUN's managers or employees in the line of work: None.
- b. Fines levied by the FSC for Regulatory Violations:
  - (a) E.SUN FHC subsidiary E.SUN Bank, while undertaking marketing of financial products, was determined to have failed to establish a well-rounded internal control system or to implement it faithfully. Pursuant to Paragraph 1, Article 45-1 of the Banking Act, the competent authority slapped a fine of NT\$4 million. In turn, Bank SinoPac has reexamined and modified its operational procedures and guidelines as well as established a fitting risk control and management mechanism.
  - (b) E.SUN FHC subsidiary E.SUN Insurance Broker's salespeople, while undertaking telemarketing, were determined to have solicited purchases by resorting to an improper sales pitch. Pursuant to Paragraph 5, Article 39 of the Regulations Governing Insurance Brokers, the competent authority slapped a fine of NT\$600,000. In turn, E.SUN Insurance Broker has modified its internal regulations governing sales pitches and provided salespeople with additional training that focuses on the deficiency in question. Meanwhile, frontline supervisors are now required to monitor daily telemarketing in progress so that they can give real-time instructions on improvement when warranted. All deficiencies of the kind have now been rectified.
- c. Irregularities, if any, of which prompt correction is ordered by the Financial Supervisory Commission:
  - (a) Subsidiary E.SUN Bank violated the regulation by not reporting its consolidated revenue of May 2013 within 10 days of coming month. In compliance with the competent authority's order for the Bank to take necessary rectifying measures, the Bank has reviewed all report procedures and established system for external report procedure, through reminding and warning notice, Bank are able to lower the risk.
  - (b) E.SUN FHC subsidiary E.SUN Bank, while undertaking marketing of financial products, was determined to have failed to establish a well-rounded internal control system or to implement it faithfully. Besides slapping a fine, the competent authority also issued an order for corrective action.
- d. Adverse decision(s), if any, by the Financial Supervisory Commission under Article 54bis of the Banking Act: None
- e. Losses, if any, resulting from events of corruption of personnel, serious accidents or incidents of security failure due to failed compliance with the Security Maintenance Requirements of Financial Institutions, of which the amount incurred during the period or cumulative actual amount incurred exceeds NT\$50 million (where serious accidents means events of fraud, theft, misappropriation and embezzlement of company assets, false transactions, forgery of evidence and securities, acceptance of kickbacks, acts of Nature, external forces, computer hacking, theft of data and divulgence of trade secrets and customer information): None.
- f. Other disclosures, if any, designated by the Financial Supervisory Commission: None.



## 5. Information on CPAs

### (1) Information on Fees for CPAs

CPA Firm	CPAs		Period of Audit	Note
Deloitte & Touche	Huang Jui-Chan	Lai Kwan-Chung	2014	

#### Range of Fees for CPAs

Unit: NT\$ thousand

Item		Audit Fee	Non-Audit Fees	Total
Range of Fees				
1	Less than NT\$2,000		V	
2	NT\$2,000-4,000	V		
3	NT\$4,000-6,000			V
4	NT\$6,000-8,000			
5	NT\$8,000-10,000			
6	More than NT\$10,000			

Unit: NT\$ thousand

CPA Firm	CPAs	Audit Fee	Non-Audit Fees					Subtotal	Period of Audit	Note
			System Design	Business Registration	Human Resources	Others (Note)				
Deloitte & Touche	Huang Jui-chan	3,500	0	155	0	856	1,011	2014		
	Lai Kwan-Chung									

Note: Other non-audit fees include those for seeking administrative relief for fee- or tax-related cases, reviewing the checklists and basic information tables intended for capital increase applications as well as transfer pricing reports, and going over data in annual reports meant for shareholders' meetings.

### (2) Information on Changing CPAs

Due to the internal adjustment of Deloitte Taiwan, the CPAs for E.SUN FHC changed to Mr. Huang Jui-Chan and Mr. Lai Kwan-Chung from Ms. Chen Li-Chi and Mr. Lai Kwan-Chung since 1st quarter of 2013.

### (3) Where the Company's chairman, president, and managers responsible for financial or accounting affairs have within the last year held office in the Company's CPA firm or any of its affiliated enterprises: None.

## IV. Capital Overview



# 1. Capital and Dividend

## (1) Source of Capital

### a. Issued Shares

2015.3.30 Unit: million shares, NT\$ million

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in 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	2,768	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	-
2009.9.7(note 6)	10	5,000	50,000	3,653	36,528	Retained Earnings	-
2010.9.9(note 7)	10	5,000	50,000	3,803	38,033	Retained Earnings	-
2011.9.15(note 8)	10	5,000	50,000	4,075	40,750	Retained Earnings	-
2011.11.11(note 9)	10	5,000	50,000	4,575	45,750	Rights offering	-
2012.9.18(note 10)	10	10,000	100,000	4,811	48,107	Retained Earnings	-
2012.11.6(note 11)	10	10,000	100,000	5,011	50,107	Rights offering	-
2013.7.16(note 12)	10	10,000	100,000	5,524	55,243	Retained Earnings	-
2014.2.20(note 13)	10	10,000	100,000	5,763	57,643	ECB Conversion	-
2014.5.19(note 14)	10	10,000	100,000	6,463	64,634	Rights Offering	-
2014.9.12(note 15)	10	10,000	100,000	7,053	70,530	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 09101428420.

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.

Note7: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 20, 2010 granted approval for issuance in its letter Zidi 0990036370. In addition, the Ministry of Economic Affairs on Sep. 9, 2010 approved amended registration in its letter Zidi 09901201760.

Note8: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 25, 2011 granted approval for issuance in its letter Zidi 1000033362. In addition, the Ministry of Economic Affairs on July. 25, 2011 approved amended registration in its letter Zidi 10001216150.

Note9: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 15, 2011 granted approval for issuance in its letter Zidi 1000031758. In addition, The board has approved to issue 500,000,000 shares with NT\$15 per share(NT\$10 face value) on July. 29, 2011.

Note10: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on Sep. 18, 2012 granted approval for issuance in its letter Zidi 1010030640. In addition, the Ministry of Economic Affairs on Sep. 18, 2012 approved amended registration in its letter Zidi 10101191510.

Note11: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on Nov. 6, 2012 granted approval for issuance in its letter Zidi 1010045676. In addition, the Ministry of Economic Affairs on Nov. 6, 2012 approved amended registration in its letter Zidi 10101223560.

Note12: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 16, 2013 granted approval for issuance in its letter Zidi 1020026708. In addition, the Ministry of Economic Affairs on Sep. 4, 2013 approved amended registration in its letter Zidi 10201180450.

Note13: The Department of Commerce, Ministry of Economic Affairs on Feb. 20, 2014 granted approval for ECB conversion in its letter Zidi 10301030090 with total amount of NT\$ 2,390,794,320.

Note14: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on Mar. 21, 2014 granted approval for issuance in its letter Zidi 1030007372. In addition, the Ministry of Economic Affairs on May 19, 2014 approved amended registration in its letter Zidi 10301089620.

Note15: The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on Jul. 22, 2014 granted approval for issuance in its letter Zidi 1030026909. In addition, the Ministry of Economic Affairs on Sep 12, 2014 approved amended registration in its letter Zidi 10301188300.

## b. Types of Shares

2015.3.30 Unit: Thousand Shares%

Share Type	Authorized Capital			Note
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	7,053,000,000	2,947,000,000	10,000,000,000	-

Note: The issued shares are listed shares

## c. State of application for corporate bond: None

## (2) State of Shareholders

2014.12.31 Unit thousand shares%

Share Type	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	6	17	313	95,761	748	96,845
Shareholdings	5,069	233,815	1,289,976	1,460,204	4,063,936	7,053,000
Ownership	0.07	3.32	18.29	20.71	57.61	100

## (3) Shareholding Distribution Status

Common Shares (The par value for each share is NT\$10)

2014.12.31 Unit Thousand Shares, %

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	40,365	8,829	0.13
1,000~5,000	29,741	68,262	0.97
5,001~10,000	8,202	58,431	0.83
10,001~15,000	4,422	54,534	0.77
15,001~20,000	2,469	42,895	0.61
20,001~30,000	3,299	82,830	1.17
30,001~50,000	3,181	118,089	1.67
50,001~100,000	2,171	151,026	2.14
100,001~200,000	1,225	171,381	2.43
200,001~400,000	706	196,785	2.79
400,001~600,000	270	130,760	1.85
600,001~800,000	151	105,681	1.50
800,001~1,000,000	103	92,229	1.31
1,000,001~	540	5,771,268	81.83
Total	96,845	7,053,000	100

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

## (4) List of Major Shareholders

2014.12.31 Unit Thousand Shares, %

Shareholding name	Shareholding	Percentage (%)
Saudi Arabian Monetary Agency	266,055	3.77%
First State Investments	258,455	3.66%
Ron-Yuan Investment Co.,Ltd.	208,880	2.96%
E.SUN Commercial Bank Trust Fiduciary trust account	174,498	2.47%
ABU DHABI Investment Authority	148,883	2.11%
Vanguard Emerging Markets Stock Index Fund	125,006	1.77%
Dimensional Emerging Markets Value Fund	85,989	1.22%
Allcan Investment	82,324	1.17%
Universities Superannuation Scheme Limited	80,475	1.14%
Hsin Kang Investment Co.,Ltd.	79,065	1.12%

Note: the list above shows the top 10 shareholders.

## (5) Market Prices, Net Worth, Earnings, and Dividends Per Share

Item		Year	2014	2013	Year to date (as of March 30, 2015) (Note 8)
Market Prices Per Share (Note 1)	Highest		20.80	20.60	19.85
	Lowest		17.90	15.80	18.80
	Average		19.14	18.57	19.32
Net Worth Per Share (Note 2)	Before distribution		15.15	14.96	-
	After distribution	Note 7		14.64	-
EPS	Weighted average number of shares		6,769,387	5,536,158	7,084,118
	Original EPS (Note 3)		1.56	1.53	-
	Adjusted EPS		-	1.40	-
Dividend Per Share	Cash dividend		0.45	0.28	-
	Distribution of bonus shares	Stock dividends from retained earnings	0.90	0.89	-
		Stock dividends from capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on Investment	P/E ratio (Note 4)		12.27	12.14	-
	Dividend yield (Note 5)		42.53	59.90	-
	Cash dividend yield (Note 6)		2.35	1.67	-

Note 1: The highest and lowest market prices in each given year; average market prices calculated by taking into account each year's market turnover value and amount.

Note 2: Based on the number of shares already issued as of the end of each given year and on earnings distribution approved by the shareholders' meeting of the following year.

Note 3: Where there is need for retroactive adjustment due to distribution of bonus shares, earnings per share shall be reported for both before and after the said distribution.

Note 4: Price to earnings ratio = earnings per share divided by average closing price per share for a given year.

Note 5: Price to dividend ratio = cash dividends per share divided by average closing price per share for a given year.

Note 6: Cash dividend yield = average closing price per share for a given year divided by cash dividends per share.

Note 7: Earnings distribution for 2014 yet to be approved by the 2015 shareholders' meeting

Note 8: Numbers as of March 30, 2015 calculated by using unaudited data with regard to net worth per share and the weighted average number of shares.

## (6) Dividend Policy and Implementation Status

### a. 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.

### b. Proposed Distribution of Dividend

It was proposed at the 2014 shareholders' meeting that shareholders would be entitled to a stock dividend of NT\$0.90 per share, totaling NT\$6,347,700,000, as well as a cash dividend of NT\$0.45 per share, or a total of NT\$3,173,850,000. Combined, the Company was to pay out NT\$9,521,550,000, or NT\$1.35 per common share, in dividends.

## (7) The impact of the stock dividend distribution for the latest year on the Company's business performance and earnings per share:

In line with the Regulations Governing the Publication of Financial Forecasts of Public Companies and Criteria for the Compulsory Publication of Complete Financial Forecasts by TWSE-Listed Companies, the Company did not publish such forecasts for 2014. This item of disclosure is not applicable as the Company cannot disclose predictive information on its finances.



## (8) Profit-Sharing for Employees and Compensation for Directors

a. Information on profit-sharing for employees and other proposals approved by the Board of Directors:

(a) Profit-sharing in cash and stock for employees as well as compensation for directors: Profit-sharing for employees in cash of NT\$7,179,690, in stock of NT\$277,091,200 and NT\$90,000,000 in compensation for directors.

(b) The percentage of the proposed profit-sharing in stock for employees against net income plus the total profit-sharing for employees: 2.56%.

(c) Earnings per share calculated by taking into account the proposed profit-sharing in stock for employees and compensation for directors:

This item is not applicable as the Company, since January 1, 2008, has treated profit-sharing for employees and compensation for directors as expenses rather than earnings distribution in accordance with the explanation given by the Accounting Research and Development Foundation in its letter (2007) Ji-Mi-Zi-052.

b. Distribution of profit-sharing for employees and compensation for directors in the previous year:

In accordance with proposals approved by the Board of Directors, the Company paid out NT\$235,938,345 in profit-sharing for employees and NT\$78,646,115 in compensation for directors and supervisors in the previous year.

## 2. Global Depositary Receipt

Date of Issue		Sept. 27, 2004 (1 <sup>st</sup> issue)	Oct. 17, 2012 (2 <sup>nd</sup> issue)
Date of Issue		Sept. 27, 2004	Oct. 17, 2012
Place of Issue & Listing		Outside the ROC (Taiwan); (Listed on the Luxembourg Stock Exchange)	
Amount		US\$98,600,000	US\$105,840,000
Issue Price		US\$14.50	US\$13.23
Number of GDRs Issued		6,800,000	8,000,000
Subject Shares		Common shares in E.SUN FHC held by E.SUN Bank	E.SUN FHC's newly issued common shares
Number of Shares Represented		170,000,000	200,000,000
Rights & Obligations of GDR Holders		<p>The rights and obligations of GDR holders shall be governed by ROC laws and decrees and the Deposit Agreements. Main points of the Deposit Agreements are as follows:</p> <p>(1) Exercise of Voting Rights: Pursuant to provisions of the Deposit Agreements and ROC laws and regulations, GDR holders shall be entitled to exercise voting rights for the common shares represented by their GDRs.</p> <p>(2) Dividend Distribution, New Shares Subscription &amp; Other Rights: When E.SUN FHC distributes stock dividends or undertakes other forms of stock distribution, the depositary may grant additional GDRs to GDR holders in proportion to the common shares represented by their GDRs on hand pursuant to provisions of the Deposit Agreements. If it is permitted by law, the depositary may also increase the amount of common shares represented by each GDR. The depositary may also sell the stock dividends in question on behalf of GDR holders and distribute the proceeds among GDR holders proportionally after subtracting related expenses and tax payments.</p> <p>When E.SUN FHC undertakes a rights offer or similar exercise, the depositary should make available this right to GDR holders pursuant to provisions of the Deposit Agreements. The depositary may also sell the right in question on behalf of GDR holders and distribute the proceeds among GDR holders proportionally after subtracting related expenses and tax payments. But if neither option is feasible, the depositary may opt to waive its preemptive right pursuant to provisions of the Deposit Agreements.</p>	
Fiduciary		None	
Depositary		Citibank	
Custodian		Citibank Taiwan	
Unredeemed Balance (Number of GDRs)		1,167,903 (As of Dec. 31, 2014)	
Expenses for Duration of GDRs		<p>(1) Cost of GDR Issue: Unless it is separately negotiated among E.SUN FHC, E.SUN Bank, lead underwriters and the depositary, all the cost and expenses of the GDR issue (including but not confined to fees for lawyers, CPAs, the listing agent and financial advisors as well as other expenses) shall be shouldered by E.SUN Bank.</p> <p>(2) Expenses Incurred After GDR Issue: Unless it is separately negotiated between E.SUN FHC and the depositary, all the expenses incurred over the duration of the GDRs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.</p>	<p>(1) Cost of GDR Issue: Unless it is separately negotiated among E.SUN FHC, lead underwriters and the depositary, all the cost and expenses of the GDR issue (including but not confined to fees for lawyers, CPAs, the listing agent and financial advisors as well as other expenses) shall be shouldered by E.SUN FHC.</p> <p>(2) Expenses Incurred After GDR Issue: Unless it is separately negotiated between E.SUN FHC and the depositary, all the expenses incurred over the duration of the GDRs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.</p>
Key Provision in Deposit/Custodian Agreements		None	
Market Price Per GDR	2015.3.30	Highest	US\$15.700
		Lowest	US\$14.765
		Avg.	US\$15.322
	2014	Highest	US\$16.925
		Lowest	US\$13.542
		Avg.	US\$14.973

### 3. Merger and Acquisition

- (1) Subsidiary E.SUN Bank signed a purchase agreement on March 18 to acquire Chu Nan Credit-Cooperative Association, with the record date for the transaction set at July 9, 2011. E.SUN acquired the latter's assets, liabilities and operations.
  - a. Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: Not applicable.
  - b. State of mergers & acquisitions or sale of banking institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.
  - c. In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other banking institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares: Not applicable.
- (2) Subsidiary E.SUN Bank signed a purchase agreement on March 16 to acquire Chiayi Fourth Credit Cooperative, with the record date for the transaction set at November 3, 2012. E.SUN acquired the latter's assets, liabilities and operations.
  - a. Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: Not applicable.
  - b. State of mergers & acquisitions or sale of banking institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.
    - c. In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other banking institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares: Not applicable.
- (3) On Mar. 22, 213, subsidiary E.SUN Bank has approved by its board to acquire 70% shares of Union Commercial Bank PLC. in Cambodia, the transaction is subject to approval by the relevant regulatory authorities of both parties.
  - a. Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: Not applicable.
  - b. State of mergers & acquisitions or sale of banking institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.
  - c. In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other banking institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares: Not applicable.

### 4. Capital Utilization Plans

#### (1) Plan

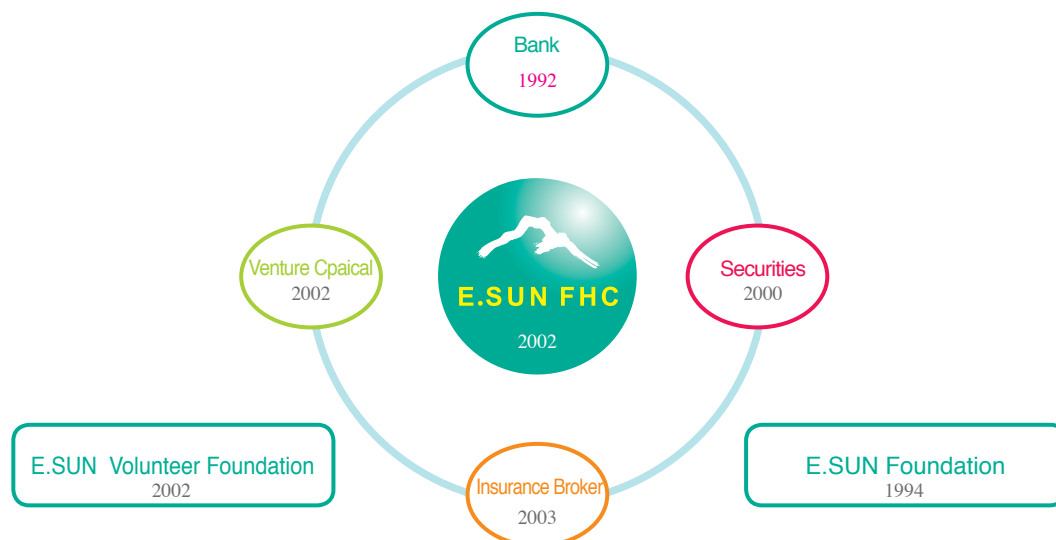
- a. Up to the quarter prior to the printing of the annual report, any issuance or private placement of securities that has yet to be completed: None.
- b. Programs completed in the most recent three years with beneficial results yet to assert themselves: None

#### (2) Implementation Status: None

## V. Business Operation



# 1. Business Scope



E.SUN Bank serves as the core of E.SUN FHC. Combined with securities, insurance broking 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, industry status, research and development, and long- and short-term business development projects for the FHC and each subsidiary.

## (1) Scope of Operations

### a. 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

Unit NT\$ thousand

Item \ Year	2014		2013	
	Amount	%	Amount	%
Interest Income	27,147,256	59.14	22,573,791	60.04
Fee Income	12,959,170	28.23	10,434,011	27.75
Others	5,799,709	12.63	4,589,142	12.21
Total	45,906,135	100.00	37,596,944	100.00

Note1: E.SUN FHC consolidated financial figures

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

### b. E.SUN Bank

#### (a) Primary Operations

##### i. 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.

##### ii. 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.

### iii. 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.

### iv. 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

Year Item	2014		2013	
	Amount	%	Amount	%
Interest Income	26,830,870	61.48	22,330,735	60.93
Fee Income	11,316,802	25.93	9,178,018	25.04
Others	5,491,968	12.59	5,143,939	14.03
Total	43,639,640	100.00	36,652,692	100.00

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

## c. E.SUN Securities

### (a) Primary Operations

#### i. Brokerage:

Buying and selling securities, futures and options for clients; sub-brokerage of foreign securities; settlement of securities; margin trading; electronic trading.

#### ii. Proprietary Trading:

Trading securities with the firm's own money on the stock exchange or over the counter, with emphasis placed on choosing targets meticulously and engaging in both long and short deals to ensure absolute positive returns.

#### iii. Underwriting:

Assisting companies in going public and undertaking IPO/SPOs; acting as financial advisor to companies and assisting them in assessing and planning financial operations and M&As among others.

### iv. 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.

### v. Proprietary Innovative Financial Products:

Issuance of call (put) warrants and other innovative financial products, thereby expanding service scope and revenue sources.

### vi. OSU Business: Sale of foreign currency corporate bonds issued by the head office and other debt certificates; brokerage of securities denominated in foreign currencies; securities-related lending as well as purchases and sales of securities denominated in foreign currencies; underwriting of offshore securities; other securities-related foreign exchange operations approved by the competent authority.

### vii. Other operations approved by supervisory agencies

### b. Composition of Operations

Year Item	2014		2013	
	Amount	%	Amount	%
Fee Income	785,092	64.53	615,153	66.59
Interest Income	306,050	25.16	236,524	25.60
Gains from Securities Trading	126,876	10.43	72,796	7.88
Other Operating Income	(1,500)	(0.12)	(611)	(0.07)
Total	1,216,518	100.00	923,862	100.00

## d. E.SUN Insurance Brokers

### (a) Primary Operations

E.SUN Insurance Brokers deals mainly in life insurance and property insurance. Priority is given to meeting customers' functional, diverse needs. In terms of life insurance, it offers general life insurance, mortgage insurance, medical insurance, savings insurance, annuity insurance, injury insurance, investment-linked insurance, and long-term care insurance. Meanwhile, nonlife/property insurance offerings include automobile and motorcycle insurance, fire insurance, liability insurance, and all types of commercial risk insurance. Drawing on a full spectrum of product offerings and comprehensive services, E.SUN is able to provide customers with well-rounded asset allocation and insurance planning.



E.SUN teams up with Nan Shan Life Insurance, Allianz, Prudential plc, Cigna Taiwan, AIA, Tokyo Marine Newa Insurance, and Taian Insurance to offer a rich variety of options that cater to customer needs. In 2014, E.SUN Insurance Brokers made further headway through both banking and telemarketing channels. Its commitment to providing customers with one-stop consultations and services was rewarded handsomely.

(b) Composition of Operations

Unit NT\$ thousand

Year Item		2014		2013	
		Fee Income	%	Fee Income	%
Life Insurance	Life and Health Insurance	2,065,765	79.72	1,730,405	93.63
	Investment-linked Insurance	514,198	19.84	19,047	1.03
	Accident Insurance and Other	1,259	0.05	88,618	4.79
Property Insurance		10,201	0.39	10,137	0.55
Total		2,591,423	100.00	1,848,207	100

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

## e. E.SUHN Venture Capital

(a) Primary Operations

- i. Invest in and nurture unlisted with growth potential domestic and foreign companies.
- ii. Assist in and give guidance to the transformation or restructuring of businesses that hold long-term potential.
- iii. Provide industry information and help companies with fund-raising, M&As, strategic alliances, etc.

(b) Composition of Operations

Unit NT\$ thousand

Year Item	2013		2012	
	Amount	Ratio	Amount	Ratio
Investment Income	416,233	97.3	373,073	98.5
Other non-operating income	11,445	2.7	5,614	1.5
Total	427,678	100.0	378,687	100.0

## 2. Business Plan

### (1) E.SUN FHC

Named after Yushan or Mt. Yu, the highest peak and one of the most beautiful mountains in Taiwan, E.SUN is committed to making the best-performing, most-trusted enterprise. As its third decade unfolds, the Company will continue to build on its core competence embedded in a quality brand name, service, and teamwork. Financial innovation is its means for creating customer and social value. Taking root in Taiwan while entering to other parts of Asia, E.SUN will strive to develop a unique bellwether bank that sets itself apart from peers in corporate governance, risk management, customer service, and corporate social responsibility. A summary of its plan to attain the above objectives is as follows:

- a. Focus on core competence while sharpening niche competitiveness.
- b. Create long-term value by attaining financial innovation.
- c. Take root in Taiwan and enhance performance across the board.
- d. Secure a more assertive presence in Asia by building cross-border platforms.
- e. Bolster corporate governance and risk management.
- f. Ensure sustainable development by honoring social responsibility.

Pitted against an increasingly competitive, rapidly changing marketplace, E.SUN will draw on collective wisdom and teamwork, adopt precise, flexible strategies, and take decisive action to confront challenges as well as attain and exceed targets. As it strives for sustainable development, the Company will also take on the responsibility to inspire others to follow suit. In keeping with the Company's longstanding corporate culture that values appreciation and gratitude, E.SUN is committed to combining teamwork and innovative thinking to transform corporate social responsibility into concrete action, thereby creating value shared by employees, customers, shareholders, and the general public and establishing a brand name loved by all.

## (2) E.SUN Bank

### a. Corporate Banking:

In terms of institutional banking, E.SUN's vision is to have its team of professionals recognized as the best partner for businesses. Priority will be given to expanding the Bank's customer base and vying for clients dealing in cross-border trade. In line with government policy, E.SUN is also keen to help nurture small and medium-sized enterprises as well as cultural and creative ventures. It will continue consolidating external resources such as the SME Credit Guarantee Fund and international insurers while keeping up a well-rounded risk management mechanism to maintain asset quality. In tandem with E.SUN's overseas push, the Bank will build on its IT competence and financial expertise as well as its trusted brand name and team of professionals to further penetrate the Asian market and upgrade cross-border services, thereby making the best brand name for SMEs.

### b. Consumer Banking:

As digital banking gains momentum and consumer behavior changes rapidly, the Bank will revamp its network of branches and give priority to providing major customer segments with premium, specialized services. Equally important is cross-sector cooperation with leading businesses in their respective fields so as to serve a broader variety of quality customers. Meanwhile, special attention will be paid to innovation of online/mobile banking and cash flow operations with a view to offering the most convenient financial services. While deposit growth is mainly derived from demand deposits and foreign currency deposits, E.SUN will attach equal consequence to complying with

regulatory restrictions and strengthening risk control and management while growing its mortgage business. As for unsecured lending, asset quality will be granted top consideration. By integrating virtual and real aspects of the business, E.SUN is set to usher in a unique customer experience that features simple, fast, and convenient tailor-made services, thereby growing earnings and expanding business reach.

### c. Wealth Management:

When it comes to wealth management, E.SUN will continue not only strengthening risk management but also refining workflow. Another priority is to grow more top-tier talent. Special emphasis will be placed on further refining the expertise, marketing skills, and customer management capabilities of wealth management consultants by drawing on a full range of on-the-job training and career planning. A better-rounded product mix will be established to meet customers' diverse needs. To enhance operational efficiency, E.SUN will also continue optimizing and consolidating its trading, customer relationship management, and investment recommendation systems. Technology-enabled branches will also be expanded to provide customers with more convenient services in a timely manner. Separately, E.SUN will focus on nurturing VIP and potential clients and mapping out recommendations for investment products and strategies in accordance with economic cycles and market trends. A sound mechanism for responding to major incidents will be put in place to ensure balanced allocation of customer assets. By maximizing customer value and ensuring customer satisfaction, E.SUN aims to become the most trusted brand name in Taiwan's wealth management industry.



#### d. Credit Card and Payment Services:

As of the end of 2014, E.SUN Bank had 3.69 million credit cards in circulation, ranking it No. 3 in the local market, and 2.54 million active cards. Spending by its cardholders amounted to NT\$211.2 billion for the year. In terms of active cards and cardholder spending, E.SUN Bank enjoyed a market share of over 10%. Moreover, the Bank's NPL ratio of 0.23% was superior to the market average of 0.27%, attesting to its superior asset quality. In the days ahead, E.SUN will continue to expand its customer base and business scope and further bolster the leading edge enjoyed by its World MasterCard, EasyCard, eTag EasyCard, and Travel Card. Priority will be given to serving different customer segments with precision and introducing in a wider array of discount-offering authorized shops and campaigns. Indeed, the Bank is keen to meet customer needs and create customer value so that customers "can't resist using E.SUN Card."

#### (3) E.SUN Securities

Thanks to technological advancement, innovation is an ongoing requirement shared by securities products and services as well as ecommerce. E.SUN Securities is thus proactive to build an electronic trading platform and develop a wide range of cloud services. The objective is to establish E.SUN solidly as a preferred choice for trading securities. Meanwhile, emphasis is placed on multipronged growth and integrated marketing to diversify earnings sources.

a. Brokerage: Zoom in on VIP customers and give priority to developing platforms for mobile trading and other digital services in order to keep up with market trends. Build on the securities business to help expand demand deposits inflow and intensify interaction with customers. Resort to integrated marketing for helping customers improve asset allocation and in turn enhancing customer value for the financial holding parent company as a whole.

b. Proprietary Business: Consolidate research resources for the trading of a wider array of products, including domestic and foreign stocks, futures, and warrants. Diversify investment by means of allocating funds to targets with low correlation so as to mitigate the impact of external factors on profits and secure absolute return. Continue to expand warrant issuances and increase market visibility.

c. Underwriting: Consolidate the financial holding parent

company's resources to be engaged as lead underwriter for SPOs of listed companies. Build on E.SUN Bank's well-rounded service to solid businesses to extend partnerships to IPOs on the Taiwan Stock Exchange or Taipei Exchange. Step up prelisting efforts in the biotechnology, ecommerce, cultural and creative, and mechanical components and parts sectors.

d. OSU: Give priority to proprietary trading of overseas securities, including foreign stocks, futures, and bonds as well as developing innovative products denominated in foreign currencies (warrants and structured products) in the initial stage. In terms of underwriting, viable targets include securities issued by domestic and foreign companies for listing abroad, such as ECBs and GDRs. A greater variety of products and services will be introduced in tandem with deregulation down the road.

#### (4) E.SUN Insurance Brokers

Since its inception E.SUN Insurance Brokers has been committed to providing premium insurance products by partnering with insurance companies known for integrity, honesty, and sound business. In 2015, the firm is ready to keep up a complete insurance portfolio by working with Nan Shan Life Insurance, Mercuries Life Insurance, Allianz, Prudential plc, Cigna Taiwan, AIA, Tokyo Marine Newa Insurance, and Taian Insurance. Equal emphasis will be placed on cooperating with these partners in developing exclusive offerings to help E.SUN meet customer needs by offering differentiated services.

#### (5) E.SUN Venture Capital

Consolidate the financial holding parent company's resources and draw on a top-notch investment team to nurture and assist quality, promising companies yet to secure a listing, thereby enhancing the technological competence and competitiveness of local industry. Follow government policy and abide by pertinent laws and regulations while seeking to expand business prudently, in turn maximizing shareholder value and making a greater contribution to the financial holding parent company.

### 3. Industry Outlook

#### (1) Financial Holding Companies

The global outlook is fraught with challenges as economies go their separate ways. While the U.S. economy is gaining momentum, the pace of the Fed's shifting to rate hike mode will have its toll on financial markets worldwide. Also of global consequence are the extent of China's economic slowdown and the effect of its economic reform. For their part, Europe and Japan are expected to keep up their respective quantitative easing programs to spur growth and ward off deflation. What's more, falling oil prices, geopolitical concerns, and the Russian-Ukrainian conflict are almost certain to aggravate volatility across financial markets in 2015.

Asia is increasingly asserting itself. To capitalize on the opportunities presented by regional economies and meet Taiwanese businesses' needs for cross-border services, Taiwan's financial industry has secured the support of authorities to make inroads into ASEAN countries, China, Japan, and South Korea. By forging cross-border strategic alliances, Taiwan's financial industry is poised to play a greater role in this part of the world down the road.

With the advent of banking 3.0, the applications of cloud computing, big data, and mobile devices have started to change people's daily lives. For its part, the financial industry is called upon to provide customers with more convenient services through a broader variety of channels and ways. When it comes to honoring social responsibility and attaining sustainability, compiling corporate social responsibility reports is increasingly a necessity worldwide. To be sure, Taiwan's competent authority has required listed financial services companies to keep up with this international trend by beginning production of their CSR reports this year.

#### (2) Bank

Competition for export markets has intensified between Taiwan and China, Japan, and South Korea. Many local industries now must compete with their Chinese counterparts head-on as "red" supply chains have been formed on the back of policy support. In

2014, for instance, Chinese suppliers already accounted for a higher weighting in the iPhone 6's production cost than Taiwanese suppliers. Likewise, the recent expansion of the tariff-cutting Information Technology Agreement (ITA) between China and the U.S. has left Taiwan's electronics exports to the American market at quite a disadvantage. The weaker yen induced by Abenomics means lesser leeway for Taiwanese companies in pricing exports. A comparison of their respective lists of commodity exports reveals that Taiwan and South Korea have 77% in common. On top of inducing the won's depreciation, Seoul has also been proactive to ink free trade agreements with trading partners in recent years. The U.S.-South Korea FTA signed in 2012 cost Taiwan US\$5 billion of exports a year. According to estimates of the Industrial Technology Research Institute (ITRI), the recently signed China-South Korea FTA may lead to a NT\$260 billion decline in Taiwan's manufacturing output in the next three to five years. Hardest hit may be the machinery, optoelectronics, textile, petrochemical, and steel sectors.

The co-opetition of regional economies inevitably means all kinds of challenges to Taiwan's industry. In addition to currency race and tariff barriers, they take the form of battles for patents and people as well as mergers and acquisitions. Pitted against this new mode of competition in today's globalized world, Taiwan still retains the helm in such industries as semiconductor and ICT, based on which it can aim for higher ground. Separately, niche-offering smart technologies and new medical care applications are gathering force, and the government is giving incentives to developing cultural and creative as well as biotechnological ventures. For emerging industries, first-mover advantages will be the reward for a lucky few.

As 2015 unfolds, industries can expect to reinvent themselves by bringing about innovation and seeking out niches. Many have launched into emerging and innovative businesses, such as those in the Internet of Things and robotics sectors. But overnight success seems unlikely. Despite talk about 4G starting a revolution, it remains to be seen if this technological shift will fundamentally change how people perceive and process images. In terms of alternative energy, the plunge in oil prices has cast in doubt the validity of extracting shale oil. 3D printing, dubbed by some as the catalyst for the Third

Industrial Revolution, seems to hold little potential for mass production. To be sure, too many uncertainties await Taiwan's emerging industries.

### (3) Securities

Most major markets kept up a bullish trend in 2014, but their gains were far more muted than the year before. This was the case mainly because of concern over a possible change of heart by the Fed and geopolitical risk on the rise. In the first half of 2014, the Taix rose 9% to breach 9,500 on the back of solid economic numbers out of the U.S. and China's introduction of micro-stimulus measures. But at year's end the gain was scaled back to 8.1% amid worries over the Fed's resuming increase rate rises earlier rather than later, the euro zone's disappointing economic figures, Western sanctions imposed on Russia, and Portuguese banks' defaulting on their debt obligations.

In terms of market turnover, major investors largely stopped short of channeling funds back to the bourse for fear of being levied the income tax on capital gains deriving from stock sales that targets those who sell over NT\$1 billion of shares in a given year. To promote stock trading, the Financial Supervisory Commission adopted a number of stimulus measures, such as allowing day trading of shares and assigning more shares for short sales at prices lower than the previous day's closes. As a result, the local bourse saw its average daily turnover recover to NT\$73 billion in 2014 from NT\$71.9 billion in 2013. It is noteworthy that not only foreign institutions turned bullish, but local small investors also became avid buyers. In 2014, natural-person investors saw their weighting in Taiwan's stock trading recover to 60% or so. Moreover, local institutional investors followed suit and increased their stock holdings as well.

Most international institutions expect the world economy will perform better in 2015. As such, sound fundamentals should act as a buffer for investment markets. For its part, the Taiwan bourse is expected to benefit from the FSC's initiative to gift local shares a lift. In the highlight will be a wider band for share movement, or daily gains or losses of up to 10%; an increase in the portfolio margin ratio to 130%; and permission for Chinese nationals to invest in Taiwanese equities.

### (4) Insurance Brokers

As a major departure from salespeople of the old days, today's banks are retail branches that not only offer a vast array of financial products and services but also specialize in wealth management.

On top of savings insurance and investment-linked insurance, they can also help customers with their planning of medical insurance, annuity insurance, and long-term care insurance. In fact, bancassurance is well-positioned to provide a complete package that meets needs for investment, protection, and savings. According to statistics of Taiwan's Life Insurance Association, premiums for new policies collected in the bancassurance sector already account for more than 50% of those registered by the entire life insurance market. Banks have emerged as a primary conduit for insurance sales. While the global investment environment is expected to take an upward but bumpy ride in 2015, local people can be expected to retain a reasonable level of reliance on insurance as a means for asset allocation. This prospect bodes well for bancassurance.

### (5) Venture Capital

In 2014, Europe and Japan showed weak economic growth. Fueled by a far more solid recovery in the U.S, however, the global economy was able to register moderate growth as a whole. Taking its lead from Wall Street where shares hit new highs and again, the Taiwan bourse also kept up a largely bullish theme. Looking ahead, one must brace for the Fed shifting to rate hike mode, Europe's decision against or for further monetary easing, and the Chinese economy losing steam. On top of the uncertain global economic outlook, there is need to take account of Taiwan's political bickering and still low turnover on the stock market. All this signals investment risk on the risk.

Priority should be given to attaining steady growth while keeping risk under control. Abiding by its core value, E.SUN Venture Capital will consider both government policy and industry trends while persisting with investment in the biomedicine, IoT, automation, and cultural and creative spheres. Investment diversification holds the key to optimal performance.



## 4. Research and Development

Results over the past two years and direction for the future

### (1) E.SUN FHC

E.SUN believes that the financial services industry is well-positioned to drive social development. Given this belief, the Company has long been committed to channeling resources toward pursuing innovation and maximizing synergies, thereby delivering quality services and creating customer value. From 2012 through 2014, the Company invited three world-renowned gurus to Taiwan for sharing their insights on innovation: management expert Gary Hamel; Harvard Business School Professor Clayton Christensen; and marketing author, consultant, and professor Philip Kotler. The objective was to inspire innovative thinking across Taiwan's corporate community and further bolster E.SUN's capacity for innovation. At present, the Company is focusing its R&D endeavors on the following:

- a. Integrate resources across E.SUN FHC and provide customers with quality financial services.
- b. Focus on creating a unique customer experience and deliver consistent, tailor-made services.
- c. Explore cross-sector businesses and offer more convenient, innovative services.
- d. Strengthen risk management and put in place an infrastructure essential to sustainable development.
- e. Bolster the competitiveness of E.SUN's brand, service, and team.

### (2) E.SUN Bank

#### a. Corporate Banking:

Under the grand strategy to focus on deepening its root in Taiwan and making inroads into Asia, E.SUN is set to build on its long-established foundation and advantage in the SME sector to consolidate its overseas outposts and develop cross-border products and services. Above all, the Bank's global banking and international finance teams are set to work together toward winning over even more cross-border clients. A summary of major R&D results is as follows:

- (a) To further refine service processes and increase efficiency, the Bank introduced E.SUN Mobile CEO, a service that enables business owners to

manage and allocate capital anytime, anywhere.

- (b) Integrating cross-border platforms and resources to develop tailor-made products and services, the Bank took the lead to introduce Shanghai Cross-Border Secured Lending, enabling Taiwanese businesses to put their assets to optimal use across borders.
- (c) E.SUN Global Pass was launched to give customers quicker access to their PayPal accounts. Cooperation with partners within and outside the banking sector was conducted to come up with innovative digital cash flow services, increasing value for the foreign exchange business.

#### b. Consumer Banking:

Focus on creating a unique customer experience. Adapt to the growing trend toward digital finance by developing an innovative breed of brick-and-mortar, digital, and online branches. Integrate real and virtual branches and team up with partners to deliver friendly and precise services in a timely manner. A summary of major R&D results is as follows:

- (a) The Bank took the lead to set up an "artistic branch" in New Taipei City. Incorporating art into finance, an utterly comfortable environment is created so that customers can readily experience a distinctly aesthetic ambience during their visits to E.SUN.
- (b) In terms of cross-border payment, E.SUN WebATM was pioneered as a cross-strait platform that grants consumers a familiar, easy option for paying for their online purchases on Taobao and Tmall.



- (c) As part of the Bank's endeavors toward developing technology-driven consumer banking services, e-Lending was introduced to provide customers with tailor-made products in a timely fashion.
- (d) In terms of mobile banking, emphasis was placed on developing services that truly cater to customers' everyday needs. In the highlight were such push notification services as "checking status of credit card applications," "notification—taking profits or stopping losses in mutual funds," "One Item Per Day," and "Special Section for Goodies."

### c. Wealth Management:

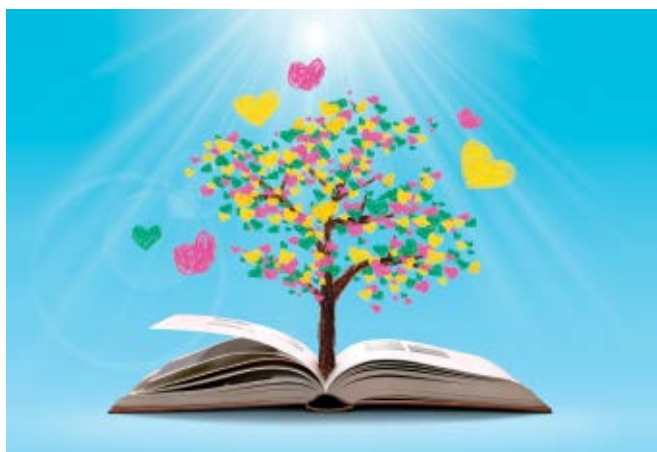
Make the most trusted bank that meets every customer need for wealth management. Build a team of research professionals and wealth management consultants to further bolster research capability, introduce more innovative financial products, and come up with custom-made product portfolios and investment strategies. A summary of major R&D results is as follows:

- (a) Bolster market research capability and establish a contingency response mechanism so as to provide customers with timely market information and investment recommendations at critical moments. Assist customers in adjusting investment portfolios whenever warranted and strengthen risk management to help keep watch over customer assets.
- (b) E.SUN took the lead to introduce a number of wealth management products meant for OBU clients, including Yuan-denominated funds intended for RQFIIs, hedge funds, structured products, and a great variety of ETFs. Stringent product review and selection procedures are enforced as the Bank strives to expand its product mix to meet diverse customer needs.
- (c) The Mobile Financial Consultant app was introduced to provide customers with timely, convenient, and friendly services. This is an instance of the Bank's making use of technological prowess to come up with differentiated services, thereby creating customer value.

### d. Credit Card and Payment Services

Strengthen innovation of payment services, win over a greater number of quality customers, and establish a comprehensive product mix. Build on data analysis and segmented management as well as put technological prowess to maximal use, thereby creating a pleasant customer experience for both credit card and payment services. A summary of major R&D results is as follows:

- (a) E.SUN's World MasterCard is rightly a symbol of the Bank's VIP customers. Cardholders are invited to be part of the Golden Seed Project, an initiative pioneered by the Bank that makes use of a premium credit card as a tool for a public interest cause. As of the end of 2014, 85 such libraries had been set up for elementary schools in remote areas of the country. E.SUN aims to further increase the number to 100 in 2015.
- (b) E.SUN also took the lead to launch NFC (Near Field Communication) Cellular Credit Card services and became the first local bank to have secured the green light for offering QR (Quick Response) Code Mobile Payment services. Never complacent, the Bank is set to develop other innovative applications in a bid to provide customers with more convenient payment services.
- (c) To expand credit card applications on the mobile platform, the Bank promoted mPOS (Mobile Point of Sale) acquiring services that allow businesses—pay-on-delivery couriers, insurance salespeople, and street vendors—to collect payments anytime, anywhere.



### (3) E.SUN Securities

#### a. Brokerage:

Focus on building a VIP-centered clientele for provision of exclusive services. Establish a team of investment consulting professionals capable of delivering differentiated services, thereby enhancing customer trust. In terms of retail channels, the firm has set up a Smart Center to provide innovative services. In addition to offering services that give access to the Shanghai-Hong Kong Stock Connect mechanism, the firm has also introduced yuan-denominated ETFs and reconsignment services by means of mobile devices. Separately, the firm's electronic trading platform has ushered in such smart features as API trading of both spot securities and futures, push notifications, and online signing of letters of consent and searching of warrant offerings.

#### b. Proprietary Trading:

Bolster the firm's research capability and expand the scope of futures trading. Consolidate resources to strengthen research on the global economic environment and overseas equity and bond markets so as to expand trading opportunities and earnings sources. Separately, a new service devoted to warrants has been introduced to provide market information and in turn foster sales.

#### c. Underwriting:

Develop a new sales system devoted to the underwriting business by combining resources available across the E.SUN FHC family in order to uncover promising customers. Gather information with regard to businesses' fundraising records and financial structures in order to stay abreast of their subsequent financial exercises and secure underwriting opportunities early on.

### (4) E.SUN Insurance Brokers

- Develop complete product lines to meet diverse customer needs.
- Utilize the IT system to strengthen customer relationship management.
- Go digital to streamline processes and enhance efficiency.
- Develop virtual channels to identify and secure potential customers.
- Keep track of market trends to grasp opportunities going forward.

### (5) E.SUN Venture Capital

- Attend symposiums and exhibitions to keep track of industry trends.
- Deepen cooperation with relevant businesses and institutions to uncover new technologies and business opportunities.
- Bolster cross-department exchanges and enhance alertness to changes in capital markets.
- Share success stories and bolster the capability to identify quality investment targets.

### (6) R&D Plan, Implementation Status, and Spending

E.SUN channels funds toward key R&D items in tandem with its short-, mid- and long-term business plan. R&D results in different stages are used as the basis for capital allocation over time to finance the development of next-stage applications. In turn, application results and subsequent trends are taken into account to determine if any adjustment is warranted. E.SUN sets aside R&D outlays mainly on project consulting, system installation, employee training, and manpower development. A summary of the Company's R&D plan, implementation status, and spending is as follows:

- R&D outlays posted in the previous two years and estimated for the current year

Unit: NT\$thousand

Year	2015	2014	2013
E.SUN Bank	131,275	83,875	106,627
E.SUN Securities	59,567	49,452	47,272

Note: 2013 entries were readjusted to build consistency in pertinent calculations.

- Major ongoing R&D projects and status of implementation

Unit: NT\$thousand

Project	Estimated Time of Completion
ATM Smart Self-Service Platform Project	2015
Next-Generation Branch System Project	2015
New Core IT System for Overseas Branches/ Subsidiaries Project	2015
Institutional Online Banking Platform Project	2015
Foreign Exchange Automated Channels Platform Project	2015

- It is estimated that ongoing R&D projects call for another outlay of NT\$237,000,000, which in turn will be amortized annually.
- The success of R&D projects is determined mainly by such factors as adjustment in statutory conventions, changes in market trends, and the extent of involvement by advisors and other related personnel.

## 5. Cross-Selling Synergy



**Value**  
Brings Smile to Customers



**Integration**  
A Cross-Selling Experience  
That Touches the Heart



**Partner**  
The Best Joined by the Best

### (1) Enhance Value by Creating a Beautiful Customer Experience

E.SUN is proactive to integrate its rich variety of product lines for provision of comprehensive financial services. On top of winning over a great number of quality customers, priority is given to creating a win-win situation, thereby securing customers' endorsement of E.SUN and willingness to share their preference with others. Always hopeful of a better future, E.SUN is set to meet customers' needs with heart-warming services. What E.SUN offers is a spirit ually rewarding experience as customers will have good reason to smile.

### (2) Consolidate Resources to Win Customer Loyalty

E.SUN's core competence lies in its brand name, service, and teamwork. This is complemented by financial innovation as well as differentiated value deriving from dynamic integration of virtual and real strengths. Marketing resources are put to optimal use with a view to maximizing E.SUN's market visibility and reach. In the highlight is E.SUN's mascot, the adorable "Lucky Cat" that acts as a powerful element for adding to the Company's image as a premium brand name. E.SUN readily comes to mind whenever a customer need arises.

### (3) Join Premium Partners for Innovative Financial Services

In this new era of banking 3.0, financial services need to be as readily available as tap water and electricity. As such, E.SUN is proactive to team up with premium companies of their respective segments to deliver fully integrated services. Committed to pioneering financial innovation, E.SUN resorts to cross-sector cooperation with a view to offering ubiquitous cash flow services and meeting increasingly diverse customer needs. In so doing, E.SUN is able to further improve itself while creating value for both the Company and its customers.





## 6. Market & Business Overview

### Markets for Major Products and Services

Primary Product (Service)	Major Market
Corporate Banking	Taiwan is the major market while a fully integrated financial platform is established to meet the cross-border needs of Taiwanese businesses operating in Greater China. When it comes to expanding overseas to better serve Taiwanese businesses and foreign customers, E.SUN has set up branches in Dongguan, Hong Kong, Singapore, and Los Angeles; the UCB subsidiary in Cambodia; and representative offices in Vietnam and Myanmar. Sydney branch is under progress.
Consumer Banking	Taiwan is the major market where 136 branches have been established to date. To better serve overseas customers, E.SUN is also proactive to expand the personal banking business at foreign branches.
Wealth Management	Taiwan is the major market while overseas outposts are established to satisfy cross-border customers.
Credit Card	Taiwan is the major market while E.SUN's Cambodian subsidiary is also developing the credit card business.
Digital Banking	Taiwan is the major market; E.SUN also teams up with such partners as Alibaba, Tencent, and PayPal to provide customers with cross-border financial services.
Securities	Taiwan is the major market where there are 107 retail branches: 21 branches and 86 cross-selling offices opened in conjunction with E.SUN Bank branches.

## 7. Human Resources

E.SUN makes it a place to establish a family-like mechanism for employee welfare and care so that every member of the E.SUN family can focus on his or her work without worrying before moving on to repay the community. The people of E.SUN sharing a passion to work as volunteers and care for this beautiful land they call home, thereby helping realize our vision of “E.SUN employees within world citizenship in the global community and E.SUN itself, world citizenship in the corporate world.”

At E.SUN, nothing matters more than human capital. A comprehensive selection and training system is put in place to nurture talent with cross-sector competences and grow a pool of professionals. Through teamwork and experience-sharing, the people of E.SUN work together to create the best-performing, most-respected company.

In 2014, the Company offered 304 classes under its internal training program and sent employees to attend



another 886 classes organized by other specialized institutions. Combined, attendees totaled 53,957. Each employee took part in an average of 7.3 training classes. E.SUN's emphasis on growing human capital means a commitment to relentless learning. Every member of the E.SUN family can thus expect to play a decisive role at every critical juncture of the Company's future development.



## (1) E.SUN FHC and its subsidiaries

Item \ Year		2015/3/30	2014	2013
No. of Employees		7,393	7,352	6,937
Average Age		32	31.9	31.7
Average Years of Service		6.8	6.7	6.4
Educational Background(%)	Master's	21.4	21.1	20.5
	Bachelor's	71.6	71.7	71.7
	College	6.3	6.4	7.0
	High School	0.7	0.8	0.8
Number of Professional License	Bank	20,779	20,248	18,827
	Insurance	7,504	7,342	6,891
	Securities	7,538	7,386	6,715
	Others	587	570	523

## (2) E.SUN Bank

Item \ Year		2015/3/30	2014	2013
No. of Employees		6,803	6,762	6,364
Average Age		31.9	31.8	31.6
Average Years of Service		6.8	6.7	6.4
Educational Background(%)	Master's	22.2	21.9	21.2
	Bachelor's	70.7	70.9	70.9
	College	6.4	6.5	7.1
	High School	0.7	0.7	0.8
Number of Professional License	Bank	20,176	19,643	18,232
	Insurance	7,217	7,054	6,611
	Securities	6,468	6,311	5,656
	Others	543	525	478

## (3) E.SUN Securities

Item \ Year		2015/3/30	2014	2013
No. of Employees		549	549	535
Average Age		32.9	32.9	32.5
Average Years of Service		6.1	6	5.7
Educational Background(%)	Master's	11.3	11.1	11.2
	Bachelor's	82.5	82.7	82.3
	College	5.3	5.3	5.6
	High School	0.9	0.9	0.9
Number of Professional License	Bank	539	538	536
	Insurance	240	243	242
	Securities	1,042	1,045	1,038
	Others	38	39	37

## (4) E.SUN Insurance Brokers

Item \ Year		2015/3/30	2014	2013
No. of Employees		20	18	17
Average Age		29.7	30.2	29
Average Years of Service		4.7	5	4.7
Educational Background(%)	Master's	15	16.7	11.8
	Bachelor's	85	83.3	88.2
Number of Professional License	Bank	28	28	26
	Insurance	41	41	37
	Securities	15	15	12
	Others	1	1	1

## (5) E.SUN Venture Capital

Item \ Year		2015/3/30	2014	2013
No. of Employees		7	7	7
Average Age		35.7	35.4	39.4
Average Years of Service		9.4	9.2	10.3
Educational Background(%)	Master's	71.4	71.4	57.1
	Bachelor's	28.6	28.6	42.9
Number of Professional License	Bank	18	16	8
	Insurance	4	2	0
	Securities	5	4	0
	Others	2	2	0

## 8. Corporate responsibility and ethical conduct



E.SUN emphasizes its corporate pledge, and is determined to become “the most respected Company with the best overall performance.” Fulfilling its corporate social responsibility is how E.SUN realizes its commitment to its home. E.SUN is keenly aware that a bank must not only be an innovating enterprise leading social development, but must also be a public institution meeting customer needs with professional service and constantly pursuing effective performance. Because of this, E.SUN is actively engaged in social welfare, environmental sustainability, sports activities, volunteer service, education, and arts and cultural activities, and regards its corporate social responsibility as the most important key to sustainable business.

In the area of social welfare, apart from continuing to implement the E.SUN Golden Seed Project and E.SUN Concern for Schoolchildren Program, the Company also issues the “E.SUN Volunteer Passport” to encourage E.SUN employees to participate in various public interest activities. In the “E.SUN Bicycle Ride Around Taiwan: Sending Love Everywhere” activity, E.SUN donated NT\$10,000 to the E.SUN Concern for Schoolchildren Program for each kilometer that the volunteer participants rode, and donated a total of NT\$10 million. The “Rainbow Hope” social welfare activity was organized to help rebuild Hakai Village, Fuxing Township, Taoyuan County in the wake of typhoon damage. E.SUN's

support for a shift to growing organic rice at Nanan Village in Hualien County helped farmers and provided tangible support to agriculture in Taiwan. Separately, the Company had donated 85 E.SUN libraries as of the end of 2014. In turn, 28,000 schoolchildren benefited.

In the area of environmental protection, apart from adopting the ISO 14001 environmental management system and ISO 50001 energy management system, the Company also completed ISO 14064-1:2006 greenhouse gas inventories at the E.SUN headquarters building and all branches in Taiwan during 2014. With regard to the E.SUN World Card and E.SUN ETC EasyCard, the Company performed “credit card carbon footprint PAS2050: 2011&EPA” and “product water footprint” verification, and obtained the EPA's “Product Carbon Footprint Label.” Through the adoption of international standard management systems and certification, the Company has demonstrated its commitment to mitigating environmental impact through low pollution and low energy consumption. E.SUN actively participates in the Carbon Disclosure Project (CDP), and is a CDP signatory and supporter. Furthermore, E.SUN endorses domestic and foreign environmental protection activities, and supports international efforts to conserve energy and reduce carbon emissions.

In the academic sphere, E.SUN believes in the need to provide underprivileged but aspiring students with a fair opportunity to enjoy all the learning resources most of their peers take for granted. To date, a cumulative 75 students have been awarded the E.SUN Scholarship for Growing Outstanding Managers that marked its ninth anniversary in 2014. Separately, E.SUN has joined National Taiwan University to establish the E.SUN Academic Awards as an incentive to upgrade local management research. To date there have been eight recipients of the awards. Meanwhile, E.SUN is also an avid participant in the Financial Supervisory Commission's campaign to promote financial knowledge across campuses and communities. The purpose is to help people learn more about consumer banking and the right ways to manage

wealth and debt. On the other hand, E.SUN was joined by SAS Taiwan, a leader in business analytics software and services, to organize the Campus Data Mining Contest for three years in a row. Another highlight in 2014 was E.SUN's teaming up with the Brain magazine to host a digital marketing camp for students across the Taiwan Strait with a view to upgrading local students' marketing competence and international vision. All these endeavors are meant not only to honor E.SUN's corporate social responsibility but also to further upgrade financial services technologically.

Furthermore, in order to promote the development of high school baseball in Taiwan, the Company established the "E.SUN High School Baseball Development Fund." As of the end of 2014, money from the fund had been used to purchase baseball equipment used by teams at 20 schools, including Luxing High School, Yuli High School, and National Tainan Senior Marine Fishery Vocational School. In addition, E.SUN teamed up with Arts Film to produce the film "Kano," and invited the young winners of the E.SUN Cup High School Baseball Championship to view the finals of Japan's National High School Baseball Championships in Osaka, Japan. The goal of this effort was to make the E.SUN Cup Taiwan's high school baseball championships, while promoting high school baseball and the cultural and creative industry.

E.SUN has further continued to hold regular "One Simple Act of Love can Inspire Others to Love" blood drives and the "Caring for Children in Need" orphanage kids concern activity. Thanks to the commitment of E.SUN employees and volunteers, the Company has helped even more people in need, and spread love to every corner of the country. We will continue to give this land our unchanging love and concern, and help E.SUN volunteers make an even greater contribution!

Honoring its long-term commitment to fulfill corporate social responsibility, E.SUN Bank takes concrete action to make Taiwan a better place. In 2014, the bank's parent company E.SUN FHC was ranked 3rd place among local major companies (first in the financial industry) for Commonwealth Magazine's Commonwealth Corporate Citizen

Awards for the sixth year. The year also saw E.SUN win many other recognitions and awards: citation by the Environmental Protection Administration (EPA) as a bellwether entity of "green procurement" for the fifth consecutive year and by Taipei City government as a bellwether entity of "green procurement in the private sector" for the sixth consecutive year; the Golden Award for the Best Financial Holding Company in Corporate Social Responsibility in the biweekly Wealth Magazine's 2014 Consumer Survey of CSR Among Financial Brands and Financial Holding Companies; the Best Social Responsibility Award that is part of the Taiwan Academy of Banking and Finance's 7th Taiwan Banking and Finance Best Practice Awards; the Award for Best Team of Wealth Management Consultants and Best Product Award accorded by the weekly Business Today in its appraisal of wealth management banks; rating by Commonwealth magazine as the local financial industry's No. 1 recipient of its Gold Medal Service Awards for four years in a row; the SME Credit Guarantee Partner Awards for both institutions and individuals from the Ministry of Economic Affairs for the ninth straight year; and the Joint Credit Information Center's Golden Award for the lending data segment. As can be verified by the accolades cited above, E.SUN not only provides customers with trustworthy and innovative financial services but also serves society with benevolence as a responsible corporate citizen.



## VI. Financial Information





## 1. Condensed Financial Statements from 2010 to 2014

### (1) Condensed Balance Sheet(Consolidated)

Unit:NT\$1,000

Item	Year	Financial data for the most recent five years Financial data from 2012 to 2014			As of February 28, 2015 (Note 1)
		2014	2013	2012	
Cash and cash equivalents, due from the central bank and call loans to banks		89,637,708	79,251,859	79,028,556	129,685,541
Financial assets at fair value through profit or loss		292,870,111	283,646,429	61,403,895	315,770,301
Available-for-sale financial assets		86,030,495	72,049,774	76,668,039	92,728,485
Derivative financial assets for hedging		-	-	-	441,058
Securities purchased under resell agreements		152,758	-	210,863	122,012
Receivables, net		73,087,654	62,895,383	49,194,222	78,260,382
Current tax assets		335,260	563,776	557,619	508,487
Assets held for sale, net		-	-	-	-
Discounts and loans, net		934,613,524	828,238,170	735,406,720	932,983,211
Reinsurance assets		-	-	-	-
Held-to-maturity financial assets		5,915,792	8,593,699	211,168,563	5,739,994
Investments accounted for using equity method, net		-	-	-	-
Restricted assets		-	-	-	94,000
Other financial assets, net		52,810,267	17,578,354	6,379,104	2,942,744
Properties and equipment, net		21,106,105	19,373,142	17,250,811	20,638,104
Investment properties, net		421,270	544,587	1,691,992	1,129,681
Intangible assets, net		5,683,483	5,551,692	4,187,067	5,630,698
Deferred tax assets, net		123,932	343,935	604,985	332,012
Other assets		3,631,499	2,444,147	2,201,601	5,329,772
Total assets		1,566,419,858	1,381,074,947	1,245,954,037	1,592,336,482
Due to the Central Bank and other banks		58,199,621	47,645,621	46,652,824	64,836,292
Funds borrowed from the Central Bank and other banks		-	-	-	-
Financial liabilities at fair value through profit or loss		26,081,873	12,264,067	12,469,507	32,679,224
Derivative financial liabilities for hedging		-	-	-	93,099
Securities sold under repurchase agreements		13,117,523	6,254,291	4,957,725	10,557,507
Commercial paper issued		2,828,518	1,981,970	781,772	3,484,712
Payables		21,740,276	19,125,608	24,113,333	29,453,537
Current tax liabilities		853,016	505,654	920,337	1,520,739
Liabilities directly associates with assets held for sale		-	-	-	-
Deposits and remittances		1,280,691,771	1,150,790,905	1,023,820,129	1,286,913,669
Bonds payable		49,600,000	53,800,000	53,300,000	47,300,000
Preferred stock liabilities		-	-	-	-
Other financial liabilities		2,583,420	2,392,644	1,844,236	1,449,426
Provisions		337,069	400,265	443,507	397,480
Deferred tax liabilities		816,112	745,760	750,252	686,169
Other liabilities		1,909,313	1,854,517	1,187,732	3,484,191
Total liabilities	Before distribution	1,458,758,512	1,297,761,302	1,171,241,354	1,482,856,045
	After distribution	(Note2)	1,299,547,949	1,172,744,564	(Note2)
Equity attributable to owners of the Company		106,876,393	82,650,959	74,712,683	108,796,585
Capital stock	Before distribution	70,530,000	55,243,000	50,107,000	70,530,000
	After distribution	(Note2)	61,139,206	55,243,000	(Note2)
Capital surplus		19,375,697	14,497,390	14,420,331	19,375,697
Retained earnings	Before distribution	15,139,336	12,093,934	10,112,786	17,133,967
	After distribution	(Note2)	4,543,907	3,598,876	(Note2)
Other equity		1,831,360	816,635	72,566	1,756,921
Treasury stock		-	-	-	-
Non-controlling interests		784,953	662,686	-	683,852
Total equity	Before distribution	107,661,346	83,313,645	74,712,683	109,480,437
	After distribution	(Note2)	81,526,998	73,209,473	(Note2)

Note1:Based on unaudited financial statements

Note2:Earnings distribution of the year(ended December 31)2014 shall be resolved in the shareholders' meeting.



**(2) Condensed Statement of Comprehensive Income (Consolidated)**

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

Item	Year	Financial data 2012-2014 (Note 1)			As of February 28,2015(Note 2)
		2014	2013	2012	
Interest revenue		27,147,256	22,573,791	22,800,297	4,662,710
Less: Interest expense		11,662,630	9,539,118	9,381,551	2,008,877
Net interest		15,484,626	13,034,673	13,418,746	2,653,833
Total net revenues and gains other than interest		17,269,893	13,712,753	9,930,008	3,516,431
Total net revenues		32,754,519	26,747,426	23,348,754	6,170,264
Bad-debt expenses and provision for losses on guarantees		2,033,689	1,706,522	2,019,962	842,026
Net changes in insurance liability reserve		-	-	-	-
Operating expenses		17,949,763	14,826,607	12,992,702	2,886,720
Income before tax from continuing operations		12,771,067	10,214,297	8,336,090	2,441,518
Income tax (expense) benefit		(2,165,739)	(1,798,246)	(1,291,585)	(348,085)
Net income from continuing operations		10,605,328	8,416,051	7,044,505	2,093,433
Net income (loss) from discontinuing operations		-	-	-	-
Net income (loss)		10,605,328	8,416,051	7,044,505	2,093,433
Other comprehensive income for the year (net of tax)		1,127,093	819,198	242,305	(466,373)
Total comprehensive income		11,732,421	9,235,249	7,286,810	1,627,060
Net income attributable to owners of the company		10,528,552	8,416,145	7,044,505	2,082,955
Net income attributable to non-controlling interests		76,776	(94)	-	10,478
Total comprehensive income attributable to owners of the company		11,610,154	9,239,127	7,286,810	1,567,009
Total comprehensive income attributable to non-controlling interests		122,267	(3,878)	-	60,051
Earning per share		1.56	1.40	1.32	0.30

Note1: Based on audited financial statements.

Note2: Based on unaudited financial statements.

**(3) Condensed Balance Sheet (Unconsolidated)**

Unit:NT\$1,000

Item	Year	Financial data for the most recent five years Financial data from 2012 to 2014			As of February 28, 2015 (Note 2)
		2014	2013	2012	
Cash and cash equivalents, due from the central bank and call loans to banks		1,251,331	909,420	860,869	2,690,170
Financial assets at fair value through profit or loss		118,712	32,284	7,780	100,745
Available-for-sale financial assets		-	-	-	-
Derivative financial assets for hedging		-	-	-	-
Securities purchased under resell agreements		-	-	-	-
Receivables, net		86,870	76,791	66,234	93,715
Current tax assets		1,179,056	902,717	1,410,018	1,559,197
Assets held for sale, net		-	-	-	-
Discounts and loans, net		-	-	-	-
Reinsurance assets		-	-	-	-
Held-to-maturity financial assets		-	-	-	-
Investments accounted for using equity method, net		113,400,396	89,448,829	80,684,969	115,466,146
Restricted assets		-	-	-	-
Other financial assets, net		1,463,176	4,760,021	4,665,922	12,690
Properties and equipment, net		25,047	25,718	1,907	24,303
Investment properties, net		-	-	-	-
Intangible assets, net		3,729	9,065	14,892	2,839
Deferred tax assets		434	151,261	163,631	134,580
Other assets		18,785	13,272	7,494	14,624
Total assets		117,547,536	96,329,378	87,883,716	120,099,009
Deposits from Central Bank and other banks		-	-	-	-
Funds borrowed from the Central Bank and other banks		-	-	-	-
Financial liabilities at fair value through profit or loss		3,491,619	6,404,491	5,490,750	3,478,129
Derivative financial liabilities for hedging		-	-	-	-
Securities sold under repurchase agreements		-	-	-	-
Commercial paper issued		-	-	-	-
Payables		477,461	412,799	371,548	564,649
Current tax assets		849,396	545,309	995,924	1,426,771
Liabilities directly associated with assets held for sale		-	-	-	-
Deposits and remittances		-	-	-	-
Bonds payable		5,800,000	6,300,000	6,300,000	5,800,000
Preferred stock liabilities		-	-	-	-
Other financial liabilities		-	-	-	-
Provisions		19,103	15,820	12,811	16,372
Deferred tax liabilities		33,564	-	-	122
Other liabilities		-	-	-	16,380
Total liabilities	Before distribution	10,671,143	13,678,419	13,171,033	11,302,423
	After distribution	Note1	15,465,066	14,674,243	Note1
Equity attributable to owners of the Company		-	-	-	-
Capital stock	Before distribution	70,530,000	55,243,000	50,107,000	70,530,000
	After distribution	Note1	61,139,206	55,243,000	Note1
Capital surplus		19,375,697	14,497,390	14,420,331	19,375,697
Retained earnings	Before distribution	15,139,336	12,093,934	10,112,786	17,133,968
	After distribution	Note1	4,543,907	3,598,876	Note1
Other equity		1,831,360	816,635	72,566	1,756,921
Treasury stock		-	-	-	-
Non-controlling interests		-	-	-	-
Total equity	Before distribution	106,876,393	82,650,959	74,712,683	108,796,586
	After distribution	Note1	80,864,312	73,209,473	Note1

Note1: Earnings distribution of the year (ended December 31) 2014 shall be resolved in the shareholders' meeting.

Note2: Based on unaudited financial statements.

**(4) Condensed Statement of Comprehensive Income (Consolidated)**

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

Item	Year	Financial data for the most recent five years Financial data from 2012 to 2014			As of February 28,2015(Note 1)
		2014	2013	2012	
Interest Revenue		20,572	30,155	47,498	5,684
Interest expense		127,495	127,969	178,440	19,478
Net interest		(106,923)	(97,814)	(130,942)	(13,794)
Net revenues and gains other than interest		11,066,812	8,736,126	7,224,750	2,165,591
Total net revenues		10,959,889	8,638,312	7,093,807	2,151,797
Bad-debt expenses and provision for losses on guarantees		-	-	-	-
Provision for export insurance reserves		-	-	-	-
Operating expenses		245,589	202,093	182,040	49,360
Income before income tax		10,714,300	8,436,219	6,911,767	2,102,437
Income tax expense		(185,748)	(20,074)	132,738	15,971
Total income (loss) from continuing operations		10,528,552	8,416,145	7,044,505	2,086,466
Income ( loss) from discontinued operations abstract		-	-	-	-
Net income (loss) abstract		10,528,552	8,416,145	7,044,505	2,086,466
Other comprehensive income for the year, net of income tax		1,081,602	822,982	242,305	(285,889)
Total comprehensive income		11,610,154	9,239,127	7,286,810	1,800,578
Net income attributable to owners of the company		10,528,552	8,416,145	7,044,505	2,086,466
Net income attributable to non--controlling interests		-	-	-	-
Total comprehensive income attributable to owners of the company		11,610,154	9,239,127	7,286,810	1,800,578
Total comprehensive income attributable to non-controlling interests		-	-	-	-
Earnings per share		1.56	1.40	1.32	0.30

Note1: Based on unaudited financial statements.



**(5) Condensed Balance Sheet (Consolidated) – ROC GAAP**

Unit:NT\$1,000

Item			Year	Financial data for the most recent five years (Note)		
				Financial data from 2010 to 2012		
			2012	2011	2010	
Cash and cash equivalents, due from the central bank and call loans to banks			79,269,556	65,132,182	57,913,977	
Financial assets at fair value through profit or loss			61,300,358	52,303,140	55,517,279	
Securities purchased under resell agreements			210,863	29,789	1,439,552	
Available-for-sale financial assets			76,668,039	53,524,008	48,242,365	
Receivables			48,564,037	46,576,283	41,833,788	
Loans			735,406,720	656,008,834	599,161,337	
Held-to-maturity financial assets			211,168,563	253,283,859	254,655,585	
Investments accounted for using equity method			-	-	-	
Properties			16,669,914	15,892,484	14,456,569	
Intangible assets			4,188,907	4,063,447	4,016,475	
Other financial assets			6,137,744	5,143,502	4,331,568	
Other assets			4,511,882	3,533,834	2,959,873	
Total assets			1,244,096,583	1,155,491,362	1,084,528,368	
Due to the Central Bank and other banks			46,652,824	38,052,926	38,869,814	
Deposits			1,023,820,129	954,993,962	897,263,764	
Financial liabilities at fair value through profit or loss			12,418,221	13,092,263	18,084,329	
Securities sold under repurchase agreements			4,957,725	13,247,387	17,394,242	
Funds borrowed from the Central Bank and other banks			-	-	-	
Bonds payable			53,300,000	46,500,000	41,500,000	
Preferred stock liabilities			-	-	-	
Operating and Liabilities reserve			-	-	-	
Other financial liabilities			2,185,508	2,892,441	3,099,382	
Other liabilities			25,588,167	21,128,687	13,074,978	
Total liabilities			1,168,922,574	1,089,907,666	1,029,286,509	
Equity attributable to owners of the company	Capital Stock	Before distribution	50,107,000	45,750,000	38,033,000	
		After distribution	55,117,700	48,037,500	40,695,310	
	Capital Surplus		14,420,331	13,327,677	10,578,871	
	Retained earnings	Before distribution	10,584,717	6,728,981	6,503,368	
		After distribution	4,070,807	3,526,481	3,080,398	
	Other equity		61,961	(222,962)	126,620	
Non-controlling interests			-	-	-	
Total stockholders' equity	Before distribution		75,174,009	65,583,696	55,241,859	
	After distribution		6,513,910	62,381,196	54,481,199	

Note:Based on audited financial statements.

## (6) Condensed Statement of Income (Consolidated) – ROC GAAP

Unit:NT\$1,000, Except Earning Per share

Item	Year	Financial data for the most recent five years Financial data from 2010 to 2012		
		2012	2011	2010
Net interest		14,089,561	12,688,332	11,450,970
Total net revenues and gains other than interest		10,002,317	7,516,932	5,964,391
Bad-debt expenses		(2,019,962)	(4,540,035)	(2,732,257)
Provision miscellaneous insurance reserve abstract		-	-	-
Operating expenses		(13,717,997)	(11,622,826)	(10,210,948)
Income before tax from continuing operations		8,353,919	4,042,403	4,472,156
Net income from continuing operation		7,058,236	3,484,348	3,923,072
Net income (loss) from discontinuing operations		-	-	-
Extraordinary gain or loss(After income tax)		-	-	-
Cumulative effect of changes in accounting principles(After income tax)		-	-	-
Consolidated net income attributable to	Attributable to parent company	7,058,236	3,484,348	3,923,072
	Attributable to minority interest	-	-	-
Basic earnings per share		1.46	0.78	1.04

Note: Based on audited financial statements.



## (7) Condensed Balance Sheet (Unconsolidated) – ROC GAAP

Unit: NT\$1,000

Item			Year	Financial data for the most recent five years Financial data from 2010 to 2012		
			2012	2011	2010	
Cash and cash equivalents			5,514,101	7,212,192	6,782,379	
Financial assets at fair value through profit or loss			7,780	-	-	
Securities purchased under resell agreements			-	-	-	
Available-for-sale financial assets			-	-	-	
Receivables			1,476,253	734,622	830,086	
Investments accounted for using equity method			81,135,789	70,828,510	60,799,227	
Properties			1,907	2,298	246	
Intangible assets			16,568	2,987	1,848	
Other financial assets			12,690	12,690	12,690	
Other assets			170,762	40,923	2,817	
Total assets			88,335,850	78,834,222	68,429,293	
Due to the central bank and other banks			-	-	-	
Deposits			-	-	-	
Financial liabilities at fair value through profit or loss			5,447,115	5,241,495	5,138,932	
Securities sold under repurchase agreements			-	-	-	
Due to the central bank and other banks abstract			-	-	-	
Corporate bonds payable			6,300,000	7,500,000	7,500,000	
Preference share liability			-	-	-	
Operating and Provision			-	-	-	
Other financial liabilities			-	-	-	
Other liabilities			1,414,726	509,031	548,502	
Total liabilities			13,161,841	13,250,526	13,187,434	
Equity attributable to owners of the Company	Capital Stock	Before distribution	50,107,000	45,750,000	38,033,000	
		After distribution	55,243,000	48,107,000	45,750,000	
	Capital Surplus		14,420,331	13,327,677	10,578,871	
	Retained earnings	Before distribution	10,584,717	6,728,981	6,503,368	
		After distribution	4,070,807	3,526,481	3,080,398	
	Equity adjustments		61,961	(222,962)	126,620	
Non-controlling interests			-	-	-	
Total stockholders' equity	Before distribution		75,174,009	65,583,696	55,241,859	
	After distribution		73,670,799	64,668,696	54,481,199	

**(8) Condensed Statement of Income (Unconsolidated) – ROC GAAP**

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

Item	Year	Financial data for the most recent five years Financial data from 2010 to 2012		
		2012	2011	2010
Income from equity investments under the equity method		7,677,165	3,781,342	4,720,551
Other revenues and gains		114,789	186,958	63,301
Loss from equity investments under the equity method		-	-	-
Operating expenses		(181,580)	(168,765)	(100,663)
Other expenses and losses		(684,731)	(345,992)	(965,093)
Income before income tax		6,925,643	3,453,543	3,718,096
Net income		7,058,236	3,484,348	3,923,072
Basic earnings per share(before income tax)		1.43	0.78	0.98
Basic earnings per share(after income tax)		1.46	0.78	1.04

Note: Based on audited financial statements.

**(9) CPAs' Auditing Opinion from 2010 to 2014**

Chen Li Chi, CPA, and Chang Ryh Yan, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the years of 2010 to 2011, ended on December 31, and issued modified unqualified opinion reports; Chen Li Chi, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2012, ended on December 31, and issued an unqualified opinion report ; Huang Jui Chan, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2013, ended on December 31, and issued an unqualified opinion report.; Huang Jui Cha, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2014, ended on December 31, and issued an unqualified opinion report.

## 2. Financial data for the most recent five years

### (1) Financial analysis

Item			Year	Financial data for the most recent five years Financial data from 2012 to 2014			As of February 28,2015
				2014	2013	2012	
Operating ratio	Total assets turnover (Times)		0.02	0.02	0.02	0.02	
	Ratio of loans to deposits (E.SUN Commercial Bank) (%)		73.61	72.40	72.25	73.13	
	NPL ratio (E.SUN Commercial Bank) (%)		0.18	0.20	0.17	0.20	
	Average revenue per employee(NT\$ thousand)		4,266.02	3,733.59	3,605.43	4,746.36	
	Average net income per employee(NT\$ thousand)		1,381.26	1,174.77	1,087.79	1,610.33	
Profitability ratio	Ratio of return on total assets(%)		0.73	0.65	0.60	0.80	
	Ratio of return on stockholders' equity(%)		11.11	10.65	10.07	11.57	
	Profit margin ratio(%)		32.38	31.46	30.17	33.93	
	Basic Earnings per share(dollars)		1.56	1.40	1.32	0.30	
Debt Paying Ability	Liquidity ratio(%)		485.92	488.34	213.12	437.27	
Financial structure(%)	Ratio of debt to assets		9.08	14.20	14.99	9.41	
	Ratio of debt to net worth		9.98	16.55	17.63	10.39	
	Double Leverage Ratio		106.12	108.22	107.99	106.14	
	According to Article 41 of Financial Holding Company Law		None	None	None	None	
Leverage ratio(%)	Operating leverage ratio		1.16	1.17	1.24	1.34	
	Financial leverage ratio		1.91	1.93	2.13	1.69	
Ratio of growing(%)	Ratio of assets growing		13.42	10.84	7.71	9.93	
	Ratio of income growing		25.03	22.53	106.22	14.71	
Cash flow(%)	Cash flow ratio		6.74	-	-	6.74	
	Cash flow adequacy ratio		106.18	245.92	575.77	106.18	
	Cash flow content ratio		Note 1	Note 1	Note 1	Note 1	
Operating Scale(%)	Market share of assets		3.75	3.58	3.53	3.81	
	Market share of equity		3.64	3.18	3.08	3.70	
	Market share of deposit (E.SUN Commercial Bank)		3.52	3.94	3.71	4.16	
	Market share of assets loans(E.SUN Commercial Bank)		4.03	4.07	3.44	4.03	
Capital adequacy Ratio	Subsidiaries'Capital adequacy Ratio calculated by regulation(%)	E.SUN Commercial Bank	12.72	12.27	13.21	13.03	
		E.SUN Securities Co., Ltd.	427.41	430.85	575.29	395.56	
		E.SUN Venture Capital Co., Ltd.	98.89	98.77	99.61	98.80	
		E.SUN Insurance Brokers Co., Ltd.	84.29	91.70	86.96	90.42	
	Qualified capital of subsidiaries (NT\$ thousand)	E.SUN Commercial Bank	135,002,479	112,353,658	103,424,675	137,532,158	
		E.SUN Securities Co., Ltd.	3,846,516	2,787,055	2,676,825	3,865,152	
		E.SUN Venture Capital Co., Ltd.	3,189,199	2,414,934	1,580,005	3,173,759	
		E.SUN Insurance Brokers Co., Ltd.	717,777	620,434	724,644	777,025	
	Net Group qualified capital(NT\$ thousand)		124,594,422	100,530,688	93,421,814	126,861,331	
	Legal requirement of subsidiaries' capital	E.SUN Commercial Bank	84,875,568	73,232,988	62,646,252	84,468,270	
		E.SUN Securities Co., Ltd.	1,349,952	970,311	697,949	1,465,692	
		E.SUN Venture Capital Co., Ltd.	1,612,505	1,222,563	793,076	1,606,131	
		E.SUN Insurance Brokers Co., Ltd.	425,778	338,298	416,652	429,664	
	Legal requirement of group capital(NT\$ thousand)		88,513,217	75,912,225	64,652,237	88,203,040	
	Group Capital Adequacy Ratio		140.76	132.43	144.50	143.83	
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)			465,447,379	384,979,752	384,308,372	465,447,379	



Note1 : Formula :

1. Operating ratio

- (1) Total assets turnover=Net income / Average assets
- (2) Ratio of loans to deposits=Total loans / Total deposits
- (3) NPL ratio=Nonperforming loans / Total loans
- (4) Average revenue per employee=Net revenues / employee
- (5) Average net income per employee=Net income / 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) Profit margin ratio=Income after income tax / Net revenues
- (4) Basic earnings per share= ( Income and loss attributable to owners of the company – 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) Operating leverage ratio=(Net revenues – Variable expenses) / Income before income tax
- (2) 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

- (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 sold under repurchased issued + Current portion of Payables ) °
- (2) Cash flow adequacy ratio=Net cash provided by operating activities(from 2009 to 2013) / from 2009 to 2013 ( 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

8. Capital adequacy Ratio

- (1) Net Group qualified capital=Qualified requirement of Financial Holding Company Law + ( Shares hold in ratio of Financial Holding Company Law×Qualified capital of subsidiaries ) – Deduction °
- (2) Legal requirement of subsidiaries' capital=Legal requirement of Financial Holding Company Law + Shares hold in ratio of Financial Holding Company Law×Legal requirement of subsidiaries °
- (3) Group Capital Adequacy Ratio=Net Group qualified capital÷Legal requirement of group capital.

## (2) Financial Analysis – ROC GAAP

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

Item			Year	Financial data for the most recent five years		
				Financial data from 2010 to 2012		
			2012	2011	2010	
Operating ratio	Total assets turnover (Times)		0.09	0.05	0.07	
	Ratio of loans to deposits (E.SUN Commercial Bank)(%)		72.25	68.87	66.65	
	NPL ratio (E.SUN Commercial Bank)(%)		0.17	0.20	0.39	
	Average revenue per employee(NT\$ thousand)		1,203.20	662.93	926.74	
	Average net income per employee(NT\$ thousand)		1,089.91	582.08	759.99	
Profitability ratio	Ratio of return on total assets(%)		8.72	5.01	6.03	
	Ratio of return on equity(%)		10.03	5.77	7.32	
	Profit margin ratio(%)		99.31	96.19	102.73	
	Basic earnings per share(dollars)		1.46	0.82	1.04	
Debt-paying ability	Current Ratio(%)		1.02	1.38	1.36	
Financial structure(%)	Ratio of debt to assets		14.90	16.81	19.27	
	Ratio of debt to net worth		17.51	20.20	23.87	
	Double Leverage Ratio		107.93	108.00	110.06	
	According to Article 41 of Financial Holding Company Law		None	None	None	
Leverage ratio(%)	Operating leverage ratio		1.00	1.00	1.00	
	Financial leverage ratio		1.04	1.01	1.01	
Ratio of growing(%)	Ratio of assets growing		12.05	15.21	8.81	
	Ratio of income growing		100.54	(7.12)	99.38	
Cash flow(%)	Cash flow ratio		6.86	20.79	5.15	
	Cash flow adequacy ratio		18.89	17.01	17.64	
	Cash flow content ratio		(15.10)	-	-	
Operating Scale (%)	Market share of assets		3.53	3.49	3.75	
	Market share of equity		3.08	2.98	2.77	
	Market share of deposit(E.SUN Commercial Bank)		3.71	3.53	3.47	
	Market share of assets loans(E.SUN Commercial Bank)		3.44	3.09	3.03	
Capital adequacy Ratio	Subsidiaries' Capital adequacy Ratio calculated by regulation (%)	E.SUN Commercial Bank	13.21	12.29	11.55	
		E.SUN Securities Co., Ltd.	575.29	698.71	470.64	
		E.SUN Venture Capital Co., Ltd.	99.61	98.77	98.91	
		E.SUN Insurance Brokers Co.,Ltd.	86.96	83.98	84.84	
	Qualified capital of subsidiaries (NT\$ thousand)	E.SUN Commercial Bank	103,424,675	82,305,147	67,348,487	
		E.SUN Securities Co., Ltd.	2,676,825	2,688,919	2,861,533	
		E.SUN Venture Capital Co., Ltd.	1,580,005	1,671,600	1,763,469	
		E.SUN Insurance Brokers Co.,Ltd.	724,644	662,396	516,834	
	Net Group qualified capital(NT\$ thousand)		93,421,814	73,991,095	60,134,186	
	Legal requirement of subsidiaries' capital (NT\$ thousand)	E.SUN Commercial Bank	62,646,252	53,565,372	46,655,136	
		E.SUN Securities Co., Ltd.	697,949	577,263	912,020	
		E.SUN Venture Capital Co., Ltd.	793,076	846,213	891,486	
		E.SUN Insurance Brokers Co.,Ltd.	416,652	394,369	304,586	
	Legal requirement of group capital(NT\$ thousand)		64,652,237	55,426,454	48,811,440	
	Group Capital Adequacy Ratio (%)		144.50	133.49	123.20	
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 )			384,308,372	376,928,430	374,761,731	



Note1: Formula:

1. Operating ratio

- (1) Total assets turnover=Net revenues / Average total assets
- (2) Ratio of loans to deposits=Total loans / Total deposits
- (3) NPL ratio=Nonperforming loans / Total loans
- (4) Average revenue per employee=Net revenues / employee
- (5) Average net income per employee=Net income / employee

2. Profitability ratio

- (1) Ratio of return on total assets=Income after income tax / Average total assets
- (2) Ratio of return on equity=Income after income tax / Average total equity
- (3) Profit margin ratio=Income after income tax / Net revenues
- (4) Basic Earnings per share= ( Income and loss attributable to owners of the company—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 equity
- (3) Double Leverage Ratio=Equity investment for subsidiaries / Total equity

4. Leverage ratio :

- (1) Operating leverage ratio=(Net revenues—Variable expenses) / Income before income tax
- (2) 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

- (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 sold under repurchased agreements + Current portion of Payables ) °
- (2) Cash flow adequacy ratio=Net cash provided by operating activities(from 2010 to 2012) / from 2010 to 2012 ( 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 institutions which are qualified in deposit and loan business
- (2) Market share of equity=Total stockholders'equity / Total stockholders'equity of all financial institutions which are qualified in deposit and loan business.
- (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.

8. Capital adequacy Ratio

- (1) Net Group qualified capital=Qualified requirement of Financial Holding Company Law+ ( Shares hold in ratio of Financial Holding Company Law×Qualified capital of subsidiaries ) —Deduction °
- (2) Legal requirement of subsidiaries' capital=Legal requirement of Financial Holding Company Law + Shares hold in ratio of Financial Holding Company Law×Legal requirement of subsidiaries °
- (3) Group Capital Adequacy Ratio=Net Group qualified capital÷Legal requirement of group capital.

**(3) One of the KPIs of E.SUN Financial Holding Company:**

Capital adequacy ratio.

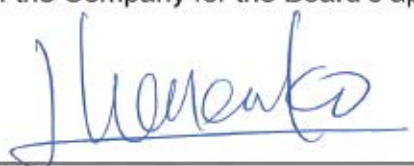
**(4) Financial holding company and its subsidiaries should disclose the detail of impact when encounter financial difficulties for the latest complete financial year and year to date before the printing of annual report: None.**

## 5.Audit Committees' Report

### Audit Committee Report

To: E.SUN Financial Holding Company

The 2014 consolidated financial statements of E.SUN Financial Holding Company ("the Company") have been prepared in accordance 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", "Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants", "International Financial Reporting Standards", "International Accounting Standards", "IFRIC Interpretations" and "SIC Interpretations" endorsed by the Financial Supervisory Commission of the Republic of China. CPA Huang Jui Chan and CPA Lai Kwan Chung of Deloitte & Touche have been appointed by the Company to audit the financial statements. After reviewing the financial statements, the Audit Committee has found them to meet the requirements of the applicable laws and guidelines. The 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 the Company for the Board's approval.



Chen-En Ko  
Convener  
Audit Committee  
E.SUN Financial Holding Company

Date: March 18, 2015

## VII. Risk Management



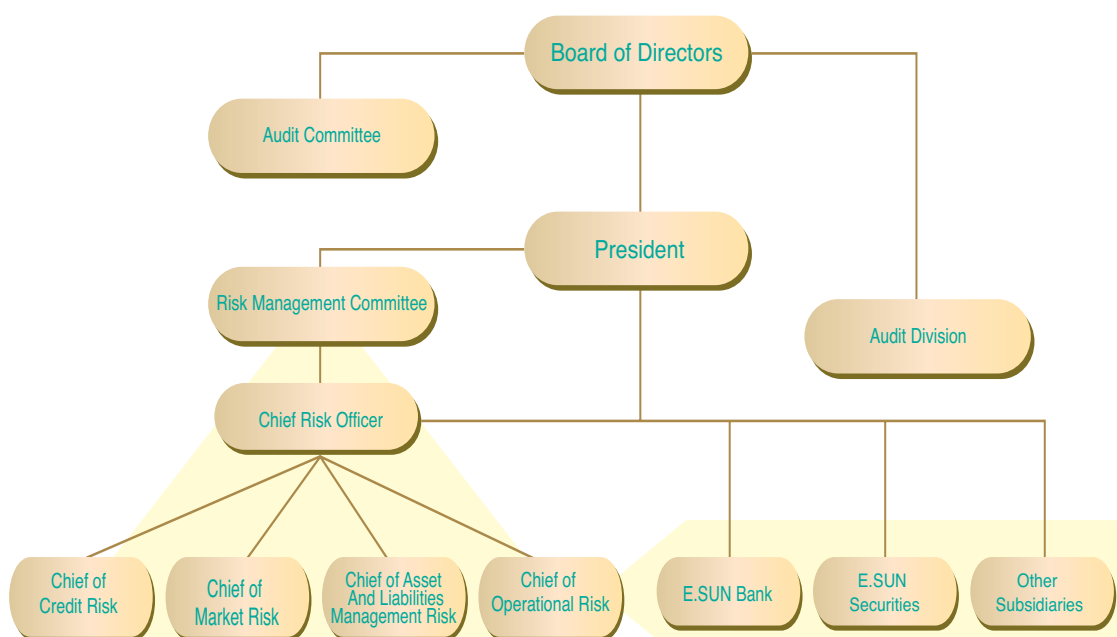


# 1. Risk Management

The primary objectives of E.SUN FHC's risk management are to secure the safety of assets, customer service, and 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) FHC's Risk Management Framework

E.SUN has established an independent Risk Management Committee that is responsible for complying risk management policies approved by the board of directors, 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 also is 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 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.

## (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.

### a. Routine Disclosures

#### (a) Strategies and Procedures

##### i. Credit Risk Management

- (i) 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.
- (ii) Risk position from any single financial institution is limited, the limitation is set according to regulation by authorities, also credit risk and operation status are taken into consideration.
- (iii) Followed by authority regulation, certain enterprise and its group of affiliates are seeing as an entity as whole, while E.SUN sets its credit loan business policy.
- (iv) 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.  
Taking into account its risk tolerance in the conduct of business, the Company imposes lending quota on specific industries or targets as well as risk quota on individual countries and business conglomerates. Such mechanisms

are put in place to ensure effective management of credit risk.

##### ii. Market Risk Management

- (i) The Company and its subsidiaries establish market risk management mechanisms to meet risk management needs, including tools to identify, measure, supervise, and control risk, as well as procedures for handling exceptions.
- (ii) E.SUN sets all types of limits with respect to market risk and designates the level of management that must approve these limits. It also has procedures in place to handle circumstances when limits are breached.
- (iii) Overall financial product holdings are reviewed on a regular basis. A risk exposure report is submitted to E.SUN FHC's risk management committee and board of directors accordingly. Such review helps the Company stay on top of the risk of price fluctuation so that it can make better-informed trading decisions.

##### iii. Operational Risk Management

- (i) A set of Operational Risk Management Guidelines has been put in place to ensure that the Company and its subsidiaries can effectively identify, measure, supervise, and control all possible operational risk as well as conduct sound business.
- (ii) Mechanisms are established for the management of operational risk based on actual needs, including those designed for risk identification, evaluation, measurement, and monitoring, in order to keep up with changes in operational risk.
- (iii) The audit division shall examine the procedure of managing operational risk on a regular basis in order to ensure that both evaluation of such management and control and management processes are functioning properly.

The Company has put in place an internal control and regulatory compliance system. Setting out with the establishment of a sound operational system and promotion of operational risk awareness across the board, E.SUN FHC makes it a point to advance a



corporate culture that gives priority to statutory compliance and enforce well-rounded internal control, thereby keeping operational risk in check. In addition to comprehensive on-the-job training, the Company has laid down a full range of regulations and guidelines that govern employee behavior, customer service (KYC included), product design, operational procedures, data security, system backup and emergency responses in order to prevent operational risk. In terms of risk deriving from external events, the Company is keen to stay alert to the latest changes in market environments, customer behavior, technologies, and laws and decrees in order to adapt in time and ensure the appropriateness of its internal regulations.

(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 operating procedures that allocate capital to relative risks in terms of the risk level, accordingly. The subsidiaries should also stimulate its business operating regulation regard with risk management, executing daily valuation, measuring risk exposure, monitoring extraordinary occasions and reporting to risk management department and auditing department. Improving customer connection, risk analysis skill and internal audit are essential as this enhances the company's ability to accurately recognize risks. and ability to perform international standard in management.

(c) Scope and Feature of Risk Reporting and Measurement Systems – Applicable to all Subsidiaries

i 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.

ii Market Risk:

Include relevant risk factors in the evaluation system for financial products, furthermore, reports are provided to decision-making management with regards to the fair value and trading profits/losses of transactions, as well as the level of exposure and the adequacy of risk management assessment. These reports are also submitted periodically to the Risk Management Committee and the Board of Directors.

iii 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. These reports are also submitted periodically to the management team, Risk Management Committee and the Board of Directors.

(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.

### (3) Effect on the Company's finances and operations of important policies adopted and changes in the legal environment at home and abroad, and measures taken in response:

a. Pursuant to the latest revision to Article 43 of the Financial Holding Company Act, the Company has adjusted the way in which customers' personal data is to be used. That is, customers are now given the "option of participation" rather than the "option of withdrawal" when it comes to the joint collection, processing, and use of their personal data by the Company's subsidiaries. Meanwhile, stringent management processes and internal control are implemented to ensure the regulatory compliance of pertinent operations. E.SUN is set to keep up its provision of the most specialized services while doing its best to guard the security of customers' personal data. E.SUN considers it a responsibility to protect customer rights and interests.

b. To bolster the country's mechanism for combatting money laundering and the funding of terrorists in tandem with international trends in this direction, the Financial Supervisory Commission promulgated a revision to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries on August 8, 2013. Pursuant to this newly revised statute, the Company mapped out the Plan for E.SUN FHC and Its Subsidiaries to Prevent Money Laundering and Combat the Funding of Terrorists. E.SUN policy on and procedure for information sharing are clearly defined. According to their respective business sizes and characteristics, all subsidiaries are required to establish name lists and relevant

archives as well as an early warning system for everyday business, if necessary, so as to supplement their capability for preventing money laundering and combatting the funding of terrorists. By adopting the aforesaid plan for E.SUN FHC and its subsidiaries as well as following the standard operational procedure laid out in pertinent laws and regulations, the Company installs a solid defense mechanism for both internal control and risk management that goes a long way toward minimizing its exposure to money laundering and the funding of terrorists.

c. The Foreign Account Tax Compliance Act (FATCA) of the U.S. requires foreign financial institutions to report to the Internal Revenue Service (IRS) information about financial accounts held by U.S. taxpayers. The government of Taiwan is now undertaking negotiations with U.S. authorities on the aforementioned points with a view to building a set of standard procedures for domestic financial institutions. For its part, the Company has completed mandatory online registration while its banking subsidiary has introduced the identification of U.S. citizens into its process for account opening by customers. This is due to be followed by the establishment of reporting procedure for U.S. taxpayers. The Company is set to give priority to protecting customer rights and interests as it takes action to honor U.S. and local laws and regulations, notably Taiwan's Banking Act and Personal Information Protection Act.

d. Due to go into effect on July 21, 2015, the Volcker Rule of the U.S. is intended to curtail the business scope of the financial services industry, in particular by banning commercial banks from engaging in proprietary trading and owning hedge or private equity funds in the U.S. The avowed objective is to reduce the odds of systematic risk by restricting banks' risk appetite. But it also has been made clear that foreign banks will be exempted from the rule and

that proprietary trading is permissible for them. As such, the Company expects to sustain a far from significant impact. On the other hand, E.SUN Bank's Los Angeles Branch will not be required to report specified information regarding its trading activity to the U.S. competent authority as its trading assets and liabilities do not exceed US\$10 billion. E.SUN will entrust external consultants to assist in the setting of control and management as well as regulatory compliance plans for proprietary trading processes as it continues to keep track of subsequent developments with regard to the legislation in question.

#### (4) Effect of developments in science and technology as well as industrial change on the Company's finances and operations, and measures taken in response:

Consumer reliance on mobile devices is growing by the day as technological advancement speeds up the proliferation of these so-called smart gadgets. For its part, the Company has been proactive to develop mobile payment services in order to meet customer needs. To date, it has teamed up with telecom operators to introduce QR (Quick Response) Code Mobile Payment and NFC (Near Field Communication) Cellular Credit Card services. Customers are given an early start to make use of their smartphone apps in paying for products or services at QR code-enabled authorized shops. This new convenience is made possible by the NFC capability of cellular credit cards. Aided by TSM (Trusted Service Manager) and OTA (Over the Air) technologies, credit card information is downloaded to and stored on handsets. Thus, customers no longer need to

carry their credit cards and can engage in “contactless” transactions at properly equipped authorized shops. In the days ahead, the Company is set to keep tracking technological advancement on this front and develop even more convenient mobile payment services while placing equal emphasis on sound business, information security, and consumer rights and interests

#### (5) Effect of changes in the Company's public image, and measures taken in response:

Given its commitment to corporate social responsibility and customer service, the Company won quite a string of accolades from both the general public and specialized international institutions in 2014. It was rated by Commonwealth magazine as the local banking industry's No. 1 recipient of its Gold Medal Service Awards for the fourth straight year as well as the local financial industry's No. 1 recipient of its Commonwealth Corporate Citizen Award for the sixth consecutive year. For the fifth year in a row, the Company was accorded the Platinum Corporate Award for Management Excellence among Asian Enterprises by Hong Kong's The Asset magazine. Moreover, the Company was included as a component of the Dow Jones Sustainability Indexes (DJSI) and recognized by Hong Kong's Asiamoney magazine as the Best Domestic Bank in Taiwan. The Company enjoyed a substantial boost to its brand value when its banking and securities subsidiaries secured ISO 50001 certification for their respective energy management systems. As the world becomes increasingly digitized, the Company is ready to user in a wider array of electronic services that exceed customer expectations. Priority will be given to taking account of customer preferences in order to enhance customer satisfaction.

**(6) Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures:**None

**(7) Risks from Concentration of Operations, and Countermeasures:**

a. 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.

b. 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 Asset and Liability Management, Ethical Behavior with post-disbursement management regulations to regularly review the suitability of credit terms and assess the possibility of systemic risk.

**(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 2014, no directors, supervisors or major shareholders with a stake of over 1% transferred stakes to another party.

**(9) Influence of Changes in Ownership of the FHC, Possible Risks and Countermeasures:**

As of the end of 2014, there is no significant change in ownership

**(10) Litigious or Non-litigious Incidents:** None

**(11) Other Major Risks and Countermeasures:** None

## 2. Crisis Handling Mechanism

E.SUN FHC and its subsidiaries abide by standard operating procedures and rules set forth in the Guidelines on Emergency Response and Crisis Management. Staying alert all the time, taking a preemptive approach toward preventing occurrence of any crisis. In addition, drills are carried out regularly to ensure that the established crisis management measures are effective and to further enhance overall preparedness and responsiveness. A set of Operating Regulations for Emergency Responses to Personal Data Infringement is put in place as the framework for preventing, reporting and handling incidents of the sort as well as taking other precautionary measures. Separately, both E.SUN FHC and its subsidiaries have set up crisis management task forces and assigned emergency liaison officers. In the event of an emergency or other abnormal incident, it is supposed to promptly decide on response measures that are to be implemented systematically and effectively. Timely reporting is also imperative to ward off escalation of a given crisis. Equally important is consistent review and improvement to help reduce response costs and strengthen preventive and responsive capabilities.

## 3. Disclosure of Evaluation for Financial Products

For all the financial products underwrite by E.SUN, besides those whose value can be quoted from open market such as the closing price of future for commodities, other OTC derivatives, the value are calculated via the company's evaluation system.

## 4. Other Important Issues:

Operational Procedures for Handling Material Information:

The Company has adopted a set of Operational Procedures for Handling Material Information and made it known that this is meant to be observed by all employees and board directors alike.



## VIII Special Notes



## 1. Representation of Consolidated Financial Statements of Affiliated Enterprises

### Representation of Consolidated Financial Statements of Affiliated Enterprises

March 20, 2015

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 2014 are the same with those defined by Article 27 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 Co. Ltd.



Chairman

*Yung-Jen Huang*



**2. Affiliation Report:** Please refer to Section 8 of Financial Statement (Chapter VI)

# Appendix

E.SUN Financial Holding Company, Ltd. and Subsidiaries  
Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013  
and Independent Auditors' Report

Address: 14F, No.117 & 1F No.115, Sec.3, Minsheng E. Rd., Songshan District, Taipei, Taiwan  
Telephone +8862 2175131

## Independent Auditors' Report



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www.deloitte.com.tw

### 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 its subsidiaries (collectively, the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in 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.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants, Regulations Governing Auditing and Attestation 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2014 and 2013, and their consolidated financial performance and consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

*Deloitte & Touche*

March 20, 2015

#### Notice to Readers

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

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



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

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2014 AND 2013**  
(In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 29,547,360	2	\$ 21,344,052	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4 and 7)	60,090,348	4	57,907,807	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 39)	292,870,111	19	283,646,429	21
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 9 and 39)	86,030,495	6	72,049,774	5
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	152,758	-	-	-
RECEIVABLES, NET (Notes 4, 12 and 39)	73,087,654	5	62,895,383	5
CURRENT TAX ASSETS (Notes 4 and 35)	335,260	-	563,776	-
DISCOUNTS AND LOANS, NET (Notes 4, 13 and 38)	934,613,524	60	828,238,170	60
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 14 and 39)	5,915,792	-	8,593,699	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 29 and 39)	52,810,267	3	17,578,354	1
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	421,270	-	544,587	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	21,106,105	1	19,373,142	1
INTANGIBLE ASSETS, NET (Notes 4 and 18)	5,683,483	-	5,551,692	-
DEFERRED TAX ASSETS (Notes 4 and 35)	123,932	-	343,935	-
OTHER ASSETS, NET (Notes 4, 19 and 28)	3,631,499	-	2,444,147	-
TOTAL	<u>\$ 1,566,419,858</u>	<u>100</u>	<u>\$ 1,381,074,947</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 20)	\$ 58,199,621	4	\$ 47,645,621	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 25)	26,081,873	2	12,264,067	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 14 and 21)	13,117,523	1	6,254,291	1
COMMERCIAL PAPER ISSUED, NET (Note 22)	2,828,518	-	1,981,970	-
PAYABLES (Notes 4 and 23)	21,740,276	1	19,125,608	1
CURRENT TAX LIABILITIES (Notes 4 and 35)	853,016	-	505,654	-
DEPOSITS AND REMITTANCES (Notes 24 and 38)	1,280,691,771	82	1,150,790,905	83
BOND PAYABLES (Note 25)	49,600,000	3	53,800,000	4
OTHER BORROWINGS (Note 26)	380,040	-	268,092	-
PROVISIONS (Notes 4, 27 and 28)	337,069	-	400,265	-
OTHER FINANCIAL LIABILITIES (Note 29)	2,583,420	-	2,392,644	-
DEFERRED TAX LIABILITIES (Notes 4 and 35)	816,112	-	745,760	-
OTHER LIABILITIES (Note 30)	1,529,273	-	1,586,425	-
Total liabilities	<u>1,458,758,512</u>	<u>93</u>	<u>1,297,761,302</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock				
Common stock	70,530,000	5	55,243,000	4
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	15,993,213	1	11,114,906	1
From treasury stock transactions	3,382,484	-	3,382,484	-
Total capital surplus	<u>19,375,697</u>	<u>1</u>	<u>14,497,390</u>	<u>1</u>
Retained earnings				
Legal reserve	4,357,121	-	3,515,723	-
Special reserve	164,235	-	555,084	-
Unappropriated earnings	10,617,980	1	8,023,127	1
Total retained earnings	<u>15,139,336</u>	<u>1</u>	<u>12,093,934</u>	<u>1</u>
Other equity	1,831,360	-	816,635	-
Total equity attributable to owners of the Company	<u>106,876,393</u>	<u>7</u>	<u>82,650,959</u>	<u>6</u>
NON-CONTROLLING INTERESTS	784,953	-	662,686	-
Total equity	<u>107,661,346</u>	<u>7</u>	<u>83,313,645</u>	<u>6</u>
TOTAL	<u>\$ 1,566,419,858</u>	<u>100</u>	<u>\$ 1,381,074,947</u>	<u>100</u>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2014</b>		<b>2013</b>		<b>Percentage Increase (Decrease)</b>
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>%</b>
INTEREST REVENUE (Notes 4, 31 and 38)	\$ 27,147,256	83	\$ 22,573,791	85	20
INTEREST EXPENSE (Notes 4, 31 and 38)	(11,662,630)	(36)	(9,539,118)	(36)	22
NET INTEREST	15,484,626	47	13,034,673	49	19
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 32 and 38)	11,470,184	35	9,123,611	34	26
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 33)	3,140,078	10	4,212,153	16	(25)
Realized gains on available-for-sale financial assets (Note 4)	483,116	2	276,391	1	75
Foreign exchange gains (losses), net (Note 4)	2,058,975	6	(129,174)	-	1,694
Impairment losses on assets (Notes 4, 9, 15 and 16)	(80,277)	-	(169,973)	(1)	(53)
Gains on financial assets carried at cost, net (Note 4)	120,728	-	307,511	1	(61)
Other noninterest gains, net	77,089	-	92,234	-	(16)
Total net revenues and gains other than interest	17,269,893	53	13,712,753	51	26
TOTAL NET REVENUES	32,754,519	100	26,747,426	100	22
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES (Notes 4 and 13)	(2,033,689)	(6)	(1,706,522)	(6)	19
OPERATING EXPENSES (Notes 4, 16, 17, 18, 28, 34 and 38)					
Employee benefits	(8,356,860)	(26)	(6,947,048)	(26)	20
Depreciation and amortization	(1,089,802)	(3)	(965,233)	(4)	13
General and administrative	(8,503,101)	(26)	(6,914,326)	(26)	23
Total operating expenses	(17,949,763)	(55)	(14,826,607)	(56)	21

(Continued)

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 12,771,067	39	\$ 10,214,297	38	25
INCOME TAX EXPENSE (Notes 4 and 35)	(2,165,739)	(7)	(1,798,246)	(6)	20
NET INCOME	<u>10,605,328</u>	<u>32</u>	<u>8,416,051</u>	<u>32</u>	26
OTHER COMPREHENSIVE INCOME (Notes 4, 28 and 35)					
Exchange differences on the translation of financial statements of foreign operations	873,966	3	150,708	1	480
Unrealized gains on available-for-sale financial assets	335,678	1	587,010	2	(43)
Actuarial gains arising from defined benefit plans	66,864	-	78,863	-	(15)
Income tax relating to components of other comprehensive income	(149,415)	-	2,617	-	(5,809)
Other comprehensive income for the year, net of income tax	<u>1,127,093</u>	<u>4</u>	<u>819,198</u>	<u>3</u>	38
TOTAL COMPREHENSIVE INCOME	<u>\$ 11,732,421</u>	<u>36</u>	<u>\$ 9,235,249</u>	<u>35</u>	27
NET INCOME ATTRIBUTABLE TO					
Owners of the Company	\$ 10,528,552	32	\$ 8,416,145	31	25
Non-controlling interests	<u>76,776</u>	<u>-</u>	<u>(94)</u>	<u>-</u>	81,777
	<u>\$ 10,605,328</u>	<u>32</u>	<u>\$ 8,416,051</u>	<u>31</u>	26
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of the Company	\$ 11,610,154	36	\$ 9,239,127	35	26
Non-controlling interests	<u>122,267</u>	<u>-</u>	<u>(3,878)</u>	<u>-</u>	3,253
	<u>\$ 11,732,421</u>	<u>36</u>	<u>\$ 9,235,249</u>	<u>35</u>	27
EARNINGS PER SHARE (Note 36)					
Basic	<u>\$ 1.56</u>		<u>\$ 1.40</u>		
Diluted	<u>\$ 1.55</u>		<u>\$ 1.40</u>		

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

(Concluded)

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

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									Total Equity
	Equity Attributable to Owners of the Company						Other Equity			
							Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains on Available-for- sale- Financial Assets (Note 4)	Non- controlling Interests (Notes 4 and 37)	
	Capital Stock (Note 37)		Capital Surplus (Notes 4 and 37)	Retained Earnings (Notes 4 and 37)						
	Shares (In Thousands)	Common Stock			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2013	5,010,700	\$ 50,107,000	\$ 14,420,331	\$ 2,809,899	\$551,166	\$ 6,751,721	\$ (222,469)	\$ 295,035	\$ -	\$ 74,712,683
Reversal of special reserve	-	-	-	-	(386,931)	386,931	-	-	-	-
Appropriation of the 2012 earnings										
Legal reserve	-	-	-	705,824	-	(705,824)	-	-	-	-
Special reserve	-	-	-	-	390,849	(390,849)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,503,210)	-	-	-	(1,503,210)
Stock dividends	501,070	5,010,700	-	-	-	(5,010,700)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	666,564	666,564
Issuance of common stock from bonus to employees	12,530	125,300	77,059	-	-	-	-	-	-	202,359
Net income for the year ended December 31, 2013	-	-	-	-	-	8,416,145	-	-	(94)	8,416,051
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	78,913	128,420	615,649	(3,784)	819,198
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	8,495,058	128,420	615,649	(3,878)	9,235,249
BALANCE AT DECEMBER 31, 2013	5,524,300	55,243,000	14,497,390	3,515,723	555,084	8,023,127	(94,049)	910,684	662,686	83,313,645
Reversal of special reserve	-	-	-	-	(390,849)	390,849	-	-	-	-
Appropriation of the 2013 earnings										
Legal reserve	-	-	-	841,398	-	(841,398)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,786,647)	-	-	-	(1,786,647)
Stock dividends	576,338	5,763,380	-	-	-	(5,763,380)	-	-	-	-
Issuance of common stock from bonus to employees	13,283	132,826	100,948	-	-	-	-	-	-	233,774
Capital increase	700,000	7,000,000	3,500,000	-	-	-	-	-	-	10,500,000
Share-based payment for the subscription of new shares by employees	-	-	264,769	-	-	-	-	-	-	264,769
Convertible bonds converted to common shares	239,079	2,390,794	1,012,590	-	-	-	-	-	-	3,403,384
Net income for the year ended December 31, 2014	-	-	-	-	-	10,528,552	-	-	76,776	10,605,328
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	66,877	688,226	326,499	45,491	1,127,093
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	10,595,429	688,226	326,499	122,267	11,732,421
BALANCE AT DECEMBER 31, 2014	7,053,000	\$ 70,530,000	\$ 19,375,697	\$ 4,357,121	\$ 164,235	\$ 10,617,980	\$ 594,177	\$ 1,237,183	\$ 784,953	\$ 107,661,346

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



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(In Thousands of New Taiwan Dollars)**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,771,067	\$ 10,214,297
Adjustments for noncash items		
Depreciation expenses	837,795	745,755
Amortization expenses	252,007	219,478
Bad-debt expenses	2,031,915	1,672,454
Gains on financial assets and liabilities at fair value through profit or loss	(3,140,078)	(4,212,153)
Interest expense	11,662,630	9,539,118
Interest revenue	(27,147,256)	(22,573,791)
Dividend income	(121,367)	(100,787)
Provision for losses on guarantees	1,774	34,068
Salary expenses on share-based payments	549,238	234,781
Gains on disposal of properties and equipment	(8,886)	(327)
Losses (gains) on disposal of investment properties	1,384	(11,643)
Gains on disposal of investments	(482,573)	(483,447)
Impairment losses on financial assets	80,591	168,384
Impairment losses on nonfinancial assets	-	1,589
Reversal of impairment losses on nonfinancial assets	(314)	-
Unrealized gains on foreign currency exchange	(108,027)	(48,376)
Losses on disposal of foreclosed collaterals	2,926	8,327
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(1,096,468)	(4,995,222)
Increase in financial assets at fair value through profit or loss	(5,553,468)	(221,303,846)
Decrease (increase) in available-for-sale financial assets	(13,626,359)	4,010,952
Increase in securities purchased under resell agreements	(17,861)	-
Increase in receivables	(8,702,922)	(13,861,540)
Increase in discounts and loans	(108,656,664)	(88,595,557)
Decrease in held-to-maturity financial assets	2,639,585	202,433,018
Increase in other financial assets	(35,186,045)	(11,092,159)
Decrease (increase) in other assets	37,636	(148,256)
Increase in due to the Central Bank and other banks	10,554,000	395,795
Increase in financial liabilities at fair value through profit or loss	13,529,746	642,805
Increase in securities sold under repurchase agreements	6,863,232	1,296,566
Increase (decrease) in payables	2,239,471	(4,960,637)
Increase in deposits and remittances	129,900,866	119,288,991
Decrease in provision for employee benefits	(1,136)	(4,612)
Increase (decrease) in other financial liabilities	(38,197)	537,840
Increase (decrease) in other liabilities	(25,588)	234,239
Cash used in operations	(9,957,346)	(20,713,896)
Interest received	30,123,542	25,926,151
Dividend received	198,802	117,131

(Continued)

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(In Thousands of New Taiwan Dollars)**

	<b>2014</b>	<b>2013</b>
Interest paid	\$ (11,444,813)	\$ (9,853,202)
Income tax paid	(1,454,522)	(1,985,297)
Net cash provided by (used in) operating activities	<u>7,465,663</u>	<u>(6,509,113)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow (outflow) on acquisition of a subsidiary (Note 50)	(80,026)	733,910
Payments for properties and equipment	(2,500,172)	(1,519,854)
Proceeds of the disposal of properties and equipment	60,980	2,594
Increase in operating deposits	(35,000)	-
Increase in settlement fund	(3,988)	(5,828)
Decrease in settlement fund	53	21,062
Increase in refundable deposits	(1,193,124)	(129,088)
Decrease in refundable deposits	744	557
Payments for intangible assets	(239,194)	(161,463)
Proceeds of the disposal of foreclosed collaterals	5,210	19,416
Proceeds of the disposal of investment properties	8,479	102,665
Increase in other assets	<u>(4,522)</u>	<u>(2,310)</u>
Net cash used in investing activities	<u>(3,980,560)</u>	<u>(938,339)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in commercial paper issued	846,948	1,200,772
Repayment of corporate bonds	(500,000)	-
Proceeds of the issuance of bank debentures	3,500,000	6,500,000
Repayment of bank debentures	(7,200,000)	(6,000,000)
Increase in long-term borrowings	97,632	268,092
Increase in guarantee deposits received	228,973	10,568
Cash dividends paid	(1,786,647)	(1,503,210)
Capital increase	<u>10,500,000</u>	<u>-</u>
Net cash provided by financing activities	<u>5,686,906</u>	<u>476,222</u>
<b>EFFECT OF EXCHANGE RATES CHANGE ON CASH AND CASH EQUIVALENTS</b>	<u>264,767</u>	<u>1,043,572</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>9,436,776</u>	<u>(5,927,658)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>22,624,904</u>	<u>28,552,562</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 32,061,680</u>	<u>\$ 22,624,904</u>
<b>RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2014 AND 2013</b>		
Cash and cash equivalents in the consolidated balance sheets	\$ 29,547,360	\$ 21,344,052
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	2,379,423	1,280,852
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	134,897	-
Cash and cash equivalents, end of the year	<u>\$ 32,061,680</u>	<u>\$ 22,624,904</u>

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

(Concluded)

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

#### 1. ORGANIZATION AND OPERATIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) was established by E.SUN Commercial Bank, Ltd. (“E.SUN Bank”), E.SUN Bills Finance Corp. (“E.SUN Bills”) and E.SUN Securities Corp. (“E.SUN Securities”) through a share swap on January 28, 2002 based on the Financial Holding 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.

#### 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, 2014, E.SUN Bank had a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), 4 overseas branches (Los Angeles, Hong Kong, Singapore and Dongguan), 135 domestic branches and 2 representative offices (in Ho Chi Minh City, Vietnam and in Yangon, Myanmar).

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 surviving entity. The record date for the merger was December 25, 2006.

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

Union Commercial Bank PLC. (UCB) was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established 7 branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. E.SUN Bank acquired 70% equity interest of UCB on August 28, 2013, and included UCB in the consolidated financial statements from the acquisition date (Note 50).

E.SUN Securities engages in underwriting, dealing and

brokerage of securities. The FSC approved the brokerage of futures on January 28, 2010 and E.SUN Securities started the operating in brokerage of futures in June 2010.

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”.

As of December 31, 2014 and 2013, ESFHC and its subsidiaries had 7,678 and 7,164 employees, respectively.

The operating units of the Company maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved and authorized for issue of the consolidated financial statements in their meeting on March 20, 2015.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) not yet effective. According to the related regulations issued by the FSC, the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants starting January 1, 2015.



<b>New, Amended and Revised Standards and Interpretations (the “New IFRSs”)</b>	<b>Effective Date Announced by IASB (Note)</b>
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

(Concluded)

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.



Except for the following, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants has not had any material impact on the Company's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Company will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on the translation of financial statements foreign operations and unrealized gains (losses) on available-for-sale financial assets. However, the application of the above amendments will not result in any impact on the net profit for the year,

other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to provision for employee benefits and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Company would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The anticipated impact of the initial application of the revised IAS 19 is detailed as follows:

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
<u>Impact on assets, liabilities and equity</u>			
<u>December 31, 2014</u>			
Provision for employee benefits	\$ 159,945	\$ 35,587	\$ 195,532
Retained earnings	\$ 15,139,336	\$ (35,587)	\$ 15,103,749
Equity	\$ 107,661,346	\$ (35,587)	\$ 107,625,759
<u>January 1, 2014</u>			
Provision for employee benefits	\$ 225,450	\$ 45,391	\$ 270,841
Retained earnings	\$ 12,093,934	\$ (45,391)	\$ 12,048,543
Equity	\$ 83,313,645	\$ (45,391)	\$ 83,268,254
<u>Impact on total comprehensive income for the year ended December 31, 2014</u>			
Operating expense	\$ 17,949,763	\$ (9,804)	\$ 17,939,959
Net income	\$ 10,605,328	\$ 9,804	\$ 10,615,132
Total comprehensive income	\$ 11,732,421	\$ 9,804	\$ 11,742,225

5) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

Under the Q&A for the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on September 19, 2014, the Company has chosen to apply the amendment above retrospectively to retained earnings on January 1, 2015. Thus, upon initial application of the amendment above, as of January 1, 2015, the retained earnings increased by \$21,869 thousand and other equity decreased by \$21,869 thousand.

b. New IFRSs in issue but not yet endorsed by the FSC

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.



The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

### 1) IFRS 9 "Financial Instruments"

#### **Recognition and measurement of financial assets**

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value.

For the Company's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

#### **The impairment of financial assets**

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model".

The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

### 2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

### 3) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and



- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and the IFRSs as endorsed by the FSC.

### Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### Basis of Consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

The accounting policies of ESFHC and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes.

E.SUN Bank's financial statements include the accounts of its

Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

### Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. For more information on the consolidated entities, please refer to Table 1 (attached).

### Foreign-currency Transactions

Foreign-currency transactions of ESFHC, E.SUN Securities, 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 prevailing exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation difference arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities - the prevailing exchange rates on the balance sheet date; and income and expenses - at the average exchange rate for the period. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of the Company and non-controlling interests.

### Current and Noncurrent Assets and Liabilities

Since the operating cycle in the financial holding company and

banking industry cannot be reasonably identified, accounts included in the financial statements of ESFHC, E.SUN Bank and UCB 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.

Classification of accounts included in the financial statements of the other subsidiaries as current or noncurrent is as follows:

Current assets are assets held for trading purposes, assets expected to be converted to cash, sold or consumed within twelve months from the balance sheet date and cash and equivalents, excluding assets held for an exchange or held to settle a liability at more than twelve months after the balance sheet date and assets that are otherwise restricted. Properties and equipment, investment properties, intangible assets and other assets that are not classified as current are noncurrent assets. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within twelve months from the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, or when it does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Liabilities that are not classified as current are noncurrent liabilities. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the 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.

### Cash and Cash Equivalents

In the consolidated balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the central bank, call loans to other banks and securities purchased under resell agreements that correspond to the definition of cash and cash equivalents in IAS 7 - "Statement of Cash Flows," as endorsed by the FSC.

### Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a.Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), available-for-sale (AFS) financial assets, held-to-maturity financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### 1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Additionally, the contract contains one or more embedded derivatives so that the entire hybrid contract can be designated as financial assets at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 42.

#### 2) Available-for-sale (AFS) financial assets

AFS financial assets are nonderivatives that are either



designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss.

AFS financial assets are stated at fair value at each balance sheet date. Fair value is determined in the manner described in Note 42.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed or is determined to be impaired.

Cash dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established. 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 on the basis of the new number of investee's shares held.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

### 3) Held-to-maturity financial assets

Held-to-maturity financial assets are nonderivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. After initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

### 4) Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, due from the central bank and call loans to other banks, receivables, debt instruments with no active market) are measured at amortized cost using the effective interest method less any impairment.

## b. Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at the end of each reporting period and considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of financial assets, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the asset issuer and debtor;
- The financial assets becoming overdue;
- Probability that the debtor will enter into bankruptcy or undergo financial reorganization;

Financial assets carried at amortized cost (loans and receivables) that are individually assessed had no objective evidence of impairment are further assessed collectively for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on financial assets.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

For AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. For AFS debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the

investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

Impairment loss on financial asset is recognized by reducing its carrying amount through the use of an allowance account. When financial assets are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

Under FSC guidelines, E.SUN Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectible, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

E.SUN Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectible, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions (0.5% provision was made for sound credit assets before January 1, 2014). The 1% minimum provision for sound credit assets should be made before December 31, 2014 as required by the FSC.

Credits deemed uncollectible may be written off if the write-off is approved by the board of directors.

### c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received, receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

If the transferred asset is part of a larger financial asset and

the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

### Equity instruments

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### Financial liabilities

#### a. Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

#### 1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.



Additionally, the contract contains one or more embedded derivatives so that the entire hybrid contract can be designated as financial liabilities at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 42.

## 2) Financial guarantee contracts

Financial guarantee contracts issued by the Company are not designated as at FVTPL and are subsequently measured at the higher of (a) the amount of the obligation under the contract, as determined in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; or (b) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with revenue recognition policies.

### b. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company’s obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

## Overdue Loans

Under FSC guidelines, E.SUN Bank classifies loans and other credits (including accrued interest) that past due for at least six months as overdue loans.

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

## 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 are recorded using memorandum entries. After the security investors settle the margin loans, these pledged securities would be returned to investors.

On unsettled margin loans, if the collateral maintenance ratio is unmet even after E.SUN Securities disposes of the loan collaterals and the investors do not make supplementary payments on time, E.SUN Securities will recognize overdue receivables on these loans. If the securities in an investor’s credit account cannot be disposed of, the security amount should be transferred from margin loans receivables to other receivables or overdue receivables.

E.SUN Securities requires a deposit from security investors for short sale services while providing short sale services to investors. This deposit is recorded under deposits 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 payables for short-sale transactions. The securities lent to clients as short sale are recorded using memorandum entries. The deposits on short-sale transactions and payables 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.

## 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.

Guarantee Deposits Received on Futures Contracts and Customers’ Equity Accounts - Futures

E.SUN Securities receive margin deposits from its customers (debited to “guarantee deposits received on futures contracts” and credited to “customers’ equity accounts - futures”) for futures transactions as required by regulations. Margin deposit balances

are calculated daily by marking to market the open position of each customer and determining the required margin levels. The debit balance of “customers’ equity accounts - futures,” which results from losses on futures transactions in excess of the margin deposit, is recorded as “accounts receivable - futures guarantee deposits.” Customers’ equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

Customer margin accounts include deposits in bank, securities, the clearing balances of futures clearing house and the clearing balances of other futures commission merchants.

- Deposits in bank represent the amounts of customers’ margins and premiums deposited in banks.
- Securities are the instruments collected from futures traders for the margins and premiums when the futures merchants engage in brokerage of futures.
- The deposits held by futures commission merchants (FCMs) for futures transactions are transferred to a clearinghouse of the exchange of which the FCM is a member (a “clearing FCM”).

### **Investment Properties**

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method. Any gain or loss recognized on derecognition of the investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

### **Properties and Equipment**

Properties and equipment are initially recognized at cost and subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Land for self-use is not depreciated. Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss recognized on the disposal or retirement of an item of property and equipment is the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

### **Leasing**

#### **The Company as a lessor**

Rental income from operating leases is recognized in revenues over the lease periods on a straight-line basis. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives offered in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

#### **The Company as a lessee**

Lease payments under an operating lease are expensed on a straight-line basis over the lease period. Under operating lease, contingent rentals are recognized as expenses at current period.

Lease incentives received in the operating leases are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

### **Goodwill**

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit (CGU) that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arising from the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

### **Intangible Assets Other Than Goodwill**

#### **Separate acquisition**

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of



the asset useful lives, residual values and amortization method, with the effect of any changes in estimate accounted for on a prospective basis. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero.

#### **Acquisition as part of a business combination**

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. This asset is subsequently measured at cost less accumulated amortization and accumulated impairment loss.

#### **Derecognition**

Gains or losses recognized on derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

#### **Impairment of Tangible and Intangible Assets Other Than Goodwill**

At the balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets (except goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less selling costs or value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

#### **Foreclosed Collaterals**

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet date. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized as gain. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, an additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

#### **Provisions**

Provision is the best estimate of the consideration required to settle a present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the settlement amount will be received and the amount of the receivable can be measured reliably.

#### **Recognition of Revenue**

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

#### **Employee Benefits**

##### **Short-term employee benefits**

Short-term and non-discounted employee benefits are recognized as expenses in the current period as services are rendered.

##### **Post-employment benefits**

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.

For the defined benefit plan, the Company recognizes pension costs based on actuarial calculations. Actuarial gains and losses under the defined benefit plan should be immediately recognized under other comprehensive income. When the benefits are vested upon the amendments to the defined benefit plan, the Company

should recognize the prior service cost as expense immediately. The benefits that are not yet vested are amortized on a straight-line basis equally over the non-vested periods.

Accrued pension liability is the present value of defined benefit obligation plus unrecognized prior service cost adjustment and less the fair value of plan assets. The amount of assets resulting from this calculation should not exceed the present value of accumulated unrecognized prior service cost plus available refunds and less reductions in future contributions to the plan.

Gains or losses resulting from curtailments or settlements of the defined benefit plan are recognized when the curtailment or settlement occurs.

#### **Preferential interest deposits for employees**

The preferential interest deposit for entitled employees is for deposits within a certain amount. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefit.

#### **Share-based Payment**

The Company's employees subscribed for the reserved shares of E.SUN Financial Holding Company, Ltd., (ESFHC) in accordance with the Financial Holding Company Act, and the Company recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Company and its employees made an agreement for the employees to subscribe for ESFHC's shares.

#### **Taxation**

Income tax expense is the sum of tax currently and deferred income tax.

#### **Current income tax**

Income tax at a rate of 10% of unappropriated earnings is expensed in the year when the stockholders resolve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

#### **Deferred income tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent

that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences based on the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### **Current and deferred tax for the year**

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred taxes arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

ESFHC and subsidiaries elected to file consolidated tax returns. The difference between consolidated income tax payable and the sum of income tax payables of the entities included in 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 current tax assets or current tax liabilities.

### Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Unless stated in other notes, the following are the critical judgments, assumptions and estimation uncertainty that the Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

### a. Impairment losses on loans

The Company monthly assesses loans collectively. When determining whether an impairment loss should be recognized, the Company mainly seeks for observable evidence that indicates impairment. Objective evidence of impairment of a portfolio of loans and receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables. The management uses past loss experience on assets that have similar credit characteristics to estimate the expected future cash flows. The Company reviews the methods and assumptions of cash flow estimation regularly to eliminate the difference between expected and actual loss.

### b. Fair values of financial instruments

Fair values of financial instruments in an inactive market or with no quoted market prices are determined by valuation techniques. Under these circumstances, fair values are derived from observable market data of other similar financial assets. When there are no observable inputs in the market, the fair values of financial instruments are estimated by making appropriate assumptions. The Company applies appropriate valuation models to determine the fair values of financial instruments subjective to valuation techniques. All models are fine-tuned to ensure the valuation results fairly reflect actual market information and prices. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

For the fair value determination of financial instruments, refer to Note 42 to the consolidated financial statements.

### c. Income tax

The Company is required to make substantive estimates when calculating income tax. The final tax assessment is based on considerable transactions and calculations. When the final tax amount differs from the amount on original recognition, the difference affects the recognition of both current and deferred income tax. The realizability of deferred tax assets mainly depends on the future profitability and any other taxable temporary differences. If actual profit is less than expected, a significant reversal of deferred tax assets may be incurred, and an income tax expense should be recognized to the extent of the reversal.

### d. Employee benefits

The calculation of the present value of post-employment benefits is based on the actuarial result based on several assumptions. Any change in these assumptions may affect the

carrying amount of post-employment benefits.

One of the assumptions used for determining the net pension costs (revenues) is discount rate. The Company determines appropriate discount rates at the end of each year and estimates the present values of future cash outflows resulting from fulfilling the post-employment obligation by the discount rates. To better determine the discount rates, the Company takes into account the interest rates of high-quality corporate bonds or government bonds, with currencies the same as those of post-employment benefit payments, and with durations that match those of the corresponding pension liabilities.

Other significant assumptions for post-employment benefits are subject to current market condition.

#### e. Impairment of goodwill

The assessment of impairment of goodwill requires the Company to estimate the value in use of the cash-generating units (CGUs) to which goodwill has been allocated. For calculating the value in use, management is required to estimate the future cash flows expected to arise from each CGU and the discount rate to be used in calculating present value. If the actual cash flow falls below expectation, an impairment loss might be incurred.

#### f. Impairment assessment on available-for-sale equity investments

Objective evidences of the impairment of available-for-sale equity investments include the fair value of that investment falling significantly or constantly below the cost. Subjective judgments are required when assessing the impairment. The Company's management considers past market fluctuation, historical prices of the investment and other factors that affect the performance of the industries to which the investees belong to make subjective judgments.

### 6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	\$ 10,902,008	\$ 9,874,687
Checks for clearing	5,665,826	2,829,534
Due from banks	12,945,786	8,624,553
Cash equivalents	16,092	15,132
Cash in transit	17,648	146
	<u>\$ 29,547,360</u>	<u>\$ 21,344,052</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2014 and 2013 are shown in the consolidated statements of cash flows.

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

	December 31	
	2014	2013
Deposit reserves - account A	\$ 19,422,069	\$ 19,367,649
Deposit reserves - account B	32,110,614	29,814,621
Reserves for deposits - foreign currency deposits	237,525	163,834
Deposit in the Central Bank - deposits of government agencies	15,447	17,164
Call loans to banks	3,280,341	5,010,200
Due from the Central Bank - other	<u>5,036,850</u>	<u>3,534,339</u>
	60,102,846	57,907,807
Less: Allowance for possible losses on call loans to other banks	<u>(12,498)</u>	<u>-</u>
	<u>\$ 60,090,348</u>	<u>\$ 57,907,807</u>

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

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

### 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
<u>Held-for-trading financial assets</u>		
Negotiable certificates of deposits	\$ 189,550,083	\$ 206,670,546
Commercial paper	18,643,134	19,48,481
Currency option contracts	9,867,080	4,277,122
Total return swap contract	2,017,287	-
Treasury bills	1,871,270	6,587,772
Bank debentures	1,605,854	1,555,685
Currency swap contracts	1,362,102	766,495
Overseas bonds	1,138,842	612,671
Interest rate swap contracts	613,083	783,248
Forward contracts	488,048	281,219
Operating securities - hedging	431,197	102,112
Operating securities - dealing department	379,471	195,628
Listed stocks - domestic	258,601	155,906
Non-deliverable forward contracts	210,911	37,626
Futures exchange margins	175,503	98,262
Beneficial certificates	164,204	190,991
Cross-currency swap contracts	118,712	32,284
Convertible corporate bonds	111,610	-
Operating securities - underwriting department	22,380	26,863

(Continued)



	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Metal commodity swap contracts	\$ 20,806	\$ 7,073
Taiwan depository receipts	2,830	3,380
Contingent value rights	69	2,222
Government bonds	-	202,121
Foreign-currency margin contracts	-	30,248
Commodity option contracts	-	16,028
Forward commodity contracts	-	5,585
	<u>229,053,077</u>	<u>242,130,568</u>

Financial assets designated as at fair value through profit or loss

Bank debentures	33,432,363	20,347,718
Corporate bonds	29,924,136	20,839,879
Overseas government bonds	460,535	328,264
	<u>63,817,034</u>	<u>41,515,861</u>
	<u>\$ 292,870,111</u>	<u>\$ 283,646,429</u>

Held-for-trading financial liabilities

Currency option contracts	\$ 9,802,082	\$ 4,363,097
Currency swap contracts	1,537,709	349,321
Interest rate swap contracts	514,918	702,284
Forward contracts	421,505	382,822
Stock warrants issued liabilities, net	96,112	21,280
Non-deliverable forward contracts	75,096	11,899
Cross-currency swap contracts	13,882	-
Convertible corporate option contract	3,668	-
Metal commodity swap contracts	1,498	5,152
Commodity option contracts	-	16,028
Forward commodity contracts	-	5,585
Credit default swap contracts	-	2,108
	<u>12,466,470</u>	<u>5,859,576</u>

Financial liabilities designated as at fair value through profit or loss

Bank debentures (Note 25)	9,794,493	-
Convertible corporate bonds (Note 25)	3,491,619	6,404,491
Structured products	329,291	-
	<u>13,615,403</u>	<u>6,404,491</u>
	<u>\$ 26,081,873</u>	<u>\$ 12,264,067</u>

(Concluded)

As of December 31, 2014, some of the securities, which amounted to \$39,954 thousand, had been sold under repurchase agreements.

The contract (nominal) amounts of derivative transactions by ESFHC as of December 31, 2014 and 2013, respectively, were as follows:

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Cross-currency swap contracts	\$ 2,427,716	\$ 3,119,995

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

The contract (nominal) amounts of derivative transactions by E.SUN Bank as of December 31, 2014 and 2013 were as follows:

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Currency option contracts	\$ 1,140,661,020	\$ 635,706,159
Currency swap contracts	165,543,230	85,061,289
Interest rate swap contracts	95,039,898	130,238,793
Forward contracts	38,940,518	26,940,232
Non-deliverable forward contracts	5,942,478	8,053,047
Total return swap contract	2,013,970	-
Cross-currency swap contracts	272,700	-
Metal commodity swap contracts	221,933	267,380
Commodity futures contracts	217,811	63,825
Convertible corporate bond option contracts	80,000	-
Foreign-currency margin contracts	-	245,741
Credit default swap contracts	-	238,304
Forward commodity contracts	-	224,512
Commodity option contracts	-	190,703

The amount of underlying assets of the total return swap contract was \$8,055,880 thousand as of December 31, 2014.

As of December 31, 2014 and 2013, the amounts of futures exchange margins receivable held by E.SUN Securities were \$120,021 thousand and \$24,730 thousand, respectively.

E.SUN Securities engages in stock index futures and Taiwan stock index options transactions mainly to hedge against its risks derived from stock trading. Both of the two kinds require maintenance margins.

The open position of futures transactions of E.SUN Securities were as follows:

		December 31, 2014			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	TAIEX Futures	Buy	5	\$ 9,271	\$ 9,281
	TAIEX Futures	Sell	1	2,439	2,424

The gains or losses resulting from the futures and option contracts for the years ended December 31, 2014 and 2013 were as follows:

		For the Year Ended December 31			
		2014		2013	
		Gains (Losses) on Futures Contracts	Gains on Option Transactions	Gains on Futures Contracts	Gains on Option Transactions
Realized - non-hedge	\$	18,936	\$ 395	\$ 2,252	\$ -
Unrealized - non-hedge		25	-	-	-
Realized - hedged		(592)	-	63	-
Unrealized - hedged		-	-	-	-
	\$	<u>18,369</u>	<u>\$ 395</u>	<u>2,315</u>	<u>\$ -</u>

The fair values of stock warrants issued and repurchased by E.SUN securities were as follows:

		December 31	
		2014	2013
Stock warrants issued liabilities	\$	1,116,410	\$ 503,300
Add: Losses (gains) on changes in fair value of stock warrants issued liabilities		(89,610)	38,550
		<u>1,026,800</u>	<u>541,850</u>
Repurchase of stock warrants issued liabilities		947,288	488,662
Add: Gains (losses) on changes in fair value of repurchase of stock warrants issued liabilities		(16,600)	31,908
		<u>930,688</u>	<u>520,570</u>
Stock warrants issued liabilities, net	\$	<u>96,112</u>	<u>\$ 21,280</u>

The expected life of stock warrants issued by E.SUN Securities is six to eight months from the date becoming listed on exchange and will exercise by cash settlement.

Gains (losses) on stock warrants issued by E.SUN securities in 2014 and 2013 were as follow:

		For the Year Ended December 31	
		2014	2013
Gains (losses) on changes in value of stock warrants issued liabilities	\$	153,174	\$ (38,550)
Gains (losses) on changes in value of stock warrants repurchased		(169,800)	37,880
Gain on exercise stock warrants before warrants expired		727	-
Gain on stock warrants expired		1,128	-
Expense of issuing stock warrants		(13,208)	(2,522)
	\$	<u>(27,979)</u>	<u>(3,192)</u>

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

		December 31	
		2014	2013
Government bonds	\$	29,921,676	\$ 24,062,344
Bank debentures		28,730,334	28,133,184
Corporate bonds		23,574,735	16,721,077
Listed stocks		3,372,992	2,098,912
Beneficial certificates		250,519	94,034
Overseas bonds		149,000	911,305
Beneficial securities under securitization		31,239	28,918
	\$	<u>86,030,495</u>	<u>\$ 72,049,774</u>



As of December 31, 2014 and 2013, the available-for-sale financial assets, which amounted to \$12,624,083 thousand and \$3,636,353 thousand, respectively, had been sold under repurchase agreements.

Due to a significant decline in the fair value of some listed stocks below its cost, the Company recognized an impairment loss of \$8,500 thousand on available-for-sale financial assets in 2014.

## 10. FINANCIAL ASSET SECURITIZATION

E.SUN Bank entered into trust contracts with The Hong Kong and Shanghai Banking Corporation Limited (HSBC, the trustee) and transferred E.SUN Bank's rights and risks on bondholding 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. The trustee issued beneficial securities named E.SUN CBO 2005-2, E.SUN CBO 2007-1 and E.SUN CBO 2007-2 to investors and passed to E.SUN Bank the funds raised on securities issuance along with the retained beneficial securities (E.SUN CBO 2005-2 is Type C) and the sold equity securities with interest receivable.

E.SUN Bank is the servicer of 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.

Cash flows resulting from the securitization were as follows:

The allowances for possible losses on receivables assessed for impairment as of December 31, 2014 and 2013 were as follows:

Items		December 31, 2014		December 31, 2013	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	\$ 8,535	\$ 4,994	\$ 20,552	\$ 11,017
	Assessment for collective impairment	1,888,515	667,786	1,981,397	700,026
With no objective evidence of impairment	Assessment for collective impairment	71,613,139	1,195,382	61,114,923	1,162,351
Total		73,510,189	1,868,162	63,116,872	1,873,394

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2014	2013
Balance, January 1	\$ 1,873,394	\$ 1,508,645
Acquired from business combination	-	15,382
Provision (reversal of provision) for possible losses	(146,399)	221,034
Write-offs	(421,937)	(441,531)
Recovery of written-off receivables	553,881	556,740
Effects of exchange rate changes and other changes	9,223	13,124
Balance, December 31	\$ 1,868,162	\$ 1,873,394

## E.SUN CBO 2007-1 For the Year Ended December 31,

	2014	2013
Service income	\$ 300	\$ 600

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$152,758 thousand under resell agreements as of December 31, 2014, will subsequently be sold for \$153,164 thousand.

## 12. RECEIVABLES, NET

	December 31	
	2014	2013
Receivables on credit cards	\$ 38,503,154	\$ 37,046,146
Accounts receivable factored without recourse	22,406,261	15,451,829
Margin loans receivable	5,868,621	4,587,865
Accrued interest	3,563,402	2,209,216
Acceptances	1,908,653	2,090,015
Settlements receivable	1,465,822	1,682,199
Accounts receivable	682,850	874,980
Others	557,053	826,527
	74,955,816	64,768,777
Less: Allowance for possible losses	(1,868,162)	(1,873,394)
	\$ 73,087,654	\$ 62,895,383

## 13.DISCOUNTS AND LOANS, NET

	December 31	
	2014	2013
Loans		
Short-term	\$ 226,693,643	\$ 187,842,592
Medium-term	246,974,493	243,632,502
Long-term	464,934,534	400,256,650
Overdue loans	\$ 1,448,387	\$ 1,363,483
Bills negotiated and discounts	5,263,801	4,620,986
	945,314,858	837,716,213
Less: Allowance for possible losses	(10,541,495)	(9,207,459)
Less: Adjustment of premium or discount	(159,839)	(270,584)
	<u>\$ 934,613,524</u>	<u>\$ 828,238,170</u>
	(Concluded)	

As of December 31, 2014 and 2013, the loan and credit balances, for which the accrual of interest revenues was discontinued, amounted to \$1,341,008 thousand and \$1,246,211 thousand, respectively. The unrecognized interest revenues on these loans and credits were \$25,891 thousand and \$22,475 thousand for the years ended December 31, 2014 and 2013, respectively.

The allowances for possible losses on discounts and loans assessed for impairment as of December 31, 2014 and 2013 were as follows:

Items		December 31, 2014		December 31, 2013	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	\$ 2,290,967	\$ 1,450,810	\$ 2,406,720	\$ 628,574
	Assessment for collective impairment	2,448,652	734,497	2,215,358	495,121
With no objective evidence of impairment	Assessment for collective impairment	940,575,239	8,356,188	833,094,135	8,083,764
Total		945,314,858	10,541,495	837,716,213	9,207,459

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2014	2013
Balance, January 1	\$ 9,207,459	\$ 8,327,145
Acquired from business combination	-	137,109
Provision for possible losses	2,166,328	1,451,420
Write-offs	(1,587,563)	(1,231,874)
Recovery of written-off credits	682,043	506,858
Effects of exchange rate changes and other changes	73,228	16,801
Balance, December 31	<u>\$ 10,541,495</u>	<u>\$ 9,207,459</u>

The bad-debt expenses and provision for losses on guarantees in 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	2013
Provision for possible losses on call loans to other banks	\$ 11,986	\$ -
Provision for possible losses on discounts and loans	2,166,328	1,451,420
Provision (reversal of provision) for possible losses on receivables	(146,399)	221,034
Provision for possible losses on guarantees	1,774	34,068
	<u>\$ 2,033,689</u>	<u>\$ 1,706,522</u>

#### 14. HELD-TO-MATURITY FINANCIAL ASSETS, NET

	December 31	
	2014	2013
Overseas bonds	\$ 2,799,331	\$ 1,268,686
Government bonds	2,047,006	5,912,182
Corporate bonds	854,660	803,871
Bank debentures	130,085	527,937
Overseas certificates of deposits	63,340	59,576
Beneficial securities under securitization	21,370	21,447
	<u>\$ 5,915,792</u>	<u>\$ 8,593,699</u>

As of December 31, 2014 and 2013, the held-to-maturity financial assets, which amounted to \$524,691 thousand and \$2,397,827 thousand, respectively, had been sold under repurchase agreements.

Between 2010 and 2011, the Company disposed of some debt instruments because of the severe deterioration of debtors' credits. However the amount disposed of was only a small portion of the held-to-maturity financial assets, and the Company had no intention to reclassify the rest of these investments. As of December 31, 2013, the accumulated disposal amounts from the past three years were \$156,276 thousand, and the accumulated realized losses on disposal were \$12,901 thousand. The accumulated disposal amounts were 1.82% of held-to-maturity financial assets as of December 31, 2013.

#### 15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2014	2013
Due from banks - time deposits	\$ 47,437,577	\$ 10,365,509
Debt instruments with no active market, net	950,100	4,757,310
Financial assets carried at cost, net	2,184,319	1,782,653
Guarantee deposits received on futures contracts	623,719	475,000
Others	<u>1,614,552</u>	<u>197,882</u>
	<u>\$ 52,810,267</u>	<u>\$ 17,578,354</u>

Financial assets carried at cost were unlisted common stocks with no quoted market prices in an active market and with the fair value that could not be reliably measured. Thus, these assets were measured at cost less accumulated impairment. Some investees had operating losses; thus, the Company recognized impairment losses of \$72,091 thousand and \$168,384 thousand on financial assets carried at cost in 2014 and 2013, respectively.

Debt instruments with no active market were as follows:

	December 31	
	2014	2013
Corporate bonds	<u>\$ 950,100</u>	<u>\$ 4,757,310</u>

Guarantee deposits received on futures contracts were as follows:

	December 31	
	2014	2013
Deposits in bank	\$ 448,509	\$ 270,194
Deposits held by futures commission merchants as a clearing member	175,104	204,806
Securities	<u>106</u>	<u>-</u>
	<u>\$ 623,719</u>	<u>\$ 475,000</u>
Guarantee deposits received on futures contracts	\$ 623,719	\$ 475,000
Less: Commission revenue	383	283
Futures transaction tax	70	53
Temporary receipts	<u>24</u>	<u>42</u>

Customers' equity accounts - futures (Note 29)	<u>\$ 623,242</u>	<u>\$ 474,622</u>
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Due from banks - time deposits were time deposits with restriction on early termination and time deposits with maturities longer than three months.

#### 16. INVESTMENT PROPERTIES, NET

	December 31	
	2014	2013
Land	\$ 346,171	\$ 423,826
Buildings	<u>75,099</u>	<u>120,761</u>
	<u>\$ 421,270</u>	<u>\$ 544,587</u>



	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2014	\$ 424,108	\$ 159,983	\$ 584,091
Disposal	(9,863)	(753)	(10,616)
Reclassification	(68,062)	(44,642)	(112,704)
Balance, December 31, 2014	<u>\$ 346,183</u>	<u>\$ 114,588</u>	<u>\$ 460,771</u>
Balance, January 1, 2013	\$ 1,556,490	\$ 211,102	\$ 1,767,592
Disposal	(80,813)	(44,657)	(125,470)
Reclassification	(1,051,569)	(6,462)	(1,058,031)
Balance, December 31, 2013	<u>\$ 424,108</u>	<u>\$ 159,983</u>	<u>\$ 584,091</u>
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2014	\$(282)	\$(39,222)	\$(39,504)
Depreciation expenses	-	(5,412)	(5,412)
Disposal	-	753	753

(Continued)

	Land	Buildings	Total
Reversal of impairment losses recognized in profit or loss	\$ 270	\$ 44	\$ 314
Reclassification	-	4,348	4,348
Balance, December 31, 2014	<u>\$ (12)</u>	<u>\$ (39,489)</u>	<u>\$ (39,501)</u>
Balance, January 1, 2013	\$ (30,295)	\$ (45,305)	\$ (75,600)
Depreciation expenses	-	(5,089)	(5,089)
Disposal	22,669	11,779	34,448
Reversal of impairment losses recognized in profit or loss	7,344	816	8,160
Reclassification	-	(1,423)	(1,423)
Balance, December 31, 2013	<u>\$ (282)</u>	<u>\$ (39,222)</u>	<u>\$ (39,504)</u>

(Concluded)

Investment properties (except for land) are depreciated through 50 years under straight-line basis.

As of December 31, 2014 and 2013, the fair values of investment properties were \$1,031,463 thousand and \$1,022,468 thousand, respectively. According to amount, the fair values were based on the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), or the comparison of price of the comparable property from the Company's appraisal center.

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

	<b>For the Year Ended December 31</b>	
	<b>2014</b>	<b>2013</b>
Rental income from investment properties	\$ 4,037	\$ 7,856
Direct operating expenses of investment properties that generate rental income	(1,539)	(1,230)
Direct operating expenses of investment properties that do not generate rental income	(7,777)	(7,852)
	<u>\$ (5,279)</u>	<u>\$ (1,226)</u>



## 17.PROPERTIES AND EQUIPMENT, NET

	December 31	
	2014	2013
Carrying amount		
Land	\$ 12,693,545	\$ 12,065,716
Buildings	5,398,757	5,107,063
Computers	1,193,891	1,004,561
Transportation equipment	191,798	158,490
Miscellaneous equipment	707,195	611,964
Prepayments for properties and equipment	920,919	425,348
	<u>\$ 21,106,105</u>	<u>\$ 19,373,142</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
<u>Cost</u>							
Balance, January 1, 2014	\$ 12,065,716	\$ 7,484,360	\$ 3,573,971	\$ 598,570	\$ 2,080,586	\$ 425,348	\$ 26,228,551
Addition	442,029	422,457	454,829	81,794	274,835	840,546	2,516,490
Disposal	(28,038)	(27,270)	(285,855)	(42,761)	(58,062)	-	(441,986)
Net exchange difference	16,327	2,817	3,018	3,233	4,748	1,115	31,258
Reclassification and others	197,511	217,720	12,771	-	1,035	(346,090)	82,947
Balance, December 31, 2014	<u>\$ 12,693,545</u>	<u>\$ 8,100,084</u>	<u>\$ 3,758,734</u>	<u>\$ 640,836</u>	<u>\$ 2,303,142</u>	<u>\$ 920,919</u>	<u>\$ 28,417,260</u>
Balance, January 1, 2013	\$ 10,333,976	\$ 7,267,148	\$ 3,403,594	\$ 534,685	\$ 1,881,530	\$ 217,482	\$ 23,638,415
Acquired from business combination (Note 50)	253,817	56,767	21,869	37,622	22,934	-	393,009
Addition	428,372	186,078	370,204	64,978	207,856	277,211	1,534,699
Disposal	-	(12,443)	(248,200)	(38,641)	(36,523)	-	(335,807)
Net exchange difference	(2,018)	(12,156)	456	(74)	1,574	-	(12,218)
Reclassification and others	1,051,569	(1,034)	26,048	-	3,215	(69,345)	1,010,453
Balance, December 31, 2013	<u>\$ 12,065,716</u>	<u>\$ 7,484,360</u>	<u>\$ 3,573,971</u>	<u>\$ 598,570</u>	<u>\$ 2,080,586</u>	<u>\$ 425,348</u>	<u>\$ 26,228,551</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2014	\$ -	\$ (2,377,297)	\$ (2,569,410)	\$ (440,080)	\$ (1,468,622)	\$ (6,855,409)
Disposal	-	6,411	285,774	39,666	57,930	389,781
Depreciation expenses	-	(325,606)	(278,863)	(46,485)	(181,429)	(832,383)
Net exchange difference	-	(487)	(2,344)	(2,139)	(3,826)	(8,796)
Reclassification and others	-	(4,348)	-	-	-	(4,348)
Balance, December 31, 2014	<u>\$ -</u>	<u>\$ (2,701,327)</u>	<u>\$ (2,564,843)</u>	<u>\$ (449,038)</u>	<u>\$ (1,595,947)</u>	<u>\$ (7,311,155)</u>
Balance, January 1, 2013	\$ -	\$ (2,093,682)	\$ (2,550,254)	\$ (406,235)	\$ (1,337,433)	\$ (6,387,604)
Acquired from business combination (Note 50)	-	(12,255)	(17,838)	(21,520)	(20,325)	(71,938)
Disposal	-	12,444	248,198	37,618	35,797	334,057
Depreciation expenses	-	(298,080)	(249,274)	(50,257)	(143,055)	(740,666)
Net exchange difference	-	12,422	(242)	248	(921)	11,507
Reclassification and others	-	1,854	-	66	(2,685)	(765)
Balance, December 31, 2013	<u>\$ -</u>	<u>\$ (2,377,297)</u>	<u>\$ (2,569,410)</u>	<u>\$ (440,080)</u>	<u>\$ (1,468,622)</u>	<u>\$ (6,855,409)</u>

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

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

## 18. INTANGIBLE ASSETS, NET

	December 31	
	2014	2013
Goodwill	\$ 4,440,753	\$ 4,404,709
Computer software	485,354	385,795
Banking licenses	505,200	475,178
Core deposits	244,684	277,983
Customer relationship	7,492	8,027
	<u>\$ 5,683,483</u>	<u>\$ 5,551,692</u>

	Goodwill	Computer Software	Core Deposits	Customer Relationship	Banking Licenses	Total
Balance, January 1, 2014	\$ 4,404,709	\$ 385,795	\$ 277,983	\$ 8,027	\$ 475,178	\$ 5,551,692
Separate acquisition	-	268,888	-	-	-	268,888
Amortization expenses	-	(199,341)	(46,994)	(535)	-	(246,870)
Reclassification	-	29,903	-	-	-	29,903
Net exchange difference	36,044	109	13,695	-	30,022	79,870
Balance, December 31, 2014	<u>\$ 4,440,753</u>	<u>\$ 485,354</u>	<u>\$ 244,684</u>	<u>\$ 7,492</u>	<u>\$ 505,200</u>	<u>\$ 5,683,483</u>
Balance, January 1, 2013	\$ 3,805,337	\$ 332,313	\$ 40,854	\$ 8,563	\$ -	\$ 4,187,067
Acquired from business combination (Note 50)	602,137	819	269,967	-	477,970	1,350,893
Separate acquisition	-	188,118	-	-	-	188,118
Amortization expenses	-	(183,161)	(30,722)	(536)	-	(214,419)
Reclassification	-	47,626	-	-	-	47,626
Net exchange difference	(2,765)	80	(2,116)	-	(2,792)	(7,593)
Balance, December 31, 2013	<u>\$ 4,404,709</u>	<u>\$ 385,795</u>	<u>\$ 277,983</u>	<u>\$ 8,027</u>	<u>\$ 475,178</u>	<u>\$ 5,551,692</u>

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

Computer software	3-5 years
Core deposits	5-16 years
Customer relationship	17 years

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

## 19. OTHER ASSETS, NET

	December 31	
	2014	2013
Refundable deposits, net	\$ 2,631,923	\$ 1,439,543
Operating deposits and settlement funds	731,031	692,096
Prepaid expenses	228,748	156,192
Collection of securities underwritten	-	132,160
Foreclosed collaterals, net	-	8,223
Others	39,797	15,933
	<u>\$ 3,631,499</u>	<u>\$ 2,444,147</u>

## 20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2014	2013
Call loans from banks	\$ 50,004,942	\$ 42,991,536
Deposits from Chunghwa Post Co., Ltd.	3,599,441	2,508,657
Due to banks	2,594,799	936,277
Bank overdraft	1,019,808	273,107
Call loans from Central Bank	950,100	893,640
Due to the Central Bank	30,531	42,404
	<u>\$ 58,199,621</u>	<u>\$ 47,645,621</u>

## 21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$13,117,523 thousand and \$6,254,291 thousand under repurchase agreements as of December 31, 2014 and 2013, respectively, would subsequently be purchased for \$13,165,426 thousand and \$6,271,208 thousand, respectively.

## 22. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$2,830,000 thousand and \$1,983,000, and the annual discount rates were from 0.65%-1.00% and from 0.54% to 0.97% as of December 31, 2014 and 2013, respectively. These financial instruments were accepted and guaranteed by financial institutions.

## 23. PAYABLES

	December 31	
	2014	2013
Checks for clearing	\$ 5,665,826	\$ 2,829,534
Accrued expenses	2,805,626	2,361,607
Accrued interest	2,083,706	1,848,907
Acceptances	1,904,700	2,093,861
Factored accounts payable	1,801,559	1,586,390
Settlements payable	1,388,622	1,811,123
Accounts payable	1,352,331	1,277,591
Payables for short-sale transactions	755,964	631,685
Deposits on short-sale transactions	687,874	545,606
Collections payable	664,453	690,194
Payable on credit cards	629,735	1,171,514
Tax payable	319,541	159,514
Others	1,680,339	2,118,082
	<u>\$ 21,740,276</u>	<u>\$ 19,125,608</u>

## 24. DEPOSITS AND REMITTANCES

	December 31	
	2014	2013
Deposits		
Checking	\$ 14,184,521	\$ 15,278,595
Demand	318,518,021	289,786,423
Savings - demand	363,486,698	329,092,109
Time	321,909,118	269,634,286
Negotiable certificates of deposit	1,671,500	1,678,800
Savings - time	252,104,708	236,615,782
Treasury deposits	8,341,507	8,283,057
Remittances	475,698	421,853
	<u>\$ 1,280,691,771</u>	<u>\$ 1,150,790,905</u>



## 25. BONDS PAYABLE

	December 31	
	2014	2013
Bank debentures	\$ 43,800,000	\$ 47,500,000
ESFHC's unsecured corporate bonds - first issue in 2007	-	500,000
ESFHC's unsecured corporate bonds - first issue in 2010	2,000,000	2,000,000
ESFHC's unsecured corporate bonds - first issue in 2012	3,800,000	3,800,000
	<u>\$ 49,600,000</u>	<u>\$ 53,800,000</u>

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%.

On April 28, 2010, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of \$2,000,000 thousand and par value of \$10,000 thousand. The bond will mature in seven years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 2.7%.

On June 29, 2012, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of \$3,800,000 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 annual interest rate for 1.75%

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

	December 31	
	2014	2013
Bonds issued on June 24, 2005; 2.75% interest, payable annually; principal repayable on maturity (10 years after the issue date).	\$ 5,000,000	\$ 5,000,000
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 (7 years after the issue date).	-	3,700,000
Subordinated bonds issued on February 15, 2008; 3.10% interest, payable annually; principal repayable on maturity (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 (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 (5 years after the issue date).	-	1,000,000
Subordinated bonds issued on March 5, 2009; 2.15% interest payable annually; principal repayable on maturity (5.5 years after the issue date).	-	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 (5.5 years for Type A bond and 7 years for Type B bond after the issue date).	300,000	500,000
Subordinated bonds issued on May 18, 2009; 2.35% interest payable annually; principal repayable on maturity (5.5 years after the issue date).	-	1,800,000
Subordinated bond issued on July 17, 2009; 2.5% interest payable annually; principal repayable on maturity (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 (7 years after the issue date).	1,500,000	1,500,000
Subordinated bonds issued on May 28, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	3,000,000	3,000,000
Subordinated bonds issued on July 13, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,500,000	2,500,000
Subordinated bonds issued on May 24, 2011; 1.73% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,100,000	2,100,000
Subordinated bonds issued on October 28, 2011; 1.80% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,900,000	2,900,000

(Continued)



	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Subordinated bonds issued on April 27, 2012; 1.58% interest payable annually; principal repayable on maturity (7 years after the issue date).	\$ 2,280,000	\$ 2,280,000
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	2,720,000	2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond; and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	8,000,000	8,000,000
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond; and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,300,000	2,300,000
Subordinated bond issued on August 28, 2013; 1.75% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,700,000	2,700,000
Two types of subordinated bonds issued on December 19, 2013; interest rate at (a) 1.75% for type A bond; and (b) 1.85% for type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for type A bond and 7 years for type B bond after the issue date).	1,500,000	1,500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond; and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	<u>3,500,000</u>	<u>-</u>
	<b>\$ 43,800,000</b>	<b>\$ 47,500,000</b>
		(Concluded)

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

To increase E.SUN Bank's capital adequacy ratio and to strengthen its capital structure, E.SUN Bank applied for the issuance of unsecured subordinated bank debentures amounting to \$5,000,000 thousand; and unsecured foreign currency denominated and noncumulative perpetual subordinated bank debentures and long-term subordinated bank debentures amounting to US\$1,000,000 thousand. The application was approved by the FSC on May 2, 2014 and March 18, 2015, respectively. As of the date of consolidated financial statements were authorized for issue, both debentures had not yet been issued.

The details of bank debentures designated as at fair value through profit or loss are summarized below:

	<b>December 31, 2014</b>
Unsecured bonds USD - denominated issued in 2014	<u>\$ 9,794,493</u>

On August 27, 2014, E.SUN Bank issued bank debentures amounting to US\$300,000 thousand with 20 years to maturity and interest rate at 0%. In addition, E.SUN Bank can exercise a redemption right at agreed price after 2 years from the issue date

or the E.SUN bank will pay off the bond on the maturity date.

Information on corporate bonds designated as at fair value through profit or loss is as follows:

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
ESFHC's unsecured overseas convertible bonds in 2008	<u>\$ 3,491,619</u>	<u>\$ 6,404,491</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 - (tw) rating by Fitch International's Taiwan branch; 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 the 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:

- 1) 60 days before the date of any general stockholders' meetings; 30 days before the date of any special stockholders' meetings; and 5 days before ESFHC decides

to distribute dividends and bonuses or other benefits.

- 2) 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.

- 3) 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.

After the Bonds were issued, ESFHC adjusted the conversion price based on related indenture. Until December 31, 2014, the conversion price for the Second Tranche is NT\$8.78 per share.

As of the date of consolidated financial statements were authorized for issue, the Bonds with an aggregate par of US\$189,000 thousand had been converted.

## 26. OTHER BORROWINGS

	December 31			
	2014		2013	
	Amount	%	Amount	%
Long-term borrowings	<u>\$ 380,040</u>	2.32-3.70	<u>\$ 268,092</u>	2.34-3.95

## 27. PROVISIONS

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Provision for employee benefits	\$ 159,945	\$ 225,450
Provision for losses on guarantees	152,262	150,323
Others	<u>24,862</u>	<u>24,492</u>
	<u>\$ 337,069</u>	<u>\$ 400,265</u>

## 28. POST-EMPLOYMENT BENEFIT PLAN

### a. Defined contribution plan

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

The Company recognized expenses of \$230,870 thousand and \$206,636 thousand in the consolidated statements of comprehensive income in 2014 and 2013 in accordance with the defined contribution plan.

### b. Defined benefit plan

The Company has a defined benefit pension plan for all regular employees. Under this plan, the pension is calculated on the basis of an employee's seniority accumulated since the hire date in accordance with the Labor Standards Act.

ESFHC makes monthly contributions, equal to 5.54% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Worker's Retirement Preparation Fund, which manages the fund.

E.SUN Bank makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Workers' Retirement Preparation Fund, which manages the fund. The difference between the 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 makes monthly contributions, equal to 4% of salaries and wages, to a pension fund. The fund is managed by the Supervisory Committee of Workers' Retirement Preparation Fund and deposited in its name in the Bank of Taiwan.

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

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used in actuarial valuations were as follows:

	<b>Valuation Date</b>	
	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Discount rate	2.00%-2.40%	2.00%
Expected rates of return on plan assets	2.00%	2.00%
Expected rates of future salary increase	2.00%-2.50%	2.00%-2.50%

Amounts recognized as profit or loss in the consolidated statement of comprehensive income on the defined benefit plans were as follows:

	<b>For the Year Ended</b>	
	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Current service cost	\$ 22,331	\$ 22,907
Interest cost	31,276	23,902
Expected return on plan assets	(26,727)	(18,697)
Past service cost	<u>9,804</u>	<u>9,804</u>
	<u>\$ 36,684</u>	<u>\$ 37,916</u>

Amounts recognized as actuarial gains and losses under other comprehensive income on the defined benefit plans were as follows:

	<b>For the Year Ended</b>	
	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Actuarial losses (gains), January 1	\$ (34,137)	\$ 44,726
Gains recognized	<u>(66,864)</u>	<u>(78,863)</u>
Actuarial gains, December 31	<u>\$ (101,001)</u>	<u>\$ (34,137)</u>

Included in the consolidated balance sheets were the following amounts arising from the Company's obligation on its defined benefit plans:

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Present value of defined benefit obligation	\$ 1,572,485	\$ 1,563,824
Fair value of plan assets	<u>(1,403,762)</u>	<u>(1,313,107)</u>
Deficit	168,723	250,717
Unrecognized past service cost	(35,587)	(45,391)
Prepaid pension (part of other assets - other)	<u>26,809</u>	<u>20,124</u>
Accrued pension liability (part of provisions)	<u>\$ 159,945</u>	<u>\$ 225,450</u>



Movements in the present value of the defined benefit obligations were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2014</b>	<b>2013</b>
Opening defined benefit obligation	\$ 1,563,824	\$ 1,492,508
Current service cost	22,331	22,907
Interest cost	31,276	23,902
Actuarial losses (gains)	(16,976)	41,370
Benefits paid	(27,970)	(16,863)
Closing defined benefit obligation	<u>\$ 1,572,485</u>	<u>\$ 1,563,824</u>

Movements in the fair value of the plan assets were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2014</b>	<b>2013</b>
Opening fair value of plan assets	\$ 1,313,107	\$ 1,144,520
Expected return on plan assets	26,727	18,697
Actuarial gains	49,888	120,233
Contributions from the employer	42,010	46,520
Benefits paid	(27,970)	(16,863)
Closing fair value of plan assets	<u>\$ 1,403,762</u>	<u>\$ 1,313,107</u>

For the years ended December 31, 2014 and 2013, the actual return on plan assets was \$76,615 thousand and \$138,930 thousand, respectively.

The percentages of fair value of the main categories in the plan assets were as follows:

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Equity instruments	39	37
Others	61	63
	<u>100</u>	<u>100</u>

The overall projected rate of return is an estimate that based on the trend of historical returns, the market prediction made by the actuary for the period in which the related obligations exist, the use of the labor pension fund by the Bureau of Labor Funds, Ministry of Labor and the minimum return should not be below the interest rate for a 2-year time deposit with local banks.

The Company's experience adjustments made prospectively for each accounting period from the date of transition (January 1, 2012) to IFRSs were as follows:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>	<b>January 1, 2012</b>
Present value of defined benefit obligation	<u>\$ 1,572,485</u>	<u>\$ 1,563,824</u>	<u>\$ 1,492,508</u>	<u>\$ 1,372,473</u>
Fair value of plan assets	<u>\$ 1,403,762</u>	<u>\$ 1,313,107</u>	<u>\$ 1,144,520</u>	<u>\$ 1,049,982</u>
Deficit	<u>\$ 168,723</u>	<u>\$ 250,717</u>	<u>\$ 347,988</u>	<u>\$ 322,491</u>

(Continued)

	<b>December 31, 2014</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>	<b>January 1, 2012</b>
Experience adjustments on plan liabilities	<u>\$ (4,919)</u>	<u>\$ 28,336</u>	<u>\$ 41,509</u>	<u>\$ -</u>
Experience adjustments on plan assets	<u>\$ (49,888)</u>	<u>\$ (120,233)</u>	<u>\$ (77,500)</u>	<u>\$ -</u>

(Concluded)

The Company expects to make a contribution of \$42,643 thousand and \$46,600 thousand to the defined benefit plan during the annual period beginning after December 31, 2014 and 2013, respectively.



## 29. OTHER FINANCIAL LIABILITIES

	December 31	
	2014	2013
Principal of structured products	\$ 1,581,896	\$ 1,748,599
Customers' equity accounts - futures	623,242	474,622
Guarantee deposits received	378,282	149,308
Appropriations for loans	-	20,115
	<u>\$ 2,583,420</u>	<u>\$ 2,392,644</u>

## 30. OTHER LIABILITIES

	December 31	
	2014	2013
Advance receipts	\$ 1,127,195	\$ 779,555
Deferred revenue	388,069	350,555
Collection of securities underwritten	-	132,126
Others	14,009	324,189
	<u>\$ 1,529,273</u>	<u>\$ 1,586,425</u>

## 31. NET INTEREST

	For the Year Ended December 31	
	2014	2013
Interest revenue		
From discounts and loans	\$ 20,974,119	\$ 18,018,102
From revolving interests of credit cards	2,024,464	2,198,236
From due from other banks and call loans to other banks	2,009,122	487,588
From investments	1,655,170	1,744,480
Others	484,381	125,385
	<u>27,147,256</u>	<u>22,573,791</u>

(Continued)

	For the Year Ended December 31	
	2014	2013
Interest expense		
From deposits	\$ (9,697,193)	\$ (7,943,903)
From issuing bonds payable	(1,070,427)	(1,064,862)
From due to the Central Bank and other banks	(556,197)	(363,184)
Others	(338,813)	(167,169)
	<u>(11,662,630)</u>	<u>(9,539,118)</u>
	<u>\$ 15,484,626</u>	<u>\$ 13,034,673</u>

(Concluded)

## 32. SERVICE FEE AND COMMISSION INCOME, NET

	For the Year Ended December 31	
	2014	2013
Service fee and commission income		
From credit cards	\$ 4,036,467	\$ 3,620,074
From trust business	2,660,330	1,949,325
From insurance brokerage	2,591,423	1,848,207
From loans	1,286,787	1,084,527
From brokerage	777,534	611,573
Others	1,606,629	1,320,305
	<u>12,959,170</u>	<u>10,434,011</u>
Service charge and commission expenses		
From agency	(616,416)	(574,349)
From cross - bank transactions	(257,825)	(224,971)
From computer processing	(237,440)	(185,134)
Others	(377,305)	(325,946)
	<u>(1,488,986)</u>	<u>(1,310,400)</u>
	<u>\$ 11,470,184</u>	<u>\$ 9,123,611</u>

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

	For the Year Ended December 31, 2014				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	\$ 78,113	\$ 1,900,626	\$ 1,214,799	\$ 2,329,604	\$ 5,523,142
Financial assets designated as at fair value through profit or loss	-	1,356,570	41,280	13,350	1,411,200
Held-for-trading financial liabilities	-	-	(750,974)	(2,282,731)	(3,033,705)
Financial liabilities designated as at fair value through profit or loss	-	(155,662)	(1,030,780)	425,883	(760,559)

	\$ 78,113	\$ 3,101,534	\$ (525,675)	\$ 486,106	\$ 3,140,078
<b>For the Year Ended December 31, 2013</b>					
	<b>Dividend Income</b>	<b>Interest Revenue (Expense)</b>	<b>Gain (Loss) on Disposal</b>	<b>Gain (Loss) on Valuation</b>	<b>Total</b>
Held-for-trading financial assets	\$ 16,565	\$ 1,804,486	\$ (1,240,953)	\$ 2,011,935	\$ 2,592,033
Financial assets designated as at fair value through profit or loss	-	840,069	71,586	(31,811)	879,844
Held-for-trading financial liabilities	-	-	3,557,888	(1,811,121)	1,746,767
Financial liabilities designated as at fair value through profit or loss	-	(63,324)	-	(943,167)	(1,006,491)
	\$ 16,565	\$ 2,581,231	\$ 2,388,521	\$ (774,164 )	\$ 4,212,153

### 34.EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSES

<b>For the Year Ended December 31</b>			<b>For the Year Ended December 31</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Employee benefit			Current tax	
Salaries	\$ 7,085,058	\$ 5,821,513	Current year	\$ 1,768,692 \$ 1,548,484
Insurance	482,452	426,180	Additional 10% income tax on unappropriated earnings	19,302 6,146
Excessive interest from preferential rates	143,698	132,867	Prior year's adjustments	236,796 (7,550)
Post-employment benefits	267,554	244,552		2,024,790 1,547,080
Others	378,098	321,936	Deferred tax	
Depreciation expenses	837,795	745,755	Current year	271,107 251,166
Amortization expenses	252,007	219,478	Adjustments for prior year's tax	(130,158) -
				140,949 251,166
			Income tax expense recognized in profit or loss	\$ 2,165,739 \$ 1,798,246

A reconciliation of accounting profit and current income tax expenses for the years ended December 31, 2014 and 2013 is as

### 35.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 holds more than 90% of the domestic subsidiaries' outstanding shares in the entire tax year; for other taxation issues, ESFHC and domestic subsidiaries should conduct separately.

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

#### a.Income tax recognized in profit or loss

Main components of income tax expense were as follows:

follows:

	<b>For the Year Ended December 31</b>	
	<b>2014</b>	<b>2013</b>
Income before tax from continuing operations	<u>\$ 12,771,067</u>	<u>\$ 10,214,297</u>
Income tax expense at the 17% statutory rate	\$ 2,171,081	\$ 1,736,430
Nondeductible expenses in determining taxable income	362,229	269,479
Tax-exempt income	(783,219)	(539,493)
Additional income tax under the Alternative Minimum Tax Act	63,855	-
Additional 10% income tax on unappropriated earnings	19,302	6,146
Unrecognized deductible temporary differences	151,832	285,468
Effect of different tax rate of overseas branches operating in other jurisdictions	74,021	50,337
Adjustments for prior year's income tax	106,638	(10,113)
Others	-	(8)
Income tax expense recognized in profit or loss	<u>\$ 2,165,739</u>	<u>\$ 1,798,246</u>

#### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2014</b>	<b>2013</b>
<b>Deferred tax</b>		
Recognized in other comprehensive income:		
Exchange differences in translation of financial statements of foreign operations	\$ 140,456	\$ 26,303
Unrealized gains (losses) on available-for-sale financial assets	8,972	(28,871)
Actuarial gains and losses on defined benefit plan	(13)	(49)
Total income tax expenses (benefits) recognized in other comprehensive income	<u>\$ 149,415</u>	<u>\$ (2,617)</u>

#### c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
<b>Current tax assets</b>		
Tax refund receivable	\$ 335,260	\$ 556,567
Others	-	7,209
	<u>\$ 335,260</u>	<u>\$ 563,776</u>
<b>Current tax liabilities</b>		
Income tax payable	<u>\$ 853,016</u>	<u>\$ 505,654</u>

#### d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax

liabilities were as follows:

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Financial instruments at fair value through profit or loss	\$ 156,603	\$ (102,275)	\$ -	\$ -	\$ 54,328
Allowance for possible losses	104,711	(104,708)	-	-	3
Available-for-sale financial assets	5,814	-	(4,325)	1	1,490
Share of profit of subsidiaries, accounted for using the equity method	37	(37)	-	-	-
Other financial assets	10,064	-	-	-	10,064
Investment properties	74	(8)	-	-	66
Properties and equipment	2,910	747	-	-	3,657
Foreclosed collaterals	2,133	-	-	-	2,133
Other assets	107	-	-	-	107
Payable for annual leave	34,334	3,142	-	-	37,476
Other liabilities	-	14,009	-	-	14,009
Exchange differences on foreign operations	20,484	-	(20,484)	-	-
Losses on stock warrants issued	859	(859)	-	-	-
Deferred revenue	389	(63)	-	21	347
Defined benefit obligation	234	5	13	-	252
Unrealized foreign exchange losses	5,182	(5,182)	-	-	-
	<u>\$ 343,935</u>	<u>\$ (195,229)</u>	<u>\$ (24,796)</u>	<u>\$ 22</u>	<u>\$ 123,932</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial instruments at fair value through profit or loss	\$ -	\$ 20,181	\$ -	\$ -	\$ 20,181
Available-for-sale financial assets	3,225	173	4,647	50	8,095
Properties and equipment	394	(135)	-	20	279
Intangible assets	632,232	(119,682)	-	-	512,550
Unrealized foreign exchange gains	18,232	15,156	-	33	33,421
Provision of land revaluation increment tax	91,585	(90)	-	-	91,495
Exchange differences on foreign operations	-	-	119,972	-	119,972
Share of profit of subsidiaries, accounted for using the equity method	-	30,119	-	-	30,119
Gains on valuation of operating securities -hedging	92	(92)	-	-	-
	<u>\$ 745,760</u>	<u>\$ (54,370)</u>	<u>\$ 124,619</u>	<u>\$ 103</u>	<u>\$ 816,112</u>

For the year ended December 31, 2013



	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Financial instruments at fair value through profit or loss	\$ 167,442	\$ (11,467)	\$ -	\$ 628	\$ 156,603
Allowance for possible losses	348,165	(243,454)	-	-	104,711
Available-for-sale financial assets	-	-	5,081	733	5,814
Share of profit of subsidiaries, accounted for using the equity method	-	37	-	-	37
Other financial assets	7,020	3,044	-	-	10,064
Investment properties	1,124	(1,050)	-	-	74
Properties and equipment	1,849	1,061	-	-	2,910
Foreclosed collaterals	476	1,657	-	-	2,133
Other assets	2,242	(2,135)	-	-	107
Payable for annual leave	29,699	4,635	-	-	34,334
Exchange differences on foreign operations	46,787	-	(26,303)	-	20,484
Losses on stock warrants issued	-	859	-	-	859
Defined benefit obligation	181	4	49	-	234
Unrealized foreign exchange losses	-	5,182	-	-	5,182
Deferred revenue	-	(3,891)	-	4,280	389
	<u>\$ 604,985</u>	<u>\$ (245,518)</u>	<u>\$ (21,173)</u>	<u>\$ 5,641</u>	<u>\$ 343,935</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Available-for-sale financial assets	\$ 24,963	\$ -	\$ (23,790)	\$ 2,052	\$ 3,225
Properties and equipment	-	(14,328)	-	14,722	394
Intangible assets	627,385	4,847	-	-	632,232
Unrealized foreign exchange gains	2,664	15,065	-	503	18,232
Provision of land revaluation increment tax	95,212	(3,627)	-	-	91,585
Defined benefit obligation	28	(28)	-	-	-
Gains on valuation of operating securities -hedging	-	92	-	-	92
	<u>\$ 750,252</u>	<u>\$ 2,021</u>	<u>\$ (23,790)</u>	<u>\$ 17,277</u>	<u>\$ 745,760</u>

**e. Unrecognized deferred tax assets:**

	December 31	
	2014	2013
Deductible temporary difference	\$ 2,665,673	\$ 1,790,187

f. Imputed tax credit is summarized as follows:

	ESFHC	E.SUN Bank	E.SUN Securities	ESIB	ESVC
Balance of the imputation credit account (ICA)					
December 31, 2014	\$ 4,613	\$ 19,166	\$ 8,430	\$ -	\$ 3,511
December 31, 2013	32,221	16,617	3,350	-	6,123
Estimated creditable ratio for distributing the 2014 earnings	13.00%	0.19% 0.20%	3.25%	-	1.16%
Actual creditable ratio for distributing the 2013 earnings		(Cash dividends) 0.19%			
	17.76%	(Stock dividends)	2.34%	-	3.38%

The actual stockholders' imputation credits should be based on the balance of the ICA as of the dividend distribution date. As a result, the estimated 2014 creditable ratio may differ from the actual creditable ratio.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings should include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

g. As of December 31, 2014 and 2013, the balance of the unappropriated earnings generated before January 1, 1998, was zero.

h. The years for which income tax returns had been examined by the tax authorities were as follows:

ESFHC	E.SUN Bank	E.SUN Securities	ESIB	ESVC
2009	2009	2009	2009	2009

i. On E.SUN FHC's income tax returns of 2004 to 2007, the tax authorities disapproved E.SUN FHC's claim that operating and interest expenses were deductible from taxable income; thus, the taxable income increased by \$730,232 thousand. In addition, the tax authorities denied the deduction shown on E.SUN FHC's 2006 return of a realized investment loss of \$333,424 thousand and the loss on conversion of convertible corporate bonds of \$19,230 thousand in 2006. However, E.SUN FHC claimed that its core operation is not investment, and thus should be exempted from the allocation of operating or interest expenses. In addition, it claimed the authorities' denial of the above deduction was unreasonable. Therefore, E.SUN FHC initiated an administrative litigation. E.SUN FHC consulted the authorities and requested recognition of part of the operating expenses and interest expenses reported in the income tax returns from 2004 to 2007; nevertheless, E.SUN FHC had accrued the estimated income tax expense. The tax authorities have reexamined the income tax returns from 2004 to 2006 in accordance with the results of their consultation and approved recognition of the realized investment loss of \$333,424 thousand in the income tax return of 2006.

j. For the aggregate amount of goodwill amortization of \$5,301,760 thousand, which resulted from E.SUN

Bank's acquisition of Kaohsiung Business Bank Co., Ltd. (KBB) and was reported in the income tax returns for 2004 to 2008, 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 resulted mainly from a subsidy authorized by the Executive Yuan to be released from the Resolution Trust Corporation fund and not E.SUN Bank's use of its own cash. E.SUN Bank disagreed with the tax authorities' decision and initiated an administrative litigation. E.SUN Bank consulted the authorities and requested recognition of part of the amortization expenses on goodwill reported in the income tax returns from 2004 to 2009; nevertheless, E.SUN Bank had accrued the estimated income tax expense. The tax authorities have reexamined the income tax returns from 2004 to 2006 in accordance with the results of their consultation.

k.E.SUN Securities initiated an administrative litigation for the tax authorities to reconsider the assessment of stock warrants pertaining to its 2005 income tax return. Nevertheless, E.SUN Securities accrued an additional income tax payable of \$11,172 thousand on these stock warrants in 2009.

E.SUN Securities' assessed income tax on its 2006 income tax return was \$55,667 thousand more than that reported to the tax

authorities. The increase was mainly due to the tax authorities' (a) considering the loss on the hedge of stock warrants as a trading loss on securities; (b) believing that E.SUN Securities should have recognized interest revenue on certain bonds; and (c) disapproval of the amortization expense for operating rights obtained from the acquisition of Yung Li Securities. Thus, E.SUN Securities, claiming that the tax authorities' decision was unreasonable, initiated an administrative litigation. E.SUN Securities accrued an additional income tax payable in 2009 for the estimated outcome on the stock warrants issue on the 2006 income tax return and in 2014, for the disapproval of the amortization expense on operating rights. In January 2015, after reexamining the tax returns, the tax authorities decided to deduct the interest revenue from bonds, resulting in an increase of \$9,851 thousand in tax payable on E.SUN Securities' 2006 income tax return. As to item (a) and (c) described above, the tax authorities still denied E.SUN Securities' claims. Thus, E.SUN Securities will initiate an administrative litigation again.

E.SUN Securities' assessed income tax on its 2007 to 2008 income tax returns was \$18,397 thousand more than that reported to the tax authorities. The increase was mainly due to the tax authorities' (a) disapproval of the amortization expense on operating rights obtained from the acquisition of Yung Li Securities and (b) having an allocation of interest expenses differing from that of E.SUN Securities. E.SUN Securities thus accrued an additional income tax payable for the amortization expense on operating rights in 2014 and also initiated an administrative litigation because it believed the tax authorities' decision was unreasonable. On the allocation of interest expenses, E.SUN Securities accrued the additional income tax payable based on the result of its consultation with the tax authorities in December 2014.

### 36.EARNINGS PER SHARE

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

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
<u>For the year ended December 31, 2014</u>			
Basic earnings per share	\$ 10,528,552	6,769,387	\$ 1.56
Effect of dilutive common shares:			
Bonus to employees	-	20,605	
Overseas convertible bonds	407,125	268,432	
Diluted earnings per share	\$ 10,935,677	7,058,424	\$ 1.55
<u>For the year ended December 31, 2013</u>			
Basic earnings per share	\$ 8,416,145	6,010,507	\$ 1.40
Effect of dilutive common shares:			
Bonus to employees	-	18,251	
Diluted earnings per share	\$ 8,416,145	6,028,758	\$ 1.40



The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The earnings per share after income tax were retrospectively adjusted as followings:

Unit: NT\$ Per Share

	Before Retrospectively Adjusted	After Retrospectively Adjusted
Basic earnings per share	\$ 1.53	\$ 1.40
Diluted earnings per share	\$ 1.52	\$ 1.40

The Company can elect to distribute bonus to employees by stock or by cash. 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 effects 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.

### 37.EQUITY

#### a.Capital stock

##### Common stock

	December 31 2014	2013
Authorized number of shares (in thousands)	10,000,000	10,000,000
Authorized capital	\$ 100,000,000	\$ 100,000,000
Number of shares issued (in thousands)	7,053,000	5,524,300
Common stock issued	\$ 70,530,000	\$ 55,243,000

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

In 2013, the stockholders of ESFHC resolved to use \$5,010,700 thousand from the 2012 unappropriated earnings as stock bonus to stockholders and also resolved to use \$202,359 thousand from the bonus to employees as stock bonus. The appropriations and bonus, which were a total of 513,600 thousand shares, were approved by the FSC and the Ministry of Economic Affairs (MOEA).

In January 2014, ESFHC increased its capital because the bondholders had transferred 239,079 thousand shares to capital

stock from the convertible bonds. This issuance was approved by the MOEA.

On March 5, 2014, the board of directors of ESFHC resolved to increase its capital by issuing 700,000 thousand shares at NT\$15.00 per share. The issuance was approved by the MOEA.

In 2014, the stockholders of ESFHC resolved to use \$5,763,380 thousand from the 2013 unappropriated earnings as stock bonus to stockholders and also resolved to use \$233,774 thousand from the bonus to employees as stock bonus. The appropriations and bonus, which were a total of 589,621 thousand shares, were approved by the FSC and the MOEA.

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

The GDS holders are entitled to present their GDSs for cancellation and receive the corresponding number of underlying common shares, and the common shares can be traded in the domestic stock exchange market. As of December 31, 2014, the GDS holders had canceled 18,643 thousand units (equal to 466,070 thousand shares), ESFHC issued 378 thousand units (equal to 9,449 thousand shares) because of capital increase, and the deposit agents reissued 4,633 thousand units (equal to 115,818 thousand shares). Therefore, the outstanding GDSs were 1,168 thousand units, which were equal to 29,198 thousand shares, or 0.4140% of ESFHC's total outstanding common shares.

As of the date of consolidated financial statements were authorized for issue, ESFHC increased its capital because the bondholders had transferred 210,556 thousand shares to capital stock from the convertible bonds in 2015. The Company is going to apply for the approval of the issuance to MOEA.

#### b.Capital surplus

Under the related regulations, capital surplus may be used to offset a deficit. Capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be distributed as cash dividends or 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 the equity method should not be distributed for any purpose.

For the Financial Holding Company, if the capital surplus due from stocks convert of financial intuition is from unappropriated retained earnings before convert, according to the regulatory, the Company could implement distributing cash dividends or



the capital increase in entire year, furthermore, the proportion of capital increase doesn't restricted by Securities and Exchange Act Article 41 point 2 and Securities and Exchange Act Enforcement Rules Article 8. The distribution of unappropriated retained earnings without restriction above, is the amount after recognizing legal retain earnings or special retain earnings.

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

As of December 31, 2014, the capital surplus came from treasury stock transactions and the issuance of shares in excess of par value. Capital surplus sources and uses were as follows:

#### Sources

From subsidiaries	
Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 413,733
Legal reserve	2,776,834
Special reserve	109,230
Unappropriated earnings	<u>2,919,727</u>
	6,219,524
Total capital stock of subsidiaries in excess of ESFHC's issuance	<u>600,000</u>
Balance on January 28, 2002	6,819,524
From E.SUN Securities Investment Trust Corp. (ESSIT) which became a 100% subsidiary of ESFHC in 2003 through a share swap	
Legal reserve	4,350
Unappropriated earnings	<u>7,861</u>
	6,831,735
Corporate bonds converted into capital stock	
In 2003	9,005
In 2004	2,613,625
In 2006	2,252,133
In 2008	524,401
In 2014	1,012,590
	(Continued)

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	157,897
The difference between par value and issue price for the issuance of common stock from bonus to employees	
In 2010	14,377
In 2011	48,674
In 2012	30,232
In 2013	77,059
In 2014	100,948
Additional paid-in capital from ESFHC's share issuance in excess of par value	
In 2011	2,500,000
In 2012	1,062,422
In 2014	3,500,000
Share-based payment for the subscription for ESFHC's new shares by the employees of ESFHC and its subsidiaries	
In 2011	\$ 200,132
In 2014	<u>264,769</u>
	24,424,586

#### 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)
Difference between par value and issue price for the issuance of common stock from bonus to employees in 2009	<u>(980)</u>
	<u>\$ 19,375,697</u>
	(Concluded)

#### c.Special reserve

Under FSC guidelines, ESFHC reclassified the trading loss reserve and default loss reserve made before 2010 to special reserve. This special reserve may be used to offset a deficit. If ESFHC has no deficit and the special reserve exceeds 50% of its paid-in capital, half of the excess may be used to issue new shares. Furthermore, when the special reserve exceeds ESFHC's paid-in capital, ESFHC may, under the FSC's approval, reclassify the excess back to unappropriated earnings. The special reserve from equity investments under the equity method was \$164,235 thousand as of December 31, 2014.

Also under the FSC guidelines, on the first-time adoption of IFRSs, a special reserve should be appropriated at an amount equal to unrealized revaluation increment and cumulative translation differences (gains) as a result of the Company's use of exemptions under IFRS 1 starting from 2013. The Company did not have any unrealized revaluation increments, and the exchange differences on the translation of financial statements of foreign operations, to which an IFRS 1 exemption was applicable, was negative. Thus, no special reserve was required to be appropriated on the Company's first-time adoption of IFRSs.

#### d. Appropriation of earnings and dividend policy

- 1) The Articles of Incorporation (before revision on June 20, 2014)

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:

- a) 96% as dividends;
- b) 1% as remuneration to directors; and
- c) 3% as bonus to employees.

The stockholders may decide not to declare any dividends or decide to distribute only a portion of the distributable earnings.

- 2) The Articles of Incorporation (after revision on June 20, 2014)

When ESFHC appropriates its earnings, legal reserve should be appropriated from the annual net income less any accumulated deficit. A special reserve, if needed, should be appropriated. From any remainder and reversal of special reserve:

- a) No more than 1% as remuneration to directors;
- b) 3% as bonus to employees; and
- c) For the remainder and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

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 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.

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 25% of ESFHC's paid-in capital, the excess may be used to issue new shares or distribute cash dividends.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings generated before January 1, 2012 at an amount from the net income and unappropriated earnings 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.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings generated after January 1, 2013 at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section (such as exchange differences in translation of financial statements of foreign operations and unrealized gains or losses on available-for-sale financial assets). The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. Afterward, if there is any reversal of the decrease in other stockholders' equity, ESFHC is allowed to appropriating retain earning from the reversal amount.

According to Income Tax Act, except non-resident stockholders, other stockholders allow obtaining the amount of the imputation credit regard to tax deduction ratio on dividend distribution date while ESFHC appropriating retain earning.

For the years ended December 31, 2014 and 2013, the bonus to employees and remuneration to directors, which totaled \$377,311 thousand and \$313,044 thousand, respectively, and represented 3% (employees' bonus) and 1% (directors' remuneration), respectively, of the appropriation of earnings, were accrued on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If the bonus and remuneration approved by ESFHC's stockholders differ from the board of directors' proposal, this change should be treated as a change in 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 day before the stockholders' meeting.

The appropriations from the earnings of 2013 and 2012 were approved in the stockholders' meetings on June 20, 2014 and June 21, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2013	2012	2013	2012
Legal reserve	\$ 841,398	\$ 705,824		
Special reserve	-	390,849		
Cash dividends	1,786,647	1,503,210	\$ 0.27642623	\$ 0.30
Stock dividends	5,763,380	5,010,700	0.89169752	1.00

The bonus to employees and the remuneration to directors for 2013 and 2012, which were approved in the stockholders' meetings on June 20, 2014 and June 21, 2013, respectively, were as follows:

	2013	2012
Bonus to employees - cash	\$ 2,164	\$ 1,201
Bonus to employees - stock	233,774	202,359
Remuneration to directors - cash	78,646	67,853

The differences between the amounts of the bonus to employees and the remuneration to directors for 2013, which were approved in the stockholders' meeting, and the amounts recognized in the consolidated financial statements for the year ended December 31, 2013 were resulted from changes of the estimation. The differences were recognized in profit and loss for the year ended December 31, 2014.

The appropriations from the 2014 earnings were approved in the board of directors' meetings on March 20, 2015. The appropriations and dividends per share are as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,052,855	
Cash dividends	3,173,850	\$ 0.45
Stock dividends	6,347,700	0.90

The proposal on the appropriation of the 2014 earnings, bonus to employees and remuneration to directors is waiting for the approval of the stockholders. Information on earnings appropriation or deficit offsetting can be accessed through the Web site of the Taiwan Stock Exchange (<http://emops.tse.com.tw>).

### e.Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance, January 1	\$ 662,686	\$ -
Increase in non-controlling interests from the acquisition of UCB by E.SUN Bank (Note 50)	-	666,564
Attributable to non-controlling interests		
Net income	76,776	(94)
Unrealized gains on available-for-sale financial assets	207	231
Exchange differences on the translation of financial statements of foreign operations	45,284	(4,015)
Balance, December 31	<u>\$ 784,953</u>	<u>\$ 662,686</u>

### 38.RELATED-PARTY TRANSACTIONS

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



## a. Related parties

Related Party	Relationship with the Company
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation Others	One third of the funds are donated by E.SUN Bank Main management of the Company and other related parties

## b. Significant transactions with related parties

## 1) Loans and deposits

## a) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
2014				
Main management	\$ 175,160	\$ 172,135	\$ 1,984	
Others	<u>1,528,701</u>	<u>1,409,457</u>	<u>18,202</u>	
	<u>\$ 1,703,861</u>	<u>\$ 1,581,592</u>	<u>\$ 20,186</u>	1.330-2.417
				(Continued)

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
2013				
Main management	\$ 75,598	\$ 69,709	\$ 764	
Others	<u>1,153,586</u>	<u>935,192</u>	<u>11,870</u>	
	<u>\$ 1,229,184</u>	<u>\$ 1,004,901</u>	<u>\$ 12,634</u>	0.000-2.250
				(Concluded)

## b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
2014				
Main management	\$ 949,853	\$ 184,310	\$ 1,727	
Others	<u>1,853,085</u>	<u>703,964</u>	<u>12,212</u>	
	<u>\$ 2,802,938</u>	<u>\$ 888,274</u>	<u>\$ 13,939</u>	0.000-6.900
2013				
Main management	\$ 2,591,367	\$ 627,877	\$ 4,785	
Others	<u>1,918,525</u>	<u>713,558</u>	<u>10,612</u>	
	<u>\$ 4,509,892</u>	<u>\$ 1,341,435</u>	<u>\$ 15,397</u>	0.000-6.900

Note: The sum of the respective highest balances of each account for the year ended December 31, 2014 and 2013.



## 2) Directors as credit guarantors

	Amount	Interest Rate (%)	Rate of Guarantee Service Fee (%)
December 31, 2014	\$ 40,000	1.760	-
December 31, 2013	\$ 54,667	1.263-2.170	-

## 3) Donation (part of general and administrative expenses)

	For the Year Ended December 31	
	2014	2013
E.SUN Foundation	\$ 15,000	\$ -
E.SUN Volunteer & Social Welfare Foundation	63,850	28,693
	<u>\$ 78,850</u>	<u>\$ 28,693</u>
	<u>\$ 1,489</u>	<u>\$ 1,184</u>

## 4) Other (part of general and administrative expenses)

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

## 5) In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to E.SUN Bank. E.SUN Bank charged \$110 thousand and \$71 thousand (part of service fee and commission income, net) accordingly for the years ended December 31, 2014 and 2013, respectively.

The interest rates shown above were similar to, or approximate, those offered to third parties. However, the interest rates for deposits given to managers of E.SUN Bank were 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.

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

### 1) E.SUN Bank

#### a) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
<b>2014</b>				
Sister companies	\$ 204,100	\$ -	\$ 9	
Main management	175,160	172,135	1,984	
Others	<u>1,491,820</u>	<u>1,373,252</u>	<u>17,712</u>	
	<u>\$ 1,871,080</u>	<u>\$ 1,545,387</u>	<u>\$ 19,705</u>	1.330-2.417
<b>2013</b>				
Sister companies	\$ 287,000	\$ -	\$ 15	
Main management	75,598	69,709	764	
Others	<u>1,153,586</u>	<u>935,192</u>	<u>11,870</u>	
	<u>\$ 1,516,184</u>	<u>\$ 1,004,901</u>	<u>\$ 12,649</u>	0.000-2.250

## b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
<u>2014</u>				
ESFHC	\$ 14,299,230	\$ 2,710,290	\$ 16,395	
Sister companies	3,551,183	2,328,250	17,295	
Main management	925,970	169,603	1,700	
Others	<u>1,826,676</u>	<u>689,165</u>	<u>12,181</u>	
	<u>\$ 20,603,059</u>	<u>\$ 5,897,308</u>	<u>\$ 47,571</u>	0.000-6.900 (Continued)
<u>2013</u>				
ESFHC	\$ 8,788,051	\$ 5,664,594	\$ 29,924	
Sister companies	6,767,950	1,922,256	16,963	
Main management	2,591,367	627,877	4,785	
Others	<u>1,918,525</u>	<u>713,558</u>	<u>10,612</u>	
	<u>\$ 20,065,893</u>	<u>\$ 8,928,285</u>	<u>\$ 62,284</u>	0.000-6.900 (Concluded)

Note: The sum of the respective highest balances of each account for the year ended December 31, 2014 and 2013.

	December 31	
	2014	2013
c) Due from banks (part of cash and cash equivalents and other financial assets) - subsidiaries	<u>\$ 1,900,200</u>	<u>\$ -</u>
d) Receivables on consolidated tax returns (part of current tax assets) - ESFHC	<u>\$ 138,082</u>	<u>\$ 152,340</u>
e) Due to banks - subsidiaries	<u>\$ 704,169</u>	<u>\$ 15,744</u>
f) Payables on consolidated tax returns (part of current tax liabilities) - ESFHC	<u>\$ 721,810</u>	<u>\$ 297,521</u>

The receivables and payables on consolidated tax returns refer to ESFHC's filed consolidated corporate tax returns from 2003.

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, 2014 and 2013:

	December 31	
	2014	2013
Deposit	<u>\$ 166,621</u>	<u>\$ 122,017</u>
Deposit - futures exchange margins	<u>\$ 264,457</u>	<u>\$ 65,953</u>
Deposit - collection of securities underwritten	<u>\$ -</u>	<u>\$ 132,160</u>
Operating deposits	<u>\$ 610,000</u>	<u>\$ 575,000</u>

- 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 as of December 31, 2014 and 2013. For this overdraft, E.SUN Securities provided time deposits and real estate to E.SUN Bank as collaterals. Other financial institutions provided guarantee for the overdraft. As of December 31, 2014 and 2013, there was no overdraft amount.
- c) For its business needs, E.SUN Securities applied for a short-term loan up to \$200,000 thousand from E.SUN Bank. The balances and interest expenses for the short-term loan were as follows:

	Highest Balances	Ending Balances	Interest Rate (%)	Interest Expense
For the year ended December 31, 2014	\$ 14,000	\$ -	-	\$ 9
For the year ended December 31, 2013	15,000	-	-	15

### 3)ESVC

	December 31	
	2014	2013
Deposits - E.SUN Bank	\$ 767,765	\$ 502,190

### 4)ESIB

	December 31	
	2014	2013
Deposits - E.SUN Bank	\$ 349,306	\$ 372,042
	For the Year Ended December 31	
	2014	2013
Cross-selling service charge - E.SUN Bank	\$ 1,727,616	\$ 1,201,908

### d.Salaries, bonuses and remuneration to main management

The salaries, bonuses and remuneration to the directors and other main management for the years ended December 31, 2014 and 2013 are summarized as follows:

	For the Year Ended December 31	
	2014	2013
Salaries and other short-term employment benefits	\$ 221,004	\$ 179,430
Post-employment benefits	1,744	1,186
Interest arising from the employees' preferential rates in excess of normal rates	284	215
	\$ 223,032	\$ 180,831

### 39.PLEDGED ASSETS

In addition to those mentioned in other notes, pledged assets were as follows:

	December 31	
	2014	2013
Financial assets at fair value through profit or loss (face value)	\$ 25,632,076	\$ 15,098,440
Receivables	-	1,600
Available-for-sale financial assets (face value)	1,556,894	1,078,586
Held-to-maturity financial assets (face value)	1,694,220	1,628,076
Other financial assets	792	745
	\$ 28,883,982	\$ 17,807,447

As of December 31, 2014 and 2013, the foregoing bonds and securities, with aggregate face value of \$19,770,000 thousand and \$10,000,000 thousand, respectively, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as E.SUN Bank's liquidity reserve.

For covering its call loans from the CB, E.SUN Bank had provided collaterals consisting of securities with aggregate face values of \$5,000,000 thousand as of December 31, 2014 and 2013, respectively. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.



#### 40. CONTINGENCIES AND COMMITMENTS

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

##### a. E.SUN Bank

- 1) Lease agreements on premises occupied by E.SUN Bank's branches are operating lease. Rentals are calculated on the basis of the leased areas and are payable monthly, quarterly or semiannually. As of December 31, 2014, refundable deposits on these leases totaled \$950,709 thousand. Minimum future annual rentals are as follows:

	December 31	
	2014	2013
Within one year	\$ 739,811	\$ 623,172
One to five years	1,731,693	1,482,043
Over five years	173,341	18,283
	<u>\$ 2,644,845</u>	<u>\$ 2,123,498</u>

The lease payments recognized as expenses are as follows:

	For the Year Ended December 31	
	2014	2013
Minimum lease payments	\$ 527,942	\$ 475,953
Contingent rentals	2,921	2,314
	<u>\$ 530,863</u>	<u>\$ 478,267</u>

- 2) Lease agreements on investment properties owned by E.SUN Bank and rent to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of December 31, 2014, refundable deposits on these leases totaled \$963 thousand. Minimum future annual rentals are as follows:

	December 31	
	2014	2013
Within one year	\$ 2,945	\$ 4,420
One to five years	1,691	5,965
	<u>\$ 4,636</u>	<u>\$ 10,385</u>

- 3) Agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by E.SUN Bank's branches amounted to approximately \$2,291,643 thousand. As of December 31, 2014, the remaining unpaid amount was approximately \$1,583,685 thousand.

##### b. Union Commercial Bank (UCB)

- 1) Lease agreements on premises occupied by UCB are operating lease. As of December 31, 2014, refundable deposits on these leases totaled \$9,161 thousand. Minimum future annual rentals are as follows:

	December 31	
	2014	2013
Within one year	\$ 9,240	\$ 4,401
One to five years	34,969	13,138
Over five years	19,929	3,396
	<u>\$ 64,138</u>	<u>\$ 20,935</u>

- 2) Decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately \$72,401 thousand. As of December 31, 2014, the remaining unpaid amount was approximately \$5,335 thousand.

##### c. E.SUN Securities

There are renewable operating lease agreements on premises occupied by E.SUN Securities' branches. Rentals are calculated on the basis of the leased areas and are payable monthly or quarterly. As of December 31, 2014, refundable deposits on these leases totaled \$7,829 thousand. Minimum annual rentals are as follows:



	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Within one year	\$ 30,193	\$ 32,028
One to five years	75,741	34,456
Over five years	7,405	-
	<u>\$ 113,339</u>	<u>\$ 66,484</u>

The lease payments recognized as expenses are as follows:

	<b>2014</b>	<b>2013</b>
Minimum lease payments	<u>\$ 35,995</u>	<u>\$ 35,033</u>

#### d. ESIB

ESIB entered into insurance Cooperative and Extension contracts with various insurance companies. The contracts' period are one year and automatically extended for another year if the parties do not terminate the contract. The commission are billed and received in accordance with contract terms.

#### 41. 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.

<b>For the Year Ended December 31</b>					
	<b>2014</b>		<b>2013</b>		
	<b>Average Balance</b>	<b>Average Rate (%)</b>	<b>Average Balance</b>	<b>Average Rate (%)</b>	
<u>Interest-earning assets</u>					
Cash and cash equivalents and other financial assets - due from banks	\$ 52,092,398	3.34	\$ 9,966,137	0.44	
Call loans to banks	7,759,632	1.18	10,432,010	0.94	
Due from the Central Bank	31,499,501	0.53	28,632,124	0.55	
Held-for-trading financial assets - bonds	2,752,067	2.80	1,471,177	2.92	
Held-for-trading financial assets - bills	221,819,201	0.82	207,441,867	0.85	
Financial assets designated as at fair value through profit or loss - bonds	54,370,341	2.50	39,805,681	2.11	
Securities purchased under resell agreements	72,179	0.82	56,532	0.74	
Accounts receivable factored without recourse	18,382,918	2.45	7,058,074	1.59	
Discounts and loans	887,047,686	2.25	790,107,669	2.23	
Receivables on credit cards	19,234,820	10.47	18,286,932	12.01	
Available-for-sale financial assets - bonds	82,492,622	1.73	76,323,438	1.82	
Held-to-maturity financial assets	8,164,698	1.91	18,193,929	1.34	
Debt instruments with no active market	2,648,713	2.74	4,815,721	2.23	
<u>Interest-bearing liabilities</u>					
Due to the Central Bank and other banks	70,907,400	0.84	56,795,574	0.74	
Financial liabilities at fair value through profit or loss	3,457,251	4.22	910,278	1.42	
Securities sold under repurchase agreements	13,711,968	1.36	5,166,214	0.85	
Demand deposits	289,487,954	0.23	255,913,396	0.24	
Savings - demand deposits	352,314,990	0.35	301,659,901	0.31	
Time deposits	305,617,304	1.38	252,723,446	1.18	
Savings - time deposits	245,675,035	1.35	247,368,585	1.35	
Negotiable certificates of deposits	1,356,329	0.53	1,571,560	0.50	
Bank debentures	50,516,238	2.15	47,280,274	1.98	
Principal of structured products	2,327,081	2.94	1,560,558	2.53	

## 42. FINANCIAL INSTRUMENTS

### a. Fair values of financial instruments

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or that the fair values cannot be reasonably measured.

	December 31			
	2014		2013	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Held-to-maturity financial assets	\$ 5,915,792	\$ 5,982,769	\$ 8,593,699	\$ 8,699,175
Debt instruments with no active market	950,100	951,109	4,757,310	4,770,533
<u>Financial liabilities</u>				
Bonds payable	49,600,000	49,805,051	53,800,000	54,063,784

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

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied.

The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments.

The Company 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 of these two types of contracts are provided by counter-parties. Fair values of currency option contracts are based on estimates made 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 values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for payments. As of December 31, 2014 and 2013, the discount rates used ranged from 0.391% to 2.321% and from 0.388% to 2.336%, respectively, for the New Taiwan dollar and from 0.175% to 2.688% and from 0.100% to 3.851%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for evaluating the fair value of debt instruments with no active market, which are classified as other financial assets; otherwise, the Company uses the foregoing valuation techniques to determine fair value.

c. The fair value hierarchies of the Company's financial instruments as of December 31, 2014 and 2013 were as follows:

December 31, 2014				
	Total	Level 1	Level 2	Level 3
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 762,558	\$ 762,558	\$ -	\$ -
Debt instruments	2,873,263	2,873,263	-	-
Others	210,243,937	179,450	210,064,487	-
Financial assets designated as at fair value through profit or loss	63,817,034	10,113,784	53,703,250	-
Available-for-sale financial assets				
Stocks	3,372,992	3,372,992	-	-
Debt instruments	82,406,984	67,835,173	14,540,572	31,239
Others	250,519	250,519	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	13,615,403	-	13,615,403	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	15,173,319	475,290	14,698,029	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	12,466,470	96,112	12,370,358	-
December 31, 2013				
	Total	Level 1	Level 2	Level 3
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 483,889	\$ 483,889	\$ -	\$ -
Debt instruments	2,370,477	2,370,477	-	-
Others	232,941,012	193,213	232,747,799	-
Financial assets designated as at fair value through profit or loss	41,515,861	7,319,320	34,196,541	-
Available-for-sale financial assets				
Stocks	2,098,912	2,098,912	-	-
Debt instruments	69,856,828	60,580,270	9,247,640	28,918
Others	94,034	94,034	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	6,404,491	-	6,404,491	-

(Continued)

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 6,335,190	\$ 128,510	\$ 6,201,095	\$ 5,585
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	5,859,576	21,280	5,832,711	5,585 (Concluded)

- 1) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are defined as markets with all of the following characteristics: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.
- 2) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3 - inputs not based on observable market data (unobservable inputs).

d. Other information on financial assets and liabilities in Level 3 in 2014 and 2013 is as follows:

For the year ended December 31, 2014

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
<u>Assets</u>								
Financial assets at fair value through profit or loss								
Held-for-trading financial assets	\$ 5,585	\$ -	\$ -	\$ -	\$ -	\$(5,585)	\$ -	\$ -
Available-for-sale financial assets	28,918	-	2,321	-	-	-	-	31,239
<u>Liabilities</u>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	5,585	-	-	-	-	(5,585)	-	-



For the year ended December 31, 2013

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
<b>Assets</b>								
Financial assets at fair value through profit or loss								
Held-for-trading financial assets	\$ 6,441	\$(856)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,585
Available-for-sale financial assets	253,418	-	7,820	-	-	(232,320)	-	28,918
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	6,441	(856)	-	-	-	-	-	5,585

e. Information on financial assets designated as at fair value through profit or loss that should be originally measured at amortized cost is as follows:

	December 31	
	2014	2013
Carrying amounts of debt instruments designated as at fair value through profit or loss	\$ -	\$ 237,947
Maximum amount of exposure to credit risks net of effect of credit derivative instruments	-	237,947
	<b>Change in Fair Values Resulting from Credit Risk Variations</b>	<b>Change in Fair Values of Related Credit Derivatives</b>
Change in amount in the period		
For the year ended December 31, 2014	\$ 810	\$ 2,107
For the year ended December 31, 2013	\$ (206)	\$ 3,379
Accumulated amount of change		
As of December 31, 2014	\$ -	\$ -
As of December 31, 2013	\$ (810)	\$ (2,107)

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

As of the balance sheet dates, the debt instruments designated as at fair value through profit or loss have no concentration of credit risk. The carrying amounts are the maximum exposure to credit risks of these debt instruments.

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

	December 31	
	2014	2013
Difference between carrying amounts and the amounts due on maturity		
Fair value	\$ 13,615,403	\$ 6,404,491
Amounts due on maturity	<u>12,284,160</u>	<u>4,462,242</u>
	<u>\$ 1,331,243</u>	<u>\$ 1,942,249</u>
		<b>Change in Fair Values Resulting from Credit Risk Variations</b>
Change in amount in the period		
For the year ended December 31, 2014		<u>\$ 149,321</u>
For the year ended December 31, 2013		<u>\$ 13,700</u>
Accumulated amount of change		
As of December 31, 2014		<u>\$ 21,869</u>
As of December 31, 2013		<u>\$ (127,871)</u>

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

g. Information on financial risk management

1) ESFHC

a) Risk management

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

b) Market risk

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

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

The operation of ESFHC involves currencies different from its functional currency, i.e., foreign currencies; thus, ESFHC is exposed to foreign-exchange risks. As of December 31, 2014 and 2013, the carrying amount, currency and spot rate of ESFHC's monetary assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands

December 31								
2014			2013					
Assets	Liabilities	Exchange Rate	Assets	Liabilities	Exchange Rate			
USD \$ 76,371	\$ 110,250	31.67	\$ 152,582	\$ 215,002	29.788			

The profit and loss from the fluctuations in exchange rates for foreign-currency assets and liabilities will be offset; thus, ESFHC expects the risk from exchange rate fluctuations to be immaterial.

c) Credit risk

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

d) Liquidity risk

ESFHC set up the "Liquidity Risk Management Guideline of E.SUN Financial Holding Company" as the guideline for liquidity risk management. It monitors and asks ESFHC and subsidiaries to maintain appropriate liquidity, payment ability, financial stability, and to improve urgent situation handling ability.

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

2) E.SUN Bank and its subsidiaries

a) Risk management

E.SUN Bank established the Risk Management Division to draw up the principles and policies of risk management that should be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for E.SUN Bank. The division also supports decision-making on several important issues to ensure that E.SUN Bank has adequate capital to achieve profit objectives under reasonable risk.

b) Credit risk

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

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

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



a) Loans and credit card business (including loan commitment and guarantees):

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

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

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

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

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

b) Due from and call loans to other banks

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

c) Investment in debt instruments and derivatives

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

regional conditions and counter-party risks.

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

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

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

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



supervision of concentration of credit risk in these categories.

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

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

	December 31			
	2014		2013	
Irrevocable loan commitments issued	\$	95,276,277	\$	100,519,890
Credit card commitments		293,718,648		266,608,615
Letters of credit issued yet unused		12,354,288		11,172,690
Other guarantees		15,005,585		13,753,439

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

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. Group or industry, regions and collaterals that were 10% or more of total outstanding loans were as follows:

Credit Risk Profile by Group or Industry	December 31			
	2014		2013	
	Amount	%	Amount	%
Natural person	\$ 465,198,756	48	\$ 412,515,544	48
Manufacturing	228,159,252	23	217,199,784	25
Wholesale, retail and restaurants	103,803,637	11	81,510,202	9

Credit Risk Profile by Regions	December 31			
	2014		2013	
	Amount	%	Amount	%
Domestic	\$ 826,126,386	85	\$ 760,132,572	88

Credit Risk Profile by Collaterals	December 31			
	2014		2013	
	Amount	%	Amount	%
Unsecured	\$ 286,172,371	29	\$ 250,440,739	29
Secured				
Real estate	579,281,193	60	508,982,622	59

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

In addition to the above assets, credit quality analyses on other financial assets are as follows:

## a) Credit quality analysis on discounts, loans and receivables

December 31, 2014	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	\$ 35,521,729	\$ 1,120,996	\$ 1,860,429	\$ 38,503,154	\$ 657,858	\$ 906,065	\$ 36,939,231
Others	28,684,595	29,539	36,602	28,750,736	14,903	283,558	28,452,275
Discounts and loans	933,842,900	6,732,339	4,739,619	945,314,858	2,185,307	8,356,188	934,773,363

December 31, 2013	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	\$ 34,456,700	\$ 636,891	\$ 1,952,555	\$ 37,046,146	\$ 686,728	\$ 950,950	\$ 35,408,468
Others	20,849,005	16,470	49,295	20,914,770	24,216	205,642	20,684,912
Discounts and loans	828,854,953	4,239,182	4,622,078	837,716,213	1,123,695	8,083,764	828,508,754

## b) Credit quality analysis on discounts and loans neither past due nor impaired (based on credit ratings of clients)

December 31, 2014	Neither Past Due Nor Impaired			
	Strong	Medium	Weak	Total
Consumer loans				
Residential mortgage	\$ 119,304,121	\$ 138,751,567	\$ 6,535,400	\$ 264,591,088
Petit credit	11,833,102	37,574,055	9,201,570	58,608,727
Others	62,103,704	72,227,063	3,530,783	137,861,550
Corporate loans				
Secured	105,056,035	89,080,003	11,494,703	205,630,741
Unsecured	176,625,436	88,352,385	3,172,973	267,150,794
Total	\$ 473,922,398	\$ 425,985,073	\$ 33,935,429	\$ 933,842,900

December 31, 2013	Neither Past Due Nor Impaired			
	Strong	Medium	Weak	Total
Consumer loans				
Residential mortgage	\$ 110,711,496	\$ 130,829,611	\$ 5,914,181	\$ 247,455,288
Petit credit	10,185,228	33,709,941	3,324,247	47,219,416
Others	51,375,799	60,711,634	2,744,483	114,831,916
Corporate loans				
Secured	77,333,537	89,697,903	14,703,110	181,734,550
Unsecured	124,774,554	106,617,876	6,221,353	237,613,783
Total	\$ 374,380,614	\$ 421,566,965	\$ 32,907,374	\$ 828,854,953

## c) Credit quality analysis on securities

December 31, 2014	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	\$ 52,834,265	\$ 28,369,371	\$ 1,203,348	\$ 82,406,984	\$ -	\$ -	\$ 82,406,984	\$ -	\$ 82,406,984
Equities	541,162	1,188,008	679,843	2,409,013	-	-	2,409,013	-	2,409,013
Held-to-maturity financial assets									
Bonds	5,202,590	158,350	21,370	5,382,310	-	525,564	5,907,874	55,422	5,852,452
Others	63,340	-	-	63,340	-	-	63,340	-	63,340
Other financial assets									
Bonds	316,700	316,700	316,700	950,100	-	-	950,100	-	950,100
Equities	-	-	524,118	524,118	-	42,155	566,273	19,900	546,373

December 31, 2013	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	\$ 46,293,302	\$ 22,297,117	\$ 1,266,409	\$ 69,856,828	\$ -	\$ -	\$ 69,856,828	\$ -	\$ 69,856,828
Equities	747,650	206,059	346,623	1,300,332	-	-	1,300,332	-	1,300,332
Held-to-maturity financial assets									
Bonds	7,525,970	544,502	21,447	8,091,919	-	494,333	8,586,252	52,129	8,534,123
Others	59,576	-	-	59,576	-	-	59,576	-	59,576
Other financial assets									
Bonds	605,211	1,575,437	2,576,662	4,757,310	-	-	4,757,310	-	4,757,310
Equities	-	-	496,836	496,836	-	44,164	541,000	19,900	521,100

The processing delays by the borrowers and other administrative reasons may cause financial assets to become past due but not impaired. As defined in the internal rules governing E.SUN Bank and its subsidiaries' risk management, financial assets past due within 90 days are not deemed as impaired, unless there are other evidences that indicate impairment.

The vintage analysis on the financial assets that are past due but not impaired is as follows:

Item	December 31, 2014		
	Past Due Up to 1 Month	Past Due 1-3 Months	Total
Receivables			
Credit cards	\$ 881,745	\$ 239,251	\$ 1,120,996
Others	14,450	15,089	29,539

(Continued)

Item	December 31, 2014		
	Past Due Up to 1 Month	Past Due 1-3 Months	Total
Discounts and loans			
Consumer loans			
Residential mortgage	\$ 1,816,764	\$ 145,230	\$ 1,961,994
Petit credit	1,252,025	233,653	1,485,678
Others	946,940	55,305	1,002,245
Corporate loans			
Secured	559,879	911,745	1,471,624
Unsecured	475,125	335,673	810,798

(Concluded)



Item	December 31, 2013		
	Past Due Up to 1 Month	Past Due 1-3 Months	Total
Receivables			
Credit cards	\$ 485,713	\$ 151,178	\$ 636,891
Others	11,636	4,834	16,470
Discounts and loans			
Consumer loans			
Residential mortgage	1,513,854	145,179	1,659,033
Petit credit	720,276	169,226	889,502
Others	305,394	24,363	329,757
Corporate loans			
Secured	501,392	517,122	1,018,514
Unsecured	318,851	23,525	342,376

### 3) Market risk

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

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

E.SUN Bank monitors the market risk positions and the tolerable loss of E.SUN Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors.

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

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

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

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

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

VaR statistically estimates the potential loss of the positions due to adverse market movements. It is the "maximum potential loss" E.SUN Bank may suffer within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the value at risk to some extent. VaR model assumes that E.SUN Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past.

E.SUN Bank evaluates historical market fluctuation based on historical data in the past two years. It evaluates the VaR of



its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

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

For the year ended December 31, 2014

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2014</b>
<u>By risk type</u>				
Currency	\$ 1,048,533	\$ 765,781	\$ 1,357,583	\$ 914,462
Interest	490,058	187,219	1,190,236	900,592
Equity	111,062	88,565	137,544	133,785
Risk diversification	<u>(419,971)</u>	-	-	<u>(635,880)</u>
Total risk exposure	<u>\$ 1,229,682</u>			<u>\$ 1,312,959</u>

For the year ended December 31, 2013

	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2013</b>
<u>By risk type</u>				
Currency	\$ 1,259,957	\$ 855,867	\$ 1,671,483	\$ 969,906
Interest	212,389	114,910	405,410	276,423
Equity	104,151	54,809	141,900	104,998
Risk diversification	<u>(287,701)</u>			<u>(367,115)</u>
Total risk exposure	<u>\$ 1,288,796</u>			<u>\$ 984,212</u>

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

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

#### 4) Liquidity risk

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

Liquidity risk management is done by the Money Market Division and monitored by the Risk Management Division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash

flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by E.SUN Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity dates of the financial liabilities and the cash inflows at the receipt dates of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, E.SUN Bank and its subsidiaries hold cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.

The liquidity reserve ratios of E.SUN Bank for December 2014 and 2013 were 23.81% and 26.27%, respectively.

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

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 34,724,821	\$ 21,030,294	\$ 1,835,389	\$ 579,111	\$ 30,006	\$ 58,199,621
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	-	10,010,254	10,010,254
Securities sold under repurchase agreements	9,661,528	2,138,901	1,313,389	51,608	-	13,165,426
Payables	16,561,523	239,640	555,967	438,518	143,773	17,939,421
Deposits and remittances	702,095,138	106,408,942	148,113,704	140,046,029	188,063,799	1,284,727,612
Bank debentures	-	2,300,000	5,000,000	300,000	36,200,000	43,800,000
Other items of cash outflow on maturity	1,049,419	316,188	-	491,443	492,250	2,349,300

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 5,441,040	\$ 20,333,895	\$ 20,361,064	\$ 1,507,783	\$ 1,839	\$ 47,645,621
Securities sold under repurchase agreements	3,693,728	1,323,741	1,253,739	-	-	6,271,208
Payables	13,830,274	446,307	625,584	444,957	52,574	15,399,696
Deposits and remittances	739,124,655	120,547,268	119,146,807	165,749,651	12,913,969	1,157,482,350
Bank debentures	-	1,000,000	-	6,200,000	40,300,000	47,500,000
Other items of cash outflow on maturity	437,379	535,710	775,510	91,558	355,154	2,195,311

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

a) Derivative financial liabilities to be settled at net amount

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ -	\$ -	\$ 75,096	\$ -	\$ -	\$ 75,096

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	\$ -	\$ 14,098	\$ 23,545	\$ 1,197	\$ -	\$ 38,840

## b) Derivative financial liabilities to be settled at gross amounts

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 88,336,636	\$ 38,503,109	\$ 30,949,552	\$ 44,521,630	\$ 2,214,978	\$ 204,525,905
Cash inflow	88,013,371	38,594,001	30,895,912	44,823,632	2,208,866	204,535,782
Interest derivatives						
Cash outflow	48,615	31,100	37,439	167,122	9,922,188	10,206,464
Cash inflow	26,703	25,580	41,799	173,607	12,863,504	13,131,193
Total cash outflow	88,385,251	38,534,209	30,986,991	44,688,752	12,137,166	214,732,369
Total cash inflow	88,040,074	38,619,581	30,937,711	44,997,239	15,072,370	217,666,975
Net cash flow	345,177	(85,372)	49,280	(308,487)	(2,935,204)	(2,934,606)

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 45,206,824	\$ 30,030,705	\$ 16,655,401	\$ 8,861,377	\$ 848,465	\$ 101,602,772
Cash inflow	45,379,436	30,141,354	16,622,951	8,809,013	849,552	101,802,306
Interest derivatives						
Cash outflow	22,434	107,432	92,687	308,113	2,718,743	3,249,409
Cash inflow	34,022	116,123	78,520	398,515	2,707,991	3,335,171
Total cash outflow	45,229,258	30,138,137	16,748,088	9,169,490	3,567,208	104,852,181
Total cash inflow	45,413,458	30,257,477	16,701,471	9,207,528	3,557,543	105,137,477
Net cash flow	(184,200)	(119,340)	46,617	(38,038)	9,665	(285,296)

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



December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 8,564,819	\$ 7,475,104	\$ 13,682,456	\$ 30,902,272	\$ 34,651,626	\$ 95,276,277
Credit card commitments	1,893,325	656,410	1,683,008	5,487,596	283,998,309	293,718,648
Letters of credit issued yet unused	3,006,534	6,703,545	1,238,054	419,698	986,457	12,354,288
Other guarantees	2,597,859	3,805,142	1,378,296	4,630,750	2,593,538	15,005,585

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 3,286,496	\$ 7,471,299	\$ 13,310,934	\$ 29,734,433	\$ 46,716,728	\$ 100,519,890
Credit card commitments	390,929	427,905	1,488,476	3,100,184	261,201,121	266,608,615
Letters of credit issued yet unused	576,492	2,042,767	3,424,419	4,980,718	148,294	11,172,690
Other guarantees	1,157,976	1,533,676	4,054,780	6,549,520	457,487	13,753,439

#### 43. 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>Year 2014</u>				
Rental expense	\$ 540	\$ 270	\$ 810	E.SUN Bank - 2/3 and E.SUN Securities - 1/3
Broadcasting and security systems	36	36	72	50% each
				(Continued)

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
Others	\$ 1,283	\$ 1,187	\$ 2,470	Utilities: 50% each Building maintenance expenses: Based on space actually occupied
	<u>\$ 1,859</u>	<u>\$ 1,493</u>	<u>\$ 3,352</u>	
<u>Year 2013</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
	1,572	1,474	3,046	Utilities: 50% each
Others				Building maintenance expenses: Based on space actually occupied
	<u>\$ 3,768</u>	<u>\$ 2,590</u>	<u>\$ 6,358</u>	
				(Concluded)

Under cooperation arrangements, E.SUN Bank and ESIB shared the use of some equipment and operating sites, personnel, and an Internet service system and provided cross-selling financial services. The service fees earned by E.SUN Bank were based on 70% of the gross revenue derived from the insurance companies' products sold by E.SUN Bank. In 2014 and 2013, ESIB should have paid E.SUN Bank \$1,727,616 thousand and \$1,201,908 thousand, respectively; the unpaid amounts were \$54,223 thousand and 18,091 thousand as of December 31, 2014 and 2013, respectively.

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



## For the Year Ended December

31

	2014	2013
Revenue	\$ 6,011	\$ 5,460
Expense	\$ 75,694	\$ 62,335

## 44. CAPITAL MANAGEMENT

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

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

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

the authorities may discipline ESFHC, depending on the situation.

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

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations. The CARs of E.SUN Securities were 427% and 431% as of December 31, 2014 and 2013, respectively.

Please refer to related information Table 13 (attached).

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

## a. E.SUN Bank's asset quality

Table 4 (attached).

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

(In Thousands of New Taiwan Dollars, %)

December 31						
2014				2013		
Rank (Note 1)	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 Smelting and refining of iron and steel	\$ 7,433,885	7.10	Group C Manufacture of liquid crystal panel and components	\$ 7,873,937	9.52
2	Group B Manufacture of liquid crystal panel and components	7,370,048	7.04	Group B Manufacture of liquid crystal panel and components	7,711,338	9.32
3	Group C Manufacture of liquid crystal panel and components	6,555,393	6.26	Group A Smelting and refining of iron and steel	6,751,973	8.16
4	Group D Ocean transportation	5,985,127	5.72	Group D Air transportation	5,670,646	6.85
5	Group E Activities of head offices	5,236,049	5.00	Group E Activities of head offices	4,925,120	5.95
6	Group F Activities of head offices	4,430,288	4.23	Group K Manufacture of cement	3,881,211	4.69
7	Group G Wholesale of computers, computer peripheral equipment and software	4,064,660	3.88	Group L Manufacture of integrated circuits production	3,812,739	4.61
8	Group H Activities of head offices	4,028,075	3.85	Group F Activities of head office	3,500,766	4.23
9	Group I Real estate development	3,709,000	3.54	Group M Other activities auxiliary to financial service activities	3,466,855	4.19
10	Group J Petroleum and coal products manufacturing	3,553,079	3.39	Group N Manufacture of footwear	3,206,577	3.88

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, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

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

**Interest Rate Sensitivity (New Taiwan Dollars)**  
(In Thousands of New Taiwan Dollars, %)

December 31, 2014

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,023,692,360	\$ 8,776,468	\$ 16,689,204	\$ 94,685,786	\$ 1,143,843,818
Interest rate-sensitive liabilities	319,975,079	631,929,007	78,819,022	85,672,718	1,116,395,826
Interest rate sensitivity gap	703,717,281	(623,152,539)	(62,129,818)	9,013,068	27,447,992
Net worth					96,859,871
Ratio of interest rate-sensitive assets to liabilities					102.46
Ratio of interest rate sensitivity gap to net worth					28.34

December 31, 2013

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 953,914,099	\$ 4,232,468	\$ 8,067,536	\$ 46,351,545	\$ 1,012,565,648
Interest rate-sensitive liabilities	293,920,487	586,209,962	69,778,279	46,391,742	996,300,470
Interest rate sensitivity gap	659,993,612	(581,977,494)	(61,710,743)	(40,197)	16,265,178
Net worth					77,483,017
Ratio of interest rate-sensitive assets to liabilities					101.63
Ratio of interest rate sensitivity gap to net worth					20.99

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

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

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

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

**Interest Rate Sensitivity (U.S. Dollars)**  
(In Thousands of U.S. Dollars, %)

December 31, 2014

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 6,162,979	\$ 480,568	\$ 433,994	\$ 955,731	\$ 8,033,272
Interest rate-sensitive liabilities	6,251,693	750,724	710,895	854,374	8,567,686
Interest rate sensitivity gap	(88,714)	(270,156)	(276,901)	101,357	(534,414)
Net worth					176,051
Ratio of interest rate-sensitive assets to liabilities					93.76
Ratio of interest rate sensitivity gap to net worth					(303.56)

## December 31, 2013

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 4,327,738	\$ 518,461	\$ 465,907	\$ 689,751	\$ 6,001,857
Interest rate-sensitive liabilities	5,106,428	510,714	474,297	130,401	6,221,840
Interest rate sensitivity gap	(778,690)	7,747	(8,390)	559,350	(219,983)
Net worth					119,082
Ratio of interest rate-sensitive assets to liabilities					96.46
Ratio of interest rate sensitivity gap to net worth					(184.73)

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

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

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

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

## d. Profitability

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

(%)

Items		December 31	
		2014	2013
Return on total assets	Before income tax	0.87	0.78
	After income tax	0.72	0.64
Return on equity	Before income tax	13.37	12.92
	After income tax	11.11	10.65
Net income ratio		32.38	31.46

## 2) E.SUN Financial Holding Company, Ltd.

(%)

Items		December 31	
		2014	2013
Return on total assets	Before income tax	10.02	9.16
	After income tax	9.85	9.14
Return on equity	Before income tax	11.31	10.72
	After income tax	11.11	10.70
Net income ratio		96.06	97.43

## 3) E.SUN Bank

(%)

Items		December 31	
		2014	2013
Return on total assets	Before income tax	0.82	0.81
	After income tax	0.70	0.68
Return on equity	Before income tax	12.75	13.34
	After income tax	10.89	11.23
Net income ratio		33.67	34.29



## 4) E.SUN Securities

(%)

Items		December 31	
		2014	2013
Return on total assets	Before income tax	2.81	1.62
	After income tax	2.23	1.48
Return on equity	Before income tax	6.93	3.74
	After income tax	5.51	3.43
Net income ratio		19.13	13.23

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

(%)

Items		December 31	
		2014	2013
Return on total assets	Before income tax	59.75	50.59
	After income tax	49.54	41.98
Return on equity	Before income tax	68.23	56.81
	After income tax	56.58	47.15
Net income ratio		14.57	17.12

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

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

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

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

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

**Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)**  
(In Millions of New Taiwan Dollars)

December 31, 2014

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 1,215,640	\$ 285,543	\$ 57,699	\$ 70,288	\$ 71,747	\$ 104,386	\$ 625,977
Main capital outflow on maturity	1,507,157	52,668	67,249	158,952	177,384	291,467	759,437
Gap	(291,517)	232,875	(9,550)	(88,664)	(105,637)	(187,081)	(133,460)

December 31, 2013

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 1,132,816	\$ 292,540	\$ 48,919	\$ 66,725	\$ 60,777	\$ 103,925	\$ 559,930
Main capital outflow on maturity	1,430,163	49,359	62,943	148,865	163,622	276,554	728,820
Gap	(297,347)	243,181	(14,024)	(82,140)	(102,845)	(172,629)	(168,890)

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



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

December 31, 2014

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 11,402,096	\$ 3,562,969	\$ 1,385,424	\$ 1,507,114	\$ 1,501,293	\$ 3,445,296
Main capital outflow on maturity	11,661,534	3,840,409	2,169,229	2,078,410	2,858,330	715,156
Gap	(259,438)	(277,440)	(783,805)	(571,296)	(1,357,037)	2,730,140

December 31, 2013

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 7,897,602	\$ 1,870,973	\$ 1,230,094	\$ 832,354	\$ 705,364	\$ 3,258,817
Main capital outflow on maturity	8,333,961	2,661,895	1,934,236	1,456,707	1,923,225	357,898
Gap	(436,359)	(790,922)	(704,142)	(624,353)	(1,217,861)	2,900,919

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

#### 46. E.SUN BANK'S TRUST BUSINESS UNDER THE TRUST LAW

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

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

**Balance Sheets of Trust Accounts**  
**December 31, 2014 and 2013**

Trust Assets	2014	2013	Trust Liabilities	2014	2013
Cash in banks	\$ 2,886,681	\$ 3,991,484	Account payable on securities under custody	\$ 146,099,293	120,719,818
Short-term investments	165,987,613	135,350,813	Trust capital		
Land	5,277,307	5,703,164	Cash	179,820,097	146,220,198
Securities under custody	146,099,293	120,719,818	Securities	1,608,405	2,212,515
			Real estate	5,298,014	5,747,570
			Reserves and accumulated deficit	(17,469,250)	(11,838,451)
			Net income	4,894,335	2,703,629
Total assets	\$ 320,250,894	\$ 265,765,279	Total liabilities	\$ 320,250,894	\$ 265,765,279

**Trust Property List**  
**December 31, 2014 and 2013**

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Cash in banks	\$ 2,886,681	\$ 3,991,484
Stocks	2,601,165	2,807,525
Mutual funds	153,309,394	130,059,879
Bonds	10,077,054	2,483,409
Land	5,277,307	5,703,164
Securities under custody	146,099,293	120,719,818
	\$ 320,250,894	\$ 265,765,279

**Statements of Income on Trust Accounts**  
**For the Years Ended December 31, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<u>Revenues</u>		
Interest	\$ 7,821	\$ 6,913
Cash dividend	3,109,258	3,653,094
Realized capital gain - common stock	793	7,160
Property gain	3,431,004	2,205,103
Service fee	60	-
Realized capital gain	118,835	108,695
Revenues from beneficial certificates	367	498
	<u>6,668,138</u>	<u>5,981,463</u>
		(Continued)
	<b>2014</b>	<b>2013</b>
<u>Expenses</u>		
Management fees	\$ 586,797	\$ 234,125
Supervisor fees	120	120
Service fees	556	2,276
Property loss	1,161,814	3,017,912
Income tax	648	597
Other expenses	16,007	22,599
Redemption service fee	4,521	-
Tax expenditures	38	36
Realized capital loss	3,302	4
Realized exchange loss	-	165
	<u>1,773,803</u>	<u>3,277,834</u>
Net income	<u>\$ 4,894,335</u>	<u>\$ 2,703,629</u>
		(Concluded)

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

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

Please see Table 5 (attached).

**48.BUSINESS SEGMENT FINANCIAL INFORMATION**

Please see Table 6 (attached).

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

Please see Table 14 (attached).

**50.BUSINESS COMBINATIONS**

**a.Subsidiary acquired by E.SUN Bank**

	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Union Commercial Bank (UCB)	Commercial Banking	August 28, 2013	70	<u>\$ 2,157,451</u>

UCB was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established 7 branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The acquisition is to expand E.SUN Bank's network in the Association of Southeast Asian Nations (ASEAN), to increase its competitiveness and to strengthen its long-term development.

#### b. Considerations transferred

Under the share purchase arrangement, E.SUN Bank had paid the seller \$2,077,425 thousand (US\$69,333 thousand) initially and the additional purchase price of \$80,026 thousand (US\$2,639 thousand) in accordance with the clause of the share purchase agreement.

Acquisition-related costs were excluded from the consideration transferred and recognized as an expense in the year of acquisition.

#### c. Assets acquired and liabilities assumed at the date of acquisition

	UCB
Cash and cash equivalents	\$ 2,108,750
Due from the Central Bank and call loans to other banks	1,663,204
Receivables, net	21,696
Current tax assets	4,655
Discounts and loans, net	5,819,478
Available-for-sales financial assets, net	3,402
Other financial assets, net	4,509
Properties and equipment, net	321,071
Intangible assets, net	748,756
Deferred tax assets	4,216
Other assets, net	33,524
Due to the Central Bank and other banks	(612,747)
Payables	(168,815)
Current tax liabilities	(18,650)
Deposits and remittances	(7,681,784)
Deferred tax liabilities	(15,804)
Other liabilities	(13,583)
	<u>\$ 2,221,878</u>

The discounts and loans acquired in the combination had a fair value of \$5,819,478 thousand; the gross contractual amount was \$5,956,587 thousand. The best estimate of the contractual cash flows not expected to be collected at the acquisition date was \$137,109 thousand.

#### d. Non-controlling interests

The non-controlling interests recognized at the acquisition date were measured by the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

#### e. Goodwill arising on acquisition

	Amount
Consideration transferred	\$ 2,157,451
Plus: Non-controlling interests	666,564
Less: Fair value of identifiable net assets acquired	<u>(2,221,878)</u>
Goodwill arising on acquisition	<u>\$ 602,137</u>

Goodwill arose in the acquisition of UCB because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

#### f. Net cash outflow (inflow) on acquisition of subsidiary

	For the Year Ended December 31	
	2014	2013
Consideration paid in cash	\$ 80,026	\$ 2,077,425
Less: The balance of acquired cash and cash equivalents under IAS7	<u>-</u>	<u>(2,811,335)</u>
	<u>\$ 80,026</u>	<u>\$ (733,910)</u>

#### g. Impact of acquisition on the results of the Company

Had the business combination been in effect at the beginning of the annual reporting period, the Company's pro forma net revenue and net income would have been \$26,877,103 thousand and \$8,432,958 thousand for the year ended December 31, 2013, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on January 1, 2013, nor is it intended to be a projection of future results.

#### 51. NONCASH TRANSACTION

A noncash transaction for financing purpose was as follows:

In 2014, bondholders exercised their conversion rights on the overseas convertible bonds issued by ESFHC; thus, ESFHC converted the overseas convertible bonds amounting to \$3,403,384 thousand to 239,079 thousand common shares, with NT\$10 par value. ESFHC increased common stock by



\$2,390,794 thousand and capital surplus by \$1,012,590 thousand in accordance with this issuance (Note 37).

## 52. OTHERS

The board of directors of E.SUN Bank resolved in their meeting on January 24, 2014 to set up a banking subsidiary with an estimated capital of CNY2,000,000 thousand in China. This investment was approved by the authorities in China.

## 53. E.SUN SECURITIES' FINANCIAL RATIOS OF FUTURES BUSINESS

The financial ratios of E.SUN Securities were in compliance with the requirements of the Regulations Governing Futures Commission Merchants. Please see Table 16 (attached).

## 54. FUTURES BROKERAGE BUSINESS RISK

### a. Futures brokerage business

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

### b. Futures dealing business

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

## 55. ADDITIONAL DISCLOSURES

Following are additional disclosures for ESFHC and its investees:

### a. 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 7 (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 8 (attached).
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
- 6) Disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
- 7) Financial asset securitization by subsidiaries: Note 10 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: Table 10 (attached).
- 11) Related information and proportionate share in investees: Table 15 (attached).
- 12) Derivative transactions: Notes 8 and 42 to the consolidated financial statements.
- 13) Other significant transactions which may affect the decisions of users of financial reports: Note 52 to the consolidated financial statements.

### b. Investment in Mainland China

Based on "Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area," E.SUN Bank set up the Dongguan Branch in Mainland China. The branch's information - major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - is shown in Table 11 (attached).

### c. Business relationship and significant transactions among the parent company and subsidiaries: Table 12 (attached).



## 56. OPERATING SEGMENTS

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

- a. **Corporate Banking Unit**, which handles corporate loans, foreign exchange business, and financial banking operations;
- b. **Individual Banking Unit**, which handles home mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;
- c. **Others**, including the business other than those handled by the Corporate Banking and Individual Banking units.

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

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

(In Millions of New Taiwan Dollars)

<b>For the Year Ended December 31, 2014</b>				
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Others</b>	<b>Total</b>
Net interest revenues (expenses)	\$ 4,031	\$ 11,916	\$ (462)	\$ 15,485
Total net revenues	\$ 10,144	\$ 19,539	\$ 3,072	\$ 32,755
Bad-debt expenses and provision for losses on guarantees	(1,365)	(803)	134	(2,034)
Operating expenses	(2,969)	(12,309)	(2,672)	(17,950)
Income before income tax	\$ 5,810	\$ 6,427	\$ 534	\$ 12,771

<b>For the Year Ended December 31, 2013</b>				
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Others</b>	<b>Total</b>
Net interest revenues (expenses)	\$ 3,745	\$ 10,416	\$ (1,126)	\$ 13,035
Total net revenues	\$ 8,474	\$ 17,013	\$ 1,260	\$ 26,747
Bad-debt expenses and provision for losses on guarantees	(1,474)	(696)	464	(1,706)
Operating expenses	(2,401)	(10,868)	(1,558)	(14,827)
Income before income tax	\$ 4,599	\$ 5,449	\$ 166	\$ 10,214

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****TABLE 1****CONSOLIDATED ENTITIES  
DECEMBER 31, 2014 AND 2013**Entities included in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2014	December 31, 2013	
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, brokering securities and operating in brokerage of futures	100.00	100.00	
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	100.00	
	E.SUN Insurance Broker Co., Ltd.	Taipei	Insurance brokering	100.00	100.00	
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Cambodia	Banking	70.00	70.00	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	Note
E.SUN Securities Co., Ltd.	E.SUN Securities Investment Consulting Co., Ltd.	Taipei	Security consulting	100.00	100.00	

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

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

**TABLE 2**

### RELATED-PARTY TRANSACTIONS DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

#### Loans

December 31, 2014

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2014 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	146	\$ 96,131	\$ 51,885	\$ 51,885	\$ -	Land and buildings as collateral for part of the loans	None
Self-used housing mortgage loans	242	963,099	757,331	757,331	-	Land and buildings	None
Other loans	Others	1,013,322	772,376	772,376	-	Land, buildings, plant and other real estates	None

December 31, 2013

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2013 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	113	\$ 82,420	\$ 53,141	\$ 53,141	\$ -	Land and buildings as collateral for part of the loans	None
Self-used housing mortgage loans	144	734,413	583,735	583,735	-	Land and buildings	None
Other loans	Others	412,351	368,025	368,025	-	Land, buildings and plant	None

Note: The sum of the respective highest balances of each account in 2014 and 2013.

# E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**TABLE 3**

## **INFORMATION ON THE FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT DECEMBER 31, 2014 AND 2013**

(In Thousands)

		2014		2013		
	Foreign	Exchange	New Taiwan	Foreign	Exchange	New Taiwan
	Currencies	Rate	Dollars	Currencies	Rate	Dollars
<u>Financial assets</u>						
USD	\$	9,120,877	31.6700	\$	7,051,669	210,055,116
CNY		15,956,531	5.0998		5,953,696	29,304,092
AUD		588,311	26.0170		531,223	14,121,395
HKD		2,942,397	4.0824		2,793,305	10,730,760
JPY		44,323,219	0.2656		9,656,970	2,742,579
EUR		83,660	38.5390		54,386	2,235,830
SGD		25,259	23.9961		24,501	576,398
NZD		12,976	24.8510		12,342	302,277
GBP		3,471	49.3290		6,782	333,175
CHF		788	32.0610		1,404	47,145
ZAR		34,375	2.7399		34,158	98,071
CAD		19,258	27.3280		24,926	697,048
SEK		2,233	4.0922		10,009	46,450
THB		26,054	0.9635		15,227	13,825
MXN		3,075	2.1495		1,408	3,209
MYR		77	9.0740		77	698
<u>Financial liabilities</u>						
USD		9,248,344	31.6700		6,933,273	206,528,336
CNY		11,154,817	5.0998		5,366,978	26,416,266
AUD		593,359	26.0170		331,529	8,812,969
HKD		1,956,087	4.0824		1,281,187	4,921,808
ZAR		1,882,071	2.7399		1,955,879	5,615,524
JPY		41,101,856	0.2656		19,457,248	5,525,858
EUR		134,837	38.5390		101,758	4,183,312
GBP		119,824	49.3290		21,801	1,071,005
CAD		43,278	27.3280		35,669	997,473
NZD		31,874	24.8510		31,749	777,587
SGD		13,910	23.9961		23,514	553,179
CHF		6,346	32.0610		2,371	79,616
SEK		11,732	4.0922		15,718	72,944
MXN		12,457	2.1495		4,024	9,171
THB		23,156	0.9635		6,741	6,120
MYR		-	9.0740		-	-



**ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES**  
**DECEMBER 31, 2014 AND 2013**

(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2014					December 31, 2013				
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		\$ 849,697	\$ 198,309,465	0.43	\$2,241,587	263.81	\$744,569	\$ 175,081,171	0.43	\$2,207,402	296.47
	Unsecured		273,776	271,510,344	0.10	2,862,746	1,045.65	371,083	243,189,964	0.15	2,564,747	691.15
Consumer Banking	Housing mortgage (Note 4)		130,930	266,679,386	0.05	3,113,965	2,378.34	190,771	249,308,084	0.08	2,497,572	1,309.20
	Cash card		177	7,293	2.43	124	70.06	253	9,976	2.54	8,404	3,321.74
	Small-scale credit loans (Note 5)		414,370	60,223,711	0.69	735,981	177.61	298,659	48,486,419	0.62	564,053	188.86
	Other (Note 6)	Secured	40,621	132,794,878	0.03	1,328,901	3,271.46	38,113	110,149,358	0.03	1,102,529	2,892.79
		Unsecured	1,717	5,994,442	0.03	60,786	3,540.24	49,159	5,082,933	0.97	73,705	149.93
Loan			1,711,288	935,519,519	0.18	10,344,090	604.46	1,692,607	831,307,905	0.20	9,018,412	532.81
			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			88,047	38,508,335	0.23	1,563,923	1,776.24	86,378	37,029,820	0.23	1,637,678	1,895.94
Accounts receivable factored without recourse (Note 7)			-	22,406,261	-	228,683	-	-	15,451,829	-	151,378	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			45,903					63,183				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			158,486					209,222				
Amounts of executed debt- restructuring projects not reported as nonperforming loans (Note 9)			624,586					498,469				
Amounts of executed debt- restructuring projects not reported as nonperforming receivables (Note 9)			1,236,058					1,259,638				

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:  $\text{Nonperforming loans} \div \text{Outstanding loan balance}$ .

Ratio of nonperforming receivables:  $\text{Nonperforming receivables} \div \text{Outstanding receivables balance}$ .

Note 3: Coverage ratio of loans:  $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$ .

Coverage ratio of receivables:  $\text{Allowance for possible losses for receivables} \div \text{Nonperforming receivables}$ .

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.

(Continued)

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

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

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

(Concluded)

1. ESFHC’s financial statements

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

TABLES

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

DECEMBER 31, 2014 AND 2013

E.SUN Financial Holding Company, Ltd.					
Balance Sheets					
December 31, 2014 and 2013					
(In Thousands of New Taiwan Dollars)					
Assets	2014	2013	Liabilities and Equity	2014	2013
Cash and cash equivalents	\$ 1,251,331	\$ 909,420	Financial liabilities at fair value through profit or loss	\$ 3,491,619	\$ 6,404,491
Financial assets at fair value through profit or loss	118,712	32,284	Payables	477,461	412,799
Receivables	86,870	76,791	Current tax liabilities	849,396	545,309
Current tax assets	1,179,056	902,717	Corporate bonds payable	5,800,000	6,300,000
Investments under the equity method	113,400,396	89,448,829	Provisions	19,103	15,820
Other financial assets	1,463,176	4,760,021	Deferred tax liabilities	33,564	-
Property and equipment, net	25,047	25,718	Total liabilities	10,671,143	13,678,419
Intangible assets	3,729	9,065	Equity		
Deferred tax assets	434	151,261	Capital stock	70,530,000	55,243,000
Other assets	18,785	13,272	Capital surplus	19,375,697	14,497,390
			Retained earnings	15,139,336	12,093,934
			Other equity	1,831,360	816,635
			Total equity	106,876,393	82,650,959
Total	\$ 117,547,536	\$ 96,329,378	Total	\$ 117,547,536	\$ 96,329,378

(Continued)

## E.SUN Financial Holding Company, Ltd. Statements of Comprehensive Income For the Years Ended December 31, 2014 and 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014	2013
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 11,118,783	\$ 9,468,703
Other revenues and gains	284,903	215,629
Total revenues and gains	11,403,686	9,684,332
Expenses and losses		
Operating expenses	245,589	202,093
Other expenses and losses	443,797	1,046,020
Total expenses and losses	689,386	1,248,113
Income before income tax	10,714,300	8,436,219
Income tax expense	(185,748)	(20,074)
Net income	10,528,552	8,416,145
Other comprehensive income	1,081,602	822,982
Total comprehensive income	\$ 11,610,154	\$ 9,239,127
Earnings per share		
Basic	\$ 1.56	\$ 1.40
Diluted	\$ 1.55	\$ 1.40

(Continued)

**E.SUN Financial Holding Company, Ltd.**  
**Statements of Changes in Equity**  
**For the Years Ended December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars)**

	<b>Capital Stock</b>		<b>Capital Surplus</b>	<b>Retained Earnings</b>			<b>Other Equity</b>		<b>Total Equity</b>
	<b>Shares (In Thousands)</b>	<b>Common Stock</b>		<b>Legal Reserve</b>	<b>Special Reserve</b>	<b>Unappropriated Earnings</b>	<b>Exchange Difference on the Translation of Financial Statements of Foreign Operations</b>	<b>Unrealized Gains on Available-for- sale Financial Assets</b>	
BALANCE, JANUARY 1, 2013	5,010,700	\$50,107,000	\$14,420,331	\$2,809,899	\$ 551,166	\$ 6,751,721	\$ (222,469)	\$ 295,035	\$ 74,712,683
Reversal of special reserve	-	-	-	-	(386,931)	386,931	-	-	-
Appropriation of the 2012 earnings									
Legal reserve	-	-	-	705,824	-	(705,824)	-	-	-
Special reserve	-	-	-	-	390,849	(390,849)	-	-	-
Cash dividends	-	-	-	-	-	(1,503,210)	-	-	(1,503,210)
Stock dividends	501,070	5,010,700	-	-	-	(5,010,700)	-	-	-
Issuance of common stock from bonus to employees	12,530	125,300	77,059	-	-	-	-	-	202,359
Net income for the year ended December 31, 2013	-	-	-	-	-	8,416,145	-	-	8,416,145
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	78,913	128,420	615,649	822,982
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	8,495,058	128,420	615,649	9,239,127
BALANCE, DECEMBER 31, 2013	5,524,300	55,243,000	14,497,390	3,515,723	555,084	8,023,127	(94,049)	910,684	82,650,959
Reversal of special reserve	-	-	-	-	(390,849)	390,849	-	-	-
Appropriation of the 2013 earnings									
Legal reserve	-	-	-	841,398	-	(841,398)	-	-	-
Cash dividends	-	-	-	-	-	(1,786,647)	-	-	(1,786,647)
Stock dividends	576,338	5,763,380	-	-	-	(5,763,380)	-	-	-
Issuance of common stock from bonus to employees	13,283	132,826	100,948	-	-	-	-	-	233,774
Capital increase	700,000	7,000,000	3,500,000	-	-	-	-	-	10,500,000
Share-based payment for the subscription of new shares by employees	-	-	264,769	-	-	-	-	-	264,769
Convertible bonds converted to common shares	239,079	2,390,794	1,012,590	-	-	-	-	-	3,403,384
Net income for the year ended December 31, 2014	-	-	-	-	-	10,528,552	-	-	10,528,552
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	66,877	688,226	326,499	1,081,602
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	10,595,429	688,226	326,499	11,610,154
BALANCE, DECEMBER 31, 2014	<u>7,053,000</u>	<u>\$ 70,530,000</u>	<u>\$ 19,375,697</u>	<u>\$4,357,121</u>	<u>\$ 164,235</u>	<u>\$ 10,617,980</u>	<u>\$ 594,177</u>	<u>\$ 1,237,183</u>	<u>\$ 106,876,393</u>



**E.SUN Financial Holding Company, Ltd.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars)**

	2014	2013
Cash flows from operating activities		
Income before income tax	\$ 10,714,300	\$ 8,436,219
Adjustments for noncash items		
Depreciation and amortization expenses	9,355	7,041
Losses on financial assets and liabilities at fair value through profit or loss	316,302	918,051
Interest expense	127,496	127,968
Interest revenue	(20,572)	(30,155)
Dividend income	(679)	(612)
Salary expenses on share-based payments	4,209	2,234
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(11,118,783)	(9,468,703)
Unrealized exchange gains on foreign currency	(108,027)	(48,376)
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	87,782	72,783
Increase in receivables	(11,559)	(6,404)
Decrease (increase) in other financial assets	3,361,922	(54,225)
Increase in other assets	(5,513)	(5,778)
Increase in payables	14,328	8,835
Decrease in provision for employee benefits	(1,116)	(981)
Cash provided by (used in) operations	3,369,445	(42,103)
Interest received	22,731	26,002
Dividend received	1,958,746	1,764,975
Interest paid	(127,857)	(229,572)
Income tax refund	26,391	48,982
Net cash provided by operating activities	5,249,456	1,568,284
Cash flows from investing activities		
Increase in equity investments under the equity method	(13,160,500)	-
Acquisition of properties and equipment	(3,348)	(25,025)
Net cash used in investing activities	(13,163,848)	(25,025)
Cash flows from financing activities		
Repayment of corporate bonds	(500,000)	-
Capital increase	10,500,000	-
Cash dividends paid	(1,786,647)	(1,503,210)
Net cash provided by (used in) financing activities	8,213,353	(1,503,210)
Effects of exchange rate changes on cash and cash equivalents	42,950	8,502
Increase in cash and cash equivalents	341,911	48,551
Cash and cash equivalents, beginning of the year	909,420	860,869
Cash and cash equivalents, end of the year	\$ 1,251,331	\$ 909,420

(Continued)

## 2.Subsidiaries' condensed balance sheets

**E.SUN Commercial Bank, Ltd.**  
**Condensed Balance Sheets**  
**December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2014</b>	<b>2013</b>	<b>Liabilities and Equity</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 28,620,157	\$ 20,051,699	<u>Liabilities</u>		
Due from the Central Bank and call loans to other banks	58,128,163	56,096,922	Due to the Central Bank and other banks	\$ 57,462,374	\$ 47,037,326
Financial assets at fair value through profit or loss	291,623,957	283,198,494	Financial liabilities at fair value through profit or loss	22,494,142	5,838,296
Securities purchased under resell agreements	152,758	-	Securities sold under repurchase agreements	13,117,523	6,254,291
Receivables, net	65,358,517	56,058,752	Payables	17,972,885	15,409,929
Current tax assets	138,082	159,549	Current tax liabilities	795,726	374,974
Discounts and loans, net	925,015,590	822,018,909	Deposits and remittances	1,275,843,789	1,150,641,738
Available-for-sale financial assets, net	84,810,507	71,152,842	Bank debentures	43,800,000	47,500,000
Held-to-maturity financial assets, net	5,915,792	8,593,699	Other financial liabilities	1,966,844	1,927,219
Investments under the equity method, net	2,465,142	2,065,612	Provisions	313,599	380,251
Other financial assets, net	50,748,101	15,495,332	Deferred tax liabilities	780,031	743,421
Properties and equipment, net	19,737,442	18,140,151	Other liabilities	<u>1,518,819</u>	<u>1,127,470</u>
Investment properties, net	923,833	1,057,348	Total liabilities	<u>1,436,065,732</u>	<u>1,277,234,915</u>
Intangible assets, net	4,266,282	4,181,034	<u>Equity</u>		
Deferred tax assets	113,045	181,626	Capital stock	61,360,000	49,850,000
Other assets, net	<u>2,771,256</u>	<u>1,533,172</u>	Capital surplus	17,825,058	12,573,696
			Retained earnings	24,505,503	20,170,387
			Other equity	<u>1,032,331</u>	<u>156,143</u>
			Total equity	<u>104,722,892</u>	<u>82,750,226</u>
Total	<u>\$ 1,540,788,624</u>	<u>\$ 1,359,985,141</u>	Total	<u>\$ 1,540,788,624</u>	<u>\$ 1,359,985,141</u>

**E.SUN Securities Co., Ltd.**  
**Condensed Balance Sheets**  
**December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2014</b>	<b>2013</b>	<b>Liabilities and Equity</b>	<b>2014</b>	<b>2013</b>
Current assets	\$ 10,158,738	\$ 8,193,935	<u>Liabilities</u>		
Investments under the equity method	57,817	56,223	Current liabilities	\$ 6,641,745	\$ 5,749,424
Properties and equipment	325,476	340,261	Deferred tax liabilities	-	92
Intangible assets	57,687	46,335	Noncurrent liabilities	<u>3,323</u>	<u>3,159</u>
Deferred tax assets	2,385	3,096	Total liabilities	<u>6,645,068</u>	<u>5,752,675</u>
Other noncurrent assets	<u>813,493</u>	<u>776,060</u>	<u>Equity</u>		
			Capital stock	4,000,000	3,060,000
			Capital surplus	48,310	32,551
			Retained earnings	719,748	570,684
			Other equities	<u>2,470</u>	<u>-</u>
			Total equity	<u>4,770,528</u>	<u>3,663,235</u>
Total	<u>\$ 11,415,596</u>	<u>\$ 9,415,910</u>	Total	<u>\$ 11,415,596</u>	<u>\$ 9,415,910</u>

(Continued)

**E.SUN Insurance Broker Co., Ltd.**  
**Condensed Balance Sheets**  
**December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2014</b>	<b>2013</b>	<b>Liabilities and Equity</b>	<b>2014</b>	<b>2013</b>
Current assets	\$ 596,783	\$ 577,873	<u>Liabilities</u>		
Available-for-sale financial assets	250,519	94,034	Current liabilities	\$ 133,416	\$ 55,688
Properties and equipment	988	1,316	Deferred tax liabilities	-	116
Deferred tax assets	134	127	Other noncurrent liabilities	<u>363</u>	<u>358</u>
Other noncurrent assets	<u>3,132</u>	<u>3,246</u>	Total liabilities	<u>133,779</u>	<u>56,162</u>
			<u>Equity</u>		
			Capital stock	113,000	113,000
			Capital surplus	4,258	3,318
			Retained earnings	598,090	504,291
			Other equity	<u>2,429</u>	<u>(175)</u>
			Total equity	<u>717,777</u>	<u>620,434</u>
Total	<u>\$ 851,556</u>	<u>\$ 676,596</u>	Total	<u>\$ 851,556</u>	<u>\$ 676,596</u>

**E.SUN Venture Capital Co., Ltd.**  
**Condensed Balance Sheets**  
**December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2014</b>	<b>2013</b>	<b>Liabilities and Equity</b>	<b>2014</b>	<b>2013</b>
Current assets	\$ 581,798	\$ 343,793	<u>Liabilities</u>		
Available-for-sale financial assets	963,980	798,580	Current liabilities	\$ 33,674	\$ 29,177
Other financial assets	1,671,479	1,295,106	Deferred tax liabilities	1,020	-
Properties and equipment	107	146	Other liabilities	<u>1,116</u>	<u>1,015</u>
Deferred tax assets	7,513	7,369	Total liabilities	<u>35,810</u>	<u>30,192</u>
Other noncurrent assets	<u>132</u>	<u>132</u>	<u>Equity</u>		
			Capital stock	2,000,000	1,500,000
			Capital surplus	2,600	1,633
			Retained earnings	392,469	252,634
			Other equity	<u>794,130</u>	<u>660,667</u>
			Total equity	<u>3,189,199</u>	<u>2,414,934</u>
Total	<u>\$ 3,225,009</u>	<u>\$ 2,445,126</u>	Total	<u>\$ 3,225,009</u>	<u>\$ 2,445,126</u>

(Continued)

3.Subsidiaries' condensed statements of comprehensive income

**E.SUN Commercial Bank, Ltd.**  
**Condensed Statements of Comprehensive Income**  
**For the Years Ended December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

<b>Items</b>	<b>2014</b>	<b>2013</b>
Interest revenue	\$ 26,084,131	\$ 22,121,594
Less: Interest expense	<u>(11,201,430)</u>	<u>(9,343,458)</u>
Net interest	14,882,701	12,778,136
Net revenues and gains other than interest	<u>15,428,592</u>	<u>13,020,825</u>
Total net revenues	30,311,293	25,798,961
Bad-debt expenses and provision for losses on guarantees	(2,033,204)	(1,653,829)
Operating expenses	<u>(16,323,527)</u>	<u>(13,631,177)</u>
Income before income tax	11,954,562	10,513,955
Income tax expense	<u>(1,750,242)</u>	<u>(1,666,351)</u>
Net income	10,204,320	8,847,604
Other comprehensive income	<u>944,984</u>	<u>151,174</u>
Total comprehensive income	<u>\$ 11,149,304</u>	<u>\$ 8,998,778</u>
Earnings per share		
Basic	<u>\$1.74</u>	<u>\$1.64</u>



**E.SUN Securities Co., Ltd.**  
**Condensed Statements of Comprehensive Income**  
**For the Years Ended December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2014	2013
Income	\$ 1,216,518	\$ 923,862
Service charge	(82,608)	(60,996)
Employee benefit expenses	(456,304)	(408,556)
Share of profit of subsidiaries accounted for using equity method	2,912	3,552
Operating expenses	(466,548)	(390,184)
Other profits and losses	78,366	67,212
Income before income tax	292,336	134,860
Income tax expense	(59,831)	(11,307)
Net income	232,505	123,553
Other comprehensive income	5,015	4,682
Total comprehensive income	<u>\$ 237,520</u>	<u>\$ 128,235</u>
Earnings per share		
Basic	<u>\$0.64</u>	<u>\$0.40</u>

(Continued)

**E.SUN Insurance Broker Co., Ltd.**  
**Condensed Statements of Comprehensive Income**  
**For the Years Ended December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2014	2013
Operating revenue	\$ 2,591,423	\$ 1,848,208
Operating expenses	(2,141,424)	(1,469,314)
Operating income	449,999	378,894
Non-operating income and expenses	6,558	3,021
Income before income tax	456,557	381,915
Income tax expense	(78,001)	(64,972)
Net income	378,556	316,943
Other comprehensive income	2,606	588
Total comprehensive income	<u>\$ 381,162</u>	<u>\$ 317,531</u>
Earnings per share		
Basic	<u>\$33.50</u>	<u>\$28.05</u>

**E.SUN Venture Capital Co., Ltd.**  
**Condensed Statements of Comprehensive Income**  
**For the Years Ended December 31, 2014 and 2013**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2014	2013
Operating revenue	\$ 417,143	\$ 376,592
Operating costs	(81,501)	(166,552)
Operating expenses	(15,967)	(13,999)
Operating income	319,675	196,041
Non-operating income and expenses	11,445	5,614
Income before income tax	331,120	201,655
Income tax expense	(27,718)	(21,052)
Net income	303,402	180,603
Other comprehensive income	133,396	670,528
Total comprehensive income	<u>\$ 436,798</u>	<u>\$ 851,131</u>
Earnings per share		
Basic	<u>\$1.81</u>	<u>\$1.09</u>

(Concluded)

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

TABLE 6

## BUSINESS SEGMENT FINANCIAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

For the year ended December 31, 2014

Business Segment	Banking	Securities	Others	Consolidated
Items				
Net interest	\$ 15,320,145	\$ 287,722	\$ (123,241)	\$ 15,484,626
Net revenues and gains other than interest	13,628,150	836,469	2,805,274	17,269,893
Total net revenues	28,948,295	1,124,191	2,682,033	32,754,519
Bad-debt expenses and provision for losses on guarantees	(2,033,689)	-	-	(2,033,689)
Operating expenses	(16,396,831)	(885,099)	(667,833)	(17,949,763)
Income before income tax	10,517,775	239,092	2,014,200	12,771,067
Income tax expenses	(1,813,652)	(59,831)	(292,256)	(2,165,739)
Net income	8,704,123	179,261	1,721,944	10,605,328

For the year ended December 31, 2013

Business Segment	Banking	Securities	Others	Consolidated
Items				
Net interest	\$ 12,934,003	\$226,308	\$(125,638)	\$ 13,034,673
Net revenues and gains other than interest	11,825,068	629,182	1,258,503	13,712,753
Total net revenues	24,759,071	855,490	1,132,865	26,747,426
Bad-debt expenses and provision for losses on guarantees	(1,706,514)	(8)	-	(1,706,522)
Operating expenses	(13,587,066)	(761,430)	(478,111)	(14,826,607)
Income before income tax	9,465,491	94,052	654,754	10,214,297
Income tax expenses	(1,680,158)	(11,307)	(106,781)	(1,798,246)
Net income	7,785,333	82,745	547,973	8,416,051

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

TABLE 7

### MARKETABLE SECURITIES HELD DECEMBER 31, 2014

(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
E.SUN Venture Capital Co., Ltd.	Stocks							
	Forcecon Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	61	\$ 1,224	0.13	\$ 1,224	Note 1
	Optimer Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	16	6,046	0.01	6,046	Note 1
	T.H.I. Group Ltd.	-	Available-for-sale financial assets	177	6,461	0.19	6,461	Note 1
	Etrend Technology Co., Ltd.	-	Available-for-sale financial assets	874	46,415	3.05	46,415	Note 1
	Azure Ware Technologies, Inc.	-	Available-for-sale financial assets	516	7,733	0.40	7,733	Note 1
	Turvo International Co., Ltd.	-	Available-for-sale financial assets	404	34,543	0.82	34,543	Note 1
	Ledlink Optics Inc.	-	Available-for-sale financial assets	78	4,259	0.18	4,259	Note 1
	Xu Yuan Packing Technology Co., Ltd.	-	Available-for-sale financial assets	1,179	14,329	3.06	14,329	Note 1
	Optimer Biotechnology, Inc.	-	Available-for-sale financial assets	2,250	850,240	1.51	850,240	Note 1
	Bank-Pro E-Service Technology Co., Ltd.	-	Financial assets carried at cost	325	3,250	2.41	4,709	Note 2
	Epoch Chemtronics Corp.	-	Financial assets carried at cost	1,889	26,264	5.55	49,471	Note 2
	Sam Lam Technology Co., Ltd.	-	Financial assets carried at cost	1,700	-	6.07	-	-
	Beyond Innovation Technology Co., Ltd.	-	Financial assets carried at cost	1,776	25,419	5.26	5,492	Note 2
	Solidlite Co., Ltd.	-	Financial assets carried at cost	2,867	22,704	13.07	19,239	Note 2
	MOSA Industrial Corporation	-	Financial assets carried at cost	1,702	26,064	1.29	30,557	Note 2
	Orgchem Technologies Inc.	-	Financial assets carried at cost	1,220	56,000	2.09	22,691	Note 2
	Exploit Technology Co., Ltd.	-	Financial assets carried at cost	42	-	0.62	-	-
	Mao Chia Metal Co., Ltd.	-	Financial assets carried at cost	600	18,000	1.90	8,651	Note 2
	Wieson Technologies Co., Ltd.	-	Financial assets carried at cost	1,836	25,600	2.76	27,152	Note 2
	Litek Opto-electronics Co., Ltd.	-	Financial assets carried at cost	1,000	-	4.97	-	-
	Tospom Corporation	-	Financial assets carried at cost	446	-	4.72	-	-
	Chuan Shih Industrial Co., Ltd.	-	Financial assets carried at cost	2,250	-	5.79	-	-
	Crowningtek Inc.	-	Financial assets carried at cost	1,140	8,156	9.12	2,403	Note 2
	Gloria Solar International Holding, Inc.	-	Financial assets carried at cost	500	-	0.43	-	-
	Aero Win Technology Corporation	-	Financial assets carried at cost	838	9,700	1.35	9,890	Note 3
	Starchips Technology Inc.	-	Financial assets carried at cost	56	-	0.93	-	-
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets carried at cost	500	11,000	1.16	2,161	Note 2
	Vactronics Technologies Inc.	-	Financial assets carried at cost	2,195	31,895	5.93	25,067	Note 2
	Fuho Technology Co., Ltd.	-	Financial assets carried at cost	389	12,013	1.33	5,189	Note 2
	Auria Solar Co., Ltd.	-	Financial assets carried at cost	1,200	-	0.57	-	-
	Mercury Electronic Industrial Co., Ltd.	-	Financial assets carried at cost	3,000	24,815	12.18	29,252	Note 2
	Awin Diamond Technology Corporation	-	Financial assets carried at cost	1,500	20,250	14.72	11,085	Note 2
	Chipsip Technology Co., Ltd.	-	Financial assets carried at cost	627	12,158	1.49	2,392	Note 2
	Innovation & Infinity Global Corporation	-	Financial assets carried at cost	2,724	-	2.75	-	-
	UniDisplay Inc.	-	Financial assets carried at cost	549	6,500	0.28	2,629	Note 2

(Continued)



Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Dano Tech Co., Ltd.	-	Financial assets carried at cost	1,500	\$ 36,000	3.22	\$ 4,893	Note 2
	Suntek Precision Corp.	-	Financial assets carried at cost	1,117	-	2.93	-	-
	ArcLite Optronics Corp.	-	Financial assets carried at cost	2,282	26,495	8.48	16,888	Note 2
	Jochu Technology Co., Ltd.	-	Financial assets carried at cost	175	4,012	0.21	7,388	Note 3
	Win Win Precision Technology Co., Ltd.	-	Financial assets carried at cost	1,122	50,474	2.47	22,815	Note 3
	Kuo Ching Chemical Co., Ltd.	-	Financial assets carried at cost	972	16,800	1.18	15,731	Note 2
	Airbag Packing Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	4.00	13,739	Note 2
	Procrystal Technology Co., Ltd.	-	Financial assets carried at cost	3,360	87,874	2.69	31,095	Note 3
	OME Technology Co., Ltd.	-	Financial assets carried at cost	1,457	25,767	2.30	17,595	Note 2
	ROBOSPARK Technology, Inc.	-	Financial assets carried at cost	670	-	2.72	-	-
	TBI Motion Technology Co., Ltd.	-	Financial assets carried at cost	2,275	45,201	2.67	39,652	Note 2
	Alpha Crystal Technology Corporation	-	Financial assets carried at cost	206	3,809	0.11	2,151	Note 3
	Biodenta Corporation	-	Financial assets carried at cost	1,890	47,790	1.71	7,637	Note 2
	Tapollop Technology Co., Ltd.	-	Financial assets carried at cost	666	3,000	8.67	1,666	Note 2
	Caremed Supply Inc.	-	Financial assets carried at cost	1,418	37,139	5.21	16,900	Note 2
	Tekho Company Ltd.	-	Financial assets carried at cost	1,729	30,569	13.83	20,405	Note 2
	Land Mark Optoelectronics Co.	-	Financial assets carried at cost	24	1,111	0.04	501	Note 3
	Nanpao Resins Chemical Co., Ltd.	-	Financial assets carried at cost	345	31,500	0.39	603	Note 2
	Life + Co., Ltd.	-	Financial assets carried at cost	2,975	29,750	18.71	23,540	Note 2
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets carried at cost	3,600	36,000	18.00	20,095	Note 2
	CHO Pharma, Inc.	-	Financial assets carried at cost	7,363	204,501	4.09	47,878	Note 2
	ICP Technology Co., Ltd.	-	Financial assets carried at cost	666	9,990	2.53	5,596	Note 2
	Vision Application Tech Co.	-	Financial assets carried at cost	782	7,818	9.09	5,805	Note 2
	Fashionguide Technology Corporation	-	Financial assets carried at cost	324	11,800	1.94	5,002	Note 2
	Hugetemp Energy Ltd.	-	Financial assets carried at cost	347	9,900	1.16	6,351	Note 2
	Excetek Technologies Co., Ltd.	-	Financial assets carried at cost	249	6,780	2.05	3,351	Note 2
	Advanced Material Systems Co.	-	Financial assets carried at cost	750	30,000	3.30	7,736	Note 2
	Applied Green Light Inc.	-	Financial assets carried at cost	96	-	2.24	-	-
	XPEC Art Center Inc.	-	Financial assets carried at cost	80	9,600	0.39	869	Note 2
	KHL Investment Advisors Ltd.	-	Financial assets carried at cost	10,000	100,001	5.95	99,372	Note 2
	Shenghua Entertainment Communication Co., Ltd.	-	Financial assets carried at cost	272	13,538	1.24	4,974	Note 2
	BRIM Biotechnology, Inc.	-	Financial assets carried at cost	660	9,900	5.81	649	Note 2
	Eurocharm Holdings Co., Ltd.	-	Financial assets carried at cost	1,110	55,501	1.95	38,829	Note 3
	Enterex International Limited	-	Financial assets carried at cost	850	34,000	0.85	20,619	Note 3
	allPay Third-Party Payment Co., Ltd	-	Financial assets carried at cost	480	6,480	0.84	3,969	Note 2
	NPIC Cayman	-	Financial assets carried at cost	591	24,188	2.36	9,200	Note 2
	Arrow Span Inc.	-	Financial assets carried at cost	264	-	1.36	-	-
	Vpon Ltd.	-	Financial assets carried at cost	1,342	15,021	1.11	2,116	Note 2
	BioResource International, Inc.	-	Financial assets carried at cost	552	30,042	3.32	3,514	Note 2
	<u>Taiwan depositary receipts</u>							
	Digital China Holdings Limited	-	Financial assets at fair value through profit or loss	200	2,830	0.01	2,830	Note 1
	<u>Contingent value rights</u>							
	Cubist Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	55	69	0.07	69	Note 1
E.SUN Insurance Broker Co., Ltd.	<u>Beneficial certificate</u>							
	Fuh Hwa RMB Money Market Fund	-	Available-for-sale financial assets	4,715	250,519	-	250,519	Note 1

(Concluded)

Note 1: Market value of listed stocks was based on the closing price as of December 31, 2014, and market value of beneficial certificate was based on the net asset value as of December 31, 2014.

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.



**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****TABLE 8**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
(ESFHC, E.SUN BANK AND UCB DISCLOSED ITS INVESTEE'S ACQUIRED OR DISPOSED OF)  
FOR THE YEAR ENDED DECEMBER 31, 2014**

(In Thousands of New Taiwan Dollars/In Thousands of shares)

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	Selling Price	Carrying Value	Gain on Disposal	Shares	Amount
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank Ltd.	Investments under the equity method	-	None	4,985,000	\$ 82,750,226	1,151,000 (Note 1)	\$ 23,560,666 (Notes 2 and 7)	-	\$ -	\$ 1,588,000 (Notes 3 and 7)	\$ -	6,136,000	\$ 104,722,892 (Note 7)
	E.SUN Securities Co., Ltd.	Investments under the equity method	-	None	306,000	3,663,235	94,000 (Note 4)	1,193,279 (Notes 5 and 7)	-	-	85,986 (Notes 6 and 7)	-	400,000	4,770,528 (Note 7)
E.SUN Venture Capital Co., Ltd.	Optimer Biotechnology, Inc.	Financial assets at fair value through profit or loss, current and available-for-sale assets, current	-	None	3,465	62,608	345	104,367	1,554	440,677	121,480	319,197	2,266	45,495

Note 1: Consisting of 716,000 thousand shares issued for cash and 435,000 thousand shares issued as stock dividends.

Note 2: Consisting of \$11,844,000 thousand due to capital increase, \$527,362 thousand due to equity increase in share-based payment, \$876,188 thousand due to net increase in other equity adjustments, \$10,204,320 thousand as the net gain from equity investment under the equity method and \$68,796 thousand due to actuarial gain.

Note 3: Consisting of \$1,588,000 thousand of cash dividends.

Note 4: Consisting of 94,000 thousand shares issued for cash.

Note 5: Consisting of \$940,000 thousand due to capital increase, \$15,759 thousand due to equity increase in share-based payment, \$2,470 thousand due to net increase in other equity adjustments, \$232,505 thousand as the net gain from equity investment under the equity method and \$2,545 thousand due to actuarial gain.

Note 6: Consisting of \$85,986 thousand of cash dividends.

Note 7: When preparing the consolidated financial statements, the amount had been eliminated.

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****TABLE9****ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation of credit card and payment division	2013.06.21	\$ 1,498,000	\$381,798 thousand has been paid as of December 31, 2014	Hsin Tung Yang Construction Co., Ltd.	-	-	-	-	\$ -	Bid	For the operation of E.SUN Bank's credit card and payment division after construction completed	None

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****TABLE10****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL DECEMBER 31, 2014**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 793,310	-	\$ -	-	\$ -	\$ -

Note 1: The receivables come from remuneration to directors by E.SUN Bank and receivables related to consolidated tax returns.

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

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

TABLE II

### INVESTMENT IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2014

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow					
Dongguan Branch	Deposits, loans, import and export, exchange and foreign exchange business	\$4,828,742 (Note 1)	Direct	\$ 2,851,542 (Note 1)	\$ 1,977,200 (Note 1)	\$ -	\$ 4,828,742 (Note 1)	100	\$ 121,638	\$ 5,273,899	\$ -

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$ 4,828,742 (Note 1)	\$ 4,828,742 (Note 1)	\$ 63,304,707

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

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

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

TABLE 12

**BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS  
BETWEEN THE PARENT COMPANY AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
				Financial Statement Account	Amounts	Trading Terms	
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a.	Cash and cash equivalents, other financial assets	\$ 2,701,817	Note 4	0.17
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b.	Deposits and remittances	2,701,817	Note 4	0.17
1	E.SUN Commercial Bank, Ltd.	E.SUN Insurance Broker Co., Ltd.	c.	Service fee and commission income	1,727,616	Note 4	5.27
2	E.SUN Insurance Broker Co., Ltd.	E.SUN Commercial Bank, Ltd.	c.	Other general and administrative expense	1,727,616	Note 4	5.27
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c.	Cash and cash equivalents, other financial assets	767,765	Note 4	0.05
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c.	Deposits and remittances	767,765	Note 4	0.05
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a.	Receivables on consolidated tax returns	721,810	Note 4	0.05
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b.	Payables on consolidated tax returns	721,810	Note 4	0.05
2	E.SUN Insurance Broker Co., Ltd.	E.SUN Commercial Bank, Ltd.	c.	Cash and cash equivalents, other financial assets	349,306	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Insurance Broker Co., Ltd.	c.	Deposits and remittances	349,306	Note 4	0.02
4	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c.	Cash and cash equivalents, other financial assets	166,621	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c.	Deposits and remittances	166,621	Note 4	0.01
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank Ltd.	a.	Payables on consolidated tax returns	138,082	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b.	Receivables on consolidated tax returns	138,082	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c.	Cash and cash equivalents, other financial assets	1,900,200	Note 4	0.12
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c.	Due to the Central Bank and other banks	1,900,200	Note 4	0.12
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c.	Due to the Central Bank and other banks	704,169	Note 4	0.04
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c.	Cash and cash equivalent	704,169	Note 4	0.04

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 the revenue or expense account is divided by the total consolidated net revenue of the same period.

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

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

(Continued)

(Concluded)



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

TABLE 13

## CAPITAL ADEQUACY RATIO

DECEMBER 31, 2014 AND 2013

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

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2014			December 31, 2013		
	Proportion-ate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Proportion-ate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement
E.SUN Financial Holding Company, Ltd.		\$ 110,712,230	\$113,662,500		\$ 87,490,633	\$ 89,609,584
E.SUN Commercial Bank, Ltd.	100	135,002,479	84,875,568	100	112,353,658	73,232,988
E.SUN Securities Co., Ltd.	100	3,846,516	1,349,952	100	2,787,055	970,311
E.SUN Venture Capital Co., Ltd.	100	3,189,199	1,612,505	100	2,414,934	1,222,563
E.SUN Insurance Broker Co., Ltd.	100	717,777	425,778	100	620,434	338,298
Deduction		(128,873,779)	(113,413,086)		(105,136,026)	(89,461,519)
Total		124,594,422	88,513,217		100,530,688	75,912,225
Group capital adequacy ratio		140.76			132.43	

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, 2014
Common stock	\$ 70,530,000
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	3,840,000
Capital collected in advance	-
Capital surplus	19,375,697
Legal reserve	4,357,121
Special reserve	164,235
Cumulative earnings	10,617,980
Equity adjustments	1,831,360
Less: Capital deduction	4,163
Total eligible capital	110,712,230

(Continued)

Items	December 31, 2013
Common stock	\$ 55,243,000
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	5,000,000
Capital collected in advance	-
Capital surplus	14,497,390
Legal reserve	3,515,723
Special reserve	555,084
Cumulative earnings	8,023,127
Equity adjustments	816,635
Less: Capital deduction	160,326
Total eligible capital	87,490,633

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, 2014	
				Standalone	Consolidated
Eligible capital	Common equity		\$ 99,069,970	\$ 99,485,005	
	Other Tier 1 capital		-	69,309	
	Tier 2 capital		35,932,509	37,332,551	
	Eligible capital		135,002,479	136,886,865	
Risk-weighted assets	Credit risk	Standardized approach	976,538,114	988,942,372	
		Internal ratings based approach	-	-	
		Securitization	282,960	282,960	
	Operational risk	Basic indicator approach	57,955,163	58,324,925	
		Standardized approach/alternative standardized approach	-	-	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	26,168,363	26,168,363	
		Internal model approach	-	-	
	Risk-weighted assets		1,060,944,600	1,073,718,620	
Capital adequacy ratio			12.72	12.75	
Ratio of common equity capital to risk-weighted assets			9.34	9.27	
Ratio of Tier 1 capital to risk-weighted assets			9.34	9.27	
Ratio of leverage			5.86	5.78	

(Continued)

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

Items			Year	December 31, 2013	
				Standalone	Consolidated
Eligible capital	Common equity		\$ 77,614,374	\$ 77,370,270	
	Other Tier 1 capital		-	-	
	Tier 2 capital		34,739,284	35,976,930	
	Eligible capital		112,353,658	113,347,200	
Risk-weighted assets	Credit risk	Standardized approach	849,331,474	860,041,617	
		Internal ratings-based approach	-	-	
		Securitization	383,089	383,089	
	Operational risk	Basic indicator approach	49,288,988	49,532,300	
		Standardized approach/alternative standardized approach	-	-	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	16,408,800	16,408,800	
		Internal model approach	-	-	
	Risk-weighted assets		915,412,351	926,365,806	
Capital adequacy ratio			12.27	12.24	
Ratio of common equity capital to risk-weighted assets			8.48	8.35	
Ratio of Tier 1 capital to risk-weighted assets			8.48	8.35	
Ratio of leverage			4.94	4.91	

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 = The common equity + Other Tier 1 capital + Tier 2 capital.
- 2) Risk-weighted assets = 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 the common equity to risk-weighted assets = The common equity ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (The common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Ratio of leverage = Tier 1 capital ÷ Exposure measurement.

(Concluded)

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****TABLE 14****DISCLOSURE REQUIRED UNDER ARTICLE 46 OF  
THE FINANCIAL HOLDING COMPANY ACT  
DECEMBER 31, 2014 AND 2013**

(In Thousands of New Taiwan Dollars, %)

December 31, 2014

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage to ESFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 189,550,083	177.35
Bank of China Taipei Branch	38,200,710	35.74
Ministry of Finance, ROC	32,935,859	30.82
Tai Power Co., Ltd.	15,815,301	14.80
CPC Corporation, Taiwan	8,293,906	7.76
Hongkong & Shanghai Banking Corporation Limited	6,985,632	6.54
Dragon Steel Corporation	6,832,153	6.39
Citi Bank	5,911,965	5.53
Nomura Holding	5,716,943	5.35
Innolux Corporation	5,099,212	4.77
JP Morgan Chase Bank	5,021,638	4.70
Credit Agricole	4,866,077	4.55
Union Commercial Bank PLC	4,430,238	4.15
AUO Co., Ltd.	4,416,581	4.13
Libretto Capital PL	4,107,696	3.84
Formosa Petrochemical Corporation	3,902,344	3.65
Lloyds Tsb Bank PLC	3,804,604	3.56
Chang Hong Construction	3,709,000	3.47
Douro Finance B.V.	3,305,557	3.09
Sherlock Limited	3,221,887	3.01
2. Same related parties		
None		
3. Same affiliate		
Hon Hai Precision Co., Ltd. and related parties	9,369,396	8.77
China Steel Corporation and related parties	9,379,727	8.78
Hongkong and Shanghai Banking Corporation and related parties	8,672,596	8.11
AUO Co., Ltd. and related parties	7,363,642	6.89
Eva Airway Corporation and related parties	6,110,538	5.72
Citi Bank and related parties	5,912,884	5.53

(Continued)



Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage to ESFHC's Equity
Formosa Petrochemical Co., Ltd. and related parties	\$ 5,701,817	5.33
JP Morgan Chase Bank and related parties	5,515,916	5.16
Ruentex Industries Ltd, and related parties	5,351,902	5.01
Walsin Lihwa Corporation and related parties	4,432,401	4.15
Formosa Chemicals & Fibre Corporation and related parties	4,223,707	3.95
Yuen Foong Yu Paper Mfg. Co., Ltd. and related parties	4,118,170	3.85
Kinpo Co., Ltd. and related parties	4,108,717	3.84
Nan Ya Plastic Co., Ltd. and related parties	3,883,702	3.63
YangMing Marine Transport Co., and related parties	3,585,860	3.36
Pou Chen Corporation and related parties	3,535,788	3.31
Far Eastern New Century Co., and related parties	3,524,000	3.30
Lien-Hwa Industrial Co., and related parties	3,463,808	3.24
Taiwan Cement Co., Ltd. and related parties	3,295,037	3.08
Uni-President Enterprises Co., and related parties	3,293,584	3.08
WPG Holdings Co., and related parties	3,227,639	3.02

December 31, 2013

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage to ESFHC's Equity
1. Same person		
Central Bank of the Republic of China (ROC)	\$ 206,670,546	250.05
Ministry of Finance, ROC	35,566,509	43.03
Tai Power Co., Ltd.	12,419,054	15.03
Dragon Steel Corporation	7,687,470	9.30
Innolux Corporation	7,000,064	8.47
CPC Corporation, Taiwan	6,698,251	8.10
Taichung City Government	6,000,000	7.26
AUO Co., Ltd.	5,803,992	7.02
Hongkong & Shanghai Banking Corporation Limited	4,617,719	5.59
CITI BANK	4,065,006	4.92
Nomura Holding	3,771,029	4.56
Sherlock Limited	3,206,896	3.88
2. Same related parties		
None		

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage to ESFHC's Equity
3. Same affiliate		
Hon Hai Precision Co., Ltd. and related parties	\$ 10,040,193	12.15
China Steel Corporation and related parties	9,801,542	11.86
AUO Co., Ltd. and related parties	7,681,018	9.29
Hongkong and Shanghai Banking Corporation and related parties	6,576,627	7.96
Eva Airway Corporation and related parties	5,689,852	6.88
Ruentex Industries Ltd, and related parties	4,955,815	6.00
Nan Ya Plastic Co., Ltd. and related parties	4,526,454	5.48
Citi Bank and related parties	4,069,294	4.92
Taiwan Cement Co., Ltd and related parties	3,881,211	4.70
Formosa Petrochemical Co., Ltd. and related parties	3,775,156	4.57
Nomura Holding and related parties	3,771,029	4.56
Sinyi Realty Inc. and related parties	3,536,904	4.28
Walsin Lihwa Corporation and related parties	3,521,994	4.26
Pou Chen Corporation and related parties	3,330,008	4.03
Kinpo Co., Ltd. and related parties	3,236,055	3.92
Yuen Foong Yu Paper Mfg. Co., Ltd. and related parties	3,080,064	3.73

(Concluded)

## E.SUN FINANCIAL HOLDING COMPANY, LTD.

TABLE 15

### THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES

DECEMBER 31, 2014

(In Thousands of New Taiwan Dollars)

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)				Notes
							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	\$ 104,722,892	\$ 10,204,320	6,136,000	-	6,136,000	100.00	3
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	4,770,528	232,505	400,000	-	400,000	100.00	3
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	3,189,199	303,402	200,000	-	200,000	100.00	3
	E.SUN Insurance Broker Co., Ltd.	Taipei	Insurance brokering	100.00	717,777	378,556	11,300	-	11,300	100.00	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 the "Securities and Exchange Law Enforcement Rules," such as convertible bonds and warrants.

c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Accounting Standards 39.

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

## FINANCIAL RATIOS OF FUTURE BUSINESS

DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

Requirement: The Regulations Governing Futures Commission Merchants.

Rule No.	Formula	December 31, 2014		December 31, 2013		Standard	Status of Compliance with Standard (Met/Unmet)
		Formula	Ratio	Formula	Ratio		
17	Equities	\$1,013,304	86.92	\$586,868	64.47	$\geq 1$	Met
	Total liabilities minus customers' equity accounts - futures	(\$634,900-\$623,242)		(\$483,725-\$474,622)			
17	Current assets	\$1,337,038	2.13	\$798,253	1.67	$\geq 1$	Met
	Current liabilities	\$627,483		\$477,247			
22	Equities	\$1,013,304	108%	\$586,868	110%	$\geq 60\%$ $\geq 40\%$	Met
	Capital stock	\$935,000		\$535,000			
22	Adjusted net capital	\$984,359	560%	\$562,997	445%	$\geq 20\%$ $\geq 15\%$	Met
	Client and proprietary account	\$175,900		\$126,446			





- E.SUN FHC received 5 awards from Taiwan Academy of Banking and Finance , including Special Contribution Award (Personal Award), Best CSR Award, Best e-banking Award, Best Business Innovation Award (Honorable Mention) and Best Trust Product Award (Honorable Mention)
- E.SUN FHC was included in Dow Jones Sustainability Emerging Market Index, the first ever financial institutions in Taiwan
- 2014 E.SUN FHC received the Best Domestic Bank Award (Asiamoney)
- E.SUN FHC ranked No.1 in financial institutions( and overall No.3 among large corporates) in the Award of Excellence in Corporate Social Responsibilities 6 times (CommonWealth Magazine)
- E.SUN FHC received the Platinum Award for Excellence Management in Corporate Governance in Asia in 5 consecutive years. (The Asset)
- E.SUN Bank was top-ranked among financial institutions in Golden Service Award in 4 consecutive years. (CommonWealth Magazine)
- E.SUN Bank received first prize in Best Wealth Management Team and Best Product Award. (The Business Today Magazine)

**Pure as Jade, Sturdy as Mountain.**

**E.SUN FINANCIAL HOLDING COMPANY, LTD.**



*Yung-Jen Huang*

**Chairman**



March 30, 2015 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	Sanchung Branch	+886 2 2280 1313	Changhua Branch	+886 4 728 1313
Customer Service Division	+886 2 2175 1313	Chongsin Branch	+886 2 2984 1313	Yuanlin Branch	+886 4 836 1313
International Banking Division/OBU	+886 2 2175 1313	Er-Chong Branch	+886 2 2278 1313	Douliou Branch	+886 5 532 1313
Trust Department	+886 2 2175 1313	East Sanchung Branch	+886 2 2971 1313	Chiayi Branch	+886 5 223 1313
Credit Card and Payment Finance Division	+886 2 2182 1313	Tucheng Branch	+886 2 2274 1313	East Chiayi Branch	+886 5 216 1313
Nanching East Road Branch	+886 2 2760 1313	SouthTucheng Branch	+886 2 2267 1313	Puzih Branch	+886 5 379 1313
Chengjhong Branch	+886 2 2389 1313	Huulin Branch	+886 2 8675 1313	Tainan Branch	+886 6 241 1313
Chengtung Branch	+886 2 2504 1313	Hueilong Branch	+886 2 2689 1313	East Tainan Branch	+886 6 289 1313
Hsinyi Branch	+886 2 8789 1313	Wugu Branch	+886 2 2290 1313	Jinhua Branch	+886 6 291 1313
Keelungroad Branch	+886 2 2378 1313	Sindian Branch	+886 2 2916 1313	Annan Branch	+886 6 357 1313
Tienmu Branch	+886 2 2835 1313	Beisin Branch	+886 2 8911 1313	Chiali Branch	+886 6 721 1313
Minsheng Branch	+886 2 2509 1313	Sanxia Branch	+886 2 8970 6613	Yanhang Branch	+886 6 253 1313
Songjiang Branch	+886 2 2562 1313	Lujhou Branch	+886 2 2848 1313	Yungkang Branch	+886 6 201 1313
Fuhsing Branch	+886 2 2771 1313	Taishan Branch	+886 2 2297 1313	South Yungkang Branch	+886 6 313 1313
Tunnan Branch	+886 2 2754 1313	Xizhi Branch	+886 2 2647 6613	Rende Branch	+886 6 270 6613
Changchun Branch	+886 2 2546 1313	Taoyuan Branch	+886 3 332 1313	Sinying Branch	+886 6 656 8813
Chungshan Branch	+886 2 2537 1313	South Taoyuan Branch	+886 3 337 1313	Kaohsiung Branch	+886 7 336 1313
Neihu Branch	+886 2 2659 1313	Taoyin Branch	+886 3 375 1313	Dashun Branch	+886 7 727 1313
North Tienmu Branch	+886 2 2877 1313	Linkou Branch	+886 3 396 1313	Lingya Branch	+886 7 716 1313
Songshan Branch	+886 2 3765 1313	Nankan Branch	+886 3 352 1313	Cianjhen Branch	+886 7 761 1313
Heping Branch	+886 2 2362 1313	Bade Branch	+886 3 367 1313	Chihsien Branch	+886 7 235 1313
Mincyuan Branch	+886 2 2568 1313	Yiwen Branch	+886 3 357 1313	Zuoying Branch	+886 7 559 1313
Jhonglun Branch	+886 2 2577 1313	Zhongyuan Branch	+886 3 428 1313	Nanzih Branch	+886 7 364 1313
Daan Branch	+886 2 2755 1313	Jhongli Branch	+886 3 427 1313	North Kaohsiung Branch	+886 7 350 1313
Guting Branch	+886 2 2364 1313	Lisin Branch	+886 3 492 1313	Sanmin Branch	+886 7 315 1313
Beitou Branch	+886 2 2895 1313	Yangmei Branch	+886 3 488 1313	Dachang Branch	+886 7 341 1313
Donghu Branch	+886 2 2632 1313	Hsinchu Branch	+886 3 523 1313	Chengcing Branch	+886 7 386 1313
Xinhu Branch	+886 2 8791 6613	Guanghua Branch	+886 3 533 1313	Siaogang Branch	+886 7 807 1313
Shilin Branch	+886 2 2834 1313	Juke Branch	+886 3 564 1313	Fongshan Branch	+886 7 743 1313
Mujha Branch	+886 2 2936 1313	JhuBei Branch	+886 3 554 1313	Gangshan Branch	+886 7 621 1313
Jhongsiao Branch	+886 2 8772 1313	Sinfong Branch	+886 3 557 1313	Linyuan Branch	+886 7 643 1313
Dongmen Branch	+886 2 2321 1313	Lioujia Branch	+886 3 658 9013	Houjhuang Branch	+886 7 702 1313
Jiancheng Branch	+886 2 2556 1313	Jhunan Branch	+886 3 746 1313	Pingtung Branch	+886 8 733 1313
Nangang Branch	+886 2 2789 1313	Toufen Branch	+886 3 766 3571	Chaozhou Branch	+886 8 786 1313
Hsinchuang Branch	+886 2 2202 1313	Houlong Branch	+886 3 773 1313	Donggang Branch	+886 8 835 1313
North Hsinchuang Branch	+886 2 2997 1313	Taichung Branch	+886 4 2254 1313	Keelung Branch	+886 2 2427 1313
Sinshu Branch	+886 2 2203 1313	Wunsin Branch	+886 4 2291 1313	Luodong Branch	+886 3 957 1313
Shwangho Branch	+886 2 2923 1313	Dadun Branch	+886 4 2320 1313	Hualien Branch	+886 3 831 1313
Yonghe Branch	+886 2 2949 1313	Nantun Branch	+886 4 2380 1313	Taitung Branch	+886 8 936 1313
Jixian Branch	+886 2 8283 1313	Situn Branch	+886 4 2461 1313	Penghu Branch	+886 6 927 1313
Yung An Branch	+886 2 8921 1313	Daya Branch	+886 4 2568 1313	Los Angeles Branch	+1 626 810 2400
Jhonghe Branch	+886 2 2222 1313	Fongyuan Branch	+886 4 2512 1313	Hong Kong Branch	+852 3405 6168
Liancheng Branch	+886 2 8228 1313	Jhonggong Branch	+886 4 2350 8913	Singapore Branch	+65 6533 1313
Nanshijiao Branch	+886 2 2942 8813	Beitun Branch	+886 4 2241 6813	Dongguan Branch	+86 769 2868 1313
Taihe Branch	+886 2 2242 1313	Longjing Branch	+886 4 2636 6813	Dongguan Changan Sub-branch	+86 769 2330 8813
Banciao Branch	+886 2 8257 1313	Dali Branch	+886 4 2418 1313	Ho Chi Minh City Representative Office	+84 8 3835 1313
Puchain Branch	+886 2 2963 1313	Wuquan Branch	+886 4 2377 1313	Yangon Representative Office	+95 9 3333 1313
Banhsin Branch	+886 2 8952 1313	Taiping Branch	+886 4 2270 8813	Union Commercial Bank Plc.	+855 23 427 995
SinBan District Branch	+886 2 2954 1313	Wurih Branch	+886 4 2260 8813		
Guangfu Branch	+886 2 2957 1313	Caotun Branch	+886 4 9238 1313		

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Nanching East Road Branch	+886 2 2765 1313	Taoyuan Branch	+886 3 336 6813
Songjiang Branch	+886 2 2562 1313	Hsinchu Branch	+886 3 666 9913
Renai Branch	+886 2 3393 1313	Taichung Branch	+886 4 2258 9913
Taida Branch	+886 2 8369 1313	Chiayi Branch	+886 5 216 9913
Chengjhong Branch	+886 2 2382 1313	Tainan Branch	+886 6 269 9913
Shinlin Branch	+886 2 2833 1313	Jin Hua Branch	+886 6 291 6613
Neihu Branch	+886 2 2656 1313	Kaohsiung Branch	+886 7 397 1313
Banciao Branch	+886 2 2951 9913	Zuoying Branch	+886 7 558 6613
Shwangho Branch	+886 2 8923 1313		

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