



LIU CHI HSIANG

## ANNUAL REPORT 2021

E.SUN FHC 2884



玉山金控 E.SUN FHC

<https://www.esunfhc.com.tw>

<http://mops.twse.com.tw>

Printing Date: 2022.3.20



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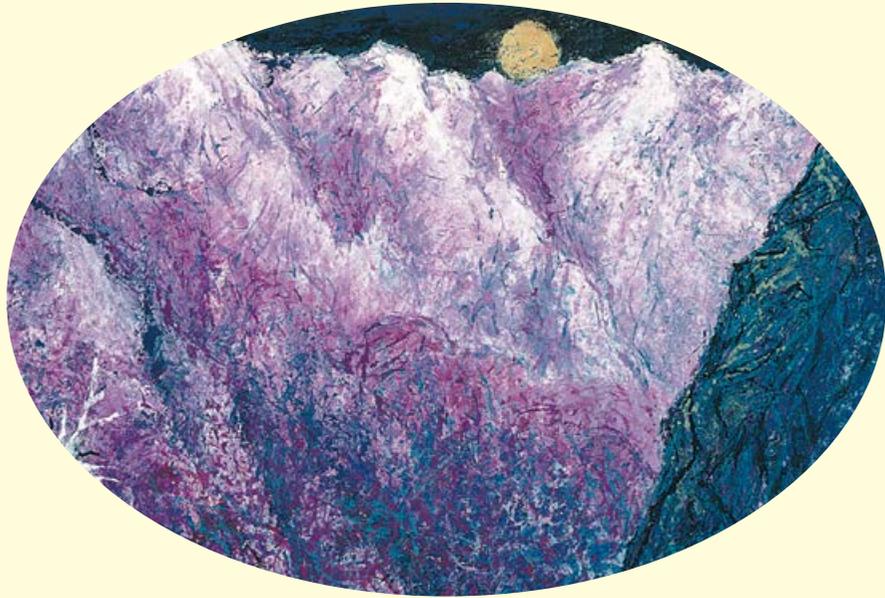
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Global Depository Receipt  
Place of Trading: Luxembourg Stock Exchange  
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E.SUN FHC 20th

CHEN YONG SEN

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Possession of E.SUN

# 1. Letter to Shareholders

Dear shareholders,

The development of a vaccine for COVID-19 brought hope for the global economy in 2021. Even though the threat of variants is still full of risks, countries have gradually adapted to the impact and are attempting to co-exist with the virus, beginning the path of recovery amongst the turmoil. Taiwan announced a nationwide Level 3 epidemic alert due to an outbreak of COVID-19, but it further strengthened the resilience of the healthcare system. In 2021, Taiwan's GDP growth rate was at the highest rate over the past 11 years due to the increase in exports and domestic investments, especially the semiconductor, electronics, and ICT industries, in which many hidden champions play an important role in the global supply chain and allow Taiwan's strength to be recognized by international society.

In an era full of challenges and uncertainties, we believe that stable long-term core values and a clear vision will guide our way in the darkness, and precise strategies and quick and effective execution will stably propel us forward through the waves. E.SUN was founded in 1992 and upholds the core values of "honesty, integrity, professionalism, and responsibility" under the vision of "E.SUN of Taiwan, E.SUN of the world" determined to become the most respected company with the best overall performance. In response to the international trends of regional cooperation and competition, digital technology, and climate change, we are actively exerting the influence of our core business and expanding in Asia, helping customers engage in digital transformation and achieve net zero emissions, in order to jointly work towards sustainable development with society.

## Glorious 30th Anniversary, Turning the Flywheel of E.SUN

It is as the flywheel effect mentioned by Jim Collins in the book Good to Great, E.SUN has continuously consolidated its capabilities and insisted on making the flywheel spin quickly throughout three decades. E.SUN achieved excellent overall performance in 2021. In terms of financial indicators, E.SUN FHC reported a record high net income of NT\$57.9 billion and after tax earnings of NT\$20.6 billion, achieving an annual growth rate of 14.0% with EPS at NT\$1.54, ROA at 0.66%, ROE at 10.95%, and capital adequacy ratio at 123.48%. The after tax earnings of subsidiaries E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital grew by 6.6%, 113.2%, and 53.9%, respectively.



In terms of business indicators, E.SUN FHC's total assets rapidly grew at a compound annual growth rate of higher than 10% over the past decade to NT\$3.2 trillion. As of the end of 2021, total deposits amounted to NT\$2.7 trillion, in which foreign currency deposits were equal to NT\$1.3 trillion and up by 12.9%. The annual net increment of foreign currency deposits exceeded NT\$100 billion for 4 consecutive years. Total loans grew by 9.1% to NT\$1.8 trillion, and asset quality remained at a sound level with an NPL ratio of 0.16% and an NPL coverage ratio of 783.84%. Net fee income grew by 7.5% to NT\$21.3 billion, and reached a record high for 13 consecutive years, in which net fee income from wealth management grew by 7.1% to NT\$9.9 billion, which was also a record high.

In 2021, E.SUN FHC was selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) for 8 consecutive years for excellent performance in ESG management. It was also recognized with the best performance in Taiwan's banking industry by international ESG institutions, including MSCI ESG and FTSE4Good, and won the Best Bank in Taiwan Award from Forbes and The Asset.

## E.SUN of Taiwan, E.SUN of Asia

As we begin our fourth decade of operation, members of E.SUN come together to jointly plan goals and strategies for the next decade, and will aim to become a regional financial institution in Asia by focusing on business expansion in Asia, technology investment, and ESG development.

E.SUN has established 28 overseas business locations in 9 countries and regions, and overseas branches and subsidiaries collectively accounted for 20% of after tax earnings of E.SUN Bank in 2021. In the future, we will continue to expand service presence in Asia, integrate the service network in Taiwan and overseas, build a team of international experts, and establish a complete financial services platform in Asia to become the first choice of customers.

In the aspect of technology, E.SUN uses technology as an accelerator with information at the core, and assembled a technology team with IT experts, responsible for overall digital development, artificial intelligent(AI) applications, IT development, and information security management. E.SUN is the first bank in Taiwan to establish a core system with microservices and cloud native technology. In the future, we will continue to incorporate AI into our business processes and actively develop digital banking, which will improve our service efficiency and customer experience, and help drive the digital transformation and innovation of society.

In the development of ESG, E.SUN continues to align with international standards and best practices, and is the first financial institution in Taiwan and the second in Asia to pass the review of carbon reduction targets by SBTi. We have already set mid- and long-term goals, including renovating all our buildings in Taiwan into green buildings by 2027, domestic operating sites using 100% renewable energy by 2030, and becoming a bank with net zero carbon emissions by 2050. Aside from our own operations, we also actively engaged with business partners and co-organized ESG initiatives with outstanding companies in Taiwan to take action on climate change. In the future, E.SUN will continue working on alignment with global best practices, creating sustainable value, and exerting influence in key areas, aiming to become customers' best partner in sustainable development.

## Towards a Sustainable Future of Mutual Prosperity

The motto of the Tokyo Olympics in 2021 was "Faster, Higher, Stronger, Together," which symbolizes that we live in an interdependent world, and from individuals and companies to society and countries, working together will improve the well-being of all. E.SUN insists on its original intentions, and generations of E.SUN employees have passed the torch in bravely pursuing highly challenging goals, climbing the mountains of "overall performance, corporate social responsibility, and sustainable development." We are actively incorporating ESG into our financial services and operations, and also working together with government, companies, and individuals to expand our influence. We are grateful for the support and feedback provided by all stakeholders to E.SUN over the years. Looking towards the future, we hope to work towards a sustainable future of mutual prosperity through planned, systematic, and disciplined actions. Together we are one!

Chairman

President

### Summary of E.SUN FHC

Unit: NT\$ million

Indicator	Item	2021/12	2020/12
Total Assets	E.SUN FHC	3,230,908	2,971,745
	E.SUN Bank (consolidated)	3,196,117	2,946,979
	E.SUN Securities (consolidated)	30,809	21,645
	E.SUN Venture Capital	5,248	4,143
Key Financial Ratios	E.SUN FHC Book Value Per Share (NT\$)	14.54	14.44
	Double Leverage Ratio	103.06%	103.38%
	E.SUN FHC CAR	123.48%	136.20%
Physical Channels	E.SUN Bank's Domestic Branches	139	139
	E.SUN Bank's Overseas Outlets	<ul style="list-style-type: none"> <li>- Subsidiaries: E.SUN(China), UCB, Cambodian</li> <li>- Branches: Los Angles(US), Hong Kong, Singapore, Tokyo(Japan), Sydney(Australia) , Brisbane(Australia) , Dong Nai(Vietnam), Yangon(Myanmar)</li> <li>- Representative Office: Hanoi(Vietnam)</li> <li>- A total of 28 sites</li> </ul>	
	E.SUN Securities' Branches	17	16
Earnings	Net Income (Attributable to owners of the parent company)	20,559	18,027
	EPS (NT\$)	1.54	1.43
	ROE	10.95%	10.17%
	ROA	0.66%	0.66%

### Credit Ratings

#### E.SUN FHC

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody's	A3	P-2	Stable	2022.02
	S&P	BBB	A-2	Stable	2021.07
Domestic Ratings	Taiwan Ratings	twAA-	twA-1+	Stable	2021.07

#### E.SUN Bank

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody's	A2	P-1	Stable	2022.02
	S&P	A-	A-2	Positive	2021.07
Domestic Ratings	Taiwan Ratings	twAA+	twA-1+	Stable	2021.07

## 2. Company profile



YANG SAN LANG

**2.1 Date of establishment:** January 28th, 2002

### 2.2 Introduction

#### 2.2.1 E.SUN FHC



E.SUN FHC was established on January 28, 2002. Thanks to the prudent management and the dedicated efforts of all E.SUN colleagues, E.SUN FHC has developed into a business group with comprehensive financial services. Its subsidiaries include E.SUN Commercial Bank, E.SUN Securities, and E.SUN Ventures, providing banking, securities, insurance, and venture capital services.

In addition, E.SUN has achieved a consistent performance both internationally and domestically in various domains, including corporate governance, business performance, service quality, risk management, and fulfillment of corporate social responsibilities. E.SUN is the first Taiwanese financial institution which has been listed in Dow Jones Sustainability Index (DJSI) since 2014. E.SUN will strive to work even more conscientiously, maintain our spirit of "Pure as Jade, Sturdy as Mountain," and employ prudent strategies and team execution to provide high quality of financial services and optimize customer value.

E.SUN FHC was established in January 2002 by E.SUN Bank, E.SUN Securities, and E. SUN Bills Finance through the conversion of shares, and E.SUN Venture Capital was subsequently established in October 2002 through investment. E.SUN Insurance Brokers was established through investment in July 2003, and E.SUN Investment Trust was acquired in September 2003 through conversion of shares.

For the purpose of achieving higher economics of scale and overall synergy, and strengthening the E.SUN Group's capital structure in view of long-term development, E. SUN Bills Finance was merged with E.SUN Bank in December 2006.

Subsequently, in September 2008, 100% of subsidiary E.SUN Investment Trust's equity was assigned to Britain's Schroders Group after signing an investment trust equity purchase contract. In view of the leasing market environment, E.SUN Bank liquidated all of its investment in E.SUN Leasing in September 2008, and, in order to expand economies of scale and reduce operating costs, on March 25, 2016 E.SUN Insurance Brokers was merged with E.SUN Bank, which has continued to provide integrated financial services.

Thanks to the devotion of all E.SUN employees, E.SUN FHC is recognized by consumers as a trusted brand name of integrity and professionalism. It will always uphold business philosophy of "expertise, service, and responsibility," continue to talent cultivation and strive for growth through innovation, thereby fulfilling our vision for long-term sustainability.

### 2.2.2 Core subsidiary: E.SUN Bank

In 1992, Mr.Yung-Jen Huang, the founder and current chairman of E.SUN FHC, called on a group of financial elites, to build E.SUN Bank. Keeping a shared faith: "to build the best bank in Taiwan" in mind, they are determined to overcome 3 mountains: "Excellence in overall performance, corporate social responsibility, and sustainable development."

Responding to the emerging Asia market and trend of financial innovation, E.SUN proactively developed financial service platform in Asia and Fintech. Regarding deployment in Asia, E.SUN Bank had established 139 domestic branches and 28 overseas operating sites in 9 countries and regions, including the USA, Japan, Australia, Singapore, Hong Kong, China, Vietnam, Cambodia, and Myanmar. Through the advantage formed by the collaboration of overseas and domestic service channels, E.SUN Bank utilized its distinctive Asia financial platform to satisfy customers' diverse needs.

On Fintech development, as the trend of technology advance, changed customer behavior, and regulation reshaped financial services, E.SUN worked on digital transformation comprehensively in aspects of culture, strategy, people, and organization. E.SUN cultivated Fintech professionals, utilized data and artificial intelligence to enhance operation efficiency, integrated online and offline channels to optimize customer experience, and promoted cross-industry collaboration to develop innovative financial services.

E.SUN Bank's acquisitions, mergers, and investments are outlined as below:

In order to increase synergy and expand service channel, E.SUN Bank assumed the assets, liabilities, and operations of the Kaoshiung Business Bank in September 2004. Afterwards, E.SUN Bank assumed the assets, liabilities, and operations of Chiayi Forth Credit Cooperation and Chu Nan Credit-Cooperative Association in November 2012 and July 2011.

In order to expand overseas service channel, E.SUN Bank purchased 70% of shares of Cambodia's Union Commercial Bank PLC.(joint commercial bank) on August 28, 2013, and increased its share to 75% on December 29, 2015. E.SUN Bank completed establishment of a subsidiary, E.SUN Bank (China), in Shenzhen, China in January 2016, and this was the first Taiwanese-owned bank in southern China.

In order to invest in financial technology, E.SUN Bank purchased 58.34% of the outstanding common stock of the BankPro e-Services Technology Co., Ltd. on January 11, 2016, and the total shareholding increased to 61.67%.

### 2.2.3 Subsidiary: E.SUN Securities

E.SUN Securities, which established in 2000, utilizes research resources of its subsidiary, E.SUN Investment Consulting Co. and service channels of E.SUN Bank to provide customers with domestic and foreign securities brokerage services, as well as underwriting services.

With regard to brokerage services, it provides spot, futures, ETF, and overseas sub-brokerage services, and other services approved by the competent authority. Besides, it also strives to improve customer experience on online trading platform and expand overseas stock and futures business. Regarding underwriting services, thanks to our integration of financial holding, banking, and securities service resources, it is continuing to enhance our fund-raising market reputation and service. For taking overseas market opportunity, it launched overseas securities unit (OSU) services in December 2014, developing overseas securities business step by step, satisfying domestic and foreign personal and institutional customers, by building platform and product, and E.SUN Securities strives to fulfill the long-term strategy of overseas development.

### 2.2.4 Subsidiary: E.SUN Venture Capital

Established in 2002, E.SUN Venture Capital has built on its business foundation by increasing capital from NT\$1 billion to NT\$ 3.7 billion. E.SUN Venture Capital invests in various domains, including electronics, optical communications, energy conservation, cultural creativity, biotech pharmaceutical, and medical devices, and it is also actively expanding to various innovative emerging industries. By the trend of 5G, AI, self-driving car, etc., we hope to draw on E.SUN FHC's resources to support startups and promote Taiwan's industrial transformation, and are making a contribution to Taiwan's industrial upgrading and development.

### 2.2.5 In the latest reporting year, as of printing date of the annual report, condition of merger and acquisition, investment in affiliates and restructuring mass transfer of shareholding form 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:

- (1) 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 Bank acquired Chu Nan's assets, liabilities and operations.
- (2) Subsidiary E.SUN Bank on March 16, 2012 signed an agreement with Chiayi Fourth Credit Cooperation to acquire the latter. E.SUN Bank acquired Chiayi Fourth's assets, liabilities and operations with the record date for the transaction of November 3, 2012.
- (3) Subsidiary E.SUN Bank on Mar. 22, 2013, has approved by its board to acquire 70% shares of Union Commercial Bank PLC. in Cambodia, and the record date for the transaction was Aug. 28, 2013. Furthermore, on Aug. 25, 2017, E.SUN increased shareholding of UCB to 100%. Our Cambodia subsidiary now has 14 branches, providing financial service including deposits, loans and credit card etc.
- (4) On January 24, 2014, the subsidiary E.SUN Bank received approval from the Board of Directors to establish a subsidiary in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen of China. On January 12, 2016, the Beijing Banking Regulatory Commission officially approved the opening of E.SUN Bank (China), E.SUN Bank (China) Shenzhen Branch, E.SUN Bank (China) Dongguan Branch, and E.SUN Bank (China) Dongguan Chang'an Subbranch.
- (5) On November 13, 2015, the subsidiary E.SUN Bank received approval from the Board of Directors to transfer its investment to BankPro e-Service Technology Co. Ltd., acquiring a total of 7,875,000 shares (accounting for 58.34% of the paid-in capital), which were transferred on January 11, 2016.
- (6) The consolidation by merger of two subsidiaries, E.SUN Bank and E.SUN Insurance Brokers, was passed on August 21, 2015. E.SUN Bank would be the continuing company. The effective date was set on March 25, 2016.
- (7) Other matters of importance that can impact shareholder's right and the Financial Holding Company: None

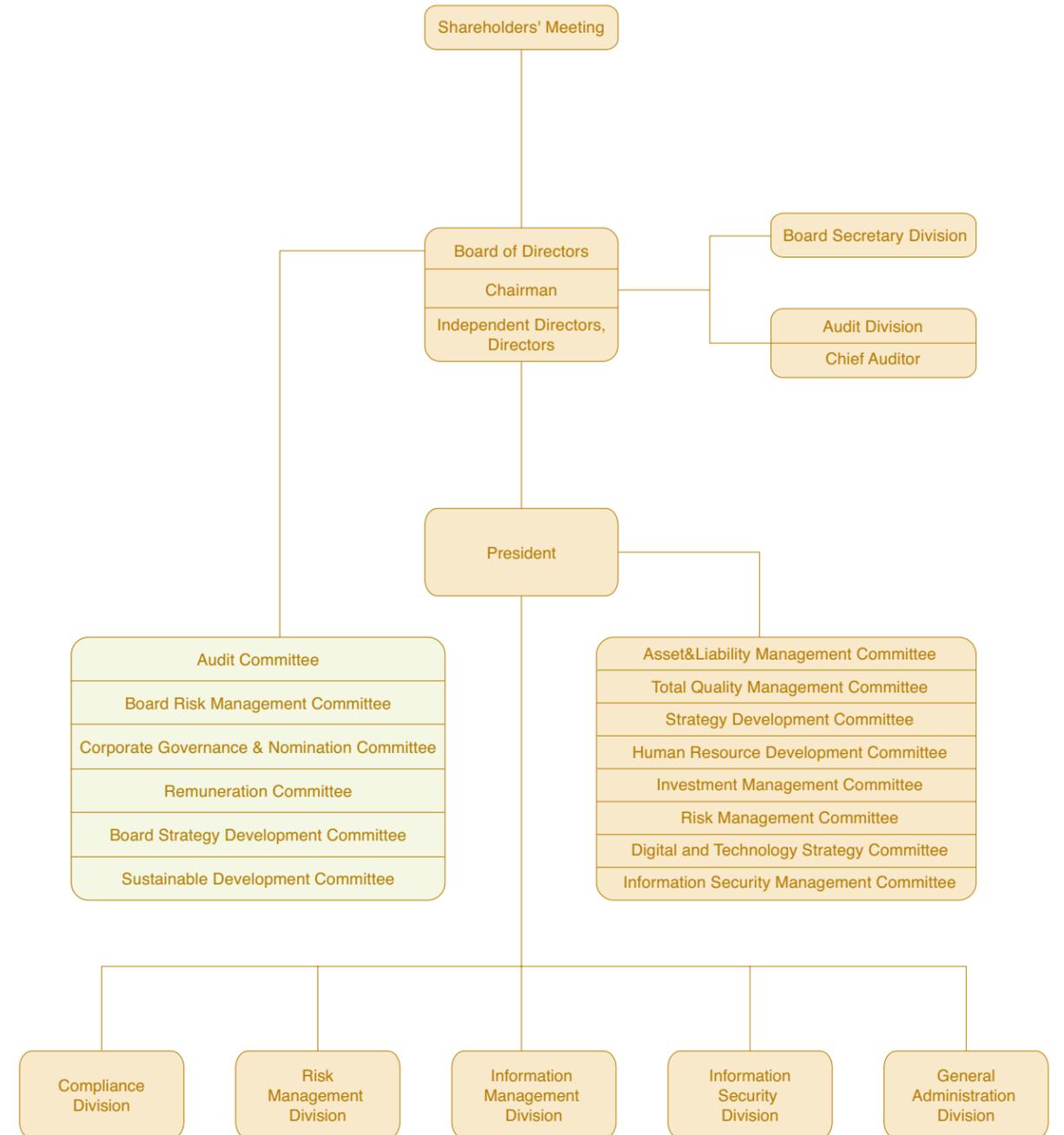
### 3. Corporate Governance



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### 3.1 Organization

#### 3.1.1 Organization Chart



### 3.1.2 Primary duties of the board of directors functional committees

#### (1) Audit Committee

- I. Stipulation and amendment of internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assessment of internal control system effectiveness.
- III. Stipulation or amendment of the handling procedure for acquisition or disposal of assets or derivative trading in accordance with Article 36-1 of the Securities and Exchange Act.
- IV. Matters involving the personal interests of the directors.
- V. Major asset or derivative trading.
- VI. Public offering, issuance, or private offering of equity securities.
- VII. Appointment, discharge and remuneration of the independent auditor.
- VIII. Appointment and removal of chief officers of finance, accounting and internal audit.
- IX. Financial reports which are signed or stamped by Chairperson, Executive Manager and Chief Accounting Officer; and second-quarter financial report which shall be audited by external auditors.
- X. Other significant matters stipulated by the Company or competent authorities.

#### (2) Board Risk Management Committee

- I. Risk management report and risk appetite or limit.
- II. Risk management implementation status.
- III. Evaluation of major risk issues and response measures.
- IV. Review of major risk loss events and response measures.
- V. Other matters related to the coordination of risk management tasks between the Company and its subsidiaries.
- VI. Matters concerning various risk-related issues that are required to be reported to the Board of Directors.

#### (3) Corporate Governance and Nomination Committee

- I. Locate director and supervisor candidates for the company or subsidiaries, propose the list of director and supervisor candidates to the Board of Directors, review in advance director and supervisor candidate qualifications according to the Director Election Guidelines for the company and its subsidiaries, and provide review results and a recommendation list of director and supervisor candidates to the shareholders as reference for election or appointment of appropriate directors after the resolution of the Board of Directors.
- II. Nominate or review the presidents of the company and its subsidiaries as well as the list of vice president candidates for the company and its banking subsidiary according to the E.SUN Executive Officer Selection Guidelines.
- III. Establish and develop an organizational structure for the board and committees of the company and its subsidiaries.
- IV. Devise and review regularly the succession plans for the directors and executive officers.
- V. Audit and assess the soundness of the organization and system of the company's corporate governance and make recommendations to the Board of Directors.
- VI. Review the governance relationship between the company, its subsidiaries and other affiliates.
- VII. Establish the policies of ethical corporate management and prevention programs and supervise the implementation thereof:
  - (I) Assist the integration of ethical and moral values into the company's business strategies and stipulate preventive measures against corruption and malfeasance related to ethical corporate management in accordance with laws and regulations.
  - (II) Establish courses of action to prevent unethical conduct and form business-related standard operating procedures and guidelines for each course of action.
  - (III) Formulate internal organization, structure and duties, provide reciprocal supervision, check and balance for business activities with higher risks of unethical conduct within the scope of business.
  - (IV) Promote and coordinate ethical policy advocacy and training.
  - (V) Plan reporting systems to ensure the effectiveness of implementation.
  - (VI) Assist the Board of Directors and management in inspecting and assessing whether the preventive measures established for the implementation of ethical corporate management work effectively, and evaluate the compliance of relevant business procedures on a regular basis and compile into reports.

#### (4) Remuneration Committee

- I. Stipulate and regularly review the policies, systems, standards and structure of performance evaluation and remuneration of the directors and executives of the Company and the presidents of non-bank subsidiaries.
- II. Regularly assess and establish the remuneration of the directors and executives and the senior managers of the subsidiaries.

#### (5) Board Strategy Development Committee

- I. Call for meetings on the strategy development goals of the Company and report to the Board of Directors. The content may include overall goals and short, mid and long-term development strategies.
- II. Report other major strategy-related matters that affect the development of the Company to the Board of Directors.

#### (6) Sustainable Development Committee

- I. Stipulate the annual plans and strategic directions of sustainable development.
- II. Establishment of sustainable development projects and activity plans.
- III. Follow up and review the implementation outcomes of annual plans, strategic directions, projects and activities related to sustainable development.
- IV. Other decisions related to sustainable development.

### 3.1.3 Duties of key departments

#### (1) Board Secretary Division

Oversees general meeting administration for the board of directors, the Audit Committee and other functional committees under the board. The corporate governance officer is in charge of handling general affairs for the board of directors, and reports directly to the board.

#### (2) Audit Division

Check and evaluate whether the internal control system of the Company and subsidiaries are functioning effectively. Provide timely recommendations for improvement to ensure that the internal control system continues to be implemented effectively, and take charge of the execution of audit system, as well as the audit of business, finance, accounting and contracts. Audit Division reports directly to the board of directors, and is equipped with a chief auditor who oversees all audit operations in the Company.

#### (3) Compliance Division

Responsible for overseeing compliance affairs; planning, managing, and executing the compliance system; managing consultation on internal guidelines and procedures; and supervising the subsidiaries in complying with the laws and regulations applicable to their businesses.

#### (4) Risk Management Division

Responsible for overseeing risk management and anti-money laundering and countering the financing of terrorism and formulating policies and principles. Also responsible for assisting and supervising the subsidiaries in developing and implementing risk management related tasks; and monitoring the overall risk tolerance and the risks currently undertaken by the Company.

#### (5) Information Management Division

Responsible for overseeing information policy planning, information resource utilization strategy formulation and management, information governance policies, and data collection, analysis, and application.

#### (6) Information Security Division

Responsible for overseeing information security governance system and protection mechanism plans and formulating information security policies; implementing, coordinating, and supervising the information security management operations of each subsidiary; and keeping abreast of the overall information security risks and implementation status.

**(7) General Administration Division**

Responsible for overseeing investment management and related paperwork, public relations, human resources, legal affairs, financial management, and shareholder services as well as business management in the subsidiaries.

**(8) Asset & Liability Management Committee**

Establish the asset allocation and risk limitation of the Company, follow-up, check and examine financial management and effectiveness of the subsidiaries as well as other matters related to major asset and liability management.

**(9) Total Quality Management Committee**

Be in charge of formulation of the total quality management policies, establishment, operation and review of total quality management system, implementation and review of the promotion of total quality management education, review and recommendation on the performance of the total quality management activities as well as recommendations on other major decisions related to total quality management.

**(10) Strategy Development Committee**

In charge of the development of the Company's short, mid and long term strategies, over all goals, organizational structure of management, innovation and development strategies of financial products, advertisement and marketing strategies, advocacy and promotion of strategy development plan and planning of other major strategy developments.

**(11) Human Resource Development Committee**

Be in charge of selection, appointment, assignment, rotation system, training system, remuneration and bonus system, promotion and assessment of promotion, reward and punishment system, benefits, insurance, leave, travel system of employees and review of other regulations related to human resources as well as establishment of harmonious relationship among employees, handling of employees' complaints and satisfactory survey.

**(12) Investment Management Committee**

Be in charge of the assessment and analysis of the Company's investment business, establishment of counter measures, review of the Company's investment allocation, supervision and review of the subsidiaries' investment allocation, benefit analysis and other management matters related to important investment.

**(13) Risk Management Committee**

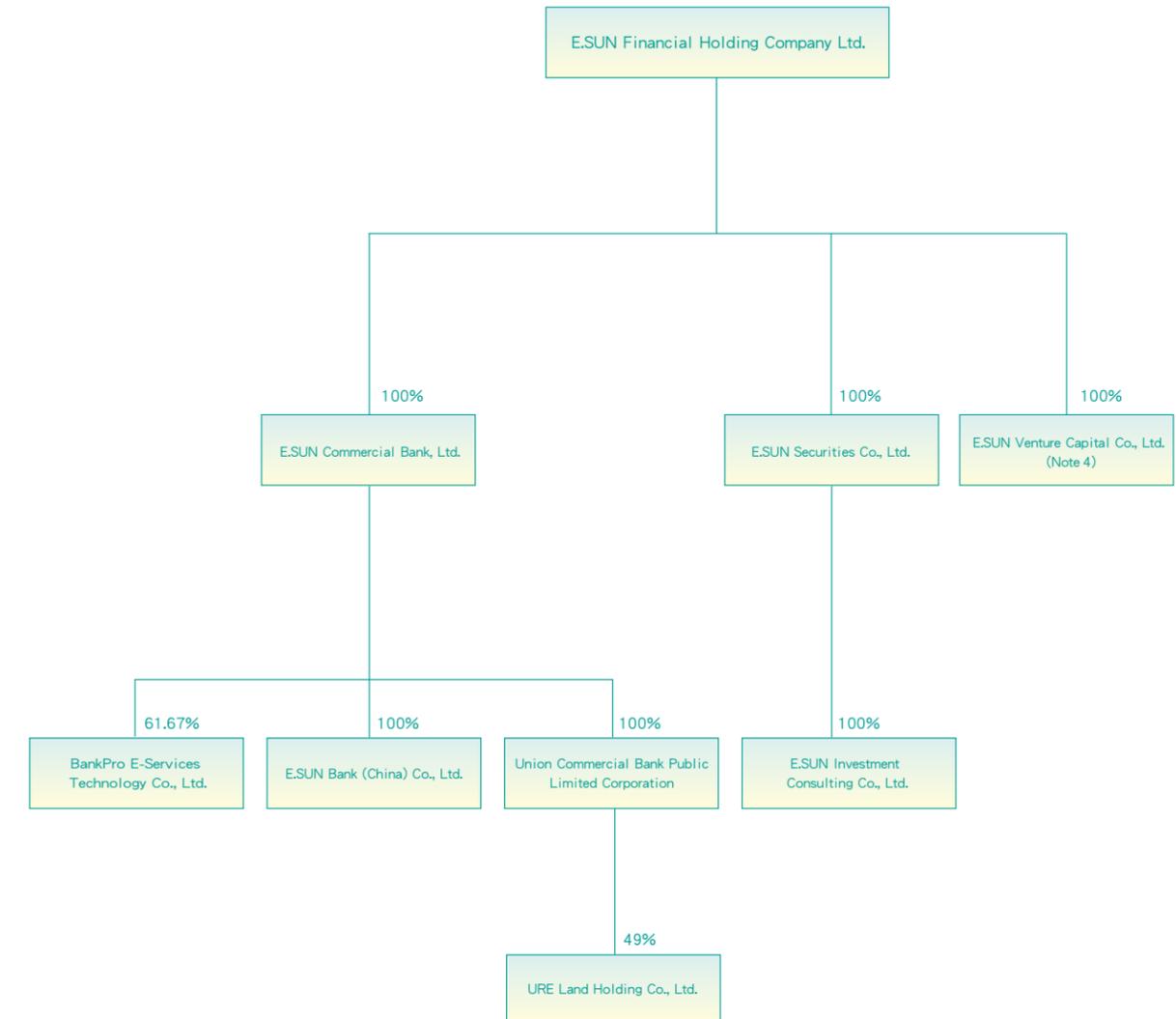
Be in charge of the Company's risk management, risk assessment, risk supervision, review of risk management and implementation of each risk unit, exposure to risks, risk decision-making, follow-up of the compliance of risk management policies of each risk unit and promotion of risk management culture.

**(14) Digital and Technology Strategy Committee**

Be in charge of the promotion of digital development and financial technology integration services, review of strategies for resources allocation, review and follow-up of major information investment plan, review or proposal of business application ideas or operation improvement, and introduction of new technology knowledge.

**(15) Information Security Management Committee**

Be in charge of the promotion of information security governance, establishment of consistent information security policy, formulation of management standard of information security, and integration and monitoring of implementation, operation, and coordination of the Company's and its subsidiaries' information security mechanisms.

**3.1.4 Organization chart of E.SUN FHC and its subsidiaries**

Note:

1. Actual investment as of the record date, December 31, 2021
2. Union Commercial Bank (UCB) Public Limited Corporation (PLC) holds 49% of shares for URE Land Holding Co., Ltd. However, according to the Company Charter of URE Land Holding Co., Ltd., UCB is entitled to control the composition of the Board of Directors of URE Land Holding Co., Ltd., and UCB holds at least of 90% of economic benefits of URE Land Holding Co., Ltd. Thus, it has been listed as a subsidiary.
3. The initial investment made by Union Commercial Bank Public Limited Corporation in URE Land Holding Co., Ltd. was US\$490.
4. Subsidiary E.SUN Ventures holds a 2.4% stake, or NT\$3,250,000, in BankPro E-Service Technology Co., Ltd. The group holds in total a 64.07% stake in BankPro E-Service Technology Co., Ltd.

### 3.2 Directors, independent directors and senior managers

#### 3.2.1 Board of directors information-1

2022.03.31 Unit: shares; %

Position	Nationality or place of incorporation	Name and representative	Gender Age	Date of Election	Term	Date of First Elected	Shareholding when elected (Note1)		Current Shares (Note1)		Shareholding of spouse and minor children (Note2)		Shareholding under other's name		Education and experience	Current position within the company or other companies	Division chiefs, directors or supervisors are spouse or within 2nd degree of consanguinity of each other		
							Shares	%	Shares	%	Shares	%	Position				Position	Name	Relationship
													Shares	%					
Chairman	R.O.C.	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	Male 80-89 years old	2020.06.12	3 years	2005.06.10	36,697,955	0.316	42,043,957	0.315	7,853,987	0.059	0	0	- Bachelor of Department of Cooperative Economics at National Chung Hsing University	None	None	None	None
						2001.12.10													
Director	R.O.C.	Representative of E.SUN Culture and Education Foundation Joseph N.C. Huang	Male 50-59 years old	2020.06.12	3 years	2001.12.10	18,804,383	0.162	21,543,726	0.161	14,646,158	0.110	0	0	- MBA of the City University of New York - 29 years in financial industry	- Chairperson of E.SUN Bank - Director of Rock Biomedical, Inc.	None	None	None
						2008.06.13													
Director	R.O.C.	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	Male 70-79 years old	2020.06.12	3 years	2001.12.10	64,480,787	0.555	73,874,077	0.553	34,973,905	0.262	0	0	- Kai-Nan Commercial & Technical High School	- Chairman of Hsin Tung Yang Co., Ltd., Shang Yang Investment Co., Ltd., Ding Yang Investment Co., Ltd., Cheng Yang Investment Co., Ltd., Hsin Tung Yang Real Estate Broker Co., Ltd., Yuan Sheng Co., Ltd., <b>Sheng Yang Construction Co., Ltd.</b> , Sin Yang Investment Co., Ltd., and Mai's Hsin Tung Yang foundation. - Director of Hsin Tung Yang Construction Co., Ltd., Hua Yang Logistics Co., Ltd., Tao Garden Hotel Co., Ltd., Great Harbor Limited. and Tunghsu Asset Management Co., Ltd. - Managing Director of E.SUN Bank - Supervisors of Mai Kee property Co., Ltd.	None	None	None
						2001.12.10													
Independent Director	R.O.C.	Ryh-Yan Chang	Male 60-69 years old	2020.06.12	3 years	2020.06.12	0	0	0	0	0	0	0	0	- Master of Finance, EMBA, National Taiwan University - Bachelor of Accounting, National Taipei University	- Independent Director and member of remuneration committee of <b>Panion &amp; BF Biotech Inc., Ccti Advanced Systems Inc., and Savior Lifetec Corporation.</b> - Chairperson of Chin Jheng Financial Advisory Co., Ltd. - Director of Foundation of Taiwan Radiological Medicine for Cancer - Member of remuneration committee of <b>Super Dragon Technology Co., Ltd., Joinson Electronics Mfg. Co., Ltd., E.SUN FHC</b> , and E.SUN Bank - Independent Director of E.SUN Bank(Managing Director) and E.SUN Bank(China)	None	None	None
Independent Director	R.O.C.	Chun-Yao Huang	Male 50-59 years old	2020.06.12	3 years	2017.06.16	0	0	0	0	0	0	0	0	- Ph.D. of Department of Marketing at London Business School	- Professor of Department of Business Administration at National Taiwan University - Independent Director of E.SUN Bank and 91APP, Inc - Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank	None	None	None

Position	Nationality or place of incorporation	Name and representative	Gender Age	Date of Election	Term	Date of First Elected	Shareholding when elected (Note1)		Current Shares (Note1)		Shareholding of spouse and minor children (Note2)	Shareholding under other's name		Education and experience	Current position within the company or other companies	Division chiefs, directors or supervisors are spouse or within 2nd degree of consanguinity of each other		
							Shares	%	Shares	%		Position				Position	Name	Relationship
												Shares	%					
Independent Director	R.O.C.	Ying-Hsin Tsai	Female 50-59 years old	2020.06.12	3 years	2020.06.12	0	0	0	0	0	0	0	0	- LLM and Ph.D. in Law, University of Tokyo - LLB and LLM, National Taiwan University - Professor of College of Law, National Taiwan University - Independent Director and member of remuneration committee of <b>Cho Pharma Inc.</b> - Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank - Independent Director of E.SUN Bank	None	None	None
Independent Director	R.O.C.	Hung-Chang Chiu	Male 50-59 years old	2020.06.12	3 years	2020.06.12	0	0	0	0	0	0	0	0	- Ph.D. of Business and Administration, National Taiwan University - Bachelor and Master of Industrial Engineering, National Tsing Hua University - Professor of Institute of Technology Management, National Tsing Hua University - Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank - Independent Director of E.SUN Bank	None	None	None
Independent Director	R.O.C.	Ruey-Lin Hsiao	Male 50-59 years old	2020.06.12	3 years	2020.06.12	0	0	0	0	5,206	0.00004	0	0	- Ph.D. of Industrial and Business Studies, Department of Information Systems & Management, Warwick Business School, University of Warwick - Master of Science, Engineering Business Management, Warwick Manufacturing Group, University of Warwick - M.Phil, Information Systems School of Management, Cranfield University - Professor of Institute of Technology, Innovation & Intellectual Property Management, National Chengchi University - Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank - Independent Director of E.SUN Bank	None	None	None
Director	R.O.C.	Representative of Fu-Yuan Investment Co., Ltd. Ron-Chu Chen	Male 70-79 years old	2020.06.12	3 years	2014.06.20 2004.06.11	47,075,779	0.405	53,933,580	0.404	636,667	0.005	0	0	- Chu Nan Junior High School - Chairman of Ron Yuan Investment Co., Ltd., Fu Yuan Investment Co., Ltd., Jia Tien Sia Investment Co., Ltd., and Panda Investment Co., Ltd. - Director of E.SUN Bank	None	None	None
Director	R.O.C.	Representative of Shang Li Car Co., Ltd. Chien-Li Wu	Male 60-69 years old	2020.06.12	3 years	2005.06.10 2005.06.10	52,192,000	0.449	60,996,000	0.457	0	0	0	0	- Chung Jung High School - Chairperson of Shang Li Car Co., Ltd., Shen Li Investment Co., Ltd., Shang Li Transportation Co., Ltd., Shan Ben Intl. Investment Co., Ltd., Sunlit Investment Pty., Ltd., Shen Li Transportation Co., Ltd., and Sin Yi Li Investment and Development Co., Ltd. - Director of Guang Yuan Investment Co., Ltd., Genius Technology Co., Ltd., Keeper Technology Co., Ltd., Tong Lit Logistics Co., Ltd., Tong Chun Co., Ltd., E.SUN Bank, Yung Feng Shun Construction Co., Ltd., and Fu Lun Motors Co., Ltd.	None	None	None
Directort	R.O.C.	Magi Chen	Female 60-69 years old	2020.06.12	3 years	2014.06.20	2,177,560	0.019	2,494,777	0.019	0	0	0	0	- MBA at University of Tennessee, Knoxville - 44 years in financial industry - President of <b>E.SUN FHC</b> - Director of E.SUN Bank - Chairman of E.SUN Bank(China)	None	None	None
Director	R.O.C.	Mao-Chin Chen	Male 50-59 years old	2020.06.12	3 years	2017.06.16	1,729,331	0.015	1,981,251	0.015	1,430,803	0.011	0	0	- Master of Department of Economics at National Taiwan University - 30 years in financial industry - Chief Strategy Officer and Deputy President of <b>E.SUN FHC</b> - President of E.SUN Bank - Chairperson of Union Commercial Bank Plc.	None	None	None

Note:

- The number of shares held includes the number of shares under trust.
- For institutional director, the term "Shareholding of spouse and minor children" refer to the information of the representative's spouse and minor children.
- Companies' names bolded are listed companies or OTC-listed companies.
- The Company's Chairperson and President are not same person, spouses, or first-degree consanguinity.

Table 1: Main shareholders of institutional shareholders

2021.12.31

Institutional shareholder	Large shareholders of institutional shareholder
E.SUN Volunteer & Social welfare Foundation	Yung-Jen Huang (19.71%)/ Xin Gao Shan Investment Co., Ltd. (5.59%)/ E.SUN Commercial Bank, Ltd. (4.93%)/ Shan Tai Investment Co., Ltd. (3.17%)/ E. SUN Bills Finance Co., Ltd. (2.82%)/ Xiao Shan Intl. (2.44%)/ HUNG-MEI YEH (1.75%)/ YONG-XIONG HOU (0.49%)/ WU-LIN DU (0.33%)/ JIAO-HUANG SHI (0.33%)
E.SUN Culture and Education Foundation	E.SUN Commercial Bank, Ltd. (7.80%)/ ZU-SHOU LI (deceased)(9.68%)/ Xiao Shan Intl. (0.66%)/ E.SUN Bills Finance Co., Ltd. (6.45%)/ E.SUN Venture Capital Co., Ltd. (3.55%)
Hsin Tung Yang Co., Ltd.	Jackson Mai (20.21%)/ MAI,SHIH-LAI (19.87%)/ Sin Yang Investment Co., Ltd. (8.86%)/ Ding Yang Investment Co., Ltd. (8.75%)/ MAI, SHENG- YANG (8.21%)/ Hua Yang Logistics Co., Ltd. (7.46%)/ HUEY YANG Department Store Co., Ltd. (4.80%)/ MAI, CHEN-TSANG (4.43%)/ MAI,KAI-YEN (2.42%)/ LI,SHU-WAN (2.20%)
Fu-Yuan Investment Co., Ltd.	Ming Yuan Investment Co., Ltd. (99.982%)/ CHEN,HUNG-YUN (0.006%)/ LI-HSIN WANG (0.006%)/ I-SHAN CHUNG (0.006%)
Shang Li Car Co., Ltd.	Sunlit Investment Pty., Ltd. (46.7%)/ Ying Yu Investment Co., Ltd. (5.3%)/ Chien-Li Wu (2.1%)/ YU-HUA LIAO (1.5%)/ LIN OH YANG, TSUI-CHIN (0.9%)/ LO LIAO, LAI-YU (0.9%)/ Shen Li Investment Co., Ltd. (15.2%)/ Shan Ben Intl. Investment Co., Ltd. (27.4%)

Table 2: Main shareholders of institutional shareholders in table 1

2021.12.31

Institutional shareholder	Large shareholders of institutional shareholder
Sin Yang Investment Co., Ltd.	Jackson Mai(36.35%)/Hsin Tung Yang Real Estate Broker Co., Ltd. (18%)/ Ding Yang Investment Co., Ltd.(9.18%) / HSIU-JEN MAI (36.47%)
Ding Yang Investment Co., Ltd.	Jackson Mai (31.69%)/ Shiyang Construction Co., Ltd. (19.70%)/ HSIU-YING LIN (19.08%)/ HSIU-JEN MAI (26.84%)/ Sin Yang Investment Co., Ltd (2.69%)
Ming Yuan Investment Co., Ltd.	CHEN, HUNG-YUN(1%)/WANG,LI-HSIN(33%)/ CHUNG,I-SHAN(33%)/ CHEN, CHAO-YUAN(33%)
Sunlit Investment Pty., Ltd.	Chien-Li Wu (49.25%)/ LIAO,YU-HUA(31.48%)/ SUNLIT&SUNNY COMPANY LIMITED (12.50%)/ WU,PEI-CHEN (3.42%)/ WU,PEI-JU(3.35%)
Ying Yu Investment Co., Ltd.	YANG, WEI-YUN(38%)/ YANG,WEI-HSIN(41%)/ CHEN,SHU-HUI(21%)
Shen Li Investment Co., Ltd.	Chien-Li Wu(45%)/ SUNLIT&SUNNY COMPANY LIMITED (30%)/ LIAO,YU-HUA (24.96%)
Shan Ben Intl. Investment Co., Ltd.	Chien- Li Wu (63%)/ LIAO,YU-HUA (13.80%)/ WU,PEI-CHEN (11.60%)/ WU,PEI-JU (11.60%)

3.2.2 Board of directors information-2

(1) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors:

Name	Criteria	Professional Qualifications and Experiences	Information on the Independence of Directors	Number of Other public companies in which the individual is concurrently serving as an Independent Director
Chairman Yung-Jen Huang	<ul style="list-style-type: none"> <li>- Main area of expertise: Financing and operations management</li> <li>- Yung-Jen Huang, founder of E.SUN Commercial Bank, is an outstanding banker with extensive expertise in both financial theories and applications. He also has excellent leadership and management skills. He has been nurturing latecomers with his professionalism and enthusiasm for a long period, inheriting his experiences selflessly, and creating outstanding financial talents. He is an exceptional leader with a broad outlook. He has dedicated his entire life to the financial industry in Taiwan. He has received an individual award by the National Quality Award--the highest honor in Taiwan, the first Special Contribution Award for individuals from the Taiwan Banking and Finance Best Practice Awards, and the Kwol-Ting Li Management Medal.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Not an employee of the Company or its affiliates.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> <li>- 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 amount of 1% of the shares of the Company or ranks as one of its top ten shareholders.</li> </ul>	0
Director Joseph N.C. Huang	<ul style="list-style-type: none"> <li>- Main area of expertise: Financing and operations management</li> <li>- Joseph N.C. Huang, Chairman of E. SUN Commercial Bank, is committed to making E.SUN Commercial Bank the best bank in Taiwan with his exceptional profession, passion, and persistence. He guides E. SUN in local development, Asia expansion, and in its efforts to differentiate itself from market competitors. Under his management, E.SUN has been awarded the "Best Bank in Taiwan" for many times, including Dow Jones Sustainability Index (DJSI) 6 years in a row. Joseph himself has received several awards and recognitions, including "Best CEO in Asia Pacific" from The Asian Banker, "Best CEO in Asia" from The Asset 6 years in a row, and awarded the "Best CEO in Taiwan" from The Institutional Investor for three years in a row.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Not an employee of the Company or its affiliates.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> <li>- 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 amount of 1% of the shares of the Company or ranks as one of its top ten shareholders.</li> </ul>	0
Independent Director Ryh-Yan Chang	<ul style="list-style-type: none"> <li>- Main area of expertise: Accounting, auditing, and financial management</li> <li>- Chairman of Chin Jheng Financial Advisory Co., Ltd. Ryh-Yan Chang is a financial and accounting expert with extensive experience as an accountant. He has been in the financial industry for a long period, serving as a financial reporting accountant for financial holdings and banks, and has obtained the qualification of certified public accountant in China.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		When electing independent directors, the Company fills out the qualification checklist item by item, examines their professional qualifications, and relevant work experiences, and ensures their eligibility. The independent director should not be a person of any conditions defined in Article 30 of the Company Law after inquiring into the Judicial Yuan Law and Regulations Retrieving System and the declaration given by the independent director. The independent director should comply with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (hereinafter referred to as The Regulations.) two years before the election. The Company's independent directors may be exempted from Article 3, Paragraph 1 if he/she/its serve concurrently as E.SUN Commercial Bank's subsidiaries' independent director during his/her/its term of office and is not a person of any conditions defined in the following:	3
Independent Director Chun-Yao Huang	<ul style="list-style-type: none"> <li>- Main area of expertise: Digital business and customer analysis</li> <li>- Professor of Graduate Institute of Business Administration at National Taiwan University. Chun-Yao Huang is an expert in digital marketing, new product development, and e-commerce. His research fields include quantitative modeling in marketing, customer analysis, sales forecasting, and Web browsing behavior analysis. He has extensive market consulting experience covering retail, finance, technology, and the Internet.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		1. An employee of the Company or its affiliates.	1
Independent Director Ying-Hsin Tsai	<ul style="list-style-type: none"> <li>- Main area of expertise: Law and corporate governance</li> <li>- Professor of Law at National Taiwan University. Ying-Hsin Tsai was formerly a practicing lawyer of Formosa Transnational Attorney at Law and specializes in Electronic Payment Law, Securities, and Exchange Act, Company Law, and other relevant financial regulations. She assists in strengthening regulatory compliance and connecting global corporate governance.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		2. A director and supervisor of the Company or its affiliates.	1
Independent Director Hung-Chang Chiu	<ul style="list-style-type: none"> <li>- Main area of expertise: Marketing of Technology, Strategy, and Service</li> <li>- Professor of Graduate Institute of Technology Management at National Tsing Hua University. Hung-Chang Chiu specializes in the three major marketing fields, which are technology, strategy, and service. He emphasizes the balance between theory and application. He is one of the few professors in Taiwan who has published corporate cases in the Harvard Business School cases database.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		3. 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 amount of 1% or more of the shares of the Company or ranks as one of its top ten shareholders.	0
Independent Director Ruey-Lin Hsiao	<ul style="list-style-type: none"> <li>- Main area of expertise: Technological innovation and knowledge management</li> <li>- Professor of Graduate Institute of Technology Innovation and Intellectual Property Management at National ChengChi University Ruey-Lin Hsiao specializes in analyzing complex corporate issues using various qualitative research methods. His main research includes context of innovation, technological and organizational innovation, innovation under disadvantages, open innovation, and action research. He is also an expert at conducting interdisciplinary research in science and technology.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		4. Managers listed in Paragraph 1 or a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in Paragraphs 2 and 3.	0
			5. Serve as a director, supervisor, manager, or shareholder holding 5% or more shares of a specified company or institution that has a financial or business relationship with the Company.	0
			6. A professional who provides auditing services or provides commercial, legal, financial, accounting services, for which a cumulative compensation of over NT\$500,000 is obtained in the past two years, to the Company or its affiliates, and is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or institution that provides such services to the Company or its affiliates.	0

Director Jackson Mai	<ul style="list-style-type: none"> <li>- Main area of expertise: Knowledge of the industry and operations management</li> <li>- Serve as a director in the financial industry for nearly 30 years Jackson Mai is a well-known entrepreneur in Taiwan, who is deeply involved in the food and construction industry for many years. He is a rigorous and solid person with extensive knowledge of industries and outstanding leadership skills, making him a comprehensive operations manager.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Not an employee of the Company or its affiliates.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> <li>- 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 amount of 1% of the shares of the Company or ranks as one of its top ten shareholders.</li> </ul>	0
Director Rong-Chu Chen	<ul style="list-style-type: none"> <li>- Main area of expertise: Knowledge of the industry and operations management</li> <li>- Serve as a director in the financial industry for nearly 17 years Rong-Chu Chen founded Nien Hsing Textile Co., Ltd., with factories in Mexico, Lesotho, Vietnam, and other countries. He has extensive knowledge of industries and multinational enterprise management experience, making him a comprehensive operations manager. In addition, he also promoted the recycle denim bag project by collecting old jeans and denim. He established the Chen Qingbo Cultural and Educational Foundation to assist economically disadvantaged students in Miaoli County and has rich ESG concepts.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Not an employee of the Company or its affiliates.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> </ul>	0
Director Chien-Li Wu	<ul style="list-style-type: none"> <li>- Main area of expertise: Global market perspective and operations management</li> <li>- Serve as a director in the financial industry for nearly 27 years Chien-Li Wu established Sunlit Motors Company Limited and acted as an agent for Ford Motor, selling in the Taichung area. They cooperate with Ford Lio Ho Motors to design and develop models suitable for domestic and foreign consumer markets. He has extensive knowledge of industries and outstanding leadership skills, making him a comprehensive operations manager.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Not an employee of the Company or its affiliates.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> <li>- 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 amount of 1% of the shares of the Company or ranks as one of its top ten shareholders.</li> </ul>	0
Director Magi Chen	<ul style="list-style-type: none"> <li>- Main area of expertise: Financing and crisis management</li> <li>- Magi Chen, President of E. SUN FHC, has a forward-looking perspective and professional financial expertise. With both rapid and precise strategic planning and execution abilities, she has surpassed many goals along with the teams and aims to lead the organization toward its long-term vision. She is the winner of awards such as "Best CEO in Asia" by The Asset, "Asia's Best CEO" by Corporate Governance Asia, "Asia's 25 Most Influential Women in Treasury" by The Corporate Treasurer, "Best CFO in Asia" by the Institutional Investor, and "National Manager Excellence Award" by the Chinese Professional Management Association, and the "Best CFO in Taiwan" by Finance Asia.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Director being a natural person.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> <li>- 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 amount of 1% of the shares of the Company or ranks as one of its top ten shareholders.</li> </ul>	0
Director Mao-Chin Chen	<ul style="list-style-type: none"> <li>- Main area of expertise: Risk management and strategic management</li> <li>- Mao-Chin Chen, President of E.SUN Commercial Bank, is equipped with financial profession, interdisciplinary thinking, and profound experience in cross-border management. He has insights into the organization's internal and external environment and sets up long-term vision and development strategies for the organization. With a group of like-minded financial professionals, he aims to unify teams to create a future. Under his leadership, E. SUN Commercial Bank received the Credit Guarantee Award by the S&amp;M Enterprise Credit Guarantee Fund of Taiwan, MOEA, for the 17th consecutive year, Best SME Bank in Taiwan 4 times in a row by Asiamoney, and Best Oversea Development Award by TABF.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>		<ul style="list-style-type: none"> <li>- Director being a natural person.</li> <li>- Not a spouse, or a relative within the second degree of kinship to any other director of the Company.</li> <li>- 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 amount of 1% of the shares of the Company or ranks as one of its top ten shareholders.</li> </ul>	0

**(2) Board Diversity and Independence:**

**I. Board Diversity:**

The Company has implemented a well designed director election system. All directors are elected through a fair, open and just process that complies with the Articles of Incorporation, the Director Election Rules, and the Corporate Governance Best Practice Principles.

The Company has adopted Rules for Director Election, E. SUN has established rules and made mid- and long-term plans for director structure and diversification according to the Company's industry characteristics and future development strategies. The rules specify the basic qualities (gender, integrity, continuous pursuit of excellence), professional knowledge and skills (at least Finance, Accounting and auditing, Marketing management, Strategic management, Corporate management, Information technology, Digital banking, Risk management, and Laws relating to finance and corporate governance), and overall capabilities required of directors (Ability to make sound business judgments, Ability to conduct accounting and financial analysis, Ability to manage a business (including the operation and management of subsidiaries), Ability to respond to a crisis, Industry knowledge, An understanding of international markets, Leadership ability, Decision making abilities, Risk management knowledge and skills.)

The Company also encourages the referral of excellent external candidates. It believes that bringing together a Board of Directors with diverse perspectives and opinions from the financial industries, industries, and scholars will improve the quality of decision-making. The members perform their function to guide the management team, supervise the Board of Directors, and benefit the Company's shareholders and other interested parties to ensure corporate sustainability. During the directors' term of office, they work as a whole to make plans for the Company's future in areas such as organizational development, performance enhancement, business development, risk management, and corporate governance through extended discussions and deliberations. They make decisions that have a material impact on the company and perform their functions to guide the management team and supervise the Board of Directors. In addition, the Company also evaluates and reviews the structure and composition of every newly elected director.

The Company focuses on gender equality in the composition of the board members, with female directors accounting for 16.67% (over 1/6 of the goal), and will continue to strive to increase the proportion of female directors in the future. 16.67% of the Company's directors are employees. The Company also focuses on the diversity of composition of board members with industry experiences. The goal is that each term of the Board of Directors should have at least one director with expertise in banking and securities subsidiaries. The current Board of Directors has 7 and 1 directors, respectively, meeting the aforementioned diversity objectives.

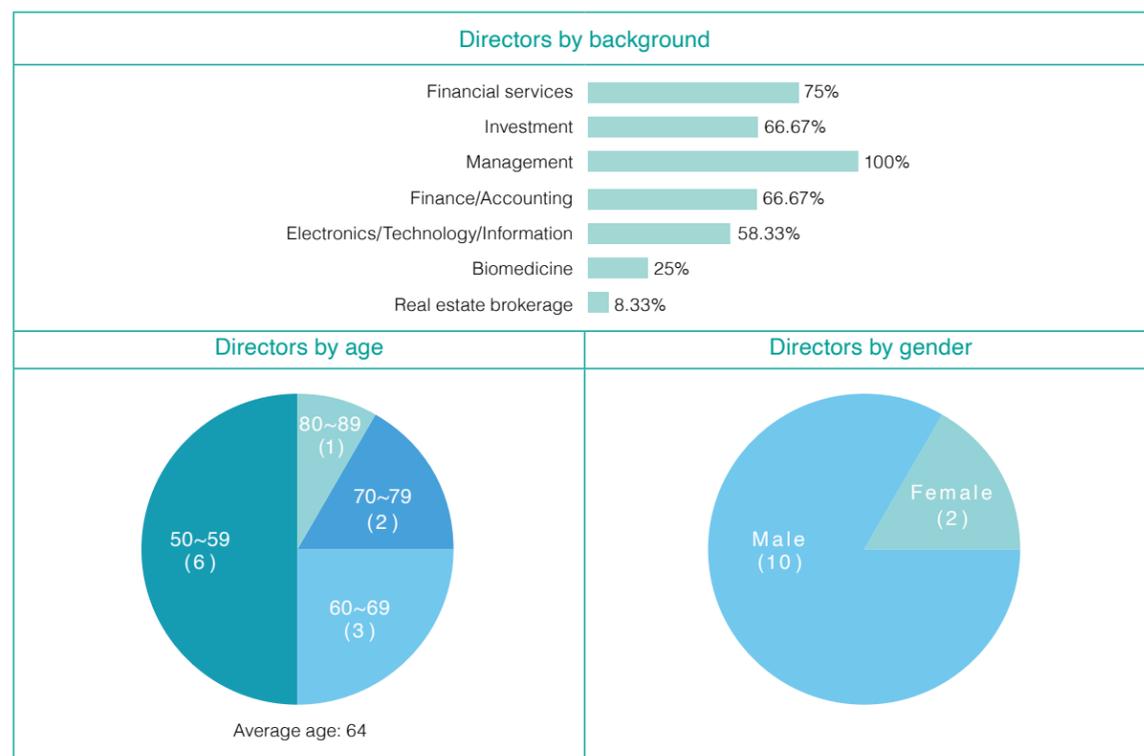
Based on their education background, working experience, fields of expertise and relevant backgrounds, the overall capabilities the directors are equipped with are as follows:

Diversity Name of director	Independent director Tenure			Ability to make sound business judgments	Ability to conduct accounting and financial analysis	Ability to manage a business	Ability to respond to a crisis	Industry knowledge	An understanding of international markets	Leadership ability	Decision making abilities	Risk management knowledge and skills
	Less than 3 years	3 - 9 years	9 years above									
Yung-Jen Huang	-	-	-	V		V	V	V	V	V	V	V
Joseph N.C. Huang	-	-	-	V	V	V	V	V	V	V	V	V
Jackson Mai	-	-	-	V		V		V	V	V	V	
Ron-Chu Chen	-	-	-	V		V		V	V	V	V	
Chien-Li Wu	-	-	-	V		V		V	V	V	V	
Magi Chen	-	-	-	V	V	V	V	V	V	V	V	V
Mao-Chin Chen	-	-	-	V		V	V	V	V	V	V	V
Ryh-Yan Chang	V			V	V	V	V		V	V	V	V
Chun-Yao Huang		V						V	V	V	V	V
Ying-Hsin Tsai	V				V				V	V	V	V
Hung-Chang Chiu	V			V			V		V	V	V	
Ruey-Lin Hsiao	V			V		V		V	V	V	V	

**II. Board independence:**

The 7th Board of Directors was elected by Shareholders' meeting on June 12, 2020. The Company elected a total of 12 directors, of which 5 were independent directors, accounting for 41.67%, and independent directors being natural persons. Not having a spouse, or a relative within the second degree of kinship to any other director of the Company meets Article 26-3, Paragraph 3 of Securities and Exchange Act. Each director signed a nominee declaration, stating that there were no matters related to Article 30 of the Company Law. The Company obtained a written statement and reviewed information on each director according to the Department of Commerce, Ministry of Economic Affairs, Stock Exchange, and Financial Supervisory Commission's relevant procedures for change of directors.

To help directors clearly understand the relevant rights and responsibilities when they take office, the Company has compiled important regulations that directors should abide by into the Director manual, which will be delivered to the directors after they take office. Regarding the remuneration of directors, it includes remuneration, bonus, and payments for business performed. The relevant remuneration criteria are disclosed in this manual. Others include but are not limited to the directors' confidentiality obligations, director and supervisor insurances, evaluation of directors' performances, and training for directors are also clearly regulated.



3.2.3 Executive Officers

2022.03.31 Unit: shares, %

Title	Nationality	Name	Gender	Date of Appointment	Personal Shareholding (Note)		Shareholding of spouse and minor children (Note)		Shareholding under other's name		Experience (Education)	Current position within the company or other companies	Spouse or a relative within the second degree of kinship serving as an E.SUN manager		
					Shares	%	Shares	%	Shares	%			Position	Name	Relation
President/ Chief Sustainability Officer	ROC	Magi Chen	F	2020.08.17	2,494,777	0.019	0	0	0	0	- MBA, The University of Tennessee, Knoxville - 44 years in financial services	- Director, ESUN FHC - Director, ESB - Chairman, ESB (China)	None	None	None
Chief Strategy Officer/ Director of COVID-19 Response Team	ROC	Mao-Chin Chen	M	2020.07.30	1,981,251	0.015	1,430,803	0.011	0	0	- Master, Department of Economics, National Taiwan University - 30 years in financial services	- Director, E.SUN FHC - Director, ESB - President, ESB - Chairman, Union Commercial Bank (Cambodia)	None	None	None
Deputy President	ROC	Ben Chen	M	2014.01.24	5,082,174	0.038	1,555,965	0.012	0	0	- Department of Business Administration, Soochow University - 32 years in financial services	- Director, E.SUN FHC - Director, ESB - CSO/Corporate Banking CEO, ESB - Chairman, Union Commercial Bank(Cambodia)	None	None	None
Chief Human Resources Officer	ROC	J. C. Wang	M	2002.01.28	2,350,217	0.018	1,952,994	0.015	0	0	- Master, Department of Agricultural Economics, National Chung Hsing University - 33 years in financial services	- CHRO/SEVP, ESB	SVP	Pei-Hua Wang	Younger Sister
Chief Financial Officer	ROC	Cheng-Chou Hsu	M	2020.08.14	926,287	0.007	0	0	0	0	- Master of Business Management, National Sun Yat-sen University - 30 years in financial services	- CFO/SEVP, ESB - Director, ESB (China)	None	None	None
Chief Risk Officer	ROC	Oliver Hsieh	M	2011.03.18	1,220,696	0.009	500,000	0.004	0	0	- Master, Applied Finance Center, Macquarie University - 27 years in financial services	- CRO/SEVP, ESB	None	None	None
Chief Information Officer	ROC	Wan-Li Hsieh	M	2020.01.15	1,211,936	0.009	27,761	0.0002	0	0	- Information Management, EMBA, National Taiwan University - 28 years in financial services	- CIO/SEVP, ESB - Supervisor, FISC	None	None	None
Chief Technology Officer	ROC	Jyh-Shing Roger Jang	M	2020.08.18	0	0	0	0	0	0	- Ph.D., EECS Dept., UC Berkeley - 24 years in information/consulting services	- CTO/SEVP, ESB	None	None	None
SEVP	ROC	L. C. Lin	M	2021.01.27	809,558	0.006	965,327	0.007	0	0	- Department of Public Administration, National Chung Hsing University - 33 years in financial services	- Corporate Banking CEO/ Deputy President, ESB - Chairman, E.SUN Venture Capital	None	None	None
SEVP	ROC	Jung-Hua Lin	M	2020.01.15	1,122,866	0.008	400,845	0.003	0	0	- Graduate School of Business Administration, National Chung Hsing University - 30 years in financial services	- SEVP, ESB - Director, EasyCard Investment Holdings Corp.	None	None	None
SEVP	ROC	Wu-Ming Hsieh	M	2018.01.31	982,353	0.007	1,088,369	0.008	0	0	- EMBA, National Taiwan University - 30 years in financial services	- SEVP, ESB	None	None	None
SEVP	ROC	Louis Chang	M	2018.01.31	2,892,146	0.022	492,756	0.004	0	0	- Institute of Business and Management, National Chiao Tung University - 26 years in financial services	- SEVP, ESB	None	None	None
General Auditor	ROC	Jung-Chun Chen	M	2022.01.22	756,286	0.006	375,656	0.003	0	0	- Institute of Computer and Engineering, National Chiao Tung University - 27 years in financial services	None	None	None	None
SEVP	ROC	Cathy Kuo	F	2017.01.20	1,988,086	0.015	0	0	0	0	- Master, Department of Economics, National Taiwan University - 29 years in financial services	- SEVP, ESB - Director, Union Commercial Bank (Cambodia)	None	None	None
SEVP	ROC	Yi-Hsin Tseng	M	2020.01.15	1,343,423	0.010	3,119	0.00002	0	0	- Department of Applied Mathematics, National Chung Hsing University - 35 years in financial services	- Chairman, E.SUN Securities	None	None	None
SEVP	ROC	Te-Ming Chung	M	2019.01.24	626,993	0.005	886,298	0.007	0	0	- Master of Business Management, National Sun Yat-sen University - 28 years in financial services	- SEVP, ESB	None	None	None
SEVP	ROC	Danny Tang	M	2021.07.26	326	0.000002	0	0	0	0	- Master of Business Administration, UCLA - 23 years in information services	- CDO/SEVP, ESB	None	None	None
Deputy Chief Information Officer	ROC	Jeff Liu	M	2022.01.19	860,621	0.006	3,257	0.00002	0	0	- EMBA, National Chengchi University - 18 years in financial services	- Deputy Chief Information Officer/SEVP, ESB	None	None	None
Deputy Chief Information Officer	ROC	Jeff Kuo	M	2022.01.19	503,856	0.004	0	0	0	0	- College of Management, National Taiwan University - 29 years in financial and information service	- Deputy President, E.SUN Securities - Director, E.SUN Securities - Director, Quan Ying Payment Financial Technology Co., Ltd.	None	None	None
Chief Compliance Officer	ROC	Fion Ouyang	F	2016.01.22	457,980	0.003	0	0	0	0	- Department of Law, National Chengchi University - 24 years in financial services	- CCO, ESB/Head of the compliance unit at headquarters	None	None	None
Chief Marketing Officer	ROC	Chun-Yu Lin	M	2018.08.10	1,581,955	0.012	0	0	0	0	- Graduate School of Business Administration, National Chung Hsing University - 20 years in financial services	- CMO/Assistant Manager /Special Assistant, ESB - Director, ESB (China)	None	None	None
Chief Accountant Officer	ROC	Jhy-Hung Ke	M	2017.07.31	134,602	0.001	0	0	0	0	- Master, Department of Accounting, National Taiwan University - 19 years in financial and consultancy service	- CAO/SVP, ESB	None	None	None
Chief Information Security Officer	ROC	Huai-Tsung Liu	M	2021.11.18	371,574	0.003	239,997	0.002	0	0	- Department of Information Management, National Central University - 23 years in financial services	- CSO, ESB	None	None	None
EVP /Special Assistant	ROC	Edward Chen	M	2022.01.19	1,063,329	0.008	452	0.000003	0	0	- Institute of Industrial Engineering, National Taiwan University - 23 years in financial services	None	None	None	None
Corporate Governance Officer	ROC	Mei-Cheng Chu	F	2020.01.20	628,614	0.005	0	0	0	0	- Department of Law, National Chengchi University - 28 years in financial services	- Corporate Governance Officer /SVP, ESB	None	None	None

Note:  
1. Including shares held under trust with discretion reserved 2. The president or person of an equivalent position (the highest level manager) of a company and the chairperson of the board of directors are the same person, spouses, or relatives within the first-degree kinship: none.

3.2.4 Remuneration of Non-Independent/Independent Directors, President, and Senior Executive Vice Presidents

(1) Remuneration of Non-Independent/Independent Directors

2021.12.31 Unit: NT\$ thousand

Title	Name	Remuneration of Directors								Total remuneration (A+B+C+D) and the ratio of Total Remuneration to Net Income (%)				Remuneration of Directors Concurrently Serving as Employees						Total remuneration (A+B+C+D+E+F+G) and the ratio of Total Remuneration to Net Income (%)				Remuneration collected from the parent company or invested companies other than the Company's subsidiaries		
		Base Remuneration(A)		Severance Pay (B)		Bonus(C)		Allowance (D)						Salary, Bonus, and Allowance(E)		Severance Pay (F)		Employee Profit Sharing Plan (G)								
		The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements							
		Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Cash	Stock	Cash	Stock	Total	Ratio	Total	Ratio									
Directors	(Names listed below)	10,552	21,127	0	0	41,142	54,920	240	720	51,934	0.25%	76,767	0.37%	28,476	43,261	0	0	3,580	0	7,160	0	83,990	0.41%	127,188	0.62%	None
Independent Directors	(Names listed below)	0	0	0	0	40,658	40,658	1,980	3,090	42,638	0.21%	43,748	0.21%	0	0	0	0	0	0	0	0	42,638	0.21%	43,748	0.21%	None

- \* List of Directors: Chairman Yung-Jen Huang (Representative of E.SUN Volunteer & Social Welfare Foundation); E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang); Hsin Tung Yang Co., Ltd. (Representative Jackson Mai); Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen); Shang Li Car Co., Ltd. (Representative Chien-Li Wu); Magi Chen; Mao-Chin Chen.
- \* List of Independent Directors: Ryh-Yan Chang, Chun-Yao Huang, Ying-Hsin Tsai, Hung-Chang Chiu, Ruey-Lin Hsiao.
- \* Joseph N. C. Huang succeeded as chairman of E.SUN Bank on June 12, 2020. The total amount of remuneration listed in the table above includes the long-term incentives awarded as president of both E.SUN FHC and E.SUN Bank and realized in 2021. In light of risk considerations and to tie executive remuneration to the Company's business performance, his long-term incentive shall be disbursed in stages over the 2021-2023 and the exercise price shall not surpass the average closing price for the 30 trading days prior to June 12, 2020 (the exercise price shall be the average closing price for the 30 trading days prior to June 12, 2020 or the originally set strike price, whichever is lower).
- \* Remuneration of directors refers to that paid to those still serving as such in 2021.
- \* On top of the items disclosed above, remuneration collected by directors for rendering services to companies included in the Company's consolidated financial statements (such as acting as consultants of the parent company/ companies in consolidated financial statements /invested companies listed in the financial report who are not employees, etc.) during the most recent year: None.
- \* The policy, system, criteria, and structure concerning remuneration of independent directors; correlation with their powers and duties, risk assumed, and time devoted:
  - (1).Set in accordance with the Company's Guidelines for Remuneration of Directors, all the remuneration criteria have undergone deliberations of the Remunerations Committee and secured approval of the Board of Directors.
  - (2).Remuneration of independent directors, the setting of which is based on the Company's business performance, includes pay, recompense, and payments for business performed. In accordance with Article 36 of the Company's Articles of Incorporation, the earnings of the Company in a given year (pretax profit before distribution of employee and director compensation) shall be reserved to cover the losses accumulated from previous years. Of the subsequent balance, 2-5% shall be allocated as employee compensation while not more than 0.9% shall be allocated as director remuneration. Every year the Company's Remuneration Committee and Board of Directors shall consider and determine the weighting of such remuneration each director is entitled to. On top of the fundamental weighting, independent directors shall be assigned a weighting different from that given to non-independent directors commensurate with their powers and duties, risk assumed, and time devoted. Also taken into account shall be each director's attendance rate and concrete contribution to the operations of the Company (results from evaluation of director performance). Ultimately the Board of Directors shall adopt a resolution on assigning an exclusive remuneration weighting commensurate with performance individually.
  - (3).With remuneration granted by industry peers also taken into account, the Company's director remuneration is closely tied to the performance of both directors and the Company and the risk that may emerge in the future. The Company shall refrain from inducing directors to act in excess of its risk appetite simply to pursue higher remuneration. In the event of a major decline in the Company's net income, the growth rate of director remuneration for the year in question shall not exceed that posted a year earlier. If any director violates the Company's Code of Ethical Conduct for Directors or commits an offense that undermines the Company's public image and reputation, future risk shall be incorporated into the deliberations of director remuneration and the Board of Directors may also resolve on slashing or recovering director remuneration.

Remuneration Bracket

2021.12.31

Bracket	Name of Directors		Name of Directors	
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in consolidated financial statements (H)	The Company	Companies in consolidated financial statements (I)
Under NT\$1,000,000	Chairman of E.SUN Bank Joseph N. C. Huang, Magi Chen, Mao-Chin Chen	Magi Chen, Mao-Chin Chen		Mao-Chin Chen
NT\$1,000,000 (inclusive)- NT\$2,000,000 (not inclusive)				
NT\$2,000,000 (inclusive)- NT\$3,500,000(not inclusive)				
NT\$3,500,000(inclusive)- NT\$5,000,000(not inclusive)				
NT\$5,000,000(inclusive)- NT\$10,000,000(not inclusive)	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao		Chairman of E.SUN Bank Joseph N. C. Huang, E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao
NT\$10,000,000(inclusive)- NT\$15,000,000(not inclusive)				
NT\$15,000,000(inclusive)- NT\$30,000,000(not inclusive)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Chairman of E.SUN Bank Joseph N. C. Huang		E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Magi Chen
NT\$30,000,000(inclusive)- NT\$50,000,000(not inclusive)				Chairman of E.SUN Bank Joseph N. C. Huang,
NT\$50,000,000(inclusive)- NT\$100,000,000(not inclusive)				
Over NT\$100,000,000				
Total	13	13		13

※ The percentage of total profits distributed to directors as remuneration is based on the regulations set forth in Article 36 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on the regulations set forth in Article 27-1. The remuneration is meant to reflect the level of involvement in and contribution to the Company's operations. With remuneration granted by industry peers also taken into account, the Board of Directors is authorized to determine the level of such remuneration based on proposals by the Remuneration Committee.

(2) Remuneration of the President and Senior Executive Vice Presidents

2021.12.31 Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance (C)		Employee Profit Sharing Plan (D)				Total remuneration (A+B+C+D) and the ratio of Total Remuneration to Net Income (%)				Remuneration collected from the parent company or invested companies other than the Company's subsidiaries	
		The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company		Companies in consolidated financial statements		The Company		Companies in consolidated financial statements			
								Cash	Stock	Cash	Stock	Total	Ratio	Total	Ratio		
President/ Chief Sustainability Officer	Magi Chen																
Chief Strategy Officer/Director of COVID-19 Response Team	Mao-Chin Chen																
Deputy President	Ben Chen																
Chief Human Resources Officer	J. C. Wang																
Chief Financial Officer	Cheng-Chou Hsu																
Chief Risk Officer	Oliver Hsieh																
Chief Information Officer	Wan-Li Hsieh																
Chief Technology Officer	Jyh-Shing Roger Jang																
SEVP	L. C. Lin																
SEVP	Jung-Hua Lin																
SEVP	Wu-Ming Hsieh	15,370	76,825	0	6,633	25,614	83,248	9,155	0	18,365	0	50,139	0.24%	185,071	0.90%	None	
SEVP	Louis Chang																
SEVP	Cathy Kuo																
SEVP (retiring 2021.4.1)	Bruce Lee																
SEVP	Yi-Hsin Tseng																
SEVP	Te-Ming Chung																
SEVP	Mei-Ling Liu																
SEVP (assuming office 2021.7.26)	Danny Tang																
General Auditor	Yao-Pin Lin																
Chief Compliance Officer	Fion Ouyang																
Chief Information Security Officer (assuming office 2021.11.18)	Huai-Tsung Liu																

Remuneration Bracket

2021.12.31

Bracket	Names of President, Deputy President, and SEVPs	
	The Company	Companies in consolidated financial statements (E)
Under NT\$ 1,000,000	Mao-Chin Chen, Ben Chen, J. C. Wang, Cheng-Chou Hsu, Oliver Hsieh, Wan-Li Hsieh, L. C. Lin, Jung-Hua Lin, Wu-Ming Hsieh, Louis Chang, Cathy Kuo, Bruce Lee, Te-Ming Chung, Mei-Ling Liu, Danny Tang, Fion Ouyang, Huai-Tsung Liu	
NT\$1,000,000 (inclusive)- NT\$2,000,000 (not inclusive)		
NT\$2,000,000 (inclusive)- NT\$3,500,000 (not inclusive)		Danny Tang
NT\$3,500,000(inclusive)- NT\$5,000,000 (not inclusive)	Yi-Hsin Tseng, Yao-Pin Lin	Yao-Pin Lin, Fion Ouyang, Huai-Tsung Liu
NT\$5,000,000(inclusive)- NT\$10,000,000 (not inclusive)		J. C. Wang, Cheng-Chou Hsu, Oliver Hsieh, Wan-Li Hsieh, Jung-Hua Lin, Wu-Ming Hsieh, Louis Chang, Cathy Kuo, Yi-Hsin Tseng, Te-Ming Chung, Mei-Ling Liu
NT\$10,000,000(inclusive)- NT\$15,000,000 (not inclusive)		Ben Chen, L. C. Lin, Bruce Lee
NT\$15,000,000(inclusive)- NT\$30,000,000 (not inclusive)	Magi Chen, Jyh-Shing Roger Jang	Magi Chen, Mao-Chin Chen, Jyh-Shing Roger Jang
NT\$30,000,000(inclusive)- NT\$50,000,000 (not inclusive)		
NT\$50,000,000(inclusive)- NT\$100,000,000 (not inclusive)		
Over NT\$100,000,000		
Total	21	21

**(3) Analysis of the ratios of total remuneration paid by all the companies included in the Company's consolidated financial statements to directors, the President, and senior executive vice presidents to net income for the most recent two years:**

Unit: NT\$ thousand

Year	2021						2020					
	The company			Companies in consolidated financial statements			The company			Companies in consolidated financial statements		
	No. of Persons	Amount	Ratio to net income	No. of Persons	Amount	Ratio to net income	No. of Persons	Amount	Ratio to net income	No. of Persons	Amount	Ratio to net income
Directors	13	126,628	0.62%	13	170,936	0.83%	20	148,313	0.82%	20	225,440	1.25%
President and SEVPs	21	50,139	0.24%	21	185,071	0.90%	24	96,694	0.54%	24	291,501	1.62%

Note: 2021 net income NT20,558,988,000; 2020 net income NT\$18,026,592,000.

**(4) The remuneration policies, criteria, and portfolios; procedures for determining remuneration; and correlation with business performance and future risk:**

I. The percentage of total profits distributed to directors as remuneration is based on the regulations set forth in Article 36 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on the regulations set forth in Article 27-1. The remuneration is meant to reflect the level of involvement in and contribution to the Company's operations. With remuneration granted by industry peers also taken into account, the Board of Directors is authorized to determine the level of such remuneration.

Based on the Company's Guidelines for Remuneration of Directors, the amount and payment of such remuneration shall be considered alongside future risks that the Company may suffer. Given the strategic goals set in the updated Corporate Governance Blueprint, it is stipulated that in the event of a major decline in the Company's net income, the growth rate of director remuneration for the year in question shall not exceed that posted a year earlier. To create a mechanism that evaluates director performance and ties director remuneration to personal performance and future risks, the Company has also put in place a number of "personal performance" gauges for the calculation and allocation of director remuneration. Separately, it is stipulated that should any director be found to have been responsible for any moral hazard incident or any other incident harmful to the Company's image and reputation, the Board of Directors may resolve to have his/her remuneration slashed or recovered. On January 22, 2021, the company added a new rule on the distribution of directors' remuneration, which stated that "directors who act as managers of the company or its subsidiaries are not eligible for directors' remuneration," effective from the distribution of directors' remuneration for 2020.

II. To motivate managers to achieve and exceed corporate goals, create earnings, and advance business performance, the Company evaluates the remuneration of managers on a regular basis, during which the correlation with future risk is also taken into account. With salary levels of the Company, industry peers, and the market at large taken into account, such remuneration is granted on the basis of managers' professional experience and in accordance with the Company's Guidelines for Remuneration of Managers. Meanwhile, a reward deferral mechanism is implemented in accordance with the Company's Guidelines for Long-Term Incentives so that the remuneration of managers can be linked to the Company's business performance more closely. In addition to the Company's overall performance, the granting of bonuses also takes into account the performance of the relevant business department, individual contribution, and personal performance with regard to fulfilling the Company's core values and demonstrating leadership and management capacity, as well as the correlation with future risks. Assessment of manager performance covers both management performance (such as financial goals, business goals, customer goals, departmental growth/market share/asset quality, etc.) and management quality (brand management, human resources management, innovation and integrated marketing, internal control, etc.).

The performance review of the Company's senior managers and the policy, system, criteria, and structure with regard to their remuneration are subject first to deliberations of the Remuneration Committee and then to approval of the Board of Directors. On the other hand, bonuses for managers are bound to be adversely affected in the event of any major risk event that threatens to undermine corporate reputation, management deficiencies, abuses of various sorts, etc. Bonuses may be slashed or suspended. Meanwhile, the Company will conduct stress tests and scenario simulations to gauge risk that is likely to emerge in the future, based on which the Risk Management Committee will submit a risk exposure report to the Board of Directors every quarter.

**(5) Names of executive recipients of employee compensation and distribution of such**

2022.3.20 Unit: NT\$ thousand

Position	Name	Stock Amount	Cash Amount	Total	Ratio of Total to Net Income (%)
President/ Chief Sustainability Officer	Magi Chen	0	19,728	19,728	0.10%
Chief Strategy Officer/Director of COVID-19 Response Team	Mao-Chin Chen				
Deputy President	Ben Chen				
Chief Human Resources Officer	J. C. Wang				
Chief Financial Officer	Cheng-Chou Hsu				
Chief Risk Officer	Oliver Hsieh				
Chief Information Officer	Wan-Li Hsieh				
Chief Technology Officer	Jyh-Shing Roger Jang				
SEVP	L. C. Lin				
SEVP	Jung-Hua Lin				
SEVP	Wu-Ming Hsieh				
SEVP	Louis Chang				
General Auditor	Jung-Chun Chen				
SEVP	Cathy Kuo				
SEVP	Yi-Hsin Tseng				
SEVP	Te-Ming Chung				
SEVP	Danny Tang				
Deputy Chief Information Officer	Jeff Liu				
Deputy Chief Information Officer	Jeff Kuo				
Chief Compliance Officer	Fion Ouyang				
Chief Marketing Officer	Chun-Yu Lin				
Chief Accountant Officer	Jhy-Hung Ke				
Chief Information Security Officer	Huai-Tsung Liu				
EVP /Special Assistant	Edward Chen				
Corporate Governance Officer	Mei-Cheng Chu				

Note: The amount above is estimation made for 2022 based on the actual distribution in 2021.

**(6) Top 10 beneficiaries of employee compensation and distribution of such**

2021.12.31 Unit: NT\$1,000

Position	Name	Stock Amount	Cash Amount
President/ Chief Sustainability Officer	Magi Chen	0	15,740
Chief Strategy Officer/ Director of COVID-19 Response Team	Mao-Chin Chen		
Deputy President	Ben Chen		
Chief Information Officer	Wan-Li Hsieh		
SEVP	L. C. Lin		
SEVP	Mei-Ling Liu		
SEVP	Yi-Hsin Tseng		
Chief Brand Officer (leaving office 2021.12.9)	Daniel Tsai		
Chief Technology Officer	Jyh-Shing Roger Jang		
SEVP (assuming office 2021.7.26)	Danny Tang		

**(7) Information on retired chairmen and presidents serving as advisors**

Title	Nationality	Name	Gender	Position upon Retirement		Date of Appointment	Purpose of Appointment (Note 1)	Division of Authority and Responsibility (Note 1)	Remuneration (Note 2)	Ratio of Remuneration to Net Income (Note 2 & 3)
				Entity and Title	Date of Retirement					
None										

**3.3 Implementation of Corporate Governance**



**3.3.1 Board of Directors**

12 board meetings (A) were held in the previous period. Directors and Independent Directors attendance was as follows.

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	12	0	100	Re-elected
Director	Representative of E.SUN Culture and Education Foundation Joseph N.C. Huang	12	0	100	Re-elected
Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	12	0	100	Re-elected
Independent Director	Ryh-Yan Chang	12	0	100	Newly elected
Independent Director	Chun-Yao Huang	12	0	100	Re-elected
Independent Director	Ying-Hsin Tsai	12	0	100	Newly elected
Independent Director	Hung-Chang Chiu	12	0	100	Newly elected
Independent Director	Ruey-Lin Hsiao	12	0	100	Newly elected
Director	Representative of Fu -Yuan Investment Co., Ltd. Rong-Chu Chen	12	0	100	Re-elected
Director	Representative of Shang Li Car Co., Ltd. Chien-Li Wu	12	0	100	Re-elected
Director	Magi Chen	12	0	100	Re-elected
Director	Mao-Chin Chen	12	0	100	Re-elected

Note: All independent directors attended the board meetings in person.

Annotations:

**(1) If there are the circumstances referred to the following issue, the Company should specify the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion.**

- I. Article 14-3 of Securities and Exchange Act: Not applicable as the Company has established Audit Committee.
- II. In addition to matters above, other dissenting opinions or qualified opinions from the independent directors on written or recorded resolutions made by the Board of Directors: None.

**(2) Recusals of Directors due to conflicts of interests**

Directors	Motion	Reason for recusal	Voting participation situation
Magi Chen Mao-Chin Chen	Amendment to the Director Remuneration Policy for the Company	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Amendment to E.SUN FHC Guidelines on the Health Check Subsidies for Managers	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Proposal on remuneration adjustment of the Company's managers and presidents of non-bank subsidiaries.	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Proposal on the distribution of 2020 long-term incentive bonus of the Company's managers and presidents of non-bank subsidiaries.	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed distribution of senior managers on the levels below senior executive vice presidents. Mao-Chin Chen recused himself from discussion and voting.
Yung-Jen Huang Joseph N.C. Huang Jackson Mai Ryh-Yan Chang Chun-Yao Huang Ying-Hsin Tsai Hung-Chang Chiu Ruey-Lin Hsiao Rong-Chu Chen Chien-Li Wu Magi Chen Mao-Chin Chen	Proposal on the Company's 2020 remuneration of directors along with evaluation of rationality of remuneration and assessment standard of board performance	The agenda contained matters involving personal interests of the directors	The proposal was discussed in stages and directors recused themselves from discussion and voting if matters involving personal interests: I. Independent directors did not participate in discussions or voting when directors discussed the independent director compensation distribution plan. Non-independent directors approved the proposal. II. Non-independent directors did not participate in discussions or voting when independent directors discussed the director compensation distribution plan. Independent Director Ryh-Yan Chang was appointed as Acting chairman by Chairman Yung-Jen Huang and independent directors approved the proposal.
Magi Chen Mao-Chin Chen	Amendment of E.SUN FHC Rules for Senior Manager Selection	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.

Directors	Motion	Reason for recusal	Voting participation situation
Magi Chen Mao-Chin Chen	Proposal on 2020 remuneration of managers of the Company and presidents of its non-bank subsidiaries	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed remuneration adjustments of senior managers on the levels below senior executive vice presidents.
Magi Chen	Proposal on the appointment of chief sustainability officer.	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Proposal on remuneration adjustment of the Company's managers and presidents of non-bank subsidiaries.	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed remuneration adjustments of senior managers on the levels below senior executive vice presidents. Mao-Chin Chen recused himself from discussion and voting.
Magi Chen Mao-Chin Chen	Proposal on the distribution of 2021 year-end bonus and long-term incentive bonus of the Company's managers and presidents of non-bank subsidiaries.	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed year-end bonus and long term incentive distribution to senior managers on the levels below senior executive vice presidents. Mao-Chin Chen recused himself from discussion and voting.
Magi Chen	Proposal on the establishment of annual performance indicators for the President of the Company.	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Mao-Chin Chen	Proposal on the appointment of chief epidemic prevention officer.	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Yung-Jen Huang Joseph N.C. Huang Jackson Mai Ryh-Yan Chang Chun-Yao Huang Ying-Hsin Tsai Hung-Chang Chiu Ruey-Lin Hsiao Rong-Chu Chen Chien-Li Wu	Proposal on the Company's 2021 remuneration of directors along with evaluation of rationality of remuneration and assessment standard of board performance	The agenda contained matters involving personal interests of the directors	The proposal was discussed in stages and directors recused themselves from discussion and voting if matters involving personal interests: I. Independent directors did not participate in discussions or voting when directors discussed the independent director compensation distribution plan. Non-independent directors approved the proposal. II. Chairman Yung-Jen Huang and directors Joseph N.C. Huang, Jackson Mai, Rong-Chu Chen and Chien-Li Wu did not participate in discussions or voting when other directors discussed the director compensation distribution plan. Independent Director Chun-Yao Huang was appointed as Acting Chairman by Chairman Yung-Jen Huang. Independent directors and directors who did not receive the director compensation approved the proposal.

**(3) Board evaluation status**

- I. The 4th board of directors approved the "Board of Directors Performance Evaluation Policy" in its 15th meeting on February 1, 2013. The evaluation procedures are as follows:

Frequency	Period	Scope	Method	Description
Internal Evaluation: Conducted in the first quarter of every year for the performance of the previous year	In January 2022, the company evaluated performance of the board of directors and the functional committees for the period between January 1, 2021 and December 31, 2021. The results were submitted to the board of directors and the functional committees for approval or presented to the board of directors as appropriate in January 2022.	Evaluation of performance of the board of directors as a whole, that of individual board members, and that of the functional committees.	1. Board performance evaluation 2. Director self-assessment and overall evaluation 3. Functional committee performance evaluation	1. Board performance evaluation covers 5 aspects (47 indicators): degree of participation in company operations; quality of board decisions; board composition and structure; selection of suitable board directors and continuing professional education; and internal control. 2. Functional committee performance evaluation covers 5 aspects (24 indicators): degree of participation in company operations, awareness of functional committee responsibilities, improvement in the quality of decision making by the functional committee, composition and structure of the functional committee, and internal control. 3. Director self-assessment and overall performance evaluation cover 6 aspects (25 indicators): grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty, continued development and internal controls.
External Evaluation: Once every three years	In October 2020, E.SUN commissioned the Taiwan Corporate Governance Association, an external independent agency, to conduct board performance evaluation.	Composition, leadership, authorization, supervision, communication, and self-regulation of the board of directors, internal control, and risk management	Performance evaluation to be conducted by an external independent agency or external experts at the company's commission. Having a professional agency review the activities of the board and the functional committees gave E.SUN the opportunity to receive instructions from and exchange views with the inspectors and obtain reports that were professional and impartial.	TCGA conducted the board performance evaluation in 8 aspects, including composition, leadership, authorization, supervision, communication, and self regulation of the board of directors, internal control, and risk management, and others such as board meetings and support systems. The evaluation was carried out in the forms of questionnaires and onsite interviews. [Summary of General Evaluation] (1) The Company elects four independent directors, complies with the Rules for Director Election, seeks independent director candidates, recruits a wide range of candidates, and follows a prudent and comprehensive selection process. (2) The Corporate Governance and Nomination Committee pay attention to senior manager succession plans, establishes Rules for Senior Manager Selection, and regularly selects reserve talents and adopts training development programs to build leadership teams for the company. (3) In 2020, the Company promoted in-house employees to E.SUN FHC President and E.SUN Bank President, in order to implement the principle of management by professional managers and also to set an example of succession and inheritance. (4) The Company sets up a Board Strategy Development Committee, which convenes regular meetings to discuss issues concerning the company's overall development strategy. In the process of discussion and strategy development, independent directors are individually invited to participate in the discussion and teaching of specific issues that are within the scope of their expertise, so that strategies can be more comprehensively and thoroughly considered. (5) Newly elected directors are provided with a Director Manual when they are appointed, and seminars for newly elected directors are organized. Newly elected directors are also invited to attend business meetings so as to obtain a better understanding of the company, which would facilitate the performance of their duties as a member of the board.

- II. Starting in 2019, the Board Performance Evaluation Scorecard is changed from a yes/no system to a 5-point scale with "excellent", "good", "satisfactory", "unsatisfactory", and "needs improvement" for quantified evaluation. In 2021, indicators relevant to the roles, functions, and responsibilities in providing assistance and instructions on three lines of defense, and "when a significant deficiency occurs in the company, specific risk matters shall be included in the overall performance assessment." were added. E.SUN has incorporated commitments, community participation, and environmental policies into its business strategies. Evaluation of the performance of the board of directors and the functional committees for 2021 was completed on January 14, 2022 and January 12, 2022, respectively. All areas were rated excellent.

- (I) The board of directors participated actively in company operations and performed their duties in advising and overseeing business strategies, major operations, and risk management and establishing an adequate internal control system. 49 items were rated "excellent". The score is 100%
- (II) The overall performance of the functional committees was in line with corporate governance principles. The functional committees served their purposes as intended and effectively made the board more effective.
- The results of the Audit Committee evaluation had 22 items rated "excellent" and 2 not applicable. Overall result: Excellent.
  - The results of the Remuneration Committee evaluation had 19 items rated "excellent" and 5 not applicable. Overall result: Excellent.
  - The results of the Corporate Governance and Nomination Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.
  - The results of the Sustainable Development Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.
  - The results of the Risk Management Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.
- (III) In addition, on March 11, 2022, the company presented the results of the 2021 director performance evaluation based on self-assessments by the directors and peer reviews.
- Self-assessment score: 99.60%
  - Overall self-evaluation score: 99.47%

- III. Regarding the performance evaluation of the Company's board by the Corporate Governance Association in Taiwan, the general evaluation concluded that the Company recruits a wide range of independent director candidates, follows a prudent and comprehensive selection process, regularly selects reserve talents to build leadership teams for the company, implements the principle of management by professional managers, sets an example of succession and inheritance, invites independent directors to participate in the discussion and teaching of strategy-specific issues so that strategies can be more comprehensively and thoroughly considered, and assists newly elected directors to better understand the company, which facilitates the performance of their duties as a member of the board. The Association recommends the company to regularly review board performance indicators, incorporate qualitative indicators that are visionary and strategically meaningful, increase self-evaluation criteria as needed, and use the "Corporate Governance 3.0 - Sustainable Development Blueprint" issued by the Financial Supervisory Commission in 2020/8 to establish the company's progressive development strategy, classify items, and develop an action plan for further strengthening of corporate governance with advanced deployment, which will then be presented to the Board of Directors for discussion, thereby completely demonstrating the company's ambition to strengthen corporate governance. The general evaluation was submitted to the 7th meeting of the 7th Board of Directors on 2021.01.22. The Company will list relevant recommendations as priority areas for improvement in corporate governance and continue making improvements accordingly.

**(4) Evaluation of the goals (e.g., set up an audit committee, enhance information transparency) and implementation status of strengthening the duties and functions of the Board of Directors during the most recent year:**

- I. To improve the corporate governance system, improve monitoring functions, and reinforce management functions, the Company has officially adopted the auditing committee system as of June 2008 following the reelection of directors in the shareholders' meeting.
- II. In 2006, a Remuneration Committee was established and the criteria for committee members were adjusted in advance in 2011 in accordance with the provisions specified in Article 6, Paragraph 1 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. Since 2012, a CSR Committee was established to implement the CSR of the Company and its subsidiaries. The Company's Board of Directors will cooperate with all functional committee members and actively strength the responsibilities of the Board of Directors to implement corporate governance.

- III. In 2016, the item, "regular inspections of sustainability practices of company", was made one of the indicators in the board of directors performance evaluation process in the interest of creating short-, medium- and long-term value for the company and achieving sustainability.
- IV. E.SUN assigns an appropriate number of suitable corporate governance staff to be responsible for corporate governance practices. On January 18, 2019, E.SUN appointed Senior Manager Mei-Cheng Chu, who had more than 10 years of experience in legal affairs and business meetings, to be the corporate governance officer. The establishment of the Board Secretary Division under the board of directors was approved by the board of directors on January 10, 2020. The Board Secretary Division reports directly to the board of directors and handles general meeting administration for the board of directors.
- V. In 2020, the Corporate Governance Association in Taiwan was commissioned to conduct board performance evaluation. The Association is an independent body that has no business relationship with the Company. The professional agency examines the operation of the board of directors and functional committees. The evaluation committee's guidance and exchange provided the Company with professional and objective examination report.
- VI. The members of the 7th term board of directors were elected in the 2020 shareholders meeting. All directors of the board possess individually the knowledge, skills, and literacy and collectively the training necessary to perform their duties. The five current independent directors have expertises in accounting and auditing, corporate governance, marketing strategy, and digital finance. Independent director Chun-Yao Huang have been elected since June 16, 2017. Other independent directors were newly elected.
- VII. The Company actively incorporates CSR into its business strategies. The CSR Committee composition was adjusted in 2017 to comprise only directors and two independent directors based on international trends. In response to the "Corporate Governance 3.0 - Sustainable Development Blueprint" issued by the Financial Supervisory Commission and international development trends, in 2021, the Company has changed the name of CSR Committee to Sustainable Development Committee following the resolution and approval of the Board of Directors on 2021.01.22.
- VIII. To assist directors in obtaining a clear understanding of their rights and duties at the time of their appointment, the Company has established the Director's Handbook in 2020. The handbook contains the internal rules the directors should follow when performing their duties.
- IX. In 2021, the Company has established the Board of Directors Risk Management Committee in accordance with the FSC's "Corporate Governance 3.0" to stay in line with international risk management trends, reinforce the company's risk management, and strengthen board functionality.
- X. In 2021, the Company organized three director training courses for a total of 9 hours, on "International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)," "Post-Pandemic Digital Governance Trends," and "On Financial Consumer Protection based on the Principle of Treating Customers Fairly and Evaluation Mechanisms for the Principle of Treating Customers Fairly.". In addition, directors will be provided with a variety of external courses that help them to gain a better understanding of their fields and fulfill their duties of loyalty and due diligence as business decision makers and leaders.
- XI. In response to the "Program for Strengthening Corporate Intellectual Property Management" launched by Taiwan Intellectual Property Management System (TIPS), E.SUN has established the Intellectual Property Management Program in 2021, and has been approved for the TIPS (2016 Edition) A-Level recertification on October 28, 2021. The certificate is valid till 2023/12/31.

### 3.3.2 Audit Committee

A total of 9 Audit Committee meetings (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	Ryh-Yan Chang	9	0	100	Newly elected
Independent Director	Chun-Yao Huang	9	0	100	Re-elected
Independent Director	Ying-Hsin Tsai	9	0	100	Newly elected
Independent Director	Hung-Chang Chiu	9	0	100	Newly elected
Independent Director	Ruey-Lin Hsiao	9	0	100	Newly elected

Note: The convener of the meeting is a qualified accountant in both Taiwan (R.O.C) and China who possesses accounting, auditing and financial expertise in line with the professional competencies required by the committee.

Annotation:

- (1) In the event of any of the circumstances occurring while the Audit Committee conducts its activities, details including the date, session, and agenda of the Audit Committee meeting, the objections, reservations, or major recommendation items of independent directors, all resolutions of the Audit Committee, and the company's responses to the Audit Committee's opinions should be provided:**

I. Matters listed in Article 14-5 of the Securities and Exchange Act:

Date	Session	Issue to discuss	Result
2021.03.03	5th session of 5th Audit Committee	Renewal of contract with accounting firm	Audit Committee: The proposal was approved by an unanimous vote and submitted to the board of directors. Board of Directors: The proposal was approved by a unanimous vote.
2021.03.09	6th session of 5th Audit Committee	2020 consolidated financial statements	
		Capitalized earnings and employee compensation	
		2020 Statement on the Internal Control System	
2021.04.21	7th session of 5th Audit Committee	Amendment of the Company's Shareholder Services Guidelines	
2021.08.18	9th session of 5th Audit Committee	The Company and subsidiaries' 2021 Q2 consolidated financial statements	
2021.11.10	10th session of 5th Audit Committee	Submission of the Company's 2022 audit plan	
		Nomination of new chief auditor for the Company	
2022.03.09	12th session of 5th Audit Committee	2021 consolidated financial statements	
		Capitalized earnings and employee compensation	
		Change/Replacement of CPA	
		Amendment of the Company's Asset Acquisition or Disposal Procedures	
		Amendment of the Company's Property Acquisition or Disposal Procedures	
		Amendment of the Company's internal control system	
		2021 Statement on the Internal Control System	

II. In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been approved by a vote of two-thirds or more of the entire Board of Directors: None

- (2) If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:** None

**(3) Communications between the independent directors, the Company's Chief Internal Auditor and CPAs, including the items, methods and results of audits of corporate finance or operations, etc.**

Date	Mode	Object	Issues to communicate	Result
2021.01.20	Audit Committee	The Company's General Auditor	Submission of the 2020 Q4 audit working papers.	1. Questions raised by the independent directors were answered and opinions exchanged. 2. Proceed as recommended.
2021.03.09	Audit Committee	The Company's CPA	Report on the 2020 financial statement audit results.	1. Questions raised by the independent directors were answered. 2. Duly noted and no other recommendation.
2021.04.21	Audit Committee	The Company's General Auditor	Submission of the 2021 Q1 audit working papers.	Duly noted and no other recommendation.
2021.05.12	Audit Committee	The Company's CPA	Summarization of the review of the 2021 Q1 E.SUN FHC and subsidiaries consolidated financial statements.	1. Questions raised by the independent directors were answered. 2. The effects of interest rate changes were disclosed in the Note section of the financial statements, and subsequent preparation and adjustments were made.
2021.08.18	Meeting	The Company's CPA	Report on the preliminary financial statement audit results.	1. Questions raised by the independent directors were answered and opinions exchanged. 2. There were no major irregularities in this audit.
2021.08.18	Audit Committee	The Company's CPA	Report on the 2021 Q2 financial statement audit results.	1. Questions raised by the independent directors were answered and opinions exchanged. 2. Duly noted and no other recommendation.
		The Company's Chief Auditor	Submission of the 2021 Q2 audit working papers.	Duly noted and no other recommendation.
2021.11.10	Audit Committee	The Company's Chief Auditor	Submission of the 2021 Q3 audit working papers and matters immediately reported to directors in accordance with the principle of materiality.	Duly noted and no other recommendation.
			Submission of the 2022 audit plan.	The plan was passed by a vote and no other recommendation.
2021.11.12	Audit meeting	The Company's Chief Auditor and other auditors	Discussions on internal/external audit related matters.	1. Questions raised by the independent directors were answered and opinions exchanged. 2. Proceed as recommended.
2021.08.18	Audit Committee	The Company's CPA	Report on the 2021 financial statement audit plan.	1. Questions raised by the independent directors were answered and opinions exchanged. 2. Proceed as recommended. Regarding the response direction shared by the accountant and a summary of audit planning report was incorporated.
		The Company's Chief Auditor	Submission of the 2021 Q4 audit working papers.	1. Questions raised by the independent directors were answered and opinions exchanged. 2. Duly noted and no other recommendation.
2022.03.09	Audit Committee	The Company's CPA	Interview with new accountant.	Questions raised by the independent directors were answered.
		The Company's CPA	CPA communicate with independent directors individually.	Questions concerning the report on preliminary audit results as raised by the independent directors were answered and opinions exchanged.
		The Company's CPA	Report on the 2021 financial statement audit results.	1. Questions concerning the report on the audit conclusion and response to behavioral risks as raised by the independent directors were answered and opinions exchanged. 2. Proceed as recommended.

Note:

- A. The chief auditor of the Company reports to the independent directors in Audit Committee, which convenes quarterly, with regard to performance, results, and follow-ups of audits. The chief auditor attends every board meeting.
- B. Independent directors meet with the chief auditor and auditors at least once every year to fully communicate and document issues relevant to the Company's internal and external audits. Meeting minutes are included as part of the audit working papers.
- C. The CPA attends at least three Audit Committee meetings every year during the review of second-quarter financial report and annual financial reports, to explain the method and scope of financial statement auditing as well as relevant statutory updates, to talk about international trends, and to engage in in-depth discussions with independent directors.
- D. The chief auditor, CPA, and independent directors shall maintain an unimpeded two-way communication, and each of the parties can contact one another directly, when it is deemed necessary.

**(4) Key focuses of the Audit Committee for the year**

**I. The Company's Audit Committee shall be operated, mainly, to fulfill the following supervisory purposes:**

- Fair representation of the Company's financial statements.
- Evaluation of hiring or dismissal of an attesting CPA and its independence and performance.
- Effective implementation of the internal control system.
- The compliance to relevant regulations and rules.
- Management of existing or latent risks.

**II. Matters to be reviewed by the Audit Committee in 2021 include mainly the following:**

- Financial statement audit.
- Internal control system along with its related policies and procedures.
- Annual audit plan.
- Evaluation of CPA suitability and their independence and performance.
- Amendment of "E.SUN FHC and Subsidiaries Rules for CPA Performance Assessment".
- Commission Deloitte on conducting matters regarding financial and tax audit 2021 and 2022.
- Change/Replacement of CPA.
- Nomination of new chief auditor for the Company.
- Chief Auditor performance evaluation.
- Evaluation of Audit Committee performance.
- Implementation status of preparation of corporate governance 3.0 financial report for E.SUN FHC.

**3.3.3 Items of disclosure according to corporate governance code for FHCs**

Please refer to this annual report and <https://www.esunfhc.com/en/corporate-governance>

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

Item	Status of implementation			Summary	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No			
<p>1. Shareholding structure and shareholders' equity of the Financial Holding Company</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 list of identity of major shareholders who have actual control over the Financial Holding Company as well as that of their ultimate control persons?</p> <p>(3) Has the Financial Holding Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?</p> <p>(4) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be 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 stock 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 follow the international trend of risk management, improve risk management, and enhance function of the board of directors, the Company establish Board Risk Management Committee. Besides, 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. It 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. E.SUN has implemented the Guidelines for Managing Counterparty Limits for E.SUN FHC and Subsidiaries in order to improve asset quality and strengthen management of concentration risk. In addition, to establish the guidelines for managing affiliated companies in the group, E.SUN has also implemented the E.SUN FHC Stakeholder Transaction Policy, the E.SUN FHC Management Guidelines for Stakeholder Transactions, the E.SUN FHC Subsidiary Management Guidelines, the Internal Operating Procedures Pursuant to Article 45 of the Financial Holding Company Act for E.SUN FHC and Subsidiaries.</p> <p>(4) The Company has established the E.SUN Financial Holding Co., Ltd. and Subsidiaries Material Insider Information Management Procedures, which states that insiders shall refrain from inquiring or gathering material non-public information irrelevant to their duties from other personnel within the Company. Any material non-public information obtained through means unrelated to one's own duties cannot be revealed to others. Insiders shall also be prohibited from trading shares or equity securities of relevant companies before information is made public. Furthermore, the abovementioned personnel are not allowed to trade non-equity instruments, such as corporate bonds, if the material insider information concerns the Company's principal and interest servicing capabilities.</p>	None
<p>2. Composition and Duties/ Responsibilities of the Board of Directors</p> <p>(1) Has the Board of Directors devised a diversification policy and set specific management goals?</p> <p>(2) Besides setting up the Remuneration Committee and Audit Committee according to law, does the Company voluntarily set up other functional committees?</p> <p>(3) Has the listed Financial Holding Company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for remuneration and re-election nominations of individual director?</p> <p>(4) Does the Company evaluate the independence of its CPA on a regular basis?</p>	V			<p>(1) The Company has established the Rules for Director Election and made mid/long-term plans for director structure and diversification according to the company's industry characteristics and future development strategies. The Rules specify the basic qualities (gender, integrity, continued pursuit for excellence, etc.), professional knowledge/skills, and overall capabilities required of directors and encourage referral of excellent outsider candidates. The Rules reflect our belief that a board consisting of members with diverse perspectives and opinions from the financial sector, industrial sector, and academia will enhance the quality of board decisions and fully utilize each of their expertise to guide management and supervise the board for the benefit of shareholders and other stakeholders of the company. In order to ensure corporate sustainability. In addition, the Company also evaluates and reviews the structure and composition of every newly elected director. The Company also emphasizes gender equality with respect to Board members, 16.67% of the directors are female (which tallies with the &gt;1/6 target). The Company emphasizes the diversification of the industry experiences of board members, the objective of which is that at least 1 member on the board shall have expertise in banking and securities subsidiaries. The current Board of Directors has 7 and 1 director(s) conforming to the aforementioned diversification goal, respectively.</p> <p>(2) The Company has also set up the Corporate Governance and Nomination Committee, Strategy Committee, Board Risk Management Committee, and Sustainable Development Committee.</p> <p>(3) The Company approved the Board of Directors Performance Evaluation Policy on 2013.02.11 during the 15th Meeting of the Fourth Board of Directors, and evaluates the performance of the board, functional committees, and directors (self- and overall assessment) periodically on a yearly basis. The 2021 director performance evaluation was presented to the 18th Meeting of the 7th term Board of Directors on 2022.03.11. The results are included as the basis for the next director election. The Company's director remuneration distribution is also linked to the evaluation results, taking into consideration the individual performance of the directors and the company's future risks to assign the weightage of exclusive remuneration for each director.</p> <p>(4) Pursuant to Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company engages professional, responsible, and independent CPAs to audit its finances and internal control on a regular basis. Meanwhile, the Company's Audit Committee and Board of Directors are called upon to evaluate the suitability, independence, and fair pricing of the engaged CPA every six months (in the first and third quarters). For its part, the CPA firm is supposed to present a statement of independence (specifying that the CPAs responsible for audit and their spouses as well as dependent relatives have no major financial interests involving the Company, either directly or indirectly, or have independence in any other way). To effectively avoid conflicts of interest, the Company conducts an inspection in the first quarter of every year to make sure that the contracted CPAs are not interested parties referred to in Article 45 of the Financial Holding Company Act, do not enjoy more favorable terms and deposit/lending rates than for similarly situated customers while engaging in relationship of loans with the subsidiary E.SUN Bank, and do not hold shares in the Company.</p>	None

Item	Status of implementation			Summary	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No			
3. Has E.SUN FHC established adequate number of competent corporate governance personnel and officer who are in charge of corporate governance-related matters (including but not limited to providing directors and supervisor's information needed for the implementation of their duties, matters related to compliance of directors, implementation of corporate registration and registration changes, and production of board and shareholders meeting minutes, etc.)?	V			<p>The Company assigns an appropriate number of suitable corporate governance staff to be responsible for corporate governance practices. On January 18, 2019, the Company appointed Senior VP Mei-Cheng Chu, who has more than 10 years of experience in legal affairs and business meetings, as the corporate governance officer. As approved by the Board of Directors on 2020.01.10, a Board Secretary Division directly under the Board of Directors was established to organize meeting agendas and related matters.</p> <p>Following are matters related to corporate governance:</p> <p>(1) Preparing for matters for board and shareholders meetings in accordance with law.</p> <p>(2) Preparing for board and shareholders meeting minutes.</p> <p>(3) To provide assistance for the directors to assume office and complete continuing education.</p> <p>(4) To provide directors and independent directors with information needed for the performance of their duties.</p> <p>(5) To assist the directors and independent directors in legal compliance.</p> <p>(6) Other matters determined in the Company's articles of incorporation or in contract.</p> <p>Proceedings of 2021 are as follows.</p> <p>(1) Assist directors in performing their respective duties, providing necessary information and arranging continuing education for directors:</p> <p>I. Regularly update directors' manual, and assist directors and independent directors in understanding the legal rights and obligations as directors to facilitate their duty performance.</p> <p>II. Organize 9 hours of "on-site training" as part of directors' continuing education. Assist directors with course arrangements according to the company's industry characteristics and directors' education and experience.</p> <p>III. Assist directors with complying with laws, provide appropriate and timely responses to directors' requests, and support directors in performing their duties.</p> <p>IV. Arrange to have directors attend the company's annual strategic planning meeting.</p> <p>(2) Assist with board and shareholders' meeting agendas and compliance related matters:</p> <p>I. Draft the agendas of the Board of Directors meetings and provide directors with meeting information and notify them seven days prior to the date of meetings; and complete meeting minutes within twenty days after the date of meetings.</p> <p>II. Prepare shareholders' meeting agenda handbook and meeting minutes within the prescribed period; and be in charge of announcing material information after the meeting.</p> <p>III. Handle matters relating to change of registration.</p> <p>(3) Adopt and enforce business integrity policy.</p> <p>(4) Purchase suitable liability insurance for directors and key employees.</p> <p>(5) Share experiences with the agenda working group of the subsidiaries to spread influence:</p> <p>E.SUN co-organized a "Joint Conference on Corporate Governance" with the China and Cambodia subsidiaries of E.SUN Bank. In the conference, the practices and experiences relating to director/supervisor training, directors' performance of duties, and meeting arrangements, etc., as well the focus of regulatory supervision were discussed to improve corporate affairs.</p>	None
4. Has the Financial Holding Company established any communication channels with stakeholders (including but not limited to shareholders, employees, and clients) or stakeholders' area on official website to respond to important CSR issues?	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 and stakeholders that not only makes public the Company's CSR report but also responds to issues cared by stakeholders and provides a channel for communicating with stakeholders.</p>	None

Item	Status of implementation			Summary	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No			
<p>5.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 of the company, appointing a spokesman to communicate with the general public, making public the recordings of investor briefings on its website, etc.)?</p> <p>(3)Does the Financial Holding Company publicly disclose its annual financial report at the end of the accounting year within the prescribed time limit in accordance with the Financial Holding Company Act and the Securities and Exchange Act, and publicly disclose its Q1, Q2, and Q3 financial reports and monthly operation status ahead of the prescribed time limit?</p>	V			<p>(1) a.The Company has installed a website (<a href="https://www.esunfhc.com/en/investor-relations/company-overview/company-profile">https://www.esunfhc.com/en/investor-relations/company-overview/company-profile</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) a.The Company has an English website and designated personnel for information collection and disclosure.</p> <p>b.The Company has faith fully 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 department.</p> <p>The spokesperson's contact information is fully disclosed on the Company's website:</p> <ul style="list-style-type: none"> <li>- Spokesperson Name: Magi Chen Title: President, E.SUN FHC Telephone: (+886) 02-2175-1313</li> <li>- Deputy Spokesperson Name: Chun-Yu Lin Title: CMO Telephone: (+886) 02-2175-1313</li> <li>- Agency Handling Share Transfer Administration Department (Stock Affairs), General Administration Division, E.SUN FHC Address: 1F, No. 115 Sec. 3, Ming-Sheng E. Road, Taipei, Taiwan Telephone: (+886) 02-2175-1313</li> </ul> <p>c.Investor conference presentations, along with audio files, are uploaded onto the Company's website.</p> <p>A dedicated unit is in charge of material maintenance.</p> <p>(3) The Company prepared documents in advance and completed quarterly reports as well as relevant processes before deadlines.</p>	None
<p>6.Does the Financial Holding Company have other crucial information that facilitates understanding the operation status of its corporate governance(including but not limited to situations regarding employee rights and interests, employee care, investor relations, the rights and interests of stakeholders, the continuing education of directors and super- visors, the implementation status of risk management policies and risk measuring standards, the implementation status of customer policies, the situation concerning the Company's purchase of liability insurance for directors and supervisors, and donations made to political parties, stakeholders, and public interest groups)?</p>	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. Average training hours per person in 2021 is 11.67 hours.</p> <p>(3) The Company has established the Risk Management Committee that is called upon to effectively implement risk control and management policy. A summary of the scope and characteristics of the Company's compile risk management reports and 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 counterparties; 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 they facing. 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 response 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 hours 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 pro- vided 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 outside directors for alleged management or employment malpractices; against directors and outside directors for charges in relation to labor safety and health.</p>	None

Item	Status of implementation			Summary	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No			
				<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. Video conferences are also held for communicating with employees as needed. 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: Reports and acknowledgments are conducted as required by law. Regarding items submitted for discussion, the amendment of the Rules for Procedure of Shareholders' Meeting changed its wording in response to changes in external policies. The transfer of earnings and employee remuneration to capital was filed with the competent authority as required, and the related issuing procedures completed.</p> <p>(10) Development plans for executive managers:</p> <p>To build a team of leaders in sustainable operations and establish a professional leadership system for E.SUN, selection of management associates and discussion on plans to cultivate and develop top managers are regularly conducted by the management team, according to the functional duties of the Human Resource Development Committee. Job promotions must be reviewed by the Corporate Governance and Nomination Committee and approved by the Board of Directors.</p> <p>The Company's top managers are not only highly committed to E.SUN but also demonstrate a strong ambition and sense of responsibility, integrity, and willingness to selflessly cultivate talent. In addition to having a forwardthinking perspective on long-term development and providing a specific direction of development, these top managers also value the importance of corporate social responsibility and persist in the core values of E.SUN, making them a true representative of E.SUN's brand image.</p> <p>L.C. Lin, Huai-Tsung Liu, Jung-Chun Chen and Yao-Pin Lin have been appointed as E.SUN Bank CEO of Corporate Banking Division, FHC and E.SUN Bank Chief Information Security Officer, FHC General Auditor and E.SUN Bank General Auditor in 2021. In addition, E.SUN Bank employs Danny Tang to serve as Chief Digital Officer. For the purpose of cultivating top managers' macro-level perspectives, the abilities of cross-department communication, cooperation and integration, rotations and a series of management course are well arranged. The expectation is to effectively establish consensus among E.SUN employees and develop strategies for E.SUN Group, thereby realizing the visions of E.SUN and building the banker's bank.</p> <p>The Company reported the "implementation status of the 2021 Senior Manager Successor Plan" during the board meeting in 2021.</p> <p>The Company and subsidiary E.SUN Bank took an inventory of the organization's future needs based on the company's strategic development, focusing on a review of culture and commitment, personality traits and leadership, and other special expertise. In 2021, E.SUN hired one senior manager (chief digital officer), promoted seven in-house employees, and received two applications for retirement. In total, 79 people were entered into the talent base for the Senior Manager Successor Plan.</p> <p>In 2021, 13% of employees in the talent base underwent cross-business rotation and 15% of those in the talent base were promoted and cultivated to advance their career development. Talents who identify with the company and demonstrate leadership and potential were systematically promoted in an organized and disciplined manner. Furthermore, 70 people in the talent base attended courses organized by external agencies such as the Taiwan Academy of Banking and Finance. These courses covered topics on corporate governance, case studies and analyses on government sanctions, anti-money laundering, and information security, etc. E.SUN also jointly organized a "Tech Team Leader Improvement Class" with an external consulting team. The class was attended by a total of 91 people, which included all 13 tech team managers in the talent base. In addition, a "Workshop on Performance Improvement Plan (PIP)" was organized to promote the development of and improve the performance management capability of regional managers. The workshop was attended by a total of 88 people, which included all 18 regional managers in the talent base. Professor Shou-De Lin from the Department of Computer Science and Information Engineering of the National Taiwan University, Professors Cheng-Yun Tsang and Anne Wu from the National Cheng Chi University were invited simultaneously to talk about topics on artificial intelligence, FinTech supervision, and activity value management (AVM), etc.</p>	

7. Please explain improvements made pursuant to the Taiwan Stock Exchange Corporation Corporate Governance Center's corporate governance assessment results issued in the most recent year, and explain any matters and measures to be strengthened as a first priority in areas where improvements have not yet been made.

The Company advocates philosophies of corporate governance. It has been ranked within top 5% of the Corporate Governance Evaluation for six consecutive years since 2015 by TWSE, enabling E.SUN FHC to stand out from a crowd of TWSE/TPEX-listed companies. This honor was recognition of E.SUN FHC's commitment to the rights and interests of its shareholders and stakeholders and to corporate governance as well as its achievements.

The Company was ranked in the top 6%–20% in the 7th Corporate Governance Evaluation because of an internal control event. We must therefore continue to make improvements. Indicators for which scores/bonus points were not received or were deducted will be included in the Company's mid-term goal and disclosed in the financial report. The Company has completed the self-assessment part of the 8th Corporate Governance Evaluation. We did our best to score points by checking each item one by one to ensure that we followed the Taiwan Stock Exchange's scoring guidelines and examples.

The Company continues to ensure the quality of the information that we disclose. In complying with the FSC's Corporate Governance 3.0-Sustainable Development Roadmap, E.SUN formulates internal integration plans, continues to review its board performance assessment indicators, adds new qualitative indicators that are progressive and strategically more meaningful, and strengthens the disclosure of information on corporate governance on the Market Observation Post System and the subsidiaries' websites. We will also continue to increase the information transparency of our English website to improve the quality of non-financial information that we disclose. In addition, E.SUN has passed the TIPS (2016 Edition) A-Level recertification on October 28, 2021. The certificate is valid till December 31, 2023. The Company intends to make the criteria in which the Company did not score a part of the corporate governance priority project after the results of the 8th Corporate Governance Evaluation are announced.

The Company is also an active participant in the Corporate Governance Evaluation and devotes itself to become the best overall performance and the most respected company. The Company received an "outstanding" rating in the CG6011 Corporate Governance Assessment (2019) by the Corporate Governance Association in Taiwan. Certification is valid from December 25, 2020 to December 24, 2022. E.SUN will continue to refine corporate governance, comply with international standards, and focus on sustainable development, thereby setting new milestones in Taiwan's banking sector.

8. The corporate governance officer completed the following training in 2021:

Date	Organizer	Course name	Hours
2021.01.13	Securities and Futures Institute	Remuneration for Employees and Directors: Based on Amendments to Article 14 of the Securities and Exchange Act	3
2021.03.23	Taiwan Corporate Governance Association	Important Notices for the 2021 Board Meetings and Shareholders' Meetings	3
2021.05.11		Evaluating the Roles and Efficacy of the Board of Directors	3
2021.07.20	Taiwan Academy of Banking and Finance	Public Relations Crisis Management and Response Mechanisms	3
2021.09.06		The 1st Corporate Governance Forum: The Principle of Treating Customers Fairly	3
2021.10.29	Corporate Operation Association	The Practices, Operations, and Case Study of Corporate Governance, Board of Directors, and Remuneration Committee	3
2021.11.17	Securities and Futures Institute	The Perspective of the Board of Directors on Intellectual Property Management	3

### 3.3.5 Composition, duties, and operation of the Remuneration Committee and other functional committees under the board of directors

#### (1) Information concerning members of the Remuneration Committee

Status	Criteria Name	Professional Qualifications and Experiences	Information on the Independence of Directors	Number of compensation committees at other listed companies of which the individual is a member on a concurrent basis
Independent director (Convener)	Chun -Yao Huang	<ul style="list-style-type: none"> <li>- Main area of expertise: Digital business and customer analysis</li> <li>- Professor of Graduate Institute of Business Administration at National Taiwan University. Chun-Yao Huang is an expert in digital marketing, new product development, and e-commerce. His research fields include quantitative modeling in marketing, customer analysis, sales forecasting, and Web browsing behavior analysis. He has extensive market consulting experience covering retail, finance, technology, and the Internet.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<p>The members of the Committee are independent directors of the Company. Each independent director has maintained independence for two years prior to his or her election and during his or her term of office in accordance with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>During the term of office of the members of the Committee, except for independent directors of E.SUN Bank, a subsidiary of the Company, who may exclude the application of part of Article 6, Paragraph 1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange, a remuneration committee member shall not have been or be any of the following:</p>	1
Independent director	Ryh-Yan Chang	<ul style="list-style-type: none"> <li>- Main area of expertise: Accounting, auditing, and financial management</li> <li>- Chairman of Chin Jheng Financial Advisory Co., Ltd. Ryh-Yan Chang is a financial and accounting expert with extensive experience as an accountant. He has been in the financial industry for a long period, serving as a financial reporting accountant for financial holdings and banks, and has obtained the qualification of certified public accountant in China.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<p>1. An employee of the Company or its affiliates.</p> <p>2. 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 amount of 1% or more of the shares of the Company or ranks as one of its top ten shareholders.</p> <p>3. Managers listed in Paragraph 1 or a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in Paragraphs 1 and 2.</p> <p>4. Serve as a director, supervisor, manager, or shareholder holding 5% or more shares of a specified company or institution that has a financial or business relationship with the Company.</p>	5
Independent director	Ying-Hsin Tsai	<ul style="list-style-type: none"> <li>- Main area of expertise: Law and corporate governance</li> <li>- Professor of Law at National Taiwan University. Ying-Hsin Tsai was formerly a practicing lawyer of Formosa Transnational Attorney at Law and specializes in Electronic Payment Law, Securities, and Exchange Act, Company Law, and other relevant financial regulations. She assists in strengthening regulatory compliance and connecting global corporate governance.</li> <li>- Not been a person of any conditions defined in Article 30 of the Company Law..</li> </ul>	<p>5. A professional who provides auditing services or provides commercial, legal, financial, accounting services, for which a cumulative compensation of over NT\$500,000 is obtained in the past two years, to the Company or its affiliates, and is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or institution that provides such services to the Company or its affiliates.</p>	1

Independent director	HungChang Chiu	- Main area of expertise: Marketing of Technology, Strategy, and Service - Professor of Graduate Institute of Technology Management at National Tsing Hua University. Hung-Chang Chiu specializes in the three major marketing fields, which are technology, strategy, and service. He emphasizes the balance between theory and application. He is one of the few professors in Taiwan who has published corporate cases in the Harvard Business School cases database. - Not been a person of any conditions defined in Article 30 of the Company Law.	0
Independent director	Ruey-Lin Hsiao	- Main area of expertise: Technological innovation and knowledge management - Professor of Graduate Institute of Technology Innovation and Intellectual Property Management at National ChengChi University Ruey-Lin Hsiao specializes in analyzing complex corporate issues using various qualitative research methods. His main research includes context of innovation, technological and organizational innovation, innovation under disadvantages, open innovation, and action research. He is also an expert at conducting interdisciplinary research in science and technology. - Not been a person of any conditions defined in Article 30 of the Company Law.	0

Note: The members of the Committee are described in 3.2.1 Board of director information-1 on page 15 and 3.2.2 Board of director information-2\* on page 21.

## (2) Information concerning the Remuneration Committee's operations

- I. The Company's Remuneration Committee shall have 5 members. All members are independent directors.
- II. Period of appointment of current committee members: From June 12, 2020 to June 11, 2023; the Remuneration Committee met 6 times during the most recent year (A). The following are the members' qualifications and their meeting attendance:

Title	Name	Actual attendance (B)	Attendance by a representative	Actual attendance rate (%) (B/A) (Note)	Notes
Convener	Chun-Yao Huang	6	0	100	Re-elected
Member	Ryh-Yan Chang	6	0	100	Newly elected
Member	Ying-Hsin Tsai	6	0	100	Newly elected
Member	Hung-Chang Chiu	6	0	100	Newly elected
Member	Ruey-Lin Hsiao	6	0	100	Newly elected

Notes: The convener has a deeper understanding of the challenges and requirements faced by the Company, his expertise in digital business and customer analysis, can professionally and objectively evaluate the remuneration policies, and measure up to the professional capabilities standard by the Committee.

Other matters that must be recorded:

- (1) In cases when the board of directors does not accept, or revises, a recommendation of the Remuneration Committee, clearly state the board meeting date, board number, resolution content, board resolution result, and the Company's handling of the Remuneration Committee's opinion (please clearly state the discrepancy and its reason of the salary compensation approved by the board was better than that recommended by the Remuneration Committee): none.
- (2) In cases when there is a record or written statement of members' opposition or qualified opinion concerning a resolution of the Remuneration Committee, please clearly state Remuneration Committee meeting date, committee period, resolution content, opinions of all members, and handling of members' opinions: None.

## III. Agenda items and resolutions

Date	Session	Agenda	Resolution
2021.01.20	2nd session of 4th board of directors	2020 Performance evaluation of the committee	Remuneration Committee: All proposals were passed by a unanimous vote and submitted to the board of directors. Proposals regarding committee performance evaluation were submitted to the board of directors.  Board of Directors: The proposal was passed by a unanimous vote.
		Amendment of the Company's Director Remuneration Policy	
		Amendment of the Company's Subsidy Policy for Managers' Health Examination	
		Salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2021.03.09	3rd session of 4th board of directors	Proposal for 2020 year-end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Amendment of the Company's Policy of Long-term Incentive Plan	
		Amendment of the Company's Policy of Performance Evaluation for Managers	
2021.08.18	4rd session of 4th board of directors	2020 employee and director compensation distribution plans	
		Proposal for the Company's 2020 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards	
2021.11.10	5rd session of 4th board of directors	Proposal for 2020 employee compensation distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2022.01.12	6rd session of 4th board of directors	Remunerations for newly elected senior managers of the Company	
		2021 Performance evaluation of the committee	
		Amendment to several articles in the Company's Regulations for the Appointment of Subsidiary Directors and Supervisor Performance Evaluation and revision to the Performance Evaluation Table	
		Salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Proposal for 2021 year-end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2022.03.09	7rd session of 4th board of directors	Proposal on the establishment of annual performance indicators for the President of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Amendment of the Company's Policy of Performance Evaluation for Managers	
		Amendment of the Company's Policy of Long-term Incentive Plan	
		2021 employee and director compensation distribution plans	
		Proposal for the Company's 2021 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards	

## (3) Key focuses of the Remuneration Committee for the year

- I. The Company's Remuneration Committee must exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors of the company to which it belongs.
- II. The Remuneration Committee conducts yearly reviews of the remunerations for the Company's directors and managers and the subsidiary's senior managers, as well as the performance evaluation and remuneration policy, system, standards and structure. Reasonableness is taken into account when the remunerations to the directors and senior managers are set, and such remunerations shall not run contrary to financial performance to a material extent. The said remuneration shall not be higher than that in the preceding year in the event of a material decline in profits or of long-term losses. The Committee reviews director performance evaluation standards in the first quarter of every year and combines them with directors' individual performance evaluation results to calculate the weightage of remuneration distribution, which is submitted to the board of directors for approval. Directors' remunerations are paid according to their performance evaluation results.

#### (4) Information concerning the Corporate Governance and Nomination Committee's operations

##### I. The terms and conditions of appointment of the members of the Corporate Governance and Nomination Committee and their duties are described below.

The members of the Committee shall be appointed by resolution of the Board of Directors and shall consist of at least three directors, a majority of whom shall be independent directors, who serve as the convener and chairperson of the meetings. The Committee shall meet at least twice a year, and its members shall attend the meetings in person or by video. The Committee may request relevant managers, accountants, legal advisors or other personnel of the Company or its subsidiaries to provide necessary information, and may invite the foregoing personnel to attend the meetings as necessary. The Committee is authorized by the Board of Directors to perform the functions of establishing a good governance system and augment the operations of the Company and its subsidiaries, and to assist the Board of Directors in the following matters. The main duties and responsibilities of the Committee are also disclosed in "3.1.2 Primary duties of the board of directors functional committees" on page 11 of this annual report. Matters related to the duties and responsibilities of the Committee, unless otherwise provided by law or the Articles of Incorporation, shall be handled in accordance with the provisions of the Committee's organizational regulations.

(I) Soundness of organization and system of corporate governance and effectiveness of the ethical management policy.

(II) Search for, and review and nomination of candidates for directors, independent directors and supervisors of the Company and its subsidiaries.

(III) Establishment and development of the organizational structure of the Board of Directors of the Company and its subsidiaries to ensure the proper composition of the Board.

(IV) Nomination or review of candidates for presidents of the Company and its subsidiaries, and vice presidents of the Company and its subsidiary banks.

##### II. Professional qualifications and experience of the members of the Corporate Governance and Nomination Committee and its operations:

(I) The Company's Corporate Governance and Nomination Committee shall have 7 members.

(II) Period of appointment of current committee members: From June 12, 2020 to June 11, 2023. The Corporate Governance and Nomination Committee met 5 times during the most recent year (A). The following are the member's professional qualifications and experience, meeting attendance, and the matters discussed:

Title	Name	professional qualification and experience	Actual attendance(B)	Attendance by a representative	Actual attendance rate(%)(B/A)	Note
Convener	Ying-Hsin Tsai	Please refer to "3.2.2 Board of director information- 2" on page 21.	5	0	100	Newly elected
Member	Ryh-Yan Chang		5	0	100	Newly elected
Member	Chun-Yao Huang		5	0	100	Re-elected
Member	Hung- Chang Chiu		5	0	100	Newly elected
Member	Ruey-Lin Hsiao		5	0	100	Newly elected
Member	Yung-Jen Huang		5	0	100	Re-elected
Member	Joseph N.C. Huang		5	0	100	Newly elected

Notes: The convener has expertise on law and corporate governance, his expertise measure up to the professional capabilities standard by the Committee.

Other details that warrant inclusion:

The dates and term numbers of the meetings for the main motions of the Nomination Committee, the content of the motions, the content of the proposals or objections of the members of the Nomination Committee, the resolutions of the Nomination Committee, and the Company's handling of the opinions of the Nomination Committee were described.

Date	Session	Agenda	Resolution
2021.01.20	4th session of 7th Corporate Governance and Nomination Committee	2020 Performance evaluation of the committee	All proposals were passed by a unanimous vote and submitted to the board of directors.
		E.SUN FHC and its subsidiary E.SUN Bank 2020 Board Performance Evaluation	
		Nomination of the president of subsidiary E.SUN Venture Capital	
2021.03.09	5th session of 7th Corporate Governance and Nomination Committee	Amendment of E.SUN FHC Rules for Senior Manager Selection	
		Election of director and supervisor representatives for subsidiary E.SUN Securities	
2021.07.11	6th session of 7th Corporate Governance and Nomination Committee	Nomination of the new chief digital officer/vice president of the subsidiary bank, who shall concurrently serve as and the vice president of the Company	
2021.11.10	7th session of 7th Corporate Governance and Nomination Committee	Amendment of E.SUN FHC Corporate Governance and Nomination Committee Charter	
		Amendment of the Rules for Director Election of E.SUN FHC and E.SUN Bank	
		Nomination of subsidiary E.SUN Bank CISO, and who shall concurrently serve as E.SUN FHC CISO	
		Nomination of new chief auditor for E.SUN FHC	
2022.01.12	8th session of 7th Corporate Governance and Nomination Committee	Nomination of new chief auditor for subsidiary E.SUN Bank	
		2021 Performance evaluation of the committee	
		E.SUN FHC and its subsidiary E.SUN Bank 2021 Board Performance Evaluation	
2022.01.12	8th session of 7th Corporate Governance and Nomination Committee	Change of the representative of a director of E.SUN Venture Capital	
		Nomination of vice presidents of the company and subsidiary E.SUN Bank for promotion	

**(5) Information concerning the Board Strategy Development Committee's operations**

- I. The Company's Board Strategy Development Committee shall have 10 members.  
 II. Period of appointment of current committee members: From June 12, 2020 to June 11, 2023. The Board Strategy Development Committee met 6 times during the most recent year (A). The following are the member's qualifications and their meeting attendance:

Title	Name	Actual attendance (B)	Attendance by a representative	Actual attendance rate(%) (B/A)	Note
Convener	Yung-Jen Huang	6	0	100	Re-elected
Member	Joseph N.C. Huang	6	0	100	Re-elected
Member	Jackson Mai	6	0	100	Re-elected
Member	Ryh-Yan Chang	6	0	100	Newly elected
Member	Chun-Yao Huang	6	0	100	Re-elected
Member	Ying-Hsin Tsai	6	0	100	Newly elected
Member	Hung-Chang Chiu	6	0	100	Newly elected
Member	Ruey-Lin Hsiao	6	0	100	Newly elected
Member	Ron-Chu Chen	6	0	100	Re-elected
Member	Chien-Li Wu	6	0	100	Re-elected

Notes: The convener is an outstanding banker with extensive expertise in both financial theories and applications, possess international market outlook and leadership decision-making ability, his expertise measure up to the professional capabilities standard by the Committee.

**(6) Information concerning the Sustainable Development Committee's operations**

- I. The Company's Sustainable Development Committee shall have 5 members  
 II. Period of appointment of current committee members: From June 12, 2020 to June 11, 2023. The Sustainable Development Committee met 3 times during the most recent year (A). The following are the member's qualifications and their meeting attendance:

Title	Name	Actual attendance (B)	Attendance by a representative	Actual attendance rate(%) (B/A)	Note
Convener	Joseph N.C. Huang	5	0	100	Newly elected
Member	Ryh-Yan Chang	5	0	100	Newly elected
Member	Ying-Hsin Tsai	4	0	100	Newly elected
Member	Ruey-Lin Hsiao	4	0	100	Newly elected
Member	Magi Chen	5	0	100	Newly elected
Member	Mao-Chin Chen	5	0	100	Newly elected

Note:  
 1.The company has formed the 7th Board Strategy Development Committee by the resolution of the board of directors on January 22, 2021.  
 2.The convener devotes himself to the operation of the financial industry, fulfills the corporate social responsibility, and combines the practice of CSR in the industry to move towards the sustainable management of ESG, his expertise measure up to the professional capabilities standard by the Committee.

**(7) Information concerning the Board Risk Management Committee's operations**

- I. The Company's Board Risk Management Committee shall have 6 members  
 II. Period of appointment of current committee members: From January 22, 2021 to June 11, 2023. The Board Risk Management Committee met 5 times during the most recent year (A). The following are the member's qualifications and their meeting attendance:

Title	Name	Actual attendance(B)	Attendance by a representative	Actual attendance rate(%) (B/A)	Note
Convener	Joseph N.C. Huang	5	0	100	Newly elected
Member	Ryh-Yan Chang	5	0	100	Newly elected
Member	Ying-Hsin Tsai	4	0	100	Newly elected
Member	Ruey-Lin Hsiao	4	0	100	Newly elected
Member	Magi Chen	5	0	100	Newly elected
Member	Mao-Chin Chen	5	0	100	Newly elected

Note:  
 1.The company has established the Board Risk Management Committee by the resolution of the board of directors on January 22, 2021.  
 2.The qualification of independent director Ruey-Lin Hsiao has been approved since March 16, 2021 and the qualification of independent director Ying-Hsin Tsai has been approved since April 01, 2021.  
 3.The convener has expertise in financial management, and can review the company's possible response to risks from the perspective of sustainable operation of the company, quickly respond to changes, and develop innovatively and flexibly. His expertise measure up to the professional capabilities standard by the Committee.

3.3.6 Status of performance of social responsibility and difference from the CSR Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons for such difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, and the reasons for any such difference
	Yes	No			
1. Has the Company established the governance framework for sustainable development and established a fully (or partially) dedicated sustainable development unit? Does the Board of Directors authorize the senior management to handle such matters and what is the status of supervision by the Board of Directors?	V			<p>(1) In 2011, E.SUN FHC established the CSR Committee, and in January 2021, the Committee was renamed the Sustainable Development Committee, in charge of the Company's sustainable development. The Chairman of E.SUN FHC is the convener, and the committee is composed of directors of the board, including two independent directors. On January 14th, 2022, Magi Chen, President of E.SUN FHC, was appointed as Chief Sustainability Officer in the 17th board meeting of the 7th board of directors. Six task units operate under the Committee, covering: corporate governance, social inclusion, environmental sustainability, sustainable finance, human rights protection, and climate change. The members of the task units are composed of professionals from different divisions of the Company, and they work to effectively integrate resources and promote the execution of sustainability strategy in their divisions. The Committee reports the ESG strategies and implementation to the Board at least twice a year. In a total of 10 board meetings in 2021, motions related to ESG management and sustainable development accounted for 60% of all motions.</p> <p>(2) To fulfill corporate social responsibility, E.SUN takes long term commitment and systematic measures to involve in economic, social and environmental aspects. Action plans of 2022 are listed below.</p> <p>I. Governance</p> <p>(I) Corporate governance</p> <p>Formulate an internal transition according to important measures for 2021-2023 in the Financial Supervisory Commission's Corporate Governance – Sustainable Development Blueprint. Continue to examine the performance evaluation indicators of the Board of Directors and add forward-looking and strategic quantified indicators. Strengthen disclosures of corporate governance information on the Market Observation Post System and websites of subsidiaries.</p> <p>(II) Legal compliancet</p> <p>Continue to improve the professional competencies of compliance personnel, and strengthen integration and coordination between business units of subsidiaries and the three lines of defense through cross-position, cross-field, and cross-border learning. Implement systematic operations, integrate internal and external regulations databases, work together with overseas business locations of subsidiaries, monitor changes in important laws and regulations in Taiwan and overseas, business operations, and the latest supervision trends, and achieve the compliance of E.SUN's units in Taiwan and overseas.</p> <p>(III) Information security</p> <p>Increase the maturity of overall information security, protect customers' assets, and ensure continued operations. On the basis of the international standard ISO 27001, continue to strengthen the social engineering e-mail identification mechanism, expand the implementation scope of the information security management system, and continue to make improvements based on the PDCA cycle. Monitor events and analyze threats in real time through the Security Operation Center (SOC), and organize information security event response drills to improve the collaboration and response ability of the first and second lines of defense.</p> <p>(IV) Anti-money Laundering</p> <p>Use international laws and regulations on anti-money laundering (AML) as a benchmark to improve AML/CFT management mechanisms, use smart technology to improve the accuracy of risk identification, monitor international trends and external threats, and exert every effort to prevent financial crime. Implement a diverse training and supervisor system, and use a flexible and autonomous system to improve the efficiency of AML in Taiwan and overseas.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSMListed Companies, and the reasons for any such difference
	Yes	No			
				<p><b>II. Social</b></p> <p><b>(I) Talent Cultivation and Development</b></p> <p>Widely recruit talents from different fields, combine offline courses with e-learning platforms, and cultivate managerial talent with expertise in financial services, technology, and sustainable development. Continue to improve the talent management system, improve the performance of duties by employees in each position, and implement development-oriented performance management. Give employees a bigger stage for career development through diverse development projects, such as job rotation.</p> <p><b>(II) Employee Care and Friendly Workplace</b></p> <p>Protect employees' rights and interests, and continue to improve the employee care system, including a mobile office app and work-from-home mechanism. Provide more comprehensive benefits planning and health promotion measures that meet employee needs. Improve the human resources service application platform, care for employees through a variety of flexible communication channels, and create a friendly workplace environment with equality.</p> <p><b>(III) Fair Customer Treatment and Customer Experience</b></p> <p>Implement the mystery shopper system for on-site audits and a customer complaint management system that complies with ISO standards, improve the quality of services and customer opinion handling efficiency, integrate the three lines of defense to implement and achieve compliance with the principle of treating customers fairly, and provide complete financial consumer protection. Establish a bank-wide product and process refinement mechanism based on the customer experience, and continue to improve customer satisfaction.</p> <p><b>(IV) Inclusive Finance</b></p> <p>Utilize the power of technology to improve the customer experience, enhance the competitiveness of digitally native products at the same time, and combine promotion with the digital brand e.Fingo to provide customers with more convenient digital services. For small and micro enterprises, continue to collaborate with industry associations to drive the transformation of local specialty industries. For social enterprises, participate in local government guidance projects and social innovation competitions organized by universities, in order to jointly incubate even more social enterprises.</p> <p><b>(V) Social welfare</b></p> <p>- Academic Education The E.SUN Golden Seed Project established 12 E.SUN Libraries, provided picture books, and supported studies on digital reading to improve students' reading literacy. Implement the after-class English assistance project "holding hands in English" in 23 elementary schools to improve the English proficiency of students in rural areas. Engage in industry-academia collaboration with 46 universities to cultivate talent with an expertise in finance, AI, and FinTech, and provide the Outstanding Management Talent Scholarship, ASEAN Talent Scholarship, and Nursing Talent Scholarship to cultivate more outstanding young students.</p> <p>- Community involvement Implement the student care program, in which assistance will be provided to over 12,000 underprivileged students or students who encounter unforeseen events this year. Co-organize blood donations and free clinics in rural areas together with partners, and continue to provide care to orphanages and children's homes. Assist the development of organic farming, encourage local farmers to engage in organic farming, and engage in activities to spread and promote indigenous culture.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for any such difference
	Yes	No			
				<p>- Sports Development Organized the E.SUN Cup International AAA Baseball Tournament for 16 consecutive years, supported the development of baseball in Taiwan, and organized youth baseball training camps, protection camps, and subsidies for baseball teams in rural areas, in order to train even more outstanding baseball players. Supported the participation of Taiwan's national team in international tournaments, such as the U18 World Cup and Asian Baseball Championship, helping the team gain international recognition.</p> <p>- Arts and Humanities Continued to promote high quality arts and reading education events to improve humanistic literacy, and show humanistic care. Organized the E.SUN Awards, Eternal Love Concert, and For Mothers Concert. Supported international music or art performances in Taiwan, such as the Vienna Boys' Choir, to promote more arts and culture events.</p> <p>III. Environmenta (I)Sustainable Operating Environmentl Continued to implement energy conservation and carbon reduction measures, including the replacement of old and energy-consuming air conditions and lights, the replacement of air conditioners that use R22 refrigerant to air conditions that use eco-friendly refrigerant, and the installation of electric vehicle charging equipment to promote low carbon transportation. New and old buildings all obtained Taiwan and international green building certifications, and promoted the development of renewable energy through the installation of solar panels, purchase of green energy certificates, and signing of renewable energy purchase agreements. Complied with carbon reduction goals defined for the 1.5°C scenario of the SBT, and dedicated efforts to achieve 100% renewable energy use by 2030.</p> <p>(II)Carbon reductionl Continue to manage the Company's energy efficiency and become aligned with international standards according to ISO 50001 Energy Management Systems, ISO 14001 Environmental Management Systems, and ISO 20400 Sustainable Procurement Guidance, and examine the attainment of business management indicators according to ISO 14064 Greenhouse Gas Inventory and ISO 14046 Water Footprint Inventory. Implemented ISO 46001 Water Efficiency Management Systems and used the water footprint inventory as a basis to set suitable water conservation goals, improving water resource management through training, the internal audit system and concrete improvement measures.</p> <p>Sustainable Finance</p> <p>(III)Climate change risks Responded to the Green Finance Action Plan 2.0 by actively participating in the competent authority's domestic climate risk scenario stress tests, and compiling a manual on climate-related risk management practices. Enhanced the Company's climate change risk management mechanism in response to relevant regulations. Trained professional talent, dedicated efforts to the development of measurement and management tools, and continued to improve TCFD disclosures, in order to implement sustainable development concepts, strengthen climate change response measures, and drive stable business development.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No			
				<p>(IV) Sustainable Finance</p> <p>Exerted influence through financial services, and fulfilled the duty of responsible lending and responsible investment. Further developed ESG together with corporate customers, encouraged participation in ESG actions through ESG-linked loans, and presented ESG performance. Incorporated the spirit of ESG into financial services, and continued to issue sustainable financial products, including green finance and sustainable development bonds, carbon neutral credit cards, and green building loans.</p>	No difference
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related management policies or strategies?	V			<p>Referring to the GRI Standards and the AA1000 Account Ability Principles, E.SUN identifies critical issues based on the four principles of inclusivity, materiality, responsiveness, and impact. E.SUN also conforms to the GRI 2021 edition to further evaluate the significance of the economic, environmental and human rights impacts of critical issues, which serves as a basis for sustainability strategy planning and information disclosure.</p> <p>E.SUN implemented pertinent management measures, including executing response strategies, setting short-, medium-, and long-term targets, and reviewing and disclosing results, for the mid- and high-profile issues in 2021.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No			
<p>3.Environmental issues</p> <p>(1) Does the Company have in place a suitable environmental management system based on the characteristics of the industry?</p> <p>(2) Does the Company work to improve energy utilization efficiency and use recycled materials that have a low impact on the environment?</p> <p>(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and draw up policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?</p>	V			<p>(1) The Taipei headquarters building, Boai Building, Technology Building, Dengfeng Building, Hope Building, and all domestic branches have 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>The Company seeks to promote Environmentally sustainable development through a progressive approach, and complies with "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies." There are no substantive discrepancies in the promotion of environmentally sustainable development.</p>
				<p>(2) The Company works with renewable energy companies to increase the installation of solar panels and use of green electricity, installed an electricity visualization system, analyzed bank-wide green electricity and gray electricity use, and continued to purchase and replace equipment with low energy consumption to reduce electricity use. As of the end of 2021, the Company completed the installation of solar panels at 20 locations, and renewable energy use reached 10% together with the green electricity wheeling project. Our goals is for domestic locations to use 100% renewable energy by 2030 as we work towards RE 100. The Company prioritizes the purchase and use of building materials, equipment, and tools bearing the Green Building Materials Label or Green Label, 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>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No			
				<p>(3) E.SUN officially joined the TCFD in 2017. Since then, the Board of Directors and executive managers in the Financial Holdings Risk Management Committee are regularly kept up-to-date on the effect of climate change on E.SUN Bank. Based on the core elements of the Recommended Climate-related Financial Disclosures (governance, strategy, risk management, and metrics and targets), we disclose climate-related information, furnishing investors and other stakeholders with the same information while working with suppliers and business partners on the promotion of environmentally sustainable development. In 2019, E.SUN also began taking an inventory of and identifying climate change risks by stress-testing scenarios as recommended by the TCFD. Climate change risks are combined with traditional financial risk scenarios through scenarios analysis to measure risks more comprehensively. The scenarios analyzed included a traditional evaluation of the impact that extreme weather events have on banks and a consideration for the potential impact of climate change. For example, the physical risks caused by typhoons and flooding, which are common natural disasters in Taiwan, or the transition risks of carbon pricing policy and energy supply, may have an impact on macroeconomics. Related effects are stressed through adjustments to macroeconomic metrics and targets and loss given default (LGD). The calculation results of stress test loss and capital adequacy ratio are comprehensively evaluated and the control indicators are set. The above-mentioned mechanism will be reviewed and revised annually, and submitted to the Board of Directors for approval. In 2021, E.SUN used the TCFD guidelines and external research reports (e.g., UNEP FI) to identify businesses that are vulnerable to climate change. The results may serve as a reference for information disclosure and internal risk decision-making. We took an inventory of the investment/financing positions of climate sensitive industries (e.g., energy, transportation, materials and construction, agricultural food products and forestry), using the PCAF method to regularly examine the GHG emissions of these positions. Based on our business and carbon reduction targets, relevant strategies were formulated to support renewable energy industries and prevent capital flows to coal-powered projects and other carbon intensive projects, thereby strengthening the overall resilience of E.SUN to climate risks.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No			
				<p>(4) The Company conducted the ISO14064-1: 2018 greenhouse gases inventory and ISO14046: 2014 organization water inventory for the E.SUN FHC Headquarters Building, Boai Building, Technology Building, Dengfeng Building, E.SUN Securities Headquarters Building, and all offices in and outside Taiwan.</p> <p>The data of 2021 was being verified. The data had been verified by SGS Taiwan Ltd. showed that, in 2019, total carbon emissions were 35,516 tons of CO<sub>2</sub>, composed of 2,455 tons in Scope 1, 22,651 tons in Scope 2, and 10,410 tons in Scope 3, and total water used was 244,804 m<sup>3</sup>. In 2020, total carbon emissions were 78,976 tons of CO<sub>2</sub>, composed of 2,399 tons in Scope 1, 22,299 tons in Scope 2, and 54,278 tons in Scope 3, and total water used was 264,971 m<sup>3</sup>.</p> <p>A total inventory of weight of waste from the E.SUN FHC Headquarters Building, E.SUN Securities Headquarters Building, and all offices together counted 619,759 kg of general waste in 2019, including 185,054 kg of recyclable waste, and 434,705 kg of unrecyclable waste; and 594,509 kg of general waste in 2020, including 224,164 kg of recyclable waste, and 370,345 kg of unrecyclable waste. Inventories of greenhouse gas emissions, water consumption, and wastes facilitate action plans for reduction. The Company set the following policy, goals and action plans for environmental sustainability:</p> <p><b>I. Policy</b> Since the release and implementation of the E.SUN Energy Efficiency White Paper - E.SUN Green Policy, E.SUN has been dedicating itself to environmental conservation, which encompasses environmentally friendly and energy efficient policies, support for environmental education, building an environmentally friendly and energy efficient culture and implementing environmentally friendly and energy efficient measures. In addition, the environmental/energy management policy was established with green finance, saving the earth, and environmental sustainability at the core. E.SUN also took the initiative to implement international management systems.</p> <p><b>II. Goals</b> With 2016 as the base year, water consumption per unit revenue, carbon emission per unit revenue, and waste per unit revenue will be reduced by 20%, 25%, and 56%, respectively, by 2025.</p> <p><b>III. Action plans</b> The electricity consumption of E.SUN is the main source of GHG emissions. To promote a low-carbon environment, the Company adopts carbon expenses and water and electricity bills as the performance indicator of each business units. In addition, the performance of environmental management personnel takes into consideration activities related to environmental sustainability and implementation status so that E.SUN employees could make it their mission to protect the earth and sustain the environment.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No			
<p>4.Social Issues</p> <p>(1) Does the Company have adequate management policies and procedures in place pursuant to the applicable regulations and the International Bill of Human Rights?</p> <p>(2) Does the Company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?</p> <p>(3) Does the Company provide a safe and healthy work environment and organize regular health and safety training for employees?</p> <p>(4) Does the Company have in place effective tools to help employees with career planning and development?</p> <p>(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer or client protection policies and grievance procedures?</p> <p>(6) Does the Company implement supplier management policies to require suppliers observe certain regulations on environmental protection, occupational health and safety, or labor or human rights? If yes, describe the results.</p>	V			<p>(1) E.SUN endeavors to protect employees' basic human rights, comply with relevant labor laws, and protect employees' legal rights. E.SUN FHC announced the E.SUN Declaration of Human Rights and formulated the E.SUN FHC Human Rights Due Diligence Investigation Procedures in accordance with international human rights conventions, including the UN Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, and UN ILO Convention, as well as local statutory labor laws. E.SUN prohibits any conduct that infringes upon or violates human rights, and regularly monitors and measures issues related to human rights and impacts. For details on human rights protection, please visit the Corporate Governance section on the Company's website at: <a href="https://www.esunfhc.com/en/corporate-governance">https://www.esunfhc.com/en/corporate-governance</a>.</p> <p>(2) E.SUN offers competitive salaries and bonuses to attract and retain talents. The idea is to set salary based on position and bonus based on performance. E.SUN has a reasonable and competitive remuneration system, which is based on company and individual performance as well as the average salary in the industry. Since 2016, E.SUN has forged the link between top-level managers and key talents and the long term performance of the company, with reference to international corporate governance trends. In addition, staggered hours, flexible hours, and work-at-home schemes are available to create a friendly workplace. Various wedding/birth and family care benefits are also available. The terms of maternity leave, maternity leave, and unpaid child care leave are better than those stipulated by the Labor Standards Act. A number of health and recreational programs and an employee stock trust are in place to complete a comprehensive benefit plan that provides a good employee experience and makes E.SUN the second home for its employees.</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) E.SUN has established a comprehensive training system and career roadmap reflecting its organizational strategy, and relies on "on-the-job learning," "learning through training," and "self-learning" models to ensure that colleagues grow together with E.SUN in a learning environment. Our training system includes three parts: new personnel training, management leadership training, and financial professional training. From new personnel to our management team, we arrange classes targeting the abilities needed at each stage. Apart from cultivating professional skills, we also strive to train "π-shaped" manpower, and rely on internal selection of talent, rotation through different departments, and second-specialization training to train, forge, cultivate, and promote outstanding all round employees, which ensures that our manpower supply chain is unbroken and sufficiently flexible.</p>	No difference

Item	Status of implementation			Summary	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No			
				<p>(5) 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. State of formulating and implementing consumer rights policies are as below.</p> <p><b>I. Formulation and publication of consumer rights policies:</b></p> <p>(I) 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>(II) 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>(II) 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>II. Consumers complaint procedures:</b></p> <p>Customer disputes are uniformly resolved in accordance with the "E.SUN Commercial Bank Consumer Dispute Resolution Procedures," and we have established 24-hour complaint hotlines in the form of our "Intelligent Customer Service," "Visitor Message Board," and "Telephone Customer Service," which allow consumers to initiate complaint procedures.</p> <p>(6) When selecting suppliers in Taiwan or in other countries, E.SUN gives priority to local suppliers. To build a healthy, safe and sustainable supply chain that protects the environment and human rights, E.SUN follows the E.SUN Bank Supplier Management Guidelines and selects qualified suppliers. E.SUN works only with suppliers that comply with local regulations, have signed the Statement of Commitment to Human Rights and Environmental Sustainability, and adhere to the E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers. The statement clearly specifies E.SUN's requirements and expectations of the supplier regarding environmental health and safety, prohibition of child labor, labor management, elimination of any form of forced labor, absence of damage to basic labor rights, basic human rights, the code of ethics, and ethical management. To enhance supplier management practices, we introduced the Supplier's CSR Self-Assessment Form and, according to the Supplier Visit Questionnaire, occasionally pay visits to key suppliers and record the results. The purpose of the visits was to verify the status of corporate social responsibility practices by suppliers. The assessment covers economic, environmental, and societal dimensions as well as green management practice. Furthermore, 100% of the new suppliers added in 2021 were selected in accordance with these principles. No significant deficiency and changes were discovered.</p>	
5.Does the Company compile sustainability reports and other reports that disclose nonfinancial information by following international reporting standards or guidelines? Does the Company obtain third party assurance or certification for the reports above?	V			As part of its CSR commitment, E.SUN has the E.SUN FHC Sustainability Report certified by the British Standards Institution (BSI), a third party certification institution. The 2020 Sustainability Report is certified byboth GRI Standards and AA1000 Type 3, and is available also in English.The E.SUN FHC Sustainability Report is available for download at: <a href="https://www.esunfhc.com/en/esg/overview/download">https://www.esunfhc.com/en/esg/overview/download</a>	No difference

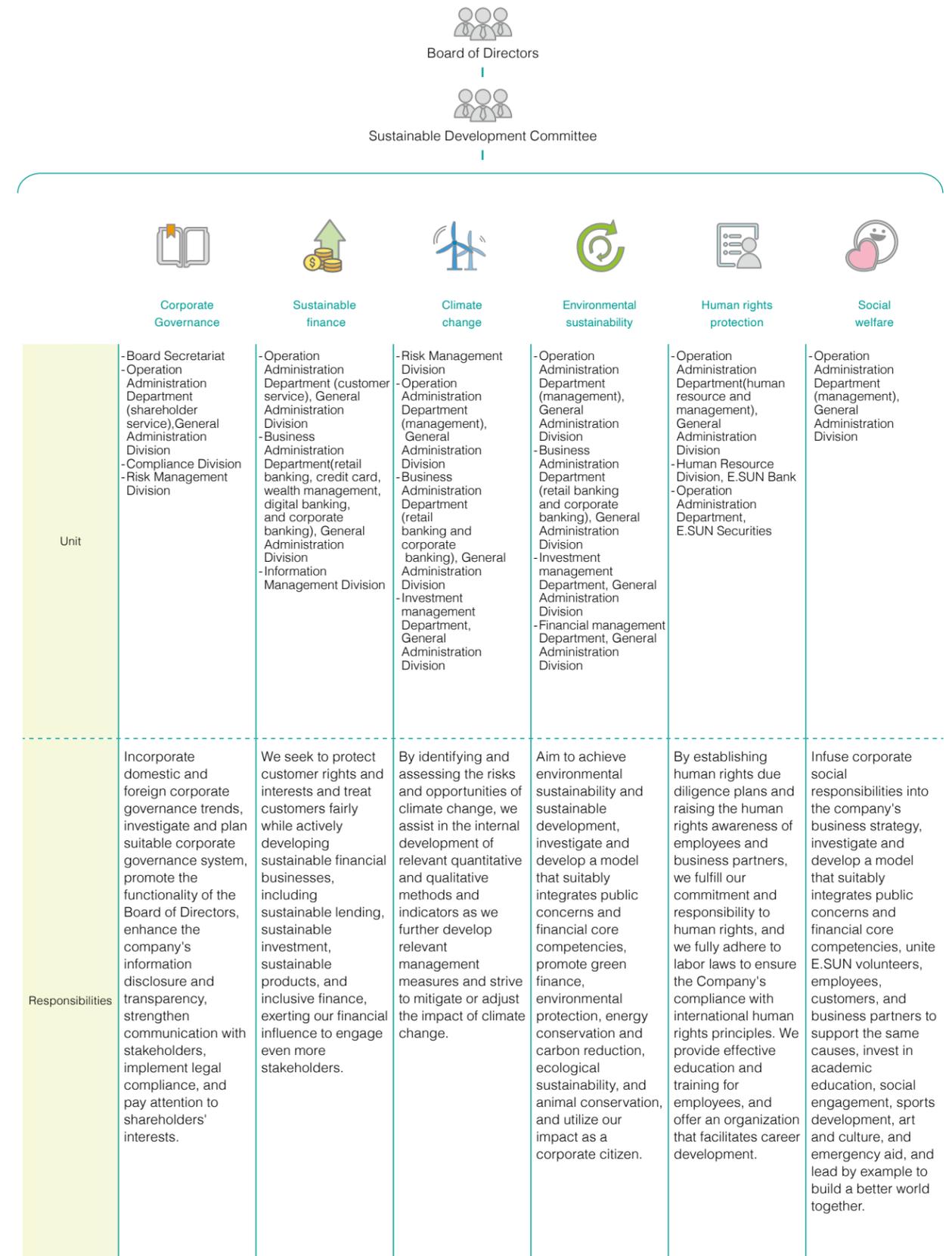
E.SUN FHC's corporate governance organization and relevant responsibility

6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies:

E.SUN has formulated its sustainable development policies in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies," and upholds the spirit of prudence, integrity, and trustworthy. With its business philosophy, corporate culture, and common vision as a core, E.SUN fulfills its corporate social responsibility, strives to promote sound corporate governance, develops environmental sustainability, maintains social welfare, and strengthens its information disclosure regarding sustainable development. It has no substantive discrepancies connected with fulfillment of sustainable development.

7. Other useful information for explaining the status of corporate social responsibility practices:

The Company has issued corporate social responsibilities reports annually since 2011. The chief content of these reports includes ESG performance, corporate governance, customer concern, environmental protection & energy conservation, community participation, social contribution and service, and the protection of human rights. Please refer to the sustainable development area of the Company's website: <https://www.esunfhc.com/en/esg/overview>



3.3.7 Ethical corporate management and departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Item	Status of implementation		Summary	Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TSE/ GTSM Listed Companies
	Yes	No		
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices as well as the commitment of the board of directors and the executive management to enforcement of the ethical corporate management policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of the risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least those described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against dishonest conducts, and enforce the programs effectively and perform regular reviews?</p>	V		<p>(1) Based on a board of director's 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. All E.SUN directors and executive managers have signed the statement of compliance with ethical corporate management to declare a commitment to uphold ethical corporate management best practice principles while conducting business activities and to actively assist the board of directors in fulfilling its promise of ethical corporate management and overseeing ethical corporate management compliance in internal management practices and other business activities.</p> <p>(2) E.SUN has always been committed to business integrity, and does not engage in business activities with a higher risk of involving unethical conduct in the scope of business. E.SUN also takes step to reinforce related preventive measures, and always take a politically impartial position by not making any political donations. E.SUN has mechanisms in place to assess the risk of unethical conduct. The departments assess business activities with a higher risk of involving unethical conduct in the existing scope of business. Preventive measures and related management mechanisms are added to the compliance self-checklist. The preventive measures are reviewed semiannually to ensure appropriateness and effectiveness. Such reviews cover at least the preventive measures described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies.</p> <p>(3) E.SUN takes an active approach to preventing unethical conduct. The company makes ethical corporate management part of the employee performance evaluation and human resources policies, and implements and follows clear and effective complaints and disciplinary systems. The preventive measures above are reviewed thoroughly every six months.</p>	No difference
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the records of ethical conduct of its business counterparties and include integrity clauses in its contracts with business counterparties?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time basis under the board of directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors and oversees the operations?</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) Does the company have effective accounting and internal control systems in place to enforce ethical management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?</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) E.SUN has a Corporate Governance and Nomination Committee to support ethical corporate management and be responsible for devising and overseeing the ethical corporate management policy and unethical conduct prevention programs. The committee is also responsible for revision, execution, and interpretation of the code of conduct as well as related advisory, reporting and filing procedures. Results are submitted to the board of directors at least once a year.</p> <p>(3) The results are reported to the board of directors at least once a year. 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) E.SUN has implemented effective internal control systems. The company has an internal audit unit that reports to the board of directors and follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct. The unit also reports results to the Audit Committee and the board of directors at least once every 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

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TSE/ GTSM Listed Companies
	Yes	No	Summary	
<p>3.Status of the Company's implementation of its mechanism for whistle-blowing:</p> <p>(1) Whistleblowing system: Does the Company establish a mechanism that incentivizes informants to report any wrongdoing, put in place channels convenient for taking such action and assign appropriate personnel to handle such cases?</p> <p>(2) Does the company have in place standard operating procedures for investigating reports and taking follow-up actions and the necessary confidentiality measures?</p> <p>(3) Does the Company adopt measures to make sure that informants do not receive improper treatment because of their report?</p>	V		<p>(1) For the purpose of developing a corporate culture of integrity and transparency and facilitating sound business practices while protecting the rights of whistleblowers, the establishment of the E.SUN FHC Procedure For Handling Whistleblowing Reports was passed in the 10th meeting of the 6th board of directors of the Company on August 10, 2018 , after which the Procedure has been revised on numerous occasions. Whistleblowing hotlines, email addresses, and mailboxes were set up and announced on the corporate website and on the internet. These channels are available to any insider or outsider wishing to report crime, corruption, or illegal conduct. The Compliance Department is the receiving unit for whistleblowing reports. The President is responsible for appointing suitable individuals in non-conflicting roles to form an investigation team based on the nature of each case. External agencies or experts or academics may be hired to provide assistance as needed. In addition, the Company has implemented and follows the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethical Procedures and Code of Conduct. The Company actively prevents unethical behaviors and encourages internal and external whistleblowing on unethical or improper conduct. There are clear and effective systems that enforce rewards and discipline as well as other open channels of communication. The Stakeholders page on the Company's website provides an effective means of communication for employees, shareholders, stakeholders, and outsiders. Email addresses of the Audit Committee (independent directors) are disclosed to give insiders and outsiders direct access to all independent directors on the Audit Committee.</p> <p>(2) The E.SUN FHC Procedure For Handling Whistleblowing Reports state the standard procedures for handling reported malpractices and the duty of confidentiality. The accepting unit should confirm a report before sending it to the investigating unit for investigation and review. The accepting unit should also keep the whistleblower updated on acceptance, processing, and results of the report. Any report found to involve any extraordinary or illegal incident should be filed or reported to the appropriate competent authorities. The Company maintains confidentiality of the whistleblower identity and any details of reports during both the accepting and investigating procedures. It does not reveal, disclose, or publish any confidential information or otherwise make such known to any irrelevant third parties. The Company also takes effective measures to protect information as appropriate. Directors, managers, staff, agents and employees of the Company shall not assist, become involved, participate, review or take any other action in the acceptance, investigation, and disciplinary procedures which might affect the investigation or outcome of a case, if details of the case meet the criteria for recusal.</p> <p>(3) The Company keeps whistleblower identity strictly confidential and provide measures to protect whistleblowers from unfavorable treatment or retaliation.</p>	No difference
<p>4.Improvement 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 TWSE's Market Observation Post System website.</p>	No difference

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.

6.Other information to understand more about the Company's Ethical Corporate Management practice.

E.SUN started implementing guidelines and code of conduct in 2011. Amendment of related guidelines will have to be passed by the board of directors and submitted to the annual general meeting. E.SUN's ethical corporate management practices are kept constantly up to date. The practices are reviewed and revised frequently in response to external regulations and the needs of ethical corporate management. E.SUN follows the philosophy of "Pure as Jade, Sturdy as Mountain" and strives to become "the benchmark in banking and service". E.SUN works hard to fulfill the commitment to its ethical corporate management policy and sound business practices.

The company strives to fulfill corporate social responsibility while pursuing sustainability, and relevant results of implementation in 2020 are stated as below.

(1) Education and training:

For each training class, E.SUN has developed a series of courses covering issues on ethical corporate management, including laws and regulations, auditing, risk management, anti-money laundering, compliance, and digital banking. The courses were designed this way so that our banking employees become well-versed in law, general knowledge, and the company's Employee Service Code of Conduct and are made more aware of information security. Professional courses are designed specifically for orientation courses for new recruits, mid-level officer cultivation courses and professional training courses for various business operations. And strengthen the concept of three lines of defense and implement risk control through case studies. A staff meeting is held in advance to give an overview of our business and to talk about basic financial law and principles of treating customers fairly so as to manage and prevent unethical conducts. In total, 277.5 hours of the above mentioned courses were held in person or online, and attended by 84,861 participants for a total of 117,975 man-hours.

(2) Promotion of compliance:

The Compliance Division has organized compliance education and training for all employees, covering topics on personal information protection, anti-money laundering, and internal control. The aim is to effectively implement our ethical management policy and ideals by strengthening the idea of zero trust in operational procedures and zero tolerance on risks and discipline, placing emphasis on the principle of treating customers fairly to protect the rights of financial consumers, and improving employees' compliance knowledge and compliance capability.

(3) Annual examinations:

The Company and its subsidiaries have had all employees complete an online test every year. The test encompasses the "E.SUN FHC Ethical Corporate Management Best Practice Principles," the "E.SUN FHC Ethical Procedures and Code of Conduct," and risk and discipline procedures. The test for 2021 was focused on ethical business activities, the principle of treating customers fairly, risk control, legal compliance, and anti-money laundering practices.

(4) The Company, E.SUN Bank and E.SUN Securities have established the Procedure For Handling Whistleblowing Reports.

This Procedure is applicable to the Company's subsidiaries, foundations to which the Company's direct or indirect contribution of donation exceeds 50% of the total funds received, and any other institutions and organizations which are substantially controlled by the Company. A hotline, an e-mail address or physical mailboxes, and relevant channels are announced on both the company website and intranet, providing both insiders and outsiders a way to report or handle criminal, corrupt, or illegal conduct. As of the end of 2021, the Company and subsidiaries have received 49 reports which were filed via the whistleblowing channel (the Company received 8 cases, E.SUN Bank 41 cases, and E.SUN Securities 0 case; all cases that the Company received were transferred to the relevant bank subsidiary for handling). Among the 49 cases filed, 29 cases involved consumer disputes (all of which have been resolved by the Customer Service Division), 1 case was withdrawn by the whistleblower, and 3 cases concerned suggestions for COVID-19 prevention and reminders of traffic rules. The rest of the cases were resolved following an investigation by the appointed unit. The whistleblower will be notified of the progress and result as deemed appropriate and necessary.

(5) The amendment to the Procedure For Handling Whistleblowing Reports has been approved. The amendment included adding the scope of application of whistleblowing reports, recusal measures, rewards and punishments, and education and training, among other matters.

(6) All newly appointed directors and executive managers of the Company have signed the statement of ethical corporate management to declare that they uphold the principles of ethical corporate management while conducting business activities and will actively assist the board of directors in fulfilling its commitment to ethical corporate management and overseeing ethical corporate management compliance in internal management practices and other business activities. All E.SUN employees will also sign the "E.SUN Employee Service Code of Conduct and Behavior Standards" to indicate that they shall strictly abide by the highest ethical standards and principles of integrity when acquiring and serving customers. As of the end of 2021, there were 9,124 signees in total, resulting in a 100% signing rate.

(7) The Company has established a mechanism for evaluating the risks of unethical conduct. Each unit focuses on their current activities and assess which of these activities are at greater risk for unethical conduct. Preventive measures and relevant management mechanisms are included in the procedures of self-assessment on legal compliance. Regular analyses are conducted to review the adequacy and effectiveness of the preventive mechanisms. Based on the unethical conduct risk assessment result, the Auditing Division performed a random inspection and found that the inspected units have included the aforementioned risks of unethical conduct in their self-assessment. Their implementation status is considered satisfactory.

### 3.3.8 Methods of referencing corporate governance guidelines and related regulations

Please refer to <https://www.esunfhc.com/en/corporate-governance>

### 3.3.9 Other important information enhancing understanding of the state of the Company's corporate governance

The Company prudently public information on corporate governance, and strives to ensure the correctness, integrity, and timeliness of reports and major news announced via the Market Observation Post System, the Company's website, news issued externally annual reports, and other information that must be disclosed in accordance with law. The responsible units are clearly required to regularly inspect and update all disclosed matters. If any major events or news occurs, the relevant subsidiaries must quickly report their responses, and the Company's spokesperson will supervise external information disclosure, such as media contact and the issuance of news or major information, by the responsible unit. Content including information concerning the board of directors, audit committee information, business integrity regulations, procedures for acquisition or disposition of assets, the internal audit organization and its operations, disclosure of major information, shareholders meeting status, allocation of dividends, and financial service information is disclosed in detail in the Company's annual report and on the Company's website. The Company discloses information concerning corporate governance in full, and has been listed in the top 5% of the Taiwan Stock Exchange's "corporate governance assessment" rankings for the 6th consecutive year since 2015.

3.3.10 Training of directors

Title	Name	Date appointed	Host organization	Training course	Training hour	Does training meet regulations	
Institutional director's representative	Yung-Jen Huang	2020.06.12	Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes	
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3		
				Post-Pandemic Digital Governance Trends	3		
Institutional director's representative	Joseph N.C Huang	2020.06.12	Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes	
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3		
				Post-Pandemic Digital Governance Trends	3		
Institutional director's representative	Jackson Mai	2020.06.12	Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes	
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3		
				Post-Pandemic Digital Governance Trends	3		
			Taiwan Corporate Governance Association	Corporate Management and Business Succession	3		
Independent director	Ryh-Yan Chang	2020.06.12	Taiwan Corporate Governance Association	Corporate Digital Resilience in Full Force: Emergency Response and Recovery in the event of Ransomware Attack	3	Yes	
				Discussion on Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility Best Practice Principles and a Case Study	3		
				Opportunities and Challenges in Combating Climate Hazards	1		
				The Distance between Directors and Fraudulent Financial Reporting	1		
				Key Analysis of the New Corporate Governance Blueprint and Compliance	3		
			Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3		
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3		
				Post-Pandemic Digital Governance Trends	3		
				Taiwan Institute for Sustainable Energy	Corporate Sustainable Development training course		3
				Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (Morning)		3

Title	Name	Date appointed	Host organization	Training course	Training hour	Does training meet regulations
Independent director	Chun-Yao Huang	2020.06.12	Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3	
			Taiwan Corporate Governance Association	Trade Secret Protection and Non-Compete Clause	3	
Independent director	Ying-Hsin Tsai	2020.06.12	Taiwan Academy of Banking and Finance	Discussion on Financial Consumer Protection and Evaluation Mechanism of from Perspectives of Treating Customers Fairly	3	Yes
				Post-Pandemic Digital Governance Trends	3	
				Lecture on Corporate Governance: FinTech (10th Session)	3	
			Taipei Exchange	Seminar on Listed and Registered Company Insider Shares	3	
Independent director	Hung-Chang Chiu	2020.06.12	Taiwan Corporate Governance Association	Advanced Practices of Audit Committee Members: Review of Merger and Acquisition and Director Responsibilities	3	Yes
			Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3	
Independent director	Ruey-Lin Hsiao	2020.06.12	Taiwan Academy of Banking and Finance	International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
				Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3	
			Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (Morning)	3	
				The 13th Taipei Corporate Governance Forum (Afternoon)	3	
Institutional director's representative	Rong Chu Chen	2020.06.12	Taiwan Academy of Banking and Finance	Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3	Yes
			Securities and Futures Institute	2021 Insider Trading Prevention Seminar	3	
			Taiwan Securities Association	Anti-Money Laundering and Counter Terrorism Financing Laws In Taiwan and overseas and Risk Trends and Types	3	
Independent director	Chien-Li Wu	2020.06.12	Taiwan Corporate Governance Association	Corporate Sustainable Governance based on a Risk Perspective: From Corporate Governance to ESG	3	Yes
				Approach to Sustaining Corporate Operations: External Innovation	3	
			Taiwan Securities Association	Anti-Money Laundering and Counter Terrorism Financing Laws In Taiwan and overseas and Risk Trends and Types	3	

Title	Name	Date appointed	Host organization		Training course	Training hour	Does training meet regulations
Director	Magi Chen	2020.06.12	Taiwan Academy of Banking and Finance		International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3	
					Post-Pandemic Digital Governance Trends	3	
			Financial Supervisory Commission		The 13th Taipei Corporate Governance Forum (Morning)	3	
					The 13th Taipei Corporate Governance Forum (Afternoon)	3	
Director	Mao-Chin Chen	2020.06.12	Taiwan Academy of Banking and Finance		International Trends in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Discussion on Financial Consumer Protection and Evaluation Mechanism from Perspectives of Treating Customers Fairly	3	
					Post-Pandemic Digital Governance Trends	3	

### 3.3.11 Training provided to Managers

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
President / Chief Sustainability Officer	Magi Chen	2020.08.17	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (morning session)	3
			Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (afternoon session)	3
			Taiwan Academy of Banking and Finance	Seminar on Sustainable Finance	6
			Taiwan Academy of Banking and Finance	Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance	The principle of fair treatment of customers on the financial consumer protection and evaluation mechanism	3
			Taiwan Academy of Banking and Finance	Trend of digital governance in post-epidemic situation	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Chief Strategy Officer / Director of COVID-19 Response Team	Mao-Chin Chen	2020.07.30	Financial Supervisory Commission	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			Taiwan Academy of Banking and Finance	Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance	The principle of fair treatment of customers on the financial consumer protection and evaluation mechanism	3
			Taiwan Academy of Banking and Finance	Trend of digital governance in post-epidemic situation	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Deputy President	Ben Chen	2014.01.24	Taiwan Academy of Banking and Finance	Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance	Trend of digital governance in post-epidemic situation	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Chief Human Resources Officer	J. C. Wang	2002.01.28	McKinsey & Company	McKinsey OHI organization health mirror workshop	4
			DDI TAIWAN	Performance improvement Plan Workshop (1st)	8
			DDI TAIWAN	Performance improvement Plan Workshop (2nd)	8
			DDI TAIWAN	Key Performance Indicators Workshop (Consumer banking)	4
			DDI TAIWAN	Key Performance Indicators Workshop (Corporate banking)	4
Chief Financial Officer	Cheng-Chou Hsu	2020.08.14	McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Chief Risk Officer	Oliver Hsieh	2011.03.18	Taiwan Academy of Banking and Finance	2021 On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering Financing of Terrorism (1st)	12
			Taiwan Academy of Banking and Finance	Seminar on analysis of penalty cases by competent authorities (90th)	3
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Financial Derivatives and Commodities (1st)	12

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
Chief Information Officer	Wan-Li Hsieh	2020.01.15	Financial Supervisory Commission	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Chief Technology Officer	Jyh-Shing Roger Jang	2020.08.14	McKinsey & Company	McKinsey OHI organization health mirror workshop	4
SEVP	L. C. Lin	2021.01.27	Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
SEVP	Jung-Hua Lin	2020.01.15	McKinsey & Company	McKinsey OHI organization health mirror workshop	4
SEVP	Wu-Ming Hsieh	2018.01.31	Financial Supervisory Commission,	International Symposium on Protection of Aged Financial Consumers in Insurance Industry	6
			Taiwan Insurance Institute	Seminar on analysis of penalty cases by competent authorities (93th)	3
			Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			Taiwan Academy of Banking and Finance	McKinsey OHI organization health mirror workshop	4
SEVP	Louis Chang	2018.01.31	Taiwan Academy of Banking and Finance	Seminar on analysis of penalty cases by competent authorities (91th)	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
			DDI TAIWAN	Key Performance Indicators Workshop (Corporate banking)	4
General Auditor	Jung-Chun Chen	2022.01.22	Financial Examination Bureau	Seminar on Internal Audit of Domestic Banks	2.5
			Taiwan Academy of Banking and Finance	Workshop for Audit Supervisor (65th)	13.5
			Taiwan Academy of Banking and Finance	Workshop for Auditors (798th)	60
			Taiwan Academy of Banking and Finance	Workshop for Team Leader Audit (109th)	19
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Financial Derivatives and Commodities (2nd)	12
			Taiwan Academy of Banking and Finance	Vestibule training Workshop for Personnel Charged With Preventing Money-Laundering and Countering Financing of Terrorism (255th)	24
			Taiwan Academy of Banking and Finance	Education and training seminar on joint defense of financial assets and security (24th)	3
			Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			Taiwan Academy of Banking and Finance	Corporate governance lecture - Financial Technology Series (1st)	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
SEVP	Cathy Kuo	2017.01.20	McKinsey & Company	McKinsey OHI organization health mirror workshop	4
			DDI TAIWAN	Key Performance Indicators Workshop (Corporate banking)	4

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
SEVP	Yi-Hsin Tseng	2020.01.15	Taiwan Academy of Banking and Finance	The principle of fair treatment of customers on the financial consumer protection and evaluation mechanism	3
			Taiwan Securities Association	Trends and risk management of digital technology and artificial intelligence	3
			Taiwan Securities Association	Wealth inheritance model - Case Study of stock and real estate transfe	3
SEVP	Te-Ming Chung	2019.01.24	Taiwan Academy of Banking and Finance	Seminar on analysis of penalty cases by competent authorities (91th)	3
			Taiwan Academy of Banking and Finance	The principle of fair treatment of customers on the financial consumer protection and evaluation mechanism	3
			DDI TAIWAN	Key Performance Indicators Workshop (Consumer banking)	4
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Deputy Chief Information Officer	Jeff Liu	2022.01.19	Taiwan Academy of Banking and Finance	Corporate governance lecture - Financial Technology Series (2nd)	3
			Taiwan Academy of Banking and Finance	Corporate governance lecture - Financial Technology Series (5th)	3
			Chinese National Association of Industry and Commerce	Industrial Development and business opportunities under 5G trend	2.5
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Deputy Chief Information Officer	Jeff Kuo	2022.01.19	Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
Chief Compliance Officer	Fion Ouyang	2016.01.22	Taiwan Academy of Banking and Finance	2021 On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering Financing of Terrorism (1st)	12
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Legal Compliance Personnel (2nd)	15
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Financial Derivatives and Commodities (1st)	12
			Taiwan Academy of Banking and Finance	Seminar on analysis of penalty cases by competent authorities (93th)	3
			Taiwan Academy of Banking and Finance	Money Trust Practice E-Course (Trust Recognition) (1st)	3
			Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
Chief Marketing Officer	Chun-Yu Lin	2018.08.10	McKinsey & Company	McKinsey OHI organization health mirror workshop	4
Chief Information Security Officer	Huai-Tsung Liu	2021.11.18	Taiwan Academy of Banking and Finance	Corporate governance lecture - Financial Technology Series (2nd)	3
			Taiwan Academy of Banking and Finance	"CISOForum" Online Forum (1st)	2
			Financial Supervisory Commission	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
EVP / Special Assistant	Edward Chen	2022.01.19	Taiwan Academy of Banking and Finance	Practical training course of bank derivatives from the perspective of corporate governance (2nd)	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
			Taiwan Academy of Banking and Finance	2021 On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering Financing of Terrorism (3rd)	12
			DDI TAIWAN	2021 Performance improvement Plan Workshop (2nd)	8
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Legal Compliance Personnel (1st)	15
			Taiwan Academy of Banking and Finance	The 110th Annual Banking Industry Consumer Protection News Information Promotion Conference (Taipei Field)	6
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Financial Derivatives and Commodities (3rd)	12
			Taiwan Academy of Banking and Finance	Series of lectures on financial cloud and Transformation - embrace cloud and start the new management of financial technology (1st)	2.5
			Taiwan Academy of Banking and Finance	110 Annual Banking Industry Consumer Protection News Information Promotion Conference (Phase 4)	6
Corporate Governance Officer	Mei-Cheng Chu	2020.01.20	Securities and Futures Institute	Discussion on Remuneration Issues of Employees and Directors - From the Amendment of Article 14 of the Securities and Exchange Law	3
			Taiwan Corporate Governance Association	Matters needing attention of the board of directors and shareholders' meeting in 110	3
			Taiwan Corporate Governance Association	Evaluation of Board Functions and Effectiveness	3
			McKinsey & Company	McKinsey OHI organization health mirror workshop	4
			Taiwan Academy of Banking and Finance	Corporate Governance Lecture (Advanced Series) - PR Crisis Handling and Response Mechanism	3
			Taiwan Academy of Banking and Finance	Experience sharing meeting for financial institutions to implement information security, maintain uninterrupted operation and respond to recent asset security incidents (1st)	3
			Taiwan Corporate Governance Association	The 17th (2021) Corporate Governance Summit Forum "Practice ESG, Implement Governance and Sustainable Development"	6
			Corporate Operating and Sustainable Development Association	Practical operation and case analysis of corporate governance, board of directors and remuneration committee	3
			Taiwan Corporate Governance Association	How the Audit Committee Supervises the Effectiveness of Internal Control	3
			Securities and Futures Institute	On intellectual property management from the perspective of the board of directors	3

3.3.12 Internal control

(1) Statement of internal control

(2) If the Company mandated independent auditor to audit internal control system under a dedicated project, the Company shall disclose relevant auditing report: N/A.

**E.SUN Financial Holding Co., Ltd.  
Internal Control System Statement**

To: Financial Supervisory Commission

On the behalf of E.SUN Financial Holding Co., Ltd., we hereby declare that in the period from January 1, 2021 to December 31, 2021, the Company duly complied with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing an internal control system and implementing risk management processes. In the meantime, an impartial and independent unit was designated to conduct audits and report regularly to the Board of Directors and supervisors. Based on meticulous evaluation, the Company found that, except for the items enumerated in the attached table, the internal control and legal compliance systems of all units were effectively implemented during the year. This statement will be included as the primary content of the Company's annual report and any prospectuses, and made available to the public. Any information in this statement found to be falsified, concealed, or otherwise illegal shall be subject to the legal liabilities prescribed by Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

Declarant: E.SUN Financial Holding Co., Ltd.

Chairman: *Huang Yang Zen* (Signature/ Seal)

President: *Maq. Chen* (Signature/ Seal)

Chief Auditor: *Chen Jung Chun* (Signature/ Seal)

Chief Compliance Officer: *Ou Yang Fong* (Signature/ Seal)

Date: March 11, 2022

Appendix

**E.SUN Financial Holding Co., Ltd. Internal Control System  
Items for Improvement of deficiencies Status  
(As of December 31, 2021)**

Item for Improvement	Improvement Measures	Target Date
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> For the customer who declares the settlement on surrender foreign currency in the nature of " repayments of overseas borrowing", the Bank should handle in accordance with the relevant regulations of the Central Bank.	1. Designed the checklist for the front counter staff to examine the compliance with related regulations. 2. Processed bank-wide education and training. 3. Posted bank-wide announcement. 4. Planned the system reminder for transaction examination.	The improvement measures 1 to 6 was completed while improvement measures 4 will be completed in the end of April.
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> For the customer who frequently declares the remittance of purchased foreign currency in the nature of " repayments of overseas borrowing", the Bank should handle the subsequent New Taiwan Dollar settlement in accordance with the relevant regulations of the Central Bank.	1. Improved the process of outward and inward overseas loan and repayment. 2. Processed bank-wide education and training. Posted bank-wide announcement.	Completed.
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> ATM transaction time overran because the loading of format conversion table in the database was slow.	1. Optimize database access performance in order to reduce the access loading. 2. Adjusted the memory resource allocation of the database and increased server memory resources to ensure database access performance. 3. Adjusted database function syntax by the original manufacturer's recommendations.	Completed.
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> Because of the Network switch failed of the exclusive network environment of Taiwan Financial Information Service, inter-bank transaction service abnormally	1. Replace the faulty hardware of the network switch, and adjust the settings to complete the monitoring. 2. Performed backup switch to ensure high availability and perfect structure.	

Item for Improvement	Improvement Measures	Target Date
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> When the Bank invests in overseas structured commodities, it does not accurately assess and disclose the possible risks of the investment before the transaction, and the credit rating of the linked target is not included in the investment approval authority.	1. The financial engineering model has been improved and upgraded. 2. The financial engineering model verification have been updated in the bank's internal regulations. In addition to increasing the frequency of model verification, the verification method has also been updated and the verification analysis method has been specified in detail.	Completed
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> Due to the erroneous system configuration for a new email notification function and an incomplete prelaunch user test, the wealth management system of Hong Kong Branch accidentally sent e-mail to unintended clients.	1. The Branch has made a full-scale review of all the systems with email notification function to customers to ensure no other similar errors in those systems. 2. The Information Technology Division and Hong Kong Branch have jointly design various testing cases to validate changes made and assess adherence to the branch's business requirements before the new function goes live.	Completed.
Subsidiary <u>E.SUN Securities Co., Ltd.</u> 1. The statement for the entrusted trading of foreign securities is not published in accordance with the regulations. 2. The inspection of the reasonableness of the purchase price of foreign securities has not been handled by the risk management personnel or personnel not belonging to the trading unit. 3. During the continuous review of customers, when the risk change of the customer is not adjusted to high risk, it will immediately carry out enhanced due diligence work for high-risk customers. 4. Handling personal data protection operations and failing to submit relevant self-assessment reports within the prescribed period °	1. Added a description of buying foreign securities in the Notes on Statements. 2. Add relevant control points to check the rationality of transaction price and market price. 3. The system will notify the customer whose risk level has become high risk due to the change of the scoring parameters, and handle the enhanced due diligence work. 4. Completion of the "109 Annual Personal Information Security Maintenance Implementation Evaluation Report" correction.	Completed.

Item for Improvement	Improvement Measures	Target Date
Subsidiary <u>E.SUN Securities Co., Ltd.</u> The inspection found that the operation process of non-face-to-face account opening was not included in the internal control system of concurrently operating futures and reported to the board of directors for approval.	The operation process has been incorporated into the internal control system of concurrently operating futures, and submitted to the 8th meeting of the 8th board of directors on 110.4.21 for discussion and approval.	Completed.

### 3.3.13 Penalties imposed against the Company and subsidiaries, the weaknesses found and improvements made in the last 2 years

(1) Prosecution against the person-in-charge or staff for criminal conduct: N/A.

(2) Disclose any fine imposed by the FSC for violation of a law or regulation, any deficiency for which an official reprimand was issued by the FSC, any matters in which sanctions were imposed by the FSC pursuant to Article 54, Paragraph 1 of the Act, any punishments imposed by the Company to internal personnel for violation of the Internet control system. In case the punishment results may pose material impacts on shareholders' equity or share price or violate the regulations prescribed in Article 2 of the Financial Supervisory Commission Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws, the punishment contents, major deficiencies, and status of improvements shall be clearly described.

- I. E.SUN Bank was fined NT\$12,000,000 by the competent authority for misappropriation of customers' funds committed by a former financial advisor with the bank. E.SUN Bank has conducted a complete review of the processes, and improved transaction monitoring mechanisms and account controls. Telephone confirmation, interview, and system controls have been put in place to strengthen compliance throughout processes including new account, foreign currency purchase and transfer, in-branch withdrawal, and early termination of term deposit.
- II. E.SUN Bank was given a warning by the competent authority for shortcomings in the personal loan system and management measures that might damage the soundness business operations. E.SUN Bank has made improvements to the management measures and added new monthly income calculation rules. E.SUN Bank also conducted random checks on credit card loans and reviewed the application forms, underwriting reports, and approval forms. A proof of income requirement has been added to the calculation of credit card loan customers' monthly income, and approval is performed according to the improved process.
- III. Subsidiary E.SUN Bank has been fined a NT\$ 20 million administrative penalty by the regulator for the misappropriation made by a former financial consultant at Feng-Shan Branch. A 3-month suspension of duty was exercised to the SEVP of Wealth Management Division and Chief Executive of Individual Banking Division. E.SUN Bank responded to the incidence immediately after the occurrence and has reexamined operational procedures of the transactions involved in the case. E.SUN also mandated consultant to improve on weaknesses, including procedures of followings: account opening, arranged account transfer, debit card application, verification of online banking or mobile banking application, enhancement of over-the-counter cash withdraw or early termination of time-deposit, un-notified mandatory leaves for financial consultants, control of system and transactions. Control mechanisms were also improved to ensure customer's rights intact, including: confirmation by a third person for transactions relating to high-net-worth clients or clients served by a long-serving financial consultant, delivery or return for transaction statements, monitoring list of risk modalities.
- IV. Certain employees at Banqiao Branch and Chengzhong Branch of E.SUN Securities were found to have traded stocks and made fund transfers in and out of customers' accounts and made transfers to settle stock trades made by customers. The competent authority imposed a one-month suspension on the salespersons who committed the violation. In addition, the competent authority issued a warning for failure to update credit checks on customers holding a total of NT\$10 million or more in their names every year and failure to perform credit checks every 6 months to extend approval for non-restricted purpose loans. The company has removed the salespersons from their duties, and reassigned them to the head office to strengthen their training. The errors above have been corrected.

V.E.SUN Securities was given a warning by the competent authority and fined NT\$240,000 for the following deficiencies: clients' account statements for the trading of foreign securities are not stated that the purchased foreign bonds are safekeeping in the local custodian, the check of the price for buying foreign securities was not handled by risk management personnel or personnel who are not part of the trading unit, fail to immediately implement enhanced due diligence(EDD) work on high-risk customers when the customer's risk level changed, and fail to submit relevant self-assessment reports in accordance with regulations while handling personal data protection operations. E.SUN Securities has amended the internal regulations and modified internal processes to ensure compliance.

**(3) Losses, of any, resulting from events of corruption of personnel, serious accidents or incidents (fraud, theft, embezzlement and misappropriation, false transactions, falsified certificate or negotiable securities, receiving kickbacks, losses from natural disasters, losses from external forces, data hacked or stolen, or leaking business secrets and client data) or the security incidents caused by failure to comply with the Notices for Financial Institution Security Maintenance resulting in actual losses exceeding NT\$50 million individually or in total, the nature of the security incident and the amount of losses shall be disclosed:** None.

**(4) Other Disclosures, if any, designated by the Financial Supervisory Commission: According to the letter from the Taoyuan City Government dated September 19, 2018, Subsidiary E.SUN Bank was ruled to be in violation of Article 24 of the Labor Standards Act based on the labor inspection results, and was fined NT\$20,000. Subsidiary E.SUN Bank had promptly made improvement.**

### 3.3.14 Important resolutions made during shareholders and board meetings in the past year and up to the publication date of this annual report

#### (1) Important resolutions of the 2020 and 2021 shareholders' meetings:

Date	Resolutions of shareholders meeting	Status
2020.06.12	1.Acknowledgment of the 2019 financial statements and business report.	Implemented as approved.
	2.Acknowledgment of the 2019 earnings distribution	The date 2020.08.03 had been chosen as the ex-dividend date for earnings distribution and capitalization and the record date for new share issue by transfer of employee remuneration to capital. The distribution process has been completed on 2020.08.26. (Cash dividends per share: NT\$0.791)
	3.Approval of capitalization of earnings and employee remuneration	
	4.Approval of the amendment of the E.SUN FHC Procedure for Derivative Transactions.	Proceeded according to the amended procedure.
	5.Passed Amendments to the Company's Rules of Procedure for Shareholders' Meeting.	
	6.Election of 12 directors of the 7th Board of Directors.	The term is three years, which actually ends when members of the 8th board of directors are elected.
	7.Removal of the non-competition obligation for the Company's board members.	The non-competition obligation has been removed.
2021.07.23	1.Acknowledgment of the 2020 financial statements and business report.	Implemented as approved.
	2.Acknowledgment of the 2020 earnings distribution	The date 2021.09.06 had been chosen as the ex-dividend date for earnings distribution and capitalization and the record date for new share issue by transfer of employee remuneration to capital. The distribution of cash dividend and stock dividend was completed on 2021.09.24 and 2021.09.30, respectively. (Cash dividends per share: NT\$0.61)
	3.Approval of capitalization of earnings and employee remuneration	
	4.Passed Amendments to the Company's Rules of Procedure for Shareholders' Meeting.	Proceeded according to the amended procedure.

#### (2) Important resolutions of the 2021 board meeting:

##### 7th meeting of 7th Board of Directors on January 22, 2021:

Reports on "Mid-Term Report of PwC Review of E.SUN Bank", "E.SUN FHC 2020 Ethical Management Report", "E.SUN FHC Board Performance Evaluation Report by Corporate Governance Association", "2020 Performance Evaluation of E.SUN FHC Group Compliance Officer", and "E.SUN FHC 2020 Q4 Audit Report"; agreement on approval of "E.SUN FHC Guidelines for Liquidity Risk Management", "amendment of E.SUN FHC Charter", "E.SUN FHC and Subsidiaries Rules for CPA Performance Assessment", "amendment of E.SUN Financial Holding Co., Ltd. and Subsidiaries Emergency Response and Crisis Management Procedures", "name change of CSR Committee to Sustainable Development Committee and amendment of committee charter", "E.SUN FHC 2020 Board Performance Evaluation", "Results of E.SUN FHC 2020 Functional Committee performance evaluation", "formulation of E.SUN FHC Board of Directors Risk Management Committee Charter", "composition of E.SUN FHC Board of Directors Risk Management Committee", "amendment of E.SUN FHC Rules for Director Remuneration", "new appointments of department heads", "amendment of health check subsidies for managers of E.SUN FHC", "proposal for salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries", "proposal for 2020 year end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries", "2020 performance evaluation of E.SUN FHC chief auditor", and "submission of improvements of the deficiencies (Table B) listed in the general audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2020".

##### 8th meeting of 7th Board of Directors on March 3, 2021 :

Reports on "implementation status of preparation of corporate governance 3.0 financial report for E.SUN FHC", "E.SUN FHC and Subsidiaries Performance Evaluation Scores for CPAs", "status of subsequent handling of misappropriating of clients' money by a former financial consultant of subsidiary E.SUN Bank Fengshan branch", "2021 E.SUN FHC Renewal of Liability and Security Insurance Policies for Directors, Supervisors, and Managers", "letters received by E.SUN Bank from FSC with orders to improve significant deficiencies", and "final report of E.SUN Bank's plan to hire PwC to inspect and provide guidance on system vulnerabilities and improvement plans of sanction on misappropriation of clients' money"; agreement on approval of "amendment of E.SUN FHC Shareholders' Meeting Policy", "matters in relation to renewal of contract with accounting firm", and "new appointments of department heads".

##### 9th meeting of 7th Board of Directors on March 11, 2021:

Reports on "2020 Q4 Risk Management Report", "2020 Summary of E.SUN FHC Director Performance Evaluation", and "2020 E.SUN FHC and Subsidiaries (and Sub-subsidiaries) Tax Governance Report"; agreement on approval of "2020 E.SUN FHC and Subsidiaries Consolidated Financial Statements and Business Report", "2020 E.SUN FHC Allocation Table of Director and Employee Remuneration", "2020 E.SUN FHC Allocation Table of Earnings", "Capitalization of Earnings and Employee Remuneration", "Statement on the Internal Control System", "date, location, and agenda of 2021 general shareholders meeting, and authorization of board chairman to change date or location", "election of director and supervisor representatives for subsidiary E.SUN Securities", "proposal for the Company's 2020 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards", "amendment of Rules for LongTerm Incentives and Rewards", "amendment of E.SUN FHC Rules for Manager Performance Assessment", "amendment of E.SUN FHC Rules for Senior Manager Selection", and "improvements of the deficiencies (Table B) listed in the general audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2020".

#### 10th meeting of 7th Board of Directors on April 23, 2021:

Reports on "2020 H2 Status Report on Compliance Practice", "award of "Outstanding" rating in Corporate Governance Evaluation", and "E.SUN FHC 2021 Q1 Audit Report"; agreement on approval of "amendment of E.SUN FHC Shareholder Services Guidelines", and "submission of improvements of the deficiencies (Table B) listed in the general audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2020".

#### 11th meeting of 7th Board of Directors on May 12, 2021:

Reports on "E.SUN FHC 2021 Q1 Risk Management Report", "E.SUN FHC and Subsidiaries 2021 Q1 Consolidated Financial Statements", and "Submission of follow-up report on improvements based on comments (Table A) with respect to the general inspection of subsidiary E.SUN Bank undertaken by FSC and concerns about the violation of central bank credit control regulations as preliminarily commented in the special audit of the "Mortgage and Construction Loan Business"; agreement on approval of "amendment of Duties and responsibilities for independent directors".

#### 12th meeting of 7th Board of Directors on June 11, 2021:

Agreement on approval of "the proposal on the change of date and venue for the Company's 2021 Shareholders' Meeting and on the request to authorize the Chairman to make changes as needed for COVID-19."

#### 13th meeting of 7th Board of Directors on July 12, 2021:

Agreement on approval of "Changes to the venue of the 2021 Shareholders' Meeting"

#### 14th meeting of 7th Board of Directors on July 23, 2021:

Reports on "Submission of the letter from the regulatory authority to the securities subsidiary, listing possible sanctions against deficiencies that were identified in the general business inspection on the company and in the special audit of the company's futures brokerage business"; agreement on approval of "2020 Earnings Distribution Proposal and new share issue by capitalization of earnings and employee remuneration", "amendment of E.SUN FHC Charter", and "The nomination of the Company's Vice President"

#### 15th meeting of 7th Board of Directors on August 20, 2021:

Reports on "2021 Q2 Risk Management Report", "2021 H1 Status Report on Compliance Practice", "2021 Q2 E.SUN FHC and Subsidiaries (and Sub-subsidiaries) Tax Governance Report", and "2021 Q2 E.SUN FHC Audit Report"; agreement on approval of "2021 Q2 E.SUN FHC and Subsidiaries Consolidated Financial Statements", "amendment of E.SUN FHC AML/CFT policies", "amendment of 'E.SUN FHC and Subsidiaries Procedure for Handling Compensations In Accordance with Article 64 of the Financial Holding Company Act and Paragraph 2, Article 133 of the Banking Act", and change name to 'E.SUN FHC and Subsidiaries Procedure for Handling Compensations', "Revision to the Company's information security policy", and "proposal for 2020 employee remuneration distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries"

#### 16th meeting of 7th Board of Directors on November 12, 2021:

Reports on "The operational status of the overseas subsidiaries of E.SUN Bank", "2021 Q3 Risk Management Report", "Sanctions imposed by the FSC and subsequent improvements to the deficiencies that were identified in the general business inspection of subsidiary E.SUN Securities undertaken by the FSC", "2021 Q1-3 E.SUN FHC and Subsidiaries Consolidated Financial Statement", "The issues of concern of major stakeholders of the Company's 2021 corporate social responsibilities", "submission of report on the implementation status of the 2021 Senior Manager Successor Plan", "strategies for planning the facilities of subsidiary E.SUN Bank", "E.SUN FHC 2021 Q3 audit working papers and matters immediately reported to directors in accordance with the principle of materiality", "2021 Performance and Results of Internal Subsidiary Audits by E.SUN FHC", and "E.SUN Bank Report on Key Agendas"; agreement on approval of "E.SUN FHC 2022 CSR campaigns in detail", "Establishment of the Company's sustainable finance policy", "amendment of E.SUN Financial Holding Co., Ltd. and Subsidiaries Personal Information Management Policy", "amendment of E.SUN FHC Declaration of Money Laundering and Terrorist Financing Risk Appetite", "The company's 2020 Institutional ML/TF risk assessment report", "amendment of E.SUN FHC Procedure For Handling Whistleblowing Reports", "amendment of the Rules for Director Election", "amendment of E.SUN FHC Corporate Governance and Nomination Committee Charter", "Nomination of a new CISO for the Company", "submission of E.SUN FHC 2022 Audit Plan", "amendment of Regulations Governing Internal Audit of E.SUN FHC", "nomination of new chief auditor for E.SUN FHC", and "Remunerations for newly elected senior managers of the Company".

### (3) Important resolutions of the 2022 board meeting up to the publication date of this annual report:

#### 17th meeting of 7th Board of Directors on January 14, 2022:

Reports on "The operational status of the overseas subsidiaries of E.SUN Bank in 2021 Q4", "E.SUN FHC 2021 Ethical Management Report", "The COVID-19 progress report of the Company", "The implementation status of the Company on sustainable development in 2021", "E.SUN FHC 2021 Q4 Audit Report", "2021 Performance Evaluation of E.SUN FHC Group Compliance Officer", and "The Company's Senior Manager Successor Training Plan"; agreement on approval of "Appointment of chief sustainability officer", "Nomination of a new deputy spokesperson for the Company", "Change of the representative of a director of E.SUN Venture Capital", "Establishment of Regulations on Information Sharing Among Financial Institutions for E.SUN FHC and Subsidiaries", "Establishment of Climate Change Risk Management Policy for E.SUN FHC and Subsidiaries", "amendment of E.SUN Financial Holding Co., Ltd. and Subsidiaries Emergency Response and Crisis Management Procedures", "E.SUN FHC 2021 Board Performance Evaluation", "Results of E.SUN FHC 2021 Functional Committee performance evaluation", "Amendment to several articles in the Company's Regulations for the Appointment of Subsidiary Directors and Supervisor Performance Evaluation and revision to the Performance Evaluation Table", "amendment of E.SUN FHC Corporate Social Responsibility Code of Conduct", and change name to Sustainable Development Best Practice Principles", "Submission of the status of improvements based on comments (Table B) with respect to the special audit undertaken in August and September of 2021 by the Financial Examination Bureau of FSC on the Company's handling of the E.SUN FHC group business strategies and risk management", "2021 performance evaluation of E.SUN FHC chief auditor", "nomination of vice presidents of the company for promotion", "Partial adjustment to unit managers", "salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries", "proposal for 2021 year end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries", and "Proposal on the establishment of annual performance indicators for the President of the Company".

### 18th meeting of 7th Board of Directors on March 11, 2022:

Reports on "The 2022 knowledge sharing meeting minutes", "2021 Q4 Risk Management Report", "2021 H2 Status Report on Compliance Practices", "2021 Summary of E.SUN FHC Director Performance Evaluation", "2022 E.SUN FHC Renewal of Liability and Security Insurance Policies for Directors and Supervisors", "E.SUN FHC and Subsidiaries Performance Evaluation Scores for CPAs", and "E.SUN FHC and Subsidiaries (and Sub-subsidiaries) 2021 Tax Governance Report"; agreement on approval of "2021 E.SUN FHC and Subsidiaries Consolidated Financial Statements and Business Report", "2021 E.SUN FHC Table of Allocation of Director and Employee Remuneration", "2021 E.SUN FHC Table of Earnings Distribution", "Capitalization of Earnings and Employee Remuneration", "agreement on change/ replacement of CPA", "statement on internal control", "amendment of E.SUN FHC internal control system", "The implementation status and effectiveness of the Company's anti-money laundering practices in 2021 and 2022 E.SUN FHC and Subsidiaries AML/CFT Programs", "amendment of E.SUN Financial Holding Co., Ltd. and Subsidiaries Personal Information File Security Plan and Post-relationship Practice", "Revision to the Company's data security management policy", "amendment of E.SUN FHC Charter", "amendment of E.SUN FHC Asset Acquisition or Disposal Procedures", "amendment of the Company's Property Acquisition or Disposal Procedures", "Appointment of chief epidemic officer", "Amendment to the Company's Manager Performance Evaluation Policy", "amendment of Rules for Long-Term Incentives and Rewards", "amendment of E.SUN FHC Articles of Incorporation", "date, location, methods and related matters of 2022 general shareholders meeting", "Follow-up report on the status of improvements based on comments (Table B) with respect to the special audit undertaken in August and September of 2021 by the Financial Examination Bureau of FSC on the Company's handling of the E.SUN FHC group business strategies and risk management" and "proposal for the Company's 2021 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards".

**3.3.15 Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report:** All resolutions were passed by a unanimous vote without disagreement.

**3.3.16 A summary of resignations and dismissals, during the most recent year and during the current year up to the date of printing of this annual report, of personnel related to the Company's financial statements (including the Chairman, President, Chief Financial Officer, Chief Accounting Officer, Chief Internal Auditor and Chief Corporate Governance Officer):**

Title	Name	Date of Appointment	Date of Dismissal	Reason for Resignation or Dismissal
Chief Auditor	Yao-Pin Lin	2020.05.04	2022.01.22	Position change

### 3.4 Information on Fees for CPAs

Unit: NT\$ thousand

CPA Firm	CPAs	Period of Audit	Audit Fee	Non-Audit Fee	Total	Note
Deloitte & Touche	Chen Yin-Chou	2021	3,800	885	4,685	Note
	Yang Chen-Hsiu					

Note: Non-audit fees include tax attestation services, going over data in annual reports meant for shareholders' meetings, reviewing declaration forms for issuance of corporate bonds and reviewing the checklists and basic information tables intended for capital increase applications.

### 3.5 Information on changing CPAs

#### 3.5.1. Information relating to the former CPA

Date of Change	Approved by board of directors on March 11, 2022		
Reasons and Explanation of Changes	Due to internal adjustments by Deloitte & Touche, since the financial statements review for the Three Months Ended March 31, 2022, the CPAs was changed to Chen Yin-Chou and Yang Chen-Hsiu to Yang Chen-Hsiu and Lee Guan-Hao		
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status	Client	Consignor
	Appointment terminated automatically	CPA	Not available
	Appointment rejected (discontinued)	CPA	Not available
The Opinions Other than Unqualified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	Unqualified opinion issued in the last two years		
Is There Any Disagreement in Opinion with the Company	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No		V
Explanation: None			
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4 of the Standards)	None		

#### 3.5.2. Successor CPAs

CPA Firm	Deloitte & Touche
CPAs	Yang Chen-Hsiu and Lee Guan-Hao
Date of Engagement	Approved by board of directors on March 11, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

**3.5.3. The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:** It is not applicable to internal adjustments by the CPA firm.

**3.6 The Company's Chairman, President, and managers in charge of its finance and accounting operations holding any position within the Company's external audit firm or affiliated companies during the recent year:** None.

**3.7 Facts about changes in shareholding of the directors, executive managers, or a same person or a same affiliated enterprise having held the equity of a same financial holding company with voting power reaching the specified ratio which should be declared under Article 11 of the Managerial Regulations**

### 3.7.1.Changes in Shareholding of Directors, Executive Managers and Major Shareholders

2022.03.31 Unit: shares; %

Title	Name	2021		As of March 31st, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	E.SUN Volunteer & Social welfare Foundation	2,421,410	0	0	0
Director	E.SUN Cultural and Educational Foundation	1,240,754	0	0	0
Director	Hsin Tung Yang Co., Ltd.	4,254,583	0	0	0
Independent Director	Ryh-Yan Chang	0	0	0	0
Independent Director	Chun-Yao Huang	0	0	0	0
Independent Director	Ying-Hsin Tsai	0	0	0	0
Independent Director	Hung-Chang Chiu	0	0	0	0
Independent Director	Ruey-Lin Hsiao	0	0	0	0
Director	Fu-Yuan Investment Co.,Ltd.	3,106,162	0	0	0
Director	Shang Li Car Co.,Ltd.	4,644,000	0	0	0
Director	Magi Chen	143,680	0	0	0
Director	Mao-Chin Chen	114,104	0	0	0
President /Chief Sustainability Officer	Magi Chen	143,680	0	0	0
Chief Strategy Officer/ Director of COVID-19 Response Team	Mao-Chin Chen	114,104	0	0	0
Deputy President	Ben Chen	292,694	0	0	0
CHRO	J. C. Wang	(146,146)	0	0	0
Chief Human Resources Officer	Cheng-Chou Hsu	60,834	0	(130,000)	0
Chief Financial Officer	Oliver Hsieh	(430,095)	0	0	0
Chief Risk Officer	Wan-Li Hsieh	(99,836)	0	0	0
Chief Information Officer	Jyh-Shing Roger Jang	0	0	0	0
Chief Technology Officer	L.C. Lin	46,624	0	0	0
SEVP	Jung-Hua Lin	7,076	0	0	0
SEVP	Wu-Ming Hsieh	56,576	0	0	0
SEVP	Louis Chang	449,287	0	0	0
Chief Auditor	Jung-Chun Chen	26,163	0	302,000	0
SEVP	Cathy Kuo	114,498	0	0	0
SEVP	Yi-Hsin Tseng	77,370	0	0	0
SEVP	Te-Ming Chung	36,110	0	0	0
SEVP	Danny Tang	0	0	326	0
Deputy Chief Information Officer	Jeff Liu	34,287	0	300,000	0
Deputy Chief Information Officer	Jeff Kuo	19,342	0	168,000	0
CCO	Fion Ouyang	26,376	0	0	0
Chief Compliance Officer	Chun-Yu Lin	95,820	0	0	0
Chief Marketing Officer	Jhy-Hung Ke	17,176	0	0	0
Chief Accountant Officer	Huai-Tsung Liu	9,881	0	200,000	0
EVP/ Executive Assistant	Edward Chen	49,239	0	300,000	0
Corporate Governance Officer	Mei-Cheng Chu	29,585	0	200,000	0

Note: Including shares held under trust with discretion reserved.

### 3.7.2 Shares Transfer with Related Parties

2022.03.31 Unit: shares

Name	Reason of Transfer	Date of Transaction	Transferee	The relationship between the transaction counterparts and the company's directors, executive managers and shareholders with over 10% in shareholding	Shares	Transaction Price (NTD)
J. C. Wang	Disposition(Gift)	2021.08.11	Mei-Ching Lo	Manager's spouse	200,000	27.00
		2021.08.11	Yu-Fei Wang	Manager's children	81,500	27.00
Jung-Hua Lin	Disposition(Gift)	2021.09.28	Ting-Yu Lin	Manager's children	61,111	26.40
Oliver Hsieh	Disposition(Gift)	2021.12.13	Yun-Chun Liao	Manager's spouse	500,000	27.85

3.7.3 Shares Pledged with Related Parties: None.

### 3.8 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

2021.12.31 Unit: shares; %

Name	Shares held by themselves		Shares held by spouses, minor children		Total of shares held in the names of others		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ron-Yuan Investment Co.,Ltd.	589,197,871	4.41	0	0	0	0	None	None	None
E.SUN Commercial Bank Trust Fiduciary trust account	514,871,730	3.86	0	0	0	0	None	None	None
Morgan Stanley & Co. International Plc	331,500,942	2.48	0	0	0	0	None	None	None
Bank J. Safra Sarasin Ltd--Singapore Branch - For Clients' account	181,665,366	1.36	0	0	0	0	None	None	None
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	175,997,816	1.32	0	0	0	0	None	None	None
Norges Bank - internal - NBIM PF EQ INTERNAL CFD	169,631,407	1.27	0	0	0	0	None	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	167,088,243	1.25	0	0	0	0	None	None	None
Government of Singapore	160,269,071	1.20	0	0	0	0	None	None	None
Allcan Investment Co.,Ltd	148,762,638	1.11	0	0	0	0	None	None	None
Labor Pension Fund (New Scheme)	142,034,876	1.06	0	0	0	0	None	None	None

### 3.9 The shareholding of the Company, director, supervisor, management and the business that is controlled by the Company directly or indirectly on the invested company

2021.12.31 Unit: shares

Subsidiaries	The Company's investment		Investment of directors, supervisors, managers, and enterprises under direct or indirect control		Investment summary	
	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)
E.SUN Commercial Bank, Ltd.	9,893,700,000	100	0	0	9,893,700,000	100
E.SUN Securities Co., Ltd.	400,000,000	100	0	0	400,000,000	100
E.SUN Venture Capital Co., Ltd.	370,000,000	100	0	0	370,000,000	100
Taiwan Depository & Clearing Corporation	723,218	0.17	0	0	723,218	0.17

## 4. Capital Overview



HUANG TENG HUI

## 4.1 Capital and shares

### 4.1.1 Source of capital

2022.03.20 Unit: million shares, NT\$ million

Date	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)	15.5	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)	15	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	-
2015.05.21(note 16)	10	10,000	100,000	7,302	73,017	ECB Conversion	-
2015.08.24(note 17)	10	10,000	100,000	7,952	79,517	Retained Earnings	-
2016.08.16(note 18)	10	10,000	100,000	8,765	87,654	Retained Earnings	-
2017.05.19(note 19)	15	10,000	100,000	9,465	94,654	Rights offering	-
2017.08.28(note 20)	10	15,000	150,000	10,167	101,666	Retained Earnings	-
2017.08.28(note 20)	10	15,000	150,000	10,186	101,855	Employee Compensation	-
2018.08.14(note 21)	10	15,000	150,000	10,809	108,095	Retained Earnings	-
2018.08.14(note 21)	10	15,000	150,000	10,829	108,289	Employee Compensation	-
2019.08.19(note 22)	10	15,000	150,000	11,599	115,989	Retained Earnings	-
2019.08.19(note 22)	10	15,000	150,000	11,620	116,195	Employee Compensation	-
2020.08.17(note 23)	10	15,000	150,000	12,546	125,455	Retained Earnings	-
2020.08.17(note 23)	10	15,000	150,000	12,567	125,671	Employee Compensation	-
2021.09.22(note 24)	10	15,000	150,000	13,335	133,351	Retained Earnings	-
2021.09.22(note 24)	10	15,000	150,000	13,355	133,546	Employee Compensation	-

Note:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 fae value) on July. 29, 2011.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- The Ministry of Economic Affairs on May. 21, 2015 approved amended registration in its letter Zidi 10401085930.
- The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on Jul. 8, 2015 granted approval for issuance in its letter Zidi 1040024819. In addition, the Ministry of Economic Affairs on Aug 24, 2015 approved amended registration in its letter Zidi 10401171480.
- The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 6, 2016 granted approved the application, and the Ministry of Economic Affairs on Aug 16, 2016 approved amended registration in its letter Zidi 10501199620.
- The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on March 24, 2017 granted approved the application, and the Ministry of Economic Affairs on May 19, 2017 approved amended registration in its letter Zidi 10601063920.
- The Ministry of Economic Affairs on Aug 28, 2017 approved amended registration in its letter Zidi 10601122040.
- The Ministry of Economic Affairs on Aug 14, 2018 approved amended registration in its letter Zidi 10701100450.
- The Ministry of Economic Affairs on Aug 19, 2019 approved amended registration in its letter Zidi 10801109960.
- The Ministry of Economic Affairs on Aug 17, 2020 approved amended registration in its letter Zidi 10901150700.
- The Ministry of Economic Affairs on Sep 22, 2021 approved amended registration in its letter Zidi 11001168450.

## (2) Types of shares

2022.03.20

Share Type	Authorized Capital			Note
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	13,354,600,000	1,645,400,000	15,000,000,000	-

Note: The issued shares are listed shares

### 4.1.2 Composition of shareholders

2021.12.31 Unit: persons; shares; %

Share Type	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions Investors and Foreigners	Total
Number of Shareholders	1	14	927	472,092	1,216	474,250
Shareholding	38,221,439	163,630,595	2,748,349,144	5,473,786,840	4,930,611,982	13,354,600,000
Percentage	0.29	1.22	20.58	40.99	36.92	100

### 4.1.3 Distribution profile of shareholders

2021.12.31 Unit: persons; shares; % (The par value for each share is NT\$10)

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1-999	115,011	28,827,498	0.22
1,000-5,000	216,806	466,375,212	3.49
5,001-10,000	55,698	385,658,029	2.89
10,001-15,000	28,626	342,988,760	2.57
15,001-20,000	12,384	213,870,716	1.60
20,001-30,000	15,125	363,878,398	2.72
30,001-40,000	7,298	251,061,731	1.88
40,001-50,000	4,786	213,280,739	1.60
50,001-100,000	9,668	655,141,642	4.91
100,001-200,000	4,772	644,653,458	4.83
200,001-400,000	2,115	578,215,477	4.33
400,001-600,000	685	329,964,208	2.47
600,001-800,000	323	221,559,756	1.66
800,001-1,000,000	179	159,649,981	1.19
1,000,001-	774	8,499,474,395	63.64
Total	474,250	13,354,600,000	100.00

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

### 4.1.4 Major shareholders

2021.12.31 Unit: shares; %

Name	Shareholding	Percentage
Ron-Yuan Investment Co.,Ltd.	589,197,871	4.41
E.SUN Commercial Bank Trust Fiduciary trust account	514,871,730	3.86
Morgan Stanley & Co. International Plc	331,500,942	2.48
Bank J. Safra Sarasin Ltd--Singapore Branch - For Clients' account	181,665,366	1.36
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	175,997,816	1.32
Norges Bank - internal - NBIM PF EQ INTERNAL CFD	169,631,407	1.27
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	167,088,243	1.25
Government of Singapore	160,269,071	1.20
Allcan Investment Co.,Ltd.	148,762,638	1.11
Labor Pension Fund (New Scheme)	142,034,876	1.06
Hsin Kang Investmant Co.,Ltd.	137,784,653	1.03

Note: The above table lists shareholders that held more than 1% of shares of E.SUN FHC.

## 4.1.5 Market prices, book value, earnings, and dividends per share

Unit: thousand shares, NT\$

Item	Year	2021	2020	Year to date (as of March, 20, 2022 (Note 1))	
		Market Price Per Share	Highest	28.25	30.30
	Lowest	23.60	20.00	28.00	
	Average	26.30	26.69	29.62	
Book value Per Share	Before earnings distribution	14.54	14.44	14.63 (Note 7)	
	After earnings distribution	-	13.83	-	
EPS	Weighted average number of shares (Note 6)	13,350,914	12,562,910	13,354,600 (Note 7)	
	Original EPS	1.54	1.43	0.21 (Note 7)	
	Adjusted EPS	(Note 5)	1.35	-	
Dividend Per Share	Cash dividend (Note 5)	0.670	0.610	-	
	Distribution of bonus shares	Stock dividends from retained earnings (Note 5)	0.670	0.610	-
		Stock dividends from capital reserve	-	-	-
	Accumulated unpaid dividends	-	-	-	
Return on Investment	P/E ratio (Note 2)	17.08	18.66	-	
	Price to dividend ratio (Note 3)	39.25	43.75	-	
	Cash dividend yield % (Note 4)	2.55	2.29	-	

Note:

- Numbers as of March, 20 2022 calculated by using unaudited data with regard to net worth per share and the weighted average number of shares.
- Price to earnings ratio = average closing price per share divided by earnings per share for a given year.
- Price to dividend ratio = average closing price per share divided by cash dividends per share for a given year.
- Cash dividend yield = cash dividend per share divided by average closing price per share for a given year.
- Earnings distribution for 2020 yet to be approved by the 2021 shareholders' meeting.
- Weighted average number of shares in 2020 was due to the retroactive adjustment distribution of bonus shares.
- Preliminary figure of nearly month.

### 4.1.6 Dividend policy and implementation status

#### (1) Dividend policy

According to the Article 36-1 of the statute, if the final accounting of the Company shows profit, after having paid all taxes and duties, the losses accumulated in the preceding years shall be first covered before the remaining amount is appropriated as legal reserve and special reserve in accordance with the law. If necessary, a special reserve may also be appropriated. The distribution of remaining profits together with the reversal of special reserve as well as the retained earnings accumulated from previous years shall then be proposed by the board of directors and submitted for resolution at shareholders' meetings. In order to achieve the goal of sound financial structure and to increase the ratio of self-owned capital, the dividend distribution policy of the Company shall be formulated primarily on the basis of stock dividend. In the event that the BIS ratio of the Company at the time final dividends are proposed to be distributed after compilation of final financial statements is greater than that required by the competent authority, a portion of no less than 10% of total dividends may be distributed as cash dividend. However, in the event the proposed distribution of cash dividend is lower than NT\$0.1 per share, the Company may, at its sole discretion, opt to make such distribution in the form of stock dividends. The distribution of dividends shall be conducted based on the shareholdings of shareholders as recorded in the shareholders register on the dividend distribution baseline date.

To ensure shareholders' equity, shareholders shall have the right to receive the company's earnings. The Company's stock dividend shall be distributed at least 50% percent of undistributed earnings, and the past five-year stock dividend shall be accounts for 50.06% of the surplus available for distribution.

#### (2) Proposed distribution of Dividend

It was proposed at the 2022 shareholders' meeting that shareholders would be entitled to a stock dividend of NT\$0.67 per share, totaling NT\$9,000,000,000, as well as a cash dividend of NT\$0.67 per share, or a total of NT\$8,947,582,000. Combined, the Company was to pay out NT\$17,947,582,000, or NT\$ 1.34 per common share in dividends, accounts for 99.96% of the surplus available for distribution.

### 4.1.7 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 2022. This item of disclosure is not applicable as the Company cannot disclose predictive information on its finances.

#### 4.1.8 Profit-Sharing for Employees and Compensation for Directors

##### (1) Percent age or scope of employee compensation and directors' compensation specified in the Articles of Incorporation:

According to the Article 36 of the statute, the earnings of the Company in a given year (pretax profit before distribution of employee and director compensation) shall be reserved to cover the losses accumulated from previous years. 2% to 5% of the balance from the above shall be allocated as employee compensation, while not more than 0.9% shall be allocated as director compensation. If employee compensation is to be distributed in the form of shares, the Company may either issue new shares or repurchase existing shares. Recipients of employee compensation shall include employees of affiliate companies who fulfill certain criteria. Proposals of employee and director compensation distribution shall be presented to shareholders' meetings.

##### (2) In the event current bases of estimation for employee and directors' compensation, share number calculation bases for allotment of stock compensation and actual allotted amounts are at variance with estimated amounts:

- VIII. Employee and directors' compensation shall be calculated according to the percentage of their pretax profit as specified in the Articles of Incorporation and previous distributions.
- IX. Employee stock compensation share number calculations for this Company shall be determined by the closing price of Company shares one day prior to the board of directors resolution meeting in compliance with the January 30, 2016 Decree (Jin-Guan-Zheng-Shen-Zi-Di 1050001900) issued by the Financial Supervisory Commission.
- X. In the event actual allotted amounts are at variance with estimated amounts due to changes in estimation, there sulting differences shall be listed as losses for the 2022 fiscal year.

##### (3) Board of directors approved proposals for the allocation of employee compensation and other relevant information:

- XI. Allocation of employee cash compensation, stock compensation, and amount of directors' compensation.  
Employee cash compensation is NTD 2,914,906, employee stock compensation is NTD 612,950,000 and directors' cash compensation is NTD 81,800,000. Compensation distribute to employees is NTD 236,538 lower than estimated amount ; Cash remuneration to directors is NTD 24,200,000 lower than estimated amount. The difference was due to the change of accounting estimate and will reflect on 2022 profit and loss account.
- XII. The proposed allocated amount of employee stock compensation accounts for 2.98% of total net income as specified in the individual financial statement for the current year and 99.53% of total employee compensations.

##### (4) Actual allocations of employee compensation and directors' compensation for the preceding fiscal year:

This Company's surplus earnings allocation for the preceding year amount to NTD 2,521,825 in employee cash compensation, NTD 507,000,000 in employee stock compensation, and NTD 73,000,000 in directors' compensation. Compensation distribute to employees is NTD 9,955,002 lower than estimated amount; Cash remuneration to directors is NTD 59,000,000 lower than estimated amount. This difference was incurred by changes in accounting estimations and has been listed as losses for the 2021 fiscal year.

4.1.9 Buyback of the Company's shares: None.

#### 4.2 Corporate bonds

##### 4.2.1 Issuance of corporate bonds

Corporate bond type	E.SUN FHC 2016-2 Senior unsecured corporate bond	E.SUN FHC 2019-1 Senior unsecured corporate bond	E.SUN FHC 2021-1 Senior unsecured corporate bond
Issue date	2017.1.20	2019.1.14	2021.5.25
Denomination	NT\$10 million	NT\$10 million	NT\$10 million
Place of issuance and transaction (Note)	Not applicable.	Not applicable.	Not applicable.
Issue price	Issue by denomination	Issue by denomination	Issue by denomination
Total	NT\$1.1 billion	NT\$4 billion	NT\$2 billion
Coupon rate	fixed rate of 1.1% per annum	fixed rate of 0.95% per annum	fixed rate of 0.50% per annum
Tenor	5 years Maturity:2022.1.20	5 years Maturity: 2024.1.14	5 years Maturity: 2026.5.25
Subordinated/senior ranking	Senior	Senior	Senior
Guarantee agency	N/A	N/A	N/A
Consignee	Hua Nan Commercial Bank	Hua Nan Commercial Bank	Hua Nan Commercial Bank
Underwriting institution	Yuanta Securities	Yuanta Securities	E.SUN Commercial Bank
Certified lawyer(s)	GUO, HUI-JI	GUO, HUI-JI	GUO, HUI-JI
CPA	CHEN, YING-ZHOU HUANG, RUI-ZHAN	CHEN, YING-ZHOU HUANG, RUI-ZHAN	CHEN, YING-ZHOU YANG, CHEN-HSIU
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal	NT\$1.1 billion	NT\$4 billion	NT\$2 billion
Terms of redemption or advance repayment	None	None	None
Restrictive clause	None	None	None
Included as eligible capital	No	No	No
Name of credit rating agency, rating date, rating of corporate bonds	None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs, or other securities	None	None
	Issuance and conversion (exchange or subscription) method	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None	None	None
Transfer agent	None	None	None

Note: All the corporate bonds issued by our company are not overseas corporate bonds; the bonds all listed in Taipei Exchange.

4.2.2 Convertible bonds: None.

4.2.3 Exchangeable bonds: None.

4.2.4 Shelf registration for issuing bonds: None.

4.2.5 Corporate bonds with warrants: None.

**4.3 Issuance of Preferred Share:** None.

**4.4 Global depository receipt**

Item	Date of Issue	Sept. 27, 2004 (1st issue)	Oct. 17, 2012 (2nd 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 GDSs 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 GDS Holders	<p>The rights and obligations of GDS 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, GDS holders shall be entitled to exercise voting rights for the common shares represented by their GDSs.</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 depository may grant additional GDSs to GDS holders in proportion to the comm on shares represented by their GDSs on hand pursuant to provisions of the Deposit Agreements. If it is permitted by law, the depository may also increase the amount of common shares represented by each GDS. The depository may also sell the stock dividends in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after subtracting related expenses and tax payments. When E.SUN FHC undertakes a rights offer or similar exercise, the depository should make available this right to GDS holders pursuant to provisions of the Deposit Agreements. The depository may also sell the right in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after sub- tracting related expenses and tax payments. But if neither option is feasible, the depository may opt to waive its preemptive right pursuant to provisions of the Deposit Agreements.</p>		
Fiduciary	None		
Depository	Citibank		
Custodian	Citibank Taiwan		
Unredeemed Balance (Number of GDSs)	140,825(As of Dec.31,2021)		
Expenses for Duration of GDSs	<p><b>(1) Cost of GDS Issue:</b> Unless it is separately negotiated among E.SUN FHC, E.SUN Bank, lead underwriters and the depository, all the cost and expenses of the GDS 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><b>(2) Expenses Incurred After GDS Issue:</b> Unless it is separately negotiated between E. SUN FHC and the depository, all the expenses incurred over the duration of the GDSs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.</p>		<p><b>(1) Cost of GDS Issue:</b> Unless it is separately negotiated among E.SUN FHC, lead underwriters and the depository, all the cost and expenses of the GDS 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><b>(2) Expenses Incurred After GDS Issue:</b> Unless it is separately negotiated between E. SUN FHC and the depository, all the expenses incurred over the duration of the GDSs (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 GDS	Mar.18,2022	Highest	US\$ 27.600
		Lowest	US\$ 25.400
		Avg.	US\$ 26.530
	2021	Highest	US\$ 25.400
		Lowest	US\$ 19.791
		Avg.	US\$ 22.677

**4.5 Status of Employee Stock Option Plan and Restricted Stock Awards**

- 4.5.1 Status of unexpired employee subscription warrants issued by the Bank in existence as of the date of publication of this annual report and the effect of such warrants upon shareholders' equity: None.
- 4.5.2 Names of top-level executives holding employee share subscription warrants as of the date of publication of this annual report and the names of the 10 employees holding employee subscription warrants authorizing purchase of the most shares, along with the status of actual exercising: None.
- 4.5.3 Status of all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares up to the date of publication of this annual report and the effect on shareholders' equity: None.
- 4.5.4 Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top 10 in the number of new restricted employee shares acquired, cumulative to the date of publication of this annual report: None.

**4.6 Merger and acquisition**

- 4.6.1 Any opinions by accountants that should be disclosed regarding the rea-sonable share swap ratio for mergers & acquisitions or sale of banking in-stitutions over the past year: None.
- 4.6.2 M&A or transfer of other financial institutions in past 5 years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Subsidiary E.SUN Bank was approved by the Board of Directors on June 29, 2016 to acquire 25% stake in Union Commercial Bank PLC. (UCB). This acquisition was completed on August 25, 2017, thereby increasing E.SUN Bank's share ownership in UCB from 75% to 100%.
- 4.6.3 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&A or sale that involves the issuance of new shares: None.

**4.7 Fund utilization plans and execution**

- 4.7.1 Plan:  
Programs completed in the most recent three years with beneficial results yet to assert themselves: None.
- 4.7.2 Execution: None.

## 5. Business Operation



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### 5.1 Business scope

#### 5.1.1 Scope of operations

##### (1) E.SUN FHC

###### I. Primary operations

The main business activities of E.SUN FHC's are investment and management. Its subsidiaries engage in a wide range of financial businesses including banking, credit cards, trust, insurance, securities, futures, venture capital, other businesses approved by regulators.

###### II. Primary subsidiaries

The three main subsidiaries of E.SUN FHC's are E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital. E.SUN Bank controls three entities: E.SUN Bank (China), Union Commercial Bank, PLC in Cambodia, and BankPro e-Services Technology Co., Ltd.

###### III. Composition of operations

Unit: NT\$ thousand

Item	2021		2020	
	Amount	%	Amount	%
Interest Income	35,482,114	49.61	36,089,321	48.15
Fee Income	25,445,136	35.58	23,785,531	31.73
Others	10,589,538	14.81	15,079,423	20.12
Total	71,516,787	100.00	74,954,275	100.00

Note:

- E.SUN FHC consolidated financial figures
- Others are net revenue exclude interest income and fee income

##### (2) E.SUN Bank

###### I. 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, syndicated loan, 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.

###### II. Composition of operations

Unit: NT\$ thousand

Item	2021		2020	
	Amount	%	Amount	%
Interest Income	35,011,380	53.04	35,779,038	49.99
Fee Income	22,118,961	33.51	21,824,357	30.49
Others	8,876,975	13.45	13,975,817	19.52
Total	66,007,316	100.00	71,579,212	100.00

Note:

- E.SUN Bank consolidated financial figures
- Others are net revenue exclude interest income and fee income

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

###### I. Primary operations

###### (I) Brokerage

Provide consigned trading of local and foreign securities, domestic futures and options, credit transactions, and lending to meet the needs of domestic and overseas customers for multiple commodities.

###### (II) Underwriting

Assist foreign and domestic enterprises to become listed on the TPEX and TWSE; assist listed and OTC companies to use different types of capital market tools to solicit the funds they need for long-term development, with the goal of achieving stronger financial structure and expanded business operation.

###### (III) Proprietary trading, and other business approved by the regulator

###### II. Composition of operations

Unit: NT\$ thousand

Item	2021		2020	
	Amount	%	Amount	%
Fee Income	3,333,966	82.40	1,965,011	80.01
Interest Income	470,144	11.62	311,398	12.68
Gains from Securities Trading	242,954	6.01	168,556	6.86
Other Operating Income(Loss)	(1,208)	(0.03)	11,068	0.45
Total	4,045,856	100.00	1,612,068	100.00

**(4) E.SUN Venture Capital**

**I. Primary operations**

- (I) Invest in domestic and foreign non-TWSE/TPEX-listed companies with development potentials.
- (II) Provide management and industry consulting services, and provide assistance and guidance in fund solicitation, merger and acquisition, and strategic cooperation.
- (III) Guide second-generation companies with core competitiveness to engage in transformation and restructuring.

**II. Composition of operations**

Unit: NT\$ thousand

Item	Year	2021		2020	
		Amount	%	Amount	%
Investment Income		1,479,867	99.95	944,797	99.94
Interest and other operating income		726	0.05	576	0.06
Total		1,480,593	100.00	945,373	100.00

**5.1.2 Business Plan**

Key business area	Annual business plan
Corporate banking services	To accomplish the goal of "First Choice for Businesses and Premier Cross border Platform", E.SUN Bank follow government policies, and adopt the Investment via Taiwan's Three Major Programs to guide Taiwanese businesses return from overseas and support Taiwanese enterprises develop innovation and transformation. Also strengthens overseas and domestic risk control mechanisms and maintains asset quality by using information technology, professionalism, as the base as well as team core. E.SUN apply integrated services and innovation to fulfill cross-border enterprise's needs, develop sustainable finance services, fulfill corporate social responsibility and move toward sustainability together with customers.
Consumer banking services	Risk control and operational efficiency are two features of the consumer banking service. We apply the credit rating system, online banking channels, and local expert teams to provide financing service to small businesses, mortgage, startups, regional revitalization businesses, green buildings, and reconstruction of urban unsafe and old buildings, with elasticity and convenience to them.
Wealth Management Services	E.SUN provides comprehensive wealth management services, including NTD and foreign currency deposits, financial management, insurance and trust, etc. We will continue to innovate products, optimize processes, implement risk control and improve customer experiences based on market trends and customer needs, along with the assistance from in-house experts and well-developed digital finance tools. We are committed to creating value for customers and becoming the most trusted wealth management bank.
Credit card and payment services	E.SUN bank combines digital technology and big data analysis to offer customers complete automated innovation digital service experiences, and to further meet the needs of our customers across all the segments, creating customer values. Meanwhile, we integrate resources cross difference industries by connecting our payment services with partners who own retail channels. This greatly helped E.SUN to expand into various payment scenarios. We believe E.SUN Credit Card is the best choice for daily life and customer's favorite brand.
Securities services	The brokerage business is based on the strategy of expanding the customer base and deepening cross-industry cooperation. It attaches great importance to customer experience, continuously improves the digital platform and optimizes the operation process, manages the digital customers through unique marketing activity and closely O2O cooperation to expand the customer base of diversified products, builds the expert team to deeply cultivate high-end VIP customers, and strengthens the integration of resources to create the value of channel operation. The underwriting business focuses on operating hidden champions and niche companies in various industries, assisting them to access the capital market, solving the problem of second-generation succession of enterprises, and deepens customer relationships. The proprietary trading business develops various trading models to enhance trading income with well-managed risk/reward control.
Venture Capital services	E.SUN Venture Capital combines resources within E.SUN FHC and invests in emerging stock companies and other unlisted companies with growth potential. E.SUN Venture Capital offers business management and industry consulting services and helps companies which it invests implement sustainability measures and seek academia-industry collaboration. In addition, E.SUN Venture Capital utilizes the resources of E.SUN FHC to help these companies enter the capital market and grow to be more competitive. Meanwhile, following government's policy and international regulation, E.SUN Venture Capital stably expands investment scope and properly manages risks to create higher shareholders' value and better managerial performance.

### 5.1.3 Industry overview

#### (1) The global economy is gradually recovering while the pressure from inflation increases

- A. The recovering demand from Europe and America spurs Asia's manufacturing sector. 2021 global GDP recovered to the pre-COVID level while the variety of pandemic remains uncertain. As a result, the IMF revised the global economic growth rate for year 2021 down 0.5 percent to 4.4 percent in January 2022.
- B. The U.S. is recovering steadily with employment conditions improving while the resurgence of coronavirus disease (COVID-19) may delay the recovery of service sector. Besides, pressure from price hike increases with January 2022 CPI standing at 7.5%(yoy) may suppress consumption. As a result, the IMF revised the global economic growth rate for year 2021 down 1.2 percent to 4 percent in January 2022.
- C. China's economy remains weak. The IMF revised the global economic growth rate for year 2021 down 0.8 percent to 4.8 percent in January 2022 whose growth was supported by export. Looking forward toward 2022, the policy focuses on making progress and ensuring stability through easing and fundamental investment while bubble in real estate, the recovery of demand and the uncertainty of regulatory policies should be paid close attention.
- D. The main economies have different monetary policies. U.S. moves toward tightening and may increase interest rate and reduce the balance sheet. ECB and Japan remains easing considering the uncertainty of economy. China would remain easing due to the economy downturn.

#### (2) Taiwan economy grows steadily

- A. Export and private investment outperform which make up for the short impact of the pandemic. As a result, the Directorate-General of Budget, Accounting, and Statistics revised the growth rate for the year 2021 up 0.18% to 6.28% for the year 2021 and forecast the growth rate for the year 2022 4.42% which continues the growing trend of export and private investment.
- B. As electronics and traditional industry prosper, export for the year 2021 is 446.5billion US dollar, a record high. Export will remain a steady growth as global economy recovers.
- C. Investment and industry expansion continues. The capital formation growth rate in 2021 is 16.8% and as investment momentum continues it will be an important engine for 2022 economy.
- D. In 2021 fourth quarter, not only because COVID-19 cases decreased and measures of containment eased, but government proposed stimulus packages, private consumption gradually recovers. Retail and catering industry grew 5.73%(yoy) and 4.22%(yoy). The Directorate-General of Budget, Accounting, and Statistics forecasted the private consumption growth rate 5.10%.

### 5.1.4 Research and development

#### (1) R&D results in last two years and future directions

Key business activity	R&D results in last two years and future directions
Corporate banking services	<p>A. In 2021, following the "Green Finance Action Plan 2.0" policy instructed by FSC, E.SUN kept supporting the development of renewable energy industry in Taiwan by providing green loan and financial services. E.SUN has been providing the "Solar Rooftop" project financing since 2014 to support SME to invest in solar power project, and after that we also provide other renewable project financing service for such as ground-mounted solar PV, offshore wind and onshore wind power plants.</p> <p>B. Cross-border finance platform: In response to the needs of cross-border customers, E.SUN Corporate Online Banking platform (E.SUN eBanking) provide customers with cross border capital management and account information integration services. The platform integrates the resources of different product lines, creates special financial services, and offers total solutions. In addition, due to the impact of the Covid-19 pandemic on banking services, we accelerate the development of online banking services to solve customer pain points. Our customer centric model let us receive multiple international awards and recognitions. (E.SUN Bank has received the Asset's the Best Trade Finance Solution in Taiwan award, the Asian Banker's the Best Corporate Trade Finance Deal in Taiwan award, the Asset's the Best Cash Management Bank in Taiwan award, Asiamoney's Taiwan Best Service (Domestic Banks)</p>
Consumer banking services	<p>A. Reverse Mortgage Loans: To meet the diverse needs of silver-haired people, E.SUN provided a one-stop service of "Reverse Mortgage Trust" in 2021. Moreover, E.SUN assists customers in pre-planning the application of funds, and regularly allocates money to the trust account to ensure that the funds are used exclusively for retirement to make life more secure by Reverse Mortgage Trust.</p> <p>B. Green Building Loans: E.SUN has launched the "Green Building Loan", for the houses are EEWH-certified of "Taiwan Architecture &amp; Building Center" can enjoy interest rate reduction and discount on fees.</p> <p>C. Reconstruction of urban unsafe and old buildings loans: In 2020, E.SUN provided reconstruction of urban unsafe and old buildings loans to help customers improve building safety and living environment. Nowadays, E.SUN constantly cooperates with well-known real estate management companies to create one-stop financial services.</p> <p>D. Unsecured personal loan</p> <p>E-lending services: We adopt IRB credit score model to implement risk pricing, pricing model and proxy income model, to expend appropriate customer base.</p>

Key business activity	R&D results in last two years and future directions
Wealth Management Services	<p>A. ESG-themed products: E.SUN launches the first Environmental &amp; SRI Multi-Asset Fund that complies with the latest ESG regulation in Taiwan, and provide sustainable investment opportunities for costumers. By promoting diversified trust services, including innovative services such as pre-opening trust, foreign currency trust, real estate and senior trust combo, etc., we not only comply with the Trust 2.0 policy, but also strengthen the protection to elderly customers as well as the development of ESG.</p> <p>B. Intelligent asset allocation system: E.SUN leverages Fintech to deliver a better customer experience. Customers can have a quick access of the consulting services from our experts who offer tailor-made investment strategies with integration of big data and AI technology.</p> <p>C. Upgrading digital wealth management services: To meet our customers' needs for wealth management transactions and consultation under epidemic period, and at the same time implementing environmental protection and paper reduction, E.SUN keeps expanding the service of digital wealth management, and improves and optimizes the mobile insurance to provide a more efficient service.</p>
Credit card and payment services	<p>A. E.SUN Wallet: In order to create a digital platform that integrates payment, lifestyles, and financial services, E.SUN not only keeps optimizing the existing functions, but also providing innovative services by developing personalized interfaces and self-management functions. For instance, installment plan and reward points redeemed functions were added to the app. Moreover, E.SUN Wallet offers various insurance choices, customers now are able to set up insurance online by their personal needed. We also established a financial user-friendly area to improve customers' experience and the usability of the digital services.</p> <p>B. Electronic Payment Business: Customers are available to go shopping(consume) at 200,000 contracted shops which cooperated with Taiwan pay company by link E.SUN account.</p> <p>C. Demon Slayer Debit Card: E.SUN is the first bank got IP authorization in Taiwan, we combine anime with financial services into daily life, and create interaction with digital and young groups.</p> <p>D. Digital quintuple stimulus vouchers: To provide convenience to consumers, E.SUN launched a self-services platform for assisting customers to check the information and the usage conditions of digital quintuple stimulus vouchers and foodlover vouchers.</p>
Securities services	<p>A. In order to improve the process of opening account on line, E.SUN Securities uses RPA to avoid duplication, finishes job quickly and correctly, creates value and reduces human error. In addition, E.SUN is the first one in Securities companies to connect MyData Platform.</p> <p>B. Provide the trading amount advice by big data and AI. Enhance the detecting function in trading, public drawing of the same IP, and build the risk system to prevent interest conflict and improper trading.</p> <p>C. The first securities company subscribes Morningstar Sustainability ESG ratings to provide investors the ESG risk ratings of Taiwan stocks.</p> <p>D. A new digital branch was established in April 2021 as an acceleration engine for digital engineering and virtual-real integration. For the development of digital-only business model and the construction of a digital experimental field, initially focusing on the management of different customer groups, and then expanding to all the online customers in the medium and long term. Provide customers with the best digital service experience.</p>

#### (2) R&D progress and expenses

##### I. R&D expenses of recent 2 years

Unit: NT\$ thousand

Year	2022(F)	2021	2020
E.SUN Bank	357,940	347,953	471,100
E.SUN Securities	38,800	39,130	35,354

## II. R&D projects and progresses

In order to enhance the digital experience of corporate customers and strengthen credit and operational risk control, we will continue to build and refine internal and external systems.

In response to digital transformation and customer needs, E.SUN Bank has created unique digital foreign exchange services—in 2021, we launched the 1st Personal Internet Banking and Mobile Banking service for foreign currency remittance with large amounts and 24-hour foreign currency exchange service to optimize the digital journey of customers. In order to continue to strengthen our domestic and overseas operations and to support the huge volume of digital foreign exchange transactions, we reengineered our core foreign exchange system based on professionalism and technology, which enhanced the efficiency of automated service processes. Moreover, we linked AML scanning for trade finance to meet the financial needs of cross-border enterprises while strengthening AML risk control.

Projects	Estimated Time of Completion
E.SUN eBanking improvement project	2022
E.SUN Collateral System project	2023
Treasury Counterparty System project	2022
Foreign business system project	2022
E.SUN foreign exchange system upgrade project	2022
Foreign exchange common management improvement project	2022

Note:

- 1: Ongoing R&D projects will require further investments of NT\$1,811,940 thousand, which will be amortized over the years.
- 2: Success of an R&D project depends primarily on changes in the laws and regulations and market trends and the commitment of consultants and project members.

### 5.1.5 Short-term and long-term business development plan

#### (1) Long-term business development plan

Key business area	Long-term business development plan
Corporate banking services	Integrate cross-border banking platforms and improve product integration capabilities to expand the international customer base and provide diverse banking services. Expand overseas by resource integration; start locally in Taiwan and go forward and work with overseas offices to develop localized products to effectively meet local demands. In addition, E.SUN continues to leverage the influence of the ESG, assist enterprises from reduce carbon emission to net zero and support sustainable industries, in order to make constant efforts to contribute environment sustainability. E.SUN continues to refine operating procedures to provide convenient channels and fast services that create optimal customer experiences for enterprises.
Consumer banking services	E.SUN provide diverse banking services to the customers worldwide through the integration of product and platform capacities. The collaboration between the head office in Taiwan and other overseas offices offers localized products meeting the market's demand. In addition, E.SUN leverage the ESG influence for the business and environment sustainability.
Wealth management services	Focusing on customer needs, E.SUN will exert influence on sustainable finance and concentrate on serving wealth management customers. By connecting and integrating cross-unit resources, E.SUN will be able to provide consulting services by strengthening the professionalism of wealth management team, and constructing cross-border wealth management platform to meet comprehensive customers' wealth management needs through complete product map, digital transaction services and solid risk management.
Credit card and payment services	Take customer experience as the core, we integrate technologies, data analysis and cross-domain resources to enhance our customer-oriented services. Furthermore, E.SUN alliances with important strategic partners to develop the payment ecosystem and explore premium customer groups. Meanwhile, we are committed to strengthen relationships across all customer segments to create high customer value.
Securities services	Continue to leverage the resources of cross-industry cooperation partners, integrate digital securities and financial services, use digital customer access to expand new customer groups, and promote digital marketing activity to attract investors. Providing our customers with convenient investment experience, go hand in hand with quantitative and qualitative improvements, continue to move towards digital transformation and create customers' values. The underwriting business integrates E.SUN FHC to help Taiwanese companies improve their competitiveness and move towards sustainable development. The proprietary trading business refines mid-term investment asset allocation, optimizes trading income structure and enhances profit stability.
Venture Capital Services	Invest in 5G telecommunications, smart machinery, electric vehicles and related industries; improve time management in investment and risk management; integrate E.SUN FHC resources to facilitate overseas expansion; and work with banks, securities dealers, and accountants to explore opportunities in other countries.

#### (2) Short-term business development plan

Key business area	Short-term business development plan
Corporate banking services	Improve business efficiency through regional integration and "detailed customer classification, and focused operation;" Apply integrated service to manage jumbo's customer; seize the business opportunity of ESG and develop sustainable finance services. SMEs towards ESG integrations and IPO incubator for hidden champion companies to fortify stronger customer relations; focus on improving product processes for SMEs to serve customers efficiently; SME focuses on improving product processes to serve customers efficiently; continue to improve risk management mechanisms and implement internal control; and help businesses to develop sound business practices and achieve success. Become the partner of corporate succession and sustainability.
Consumer banking services	Based on the online platform innovation, the cross-industry collaboration, and the realization of the Sustainability Development Goals, we focus on offering a seamless, heart-warming financial service.
Wealth management services	Cultivate high-quality wealth management personnel and cross-field expert teams, enhance product diversification and service differentiation, and strive to provide customers with comprehensive asset allocation and consulting services. In addition, by using data analysis and financial technology, E.SUN can further improve the efficiency of transaction processes, and optimize the end-to-end customer experience with customized services.
Credit card and payment services	E.SUN bank provides the most suitable products and services by segmenting customer into group to satisfy the needs of different customers. We create digital service platform and connected our payment service-chain to channel partners to explore diversity of lifestyles and scenarios. Meanwhile, applying AI models to strengthen risk control and enhance consumption security, we expect E.SUN credit card can be the main credit card for customers.
Securities services	A. Focus on customer user experience, optimize procedures of online account applying, increase the amount and proportion of online account applying, and strengthen the professional of colleagues. B. Assist the IPO of the hidden champions, raise funds for listed companies, and extend the services of E.SUN FHC.
Venture Capital Services	Invest in undervalued public or emerging stock companies with growth potential to enhance the efficiency of capital utilization; cultivate existing customers and identify investment opportunities to increase profits and fortify customer relations.

## 5.2 Cross sector integration and marketing

### 5.2.1 E.SUN's ESG Sustainability Initiative

ESG (environmental, social, and corporate governance) is not only an important global trend but also an indispensable indicator of corporate sustainability. In February 2021, E.SUN collaborated with 32 outstanding corporate leaders in Taiwan, including AUO and China Steel, to launch the E.SUN's ESG Sustainability Initiative. The participating companies signed the Sustainable Development Initiative, and further pledge to take practical actions on the most urgent issues caused by climate change, implement various ESG initiatives, and promote the United Nations Sustainable Development Goals (SDGs).

E.SUN, starting with itself, is working to improve its sustainable financial services, including fortifying the sustainable operating environment and developing responsible credit, responsible investment, responsible products and inclusive finance. Through value chain communication, we guide and encourage our customers, foreign investors and suppliers to implement ESG practices and look to the future. The E.SUN's ESG Sustainability Initiative will continue to promote sustainability strategies and action plans and prompt the industry to pay more attention to environmental, social, and corporate governance and move towards sustainable development!



### 5.2.2 Cross-industry cooperation for social influence

E.SUN has long been committed to the operation of medical institutions and medical philanthropy. For example, we provide exclusive financial services and innovative e-services to 22 leading medical institutions nationwide to improve the quality of medical services and the welfare of health care workers. In 2021, E.SUN Bank partnered with Taiwan Dental Association to launch the "E.SUN Spreads Love and Safeguards the Medical Community" project to install 23 stationary dental patient chairs in rural elementary schools in Hualien County, Taitung County and Kaohsiung City. This project increases the capacity of mobile medical care and takes care of the oral health of school children in rural areas. There are 81 towns in Taiwan that do not have a dentist, so it is not easy for the residents in these towns to seek treatment. According to the Ministry of Health and Welfare, in Taiwan, children have a DMFT (decayed, missing, and filled teeth) index of 2.5, which is higher than the WHO target of DMFT 2. The problem of dental caries among children in rural areas is even more serious, and the situation can be greatly improved through voluntary visits by dentists to schools in rural areas.

E.SUN continues to team up with other community leaders who share its vision, including associations of Western medical doctors, traditional Chinese medicine practitioners, dentists, accountants, architects, lawyers, etc., to hold public welfare activities such as blood donation and charity clinics in remote areas, combining resources from all walks of life and exerting influence.



## 5.3 Market and business competitive landscape

### 5.3.1 Key business area

Business	Key business area
Corporate banking services	E.SUN operates the services primarily in Taiwan. To meet the demand of cross-currency for Taiwanese businesses, E.SUN provides cross border banking services in financial hubs in Asia Pacific, Greater China, and ASEAN countries. The network covers 28 offices in 9 countries and regions offering services for Taiwanese and local customers through the integration of oversea branches.
Wealth management and consumer banking services	E.SUN Bank operates the services primarily in Taiwan. There are 139 domestic branches in total. We also develop wealth management services in Hong Kong and Singapore and develop consumer banking services in Cambodia to satisfy the oversea customers' needs.
Credit card and payment services	Taiwan is our primary served area and the UCB subsidiary which located in Cambodia is developing a local credit card and debit card service as well. E.SUN has also expanded the electronic payment business and cooperated with strong channel partners such as Paypal, Alipay, Tencent(Tenpay), and Razer Merchant Services. We continually develop overseas markets for new opportunities and composing to global cross-border financial services.
Securities services	Taiwan is the main service area. As of December 2021, 17 branches have been established, and with 79 joint marketing offices located at bank branches, there are totally 96 service locations.

### 5.3.2 Future opportunity of market

- (1) With the global economic recovery, inflation risk is driving the cycle of interest rate hikes. Since the outbreak of COVID-19 in early 2020, increased vaccination rates in various countries have led major countries to relax border control and response measures and adjust their pandemic prevention policies to coexist with the virus. The global economy is expected to rebound gradually as a result. However, the rebound in consumer demand, coupled with the unresolved supply chain bottleneck caused by the pandemic, has increased the risk of inflation. Prices of raw materials such as metals, plastics, food and energy are highly volatile. A number of countries have raised interest rates to reduce the pressure of price inflation. Changes in the interest rate environment have exacerbated financial market volatility, testing the response capability of financial institutions for risk management and strategic adjustments.
- (2) Climate change is receiving increasing attention: The outcome of COP26 demonstrates that reducing carbon emissions and phasing out fossil fuels has become a consensus among many countries, and the European Union is planning to impose a carbon emissions tariff in 2026. Well-known multinationals, such as Apple, Microsoft and Google, have announced their carbon reduction targets and are diligently asking their supply chains to implement green production. The issues of carbon inventory, carbon emissions management and carbon reduction targets are gradually becoming an integral part of business operations that cannot be ignored. Energy-intensive industries such as steel, petrochemicals, plastics, cement, and semiconductors will face more urgent pressure for low-carbon transition. On the other hand, more resources are expected to be invested in environmentally friendly industries, such as green energy, electric vehicles, green steel, hydrogen energy, and sustainable agriculture. The overall trend will enable the financial industry to make a positive impact through the development of responsible finance and green finance.
- (3) Business opportunities from wealth management for high-end customers: With the stricter regulation on transparency in overseas income around the world and the needs of family inheritance, second-generation succession, and asset allocation of Taiwanese business owners, the competent authority has launched policies to promote returning investment of overseas Taiwanese companies and upgrade of wealth management service. By meeting the needs of high-end customers, the operational quality and competitiveness of Taiwanese financial institutions can be further enhanced.
- (4) Development of financial technology: With the development of technology and the loosening of laws and regulations, pure online banks started operations in Taiwan, and Taiwan's government plans to allow the establishment of pure online insurance companies. More and more companies have entered the financial service field and established an ecosystem through cross-industry cooperation. As more participants join, financial services will become more diverse, which promotes the digital transformation of financial institutions, accelerates the development of inclusive finance and scenario-based finance, and further enhances customer experience and creates long-term social value.

### 5.3.3 Objective

Business	Objective
Corporate Banking	Focus on hidden champion companies, develop green finance, and cross boarder business to make E.SUN the most distinctive and exemplary bank in Asia.
Consumer Banking	To be the distinctive and exemplary bank in Asia, E.SUN focuses on supporting hidden champion companies and international business originated in Taiwan and developing green finance for the society.
Wealth Management	E.SUN Bank beholds the faith of "pure as jade, and sturdy as mountain", offering customer-oriented service by building a professional wealth management team, elaborating digital channels, optimizing product maps, implementing risk management and internalizing ESG in finance services and aims to become the most trusted wealth management bank.
Credit Card and Payment	E.SUN Bank focuses on key customer segments and secures its leading position in premium cards, EasyCard cobranded cards, icash cobranded cards, cards aimed at female customers, and the Citizen Travel Card. E.SUN Bank invests heavily in new payment tools. Backed by its strength in risk management, E.SUN Bank embarks on innovation and utilizes technology to combine channels and create more value for customers under innovative business models. E.SUN Bank credit card aims to be the best choice for daily spending and one of the favorites with consumers.
Securities	E.SUN Securities is committed to developing domestic and overseas commodity platforms, optimizes the digital engineering, continues to expand cross-industry cooperation to connects online to offline services and develop digital customers, and enhances colleagues' professional advisory capabilities to focus on creating VIP customers' values. The underwriting business tailors the most suitable financing plan to assist companies in obtaining working capital and enhancing competitiveness. The proprietary trading business analyzes and cultivates the trading opportunities with market, credit, liquidity risks management.

### 5.3.4 Challenges in the future and in the external environment

#### (1) Challenges in the future and in the external environment

- I. Cross-industry competition and cooperation: The development of new technologies and business models accelerates changes in the boundaries of various industries, and the government's new laws and deregulation promote the development of cross-industry competition and cooperation and various ecosystems. Traditional financial business may be affected.
- II. Volatile global environment and higher geopolitical risk: Major regional economies around the world are competing or cooperating, affecting the layout of global supply chains. Providing cross-border financial services is challenging for financial institutions.
- III. Regulation changes: Regulations on the fields of anti-money laundering(AML), countering the financing of terrorism(CFT), personal information protection, global tax reporting standards, and so on are becoming stricter. Companies face the increasing cost of legal compliance, which examines companies' adaptability.
- IV. The trend of sustainable development: As global climate change intensifies, the United Nations is tirelessly promoting carbon reduction actions, and governments are responding by setting policies and targets one after another. Sustainable development has become a crucial subject for business operations.

#### (2) Countermeasures and E.SUN's competitive advantages

- I. Fintech and digital financial development: Continue to promote digital transformation to increase the operational efficiency of the organization and create good customer experience; Leverage technology and digital power to develop innovative business models.
- II. Increase overseas presence and expand cross-border business: Increase overseas locations and expand the service network to meet customer needs.
- III. Three lines of defense and risk management: Build organizational resilience, take the initiative to identify emerging risks, and carry out corresponding management measures.
- IV. ESG and sustainable development: Integrating ESG with the financial industry and working with customers and partners to exert a positive influence. Benchmark our operation against international best practices and continue to improve relevant management measures.

### 5.4 Human resources



When it comes to corporate success, human resources stand out as a key barometer. Committed to honesty and integrity as its core values while striving for a fresh, professional brand image, E.SUN has long focused on the cultivation of human resources. E.SUN fulfills its commitment to this philosophy by cultivating professional banking talent and offering its customers the highest quality of service. Combining a culture that emphasizes discipline and a spirit of innovation, we continue to move toward sustainable development and create value for customers, employees, and the Company.

Talent is a leading indicator and a key indicator. E.SUN has established a three-level training module to equip its employees with financial competency from a new recruits, professional to leadership. Through the framework, the bank provides diversified learning and development for employees at various career stages that are based on multiple aspects including financial trends, corporate strategy, customer needs, and talent functions. The bank will moreover continue to reform and innovate so that the cultivation of talents at each stage can meet the expectations of the company, the environment, and employees. An internal recruiting program is in place to help our employees rotate to different positions in front, middle and back offices at headquarters or branches across different regions so that employees can build up expertise in different filed to expose them to all verticals of an organization. By offering a full range of training, experiences, and tempering, E.SUN aims to create a comprehensive, diverse talent supply chain that delivers top-notch interdisciplinary people.

Under the COVID-19 pandemic, digital training approaches such as online learning have been wildly used. Moreover, in the face of the impact of the epidemic and changes in technology and laws and regulations, the financial industry needs to continuously evolve, and the main axis of talent cultivation must also follow corporate strategies, focusing on issues such as financial technology, ESG and risk control. On top of its fundamental expertise in finance, E.SUN is moreover committed to the empowerment of information technology and artificial intelligence. For recruiting a diverse pool of professionals, E.SUN has actively invested in industry-academia cooperation in recent years and sponsored scholarships to talents from ASEAN countries. Through such more diverse, cross-border packages, E.SUN can cultivate talents equipped with innovative thinking and a global vision for future needs.

"Together we are one." E.SUN forms an extraordinary team made of ordinary people and has conquered its business milestone. In the future, E.SUN will continue to hold on to the "three pillars": human capital, prudence in policies and procedures, and investment in IT infrastructure to strengthen its capabilities. The objective is to create a competitive edge backed by human capital superior in both quality and quantity that cannot be imitated by competitors. As E.SUN steps into its fourth decade, it aims to draw on the concerted efforts of all employees to become a leader in banking sector of Asia. E.SUN will excel by clear strategies achieved by strong execution and smart teamwork.

#### 5.4.1 Employee statistics of E.SUN's subsidiaries

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

Item	Year	Current year to March 20, 2022	2021	2020
No. of employees		9,183	9,262	9,502
Average age		34.9	34.2	33.5
Average years of service		9.2	9	8.3
Educational background %	Master	27.0	27.0	26.5
	Bachelor	68.6	68.6	68.9
	Junior college	3.9	3.9	4.0
	(Vocational) High school	0.5	0.5	0.6
Number of professional licenses held by employees	Banking	30,491	30,214	28,874
	Insurance	10,758	10,778	10,852
	Securities	8,053	8,086	8,140
	Other	1,498	1,463	1,556

##### (2) E.SUN Bank

Item	Year	Current year to March 20, 2022	2021	2020
No. of employees		8,511	8,593	8,874
Average age		34.7	34.1	33.4
Average years of service		9.2	9.1	8.3
Educational background %	Master	27.4	27.4	26.9
	Bachelor	68.2	68.2	68.6
	Junior college	3.9	3.9	3.9
	(Vocational) High school	0.5	0.5	0.6
Number of professional licenses held by employees	Banking	29,763	29,492	28,190
	Insurance	10,493	10,514	10,597
	Securities	6,745	6,788	6,927
	Other	1,387	1,353	1,466

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

Item	Year	Current year to March 20, 2022	2021	2020
No. of employees		604	601	571
Average age		35.9	35.2	35.1
Average years of service		8.6	8.5	8.2
Educational background %	Master	17.2	16.8	17.0
	Bachelor	78.3	78.7	78.1
	Junior college	4.0	4.0	4.4
	(Vocational) High school	0.5	0.5	0.5
Number of professional licenses held by employees	Banking	273	568	561
	Insurance	234	233	230
	Securities	1,265	1,255	1,175
	Other	78	77	66

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

Item	Year	Current year to March 20, 2022	2021	2020
No. of employees		8	8	8
Average age		41.7	40.9	39.9
Average years of service		14.7	14.5	13.5
Educational background %	Master	75.0	75.0	75.0
	Bachelor	25.0	25.0	25.0
Number of professional licenses held by employees	Banking	20	20	19
	Insurance	5	5	5
	Securities	6	6	6
	Other	1	1	1

#### 5.4.2 Status of acquisition of certificates designated by the competent authority by personnel connected with financial information transparency

- (1)Chartered Financial Analyst (CFA) L1: 28 persons
- (2)Chartered Financial Analyst (CFA) L2: 9 persons
- (3)Chartered Financial Analyst (CFA) L3: 4 persons
- (4)Certified Financial Planner (CFP): 136 persons
- (5)Associate Financial Planner (AFP): 16 persons
- (6)Certified Internal Auditor (CIA): 3 persons
- (7)Advanced Financial Management Associate(AFMA): 3 persons
- (8)Financial Risk Manager (FRM): 29 persons
- (9)Certified Information Systems Auditor (CISA): 3 persons
- (10)Certified Financial Service Auditor (CFSA): 1 person
- (11)Certified Anti-Money Laundering Specialist (CAMS): 337 persons

- (12)Project Management Professional (PMP): 170 persons
- (13)Registered Financial Consultant (RFC): 2 persons
- (14)Certificate for Documentary Credit Specialist (CDCS): 19 persons
- (15)Certified Business Analysis Professional (CBAP): 1 person
- (16)Personal insurance agent: 9 persons
- (17)Property insurance agent: 5 persons
- (18)Securities investment analyst: 49 persons
- (19)Futures trading analyst: 7 persons
- (20)CPA: 36 persons
- (21)Attorney: 6 persons

#### 5.4.3 Continuing education and training for employees

- (1) The Company systematically plans and implements continuing education and training in accordance with the applicable annual plan and Employee Training Guidelines for E.SUN FHC and Its Subsidiaries.
- (2) In accordance with Employee Continuing Education and Inspection Tour Guidelines for E.SUN FHC and Its Subsidiaries, the Company assigns its staff, recommended by their supervisors and selected by relevant departments, to participate in continuing education, inspection tours, and workshops both in Taiwan and abroad.
- (3) The Company provides employees with diverse learning and development opportunities in different phases of their career. Training modules and course design undergo adaptation and innovation whenever needed on all fronts—industry trends, organizational strategy, customer needs, and professional competence. E.SUN's talent cultivation methods have been undergoing digital transformation since 2018. In response to the epidemic in 2020 and 2021, to allow colleagues to continue learning and make effective use of time, E.SUN digitized the original physical training courses, using digital teaching media, platforms and tools to assist physical training so that employees can apply what they have learned to practice in real time. Besides, E.SUN encourages employees to participate in quality training courses offered by external institutions to keep up to date with the latest knowledge in international finance, corporate sustainability, fintech development, and risk management.
- (4) During 2020, the Company and its subsidiaries held 394 internal education and training classes of various types, and sent personnel to participate in 914 training sessions held by external professional organizations. As a result, our colleagues took part in training a total of 182,158 person-times.
- (5) The Company's education and training funding accounted for 0.59% of operating revenue in 2021

#### 5.4.4 Number of fulltime employees serving in non-supervisory positions, average and median salary of such employees during the year, and differences from the previous year

Unit: NT\$ thousand; persons

	2021	2020	Growth rate
Number of employees serving in non-supervisory positions	8,135	8,109	0.32%
Average salary of employees serving in non-supervisory positions	1,168	1,091	7.06%
Median salary of employees serving in non-supervisory positions	1,069	1,015	5.32%

Note: The above statistics were compiled in accordance with the explanation on reporting the salaries of fulltime employees serving in non-supervisory positions jointly promulgated by Taiwan Stock Exchange and Taipei Exchange.

#### 5.4.5 Promotion and enforcement of employee conduct and ethics rules

- (1) All E.SUN employees must sign and pledge to uphold the Company's employee service regulations and rules of conduct.
- (2) The Company posts its employee service regulations and rules of conduct on both internal and external websites in order to facilitate browsing and familiarization by employees.
- (3) To ensure that all executives and employees have correct awareness and faithfully uphold regulations in their conduct and work, all units' legal compliance managers shall promote awareness of employee conduct and relevant regulations on a regular basis and when needed.
- (4) The Company holds online tests on its employee service regulations and rules of conduct on an annual basis, and all personnel must take part. E.SUN personnel are also asked to visit the system and study online materials. All units' legal compliance test participation, test results, and status of make-up test implementation are taken into account when their legal compliance performance is assessed and scored.
- (5) In accordance with the Personal Information Protection Act and the Personal Information File Security Regulations for Non-Governmental Institutions Designated by the Financial Supervisory Commission, the Company has strengthened management mechanisms in order to fully implement the protection of personal information and information security.

## 5.5 Corporate responsibility and ethics



E.SUN strives to achieve sustainable development through ESG, and is making active efforts to become aligned with international trends in sustainable development. By making a long-term commitment and adopting systematic methods, we have incorporated ESG into our business operations, and we are working to improve our performance in economic, environmental, and social aspects. We take real action and makes constant progress in business, environmental, and social aspects.

#### 5.5.1 Corporate governance aspect

- (1) E.SUN builds its corporate governance practices on honesty, integrity and professionalism. Under the leadership of the management team, E.SUN has been rated "Excellent" in Corporate Governance Certification by Taiwan Corporate Governance Association, and ranked in the top 5% of TWSE Corporate Governance Evaluation for 6 consecutive years. E.SUN is also the first listed financial institution in Taiwan to create a corporate governance and nomination committee. It currently has 5 independent directors, accounting for more than 40% of board membership. E.SUN tries to make the board of directors better trained and more independent by having independent directors with different academia, industry, and government backgrounds.
- (2) A bank is a business that manages risks. Believing that no business operations can be considered beyond risk, E.SUN continues to reinforce the three lines of defense, establish a complete set of handbook and process, and implement them in a disciplined manner. E.SUN also strengthens its skills to combat money laundering and enhances its system surveillance.

#### 5.5.2 Environmental aspect

- (1) E.SUN continues to work on the green building project and build solar-powered branches. As of the end of 2021, E.SUN has 2 server rooms and 3 green buildings with LEED Gold international certification (Server rooms of Hope Building and Technology Building, E.SUN HR Development Center, E.SUN Second Headquarters Building A, and Dali Branch), 4 green buildings with EEWL Gold-Level certification (Hope Building, E.SUN Second Headquarters Building A and Building B, and Jen-Teh Branch), 8 offices with EEWL Certified-level certification (Chiayi, Daya, Yuanlin, Toufen, Changhua, Annan, eastern Tainan, and Shalu Branches), and 20 solar-powered buildings (Dengfeng Building, Technology Building, E.SUN Second Headquarters Building A, Nanzi, Lingya, Linyuan, Toufen, Daya, Dali, Taiping, Shalu, Changhua, Yuanlin, Douliu, Chiayi, Jen-Teh, eastern Tainan, Annan, Jinhua, and Houzhuang Branches).
- (2) We continue to implement ISO14001 Environmental Management Systems, ISO50001 Energy Management Systems, ISO14064 GHG Inventory, and ISO14046 Water Footprint Inventory, and implemented ISO46001 Water Efficiency Management Systems in 2021. The scope of certification includes 11 locations, including E.SUN financial building, Xinzhuang, Tucheng, Fuxing, Changchun, Chengzhong, Xindian, Muzha, Erchong, Banqiao, and Nantucheng Branches.
- (3) E.SUN supports the green energy industry through financing and bond business. As of the end of 2021, the loan balance in green energy industry was NT\$18.8 billion, and 4.02 million "zero-carbon credit cards" have been issued. By 2025, all credit cards in circulation issued by the Company will be zero-carbon credit cards.

### 5.5.3 Social aspect

- (1) As part of its commitment to education, E.SUN continues to promote the E.SUN Golden Seed Project. It has made contributions and donated more than 420,000 books to 166 E.SUN Libraries by the end of 2021. More than 120,000 students have benefited from the program. E.SUN will be moving on to building its next 100 E.SUN Libraries. E.SUN keeps cultivating excellent students. In 2021, the E.SUN Outstanding Management Talent Scholarship was rewarded to 21 outstanding students in the field of management, technology, and humanities and arts. The E.SUN ASEAN Scholarship was rewarded to 7 students from ASEAN countries. The E.SUN Nursing Talent Scholarship was rewarded to 8 students in the field of nursing. E.SUN teamed up with National Taiwan University, National Chengchi University, National Tsing Hua University, and National Chiao Tung University to offer the E.SUN Academic Award and help raise the standards of management research in the country. 51 teachers have received the award so far. For 6 years in a row, E.SUN has worked with the College of Management of National Taiwan University in running the Hope Seedling Program. The program is designed to train talent in digital banking and help students build up key skills in digital banking.
- (2) In supporting Taiwan's junior baseball as part of our efforts in sports development, E.SUN has systematically established the E.SUN Junior Baseball Fund and planned a series of junior baseball events, including E.SUN National Junior Baseball Tournament, E.SUN Junior Baseball Camp, and E.SUN Junior Baseball Protection Camp, among other seminar and health-related activities for 15 consecutive years. Over 3,000 baseball players have received training. Through the Remote Caring Program, E.SUN has supplied appropriate sports aids to over 36 schools in remote areas and in need of resources, creating a performance stage in Taiwan that encourages young adults to pursue their dream.
- (3) E.SUN regularly holds "One simple act of love can inspire others to love" blood donation activities, where 7,070 bags (250 ml per bag) of blood were donated in 2021. Thanks to the commitment of E.SUN employees and E.SUN volunteers nationwide, we are helping even more people in need and spreading love everywhere it is needed. We will continue to plant the seeds of love and concern throughout the country, and ensure that E.SUN volunteers can achieve even greater results.

### 5.6 Environmental protection expenditure information

During the most recent year and until the publication date of this annual report, losses (including compensation) and penalties due to environmental pollution totaled 0.

### 5.7 IT Facilities

The majority of E.SUN FHC's IT Facilities are owned and operated by its subsidiary E.SUN Bank. Details are as below.

#### 5.7.1 Current IT system's hardware/software configuration and maintenance

E.SUN Bank's IT systems for Accounting, Deposits, Loans, Remittance, Foreign Exchange, Wealth Management, Treasury Service, Credit Cards and E-Commerce, as well as its Customer Relationship Management, Risk Management and Business Intelligence Analysis systems are all built upon the most optimal system architecture based on each business needs. The underlying operating systems range from z/OS, OS/400, UNIX, Linux, Windows and other operating platforms. With the change of financial services, software and hardware are gradually transformed into a virtualized architecture, and more effective resource management is carried out through the private cloud management mechanism to improve the efficiency of resource using.

#### 5.7.2 Future development and procurement plans

In 2022, we will continue to focus on digital transformation and overseas business expansion. Through the application of technology and the power of big data integration, intelligent decision-making can be accurately penetrated into the lives of customers and provide in-depth and extensive financial services. In addition, we also strengthen risk discipline control processes to provide customers with more robust and secure services. See below for E.SUN Bank's major information systems development projects for 2022:

- (1) Craft a strong domestic and overseas banking platform
  - Core Banking System Migration for Overseas Branch
  - Account Opening System Development for Overseas Branch
  - Private Banking Customer Relationship Management System Development
  - Trust Business System Development

#### (2) Leading in fintech and digital transformation

- Core Banking System Migration for Credit Card and Payment Division
- New Branch System Reengineering
- Next Generation Call Center System Development
- Machine Learning as a Service Platform Upgrade

#### (3) Enhance management resilience and risk management

- Capital Adequacy Ratio System Development
- Customer Due Diligence Platform Development
- Supervision Report Automation Platform Development
- Minimum capital requirements for market risk system Development

### 5.7.3 Emergency Recovery

- (1) E.SUN Bank's Technology Data Center is designed and built according to the concept of Uptime Institute Tier III, which can maintain operation and provide stable hardware resources in the event of a power outage, without affecting the operation of the enterprise. The air-conditioning equipment in Data Center uses a natural cooling system to improve air-conditioning efficiency and to reduce energy consumption and greenhouse gas emissions from power generation, not only to avoid the immediate temperature rise in the event of a power failure causing the computer system to heat up, but also to maintain the energy-saving index PUE (Power Usage Effectiveness) value less than 1.5. This green Data Center practices the promise of sustainable environmental management.
- (2) With respect to business continuity measures, except for data protection and local system backup, E.SUN Bank performs drills at least once a year in accordance with the disaster recovery procedures of the Bank's core business systems in order to ensure the effectiveness of business continuity plan.
- (3) In response to the epidemic situation and considering the flexibility of team work, plan a safe and fully supervised remote office connection plan, and moderately open it according to business attributes, provide more flexible remote office capabilities, increase the digital resilience of enterprises, and reduce the impact of the epidemic.

### 5.7.4 Security Measures

- (1) According to ISO 27001 standard to manage data center security, we use two-factor authentication and monitor system to strictly control the entry and exit of equipment and people in the data center.
- (2) The three core systems of power, air conditioning, and fire protection in the data center provide a good operating environment and service quality for information equipment through regular maintenance and maintenance..

### 5.8 Cyber Security Management

#### 5.8.1 Cyber Risk Management Strategies and Policies

- (1) The company continues to enhance its information security system and strengthen the defense capabilities by the following mechanisms: by promoting information security governance, establishing a consistent information security policy, and creating information security operating plans and procedures; all of the above are of "E.SUN FHC's Information Security Management Committee's" responsibilities. E.SUN strive to not only achieve local and international regulatory compliance, but to also expand the scope of international standard certifications, and ultimately incorporate information security to every staff's daily routine.
- (2) E.SUN FHC's board of directors is responsible for approving FHC's information security policy, resolving major information security issues, and supervising subsidiaries with their information security implementations. Some members of the board of directors have an information technology background; the board of directors and senior management together are obligated to supervise and improve information security governance. The company has a chief information security officer (CISO), who is the highest executive responsible for ensuring the effectiveness of the organization's information security operations and risk management mechanisms. He also needs to report regularly to the board of directors- risk management committee on the results and the overall status of the organization's information security implementations.
- (3) E.SUN Bank has obtained "Information Security Management System ISO/IEC 27001: 2013" certification, and has passed the recertification in May 2021; the certificate is continually maintained. In 2021, the scope has expanded to not only include the Information Technology Division and the Information Security Division, but also all of the credit card related information systems; the merchant acquiring system has passed the "Payment Card Industry Data Security Standard" (PCI DSS) certification and its validity has also been maintained since 2017.

### 5.8.2 Management Strategies

- (1) A defense-in-depth security architecture is adopted to protect all aspects of an information system, starting with network, servers, applications, databases, and endpoints. Numerous security controls are implemented such as firewall, intrusion prevention system, anti-virus, anti-spam, and web browsing management etc. to reduce the impact of security threats. Furthermore, vulnerability scanning, penetration testing, red team and blue team simulation, and vulnerability patching are regularly conducted to be certain that the current defense mechanisms are intact and effective. By having security assessments, an integrated security information alerting system, and a joint defense mechanism with other financial institutes, the company's current incident response capabilities can be evaluated.
- (2) Security controls and monitoring mechanisms for the IoT devices are constantly being enhanced so to create a more secured office environment. The measures taken include implementing access controls, applying patches regularly, and enabling strict authentication policies etc.
- (3) The completeness and applicability of existing security measures are verified through information security assessments performed by independent third parties; in 2021, E.SUN Bank conducted a white hat hacker penetration test to ensure its security defenses and business continuity plans are effective.
- (4) In 2021, E.SUN Bank established a SOC (Security Operation Center) to not only support Financial Supervisory Commission's requirements for the financial institutes, but also to build a dedicated team for actively monitoring, detecting, analyzing, and responding to cyber threats. SOC integrates people, processes, and technology, establishing a centralized and real-time information security monitoring mechanism, which in turn allows the company to achieve the goal of financial institution joint defense, to have a more comprehensive perception of its cybersecurity status, and to have the ability to continually enhance cyber risk management.

### 5.8.3 Cyber Security Management Investments

- (1) The company continues to invest resources in information security. Total investment in 2021 had amounted to 301 million dollars; efforts were put in to increase the company's defense capabilities, such as improving information security governance, information system infrastructure, security systems, threat intelligence analysis, incident response, drills, trainings etc.
- (2) Security awareness trainings and social engineering exercises are conducted regularly to raise employees' cyber security awareness; programmers' secure coding skills are strengthened through secure software development lifecycle trainings and having consulting channels.
- (3) E.SUN Bank has been purchasing information security insurance to reduce the impact and loss of profits in case of a business interruption, and to also ensure customers' personal data are well protected.

### 5.8.4 Major Losses from Cyber Security Incidents

- (1) The company has established cyber incident response processes; when a cyber incident happened, its risk level is determined and the whole handling process is documented by the communication personnel from all subsidiaries' information technology divisions. Major cyber incidents are reported to E.SUN FHC's Risk Management Division and "FHC/Main Branch Major Incident Communication Personnel." Subsidiaries' information technology divisions must handle and resolve cyber incidents in a timely manner; corrective actions need to be proposed after performing root cause analysis so to prevent the same incident from re-occurring.
- (2) In 2021, an incident was reported by the staff of E.SUN Bank about a forged email sent from one of the bank's supplier. After investigation, the bank confirmed that it was not affected, and that all monitoring and security controls are effective. At the end of 2021, many local security trading systems had been hacked, in response to that, E.SUN Securities immediately implemented preventative measures, such as black listing all suspicious network sources, carefully monitoring customers, adopting SMS OTP authentications, enhancing system log on failed monitoring, and implementing big data model; until now, the company had not suffered a loss from this incident.

A-Cyber Security Incident	2021 statistics
Total number of cyber security incidents	0
Total number of data breaches due to information security incidents	0
Total number of customers affected due to information security incidents	0
Financial loss due to information security incidents	0

Note: The above statistics refer to computer hacking or computer virus attack incidents.

### 5.8.5 Strategies to keep up with technological and market changes(include information security risk)

Information security has become a crucial component of risk management because of the rapid development of FinTech. In order to have a more holistic view of the current cybersecurity status and trend in the financial industry, E.SUN FHC and its subsidiaries have been cooperating with Financial Information Sharing and Analysis Center (F-ISAC) and have been taking a role in the F-SOC cross-organizational defense plan to enhance the implementation of cyber incident scenario monitoring and cyber incident information sharing mechanisms, making it possible for the organization to detect cyber threats quickly and to effectively strengthen the company's ability to defend unknown information security risks.

Furthermore, to obtain the ability to counter both national and international major cyber incidents, network vulnerabilities, ransomware, malware, and other critical cyber threats, E.SUN FHC had established standard procedures for collecting and processing cyber threat information. In 2021, cyber threat information distributed from local authorities of overseas branches and subsidiaries had also been collected for analysis. A total of 361 threat intelligence information had been analyzed and in response to that corresponding preventive countermeasures had been implemented; 22 cybersecurity risk notifications had been sent out to IT-related departments so to reduce the chances of impact and ensure a consistent defense mechanism is used in the organization.

At E.SUN Bank, architecture consultations are conducted respectively by the system architects team before new technologies can be implemented. A thorough assessment, based on aspects such as compliance, data protection, and the use of technologies, will also be conducted to ensure that risks brought by emerging technologies can be controlled. These efforts are to address impacts on the company's finances and business due to the recent technological and market changes(include information security risk).

## 5.9 Labor-Management Relations

### 5.9.1 Information on labor-management relations

#### (1) Employee benefits and status of implementation

- I. Care for employees' families and care in the workplace: To encourage E.SUN employees to have children, we have established the E.SUN Baby Growth Fund that provides a subsidy of NT\$100,000 for each newborn baby. Likewise, we have established an infant product-sharing platform to enable parents to swap infant supplies and products. We offer more generous family care and paternity leave than prescribed by the law so that colleagues can have more flexibility and time to care for family members. We have further established the E.SUN Family Care and Child Awards that honor extraordinary performance on the part of employees' children at school and in major competitions. Finally, we do our utmost to assist those E.SUN employees who suffer from sickness or injury, unfortunate family events, and natural disasters.
- II. Insurance and healthcare: Apart from purchasing labor and health insurance for employees in accordance with applicable laws and regulations, the Company also provides employees with group insurance, group accident insurance, life insurance, major illness insurance, cancer insurance, and hospitalization and accident medical insurance. As an example, when and if employees experience emergencies or accidents overseas, they can enjoy international support services. We further provide employees with business travel group insurance. All employees stationed or traveling overseas for business are covered by accident insurance, accidental injury medical insurance, overseas emergency hospitalization insurance, and overseas outpatient and emergency care insurance. Premiums for all group insurance (including business travel group insurance) are paid by the Company. The Company and its subsidiaries place great emphasis on employees' mental and physical health. Apart from the foregoing benefits, we also provide employees with subsidized access to health check-ups more generous than legally prescribed. Proactively committed to creating a quality workplace, we take the initiative to care for employees.
- III. Special leave: Our offer is superior to what is prescribed by the Labor Standards Act. Employees who have worked for more than three months enjoy a number of days off proportional to their length of service.
- IV. Employee Welfare Committee: The committee offers a full range of employee subsidies and benefits for such occasions as marriage, childbirth, children's education, major illness, hospitalization, and travel, as well as bonuses for the country's three most important traditional holidays.
- V. Employee stock ownership trust: To encourage employees to plan their retirement early on, E.SUN has established an ESOP trust. While employees set aside savings at their discretion each month, the Company provides an incentive contribution thrice each year.
- VI. Supportive mortgages for home purchases and consumer loans.

#### (2) Retirement system and status of implementation

In accordance with the Labor Standards Act, Labor Pension Act, and other pertinent statutes, the Company and its subsidiaries provide a comprehensive retirement system. Monthly contributions are sent to the Bank of Taiwan under the old retirement reserve fund system. In the case of employees applicable to the new retirement system, the Company and its subsidiaries contribute the equivalent of 6% of their salaries to the Bureau of Labor Insurance on a monthly basis. To encourage employees to strive for excellence, extra retirement incentives commensurate with extraordinary performance and special contributions are provided in addition to the prescribed retirement pensions.

#### (3) Status of labor-management agreements and measures taken to preserve employee rights and interests

The Company and its subsidiaries preserve the rights and interests of labor and management in accordance with applicable laws and regulations, regularly hold labor-management conferences, issue notices with regard to employee complaints, and establish communication channels for employees' feedback. Communication channels are easily accessible and employees' views are taken seriously to keep labor-management relations harmonious.

5.9.2 Losses suffered due to labor-management disputes during the most recent year and up to the date of printing of this annual report, and the estimated amount expected to be incurred for the present and future as well as preventive measures thus planned: None.

#### 5.9.3 Work place and precautionary measures for employee safety

- (1) The Company and its subsidiaries have installed security systems and personnel throughout their business premises, and are continuing to strengthen training in an effort to effectively maintain workplace, employee, and customer safety.
- (2) In order to promote the health and safety of all employees, the Company and its subsidiaries have drafted labor health and safety management plans and health and safety work rules, held labor health and safety committee meetings, implemented occupational health and safety policies, and secured occupational health and safety management system certification (ISO 45001) and TOSHMS. Meanwhile, arrangements are made for occupational health and safety executives, first aid personnel, and fire safety management personnel to undergo pertinent training. On top of education and training sessions designed specifically for new hires, all employees are required to receive general health and safety in-service training as part of our efforts to enhance employees' health and safety consciousness and achieve the goal of a zero-accident workplace.
- (3) In accordance with the E.SUN FHC/Subsidiaries Guidelines for Addressing Prevention, Complaints, and Punishment of Sexual Harassment, we have installed a hotline to prevent the occurrence of sexual harassment and establish a welcoming work environment. We seek to eliminate hostility originating from sexual or gender factors in the workplace and protect employees and service recipients from the threat of sexual harassment. After investigation and verification, persons committing sexual harassment will receive appropriate punishment based on the severity of their actions.

## 5.10 Important Contract

Contract type	Parties involved	Contract commencement/expiration	content	Restrictive clauses
None	None	None	None	None

## 6. Financial Information



CHIEN CHANG TA

### 6.1 Condensed Financial Statements from 2017 to 2021

#### 6.1.1 Condensed Balance Sheet(Consolidated)

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years from 2017 to 2021 (Note 1)				
		2021(Note 3)	2020(Note 3)	2019(Note 3)	2018(Note 3)	2017(Note 3)
Cash and cash equivalents, due from the central bank and call loans to other banks		210,607,829	175,721,506	128,578,895	132,443,937	131,175,124
Financial assets at fair value through profit or loss		411,389,536	715,809,282	519,648,673	475,506,677	408,918,355
Available-for-sale financial assets		-	-	-	-	170,745,924
Financial assets at fair value through other comprehensive income		333,399,699	263,902,860	215,878,199	183,846,186	-
Debt Instrument Investments Measured at Amortized Cost		308,219,235	16,465,798	12,599,698	8,165,004	-
Derivative financial assets for hedging		-	-	-	-	-
Securities purchased under resell agreements		-	2,300,196	4,971,085	-	-
Receivables, net		124,412,124	116,686,211	113,150,366	93,450,521	94,083,377
Current tax assets		80,677	106,412	7,200	11,790	5,054
Assets held for sale, net		-	-	158,036	-	-
Discounts and loans, net		1,768,641,241	1,620,374,068	1,444,322,101	1,333,277,269	1,211,071,275
Reinsurance assets		-	-	-	-	-
Held-to-maturity financial assets		-	-	-	-	3,078,813
Investments accounted for using equity method, net		-	-	-	-	-
Restricted assets		-	-	-	-	-
Other financial assets, net		9,090,476	6,235,133	8,039,483	13,694,947	13,571,397
Properties and equipment, net		33,881,468	33,290,884	33,351,444	32,604,520	28,209,309
Investment properties, net		1,855,043	1,827,047	1,853,907	1,948,418	1,960,511
Right-of-use assets, net		6,933,260	3,168,210	3,181,031	-	-
Intangible assets, net		6,176,279	6,167,861	6,188,674	6,116,132	6,222,969
Deferred tax assets, net		2,329,213	1,842,000	1,456,489	1,098,436	954,988
Other assets		13,892,197	7,847,214	4,972,910	5,623,195	4,391,191
<b>Total assets</b>		<b>3,230,908,277</b>	<b>2,971,744,682</b>	<b>2,498,358,191</b>	<b>2,287,787,032</b>	<b>2,074,388,287</b>
Due to the Central Bank and other banks		83,481,158	54,968,986	57,903,786	72,223,020	66,652,215
Funds borrowed from the Central Bank and other banks		14,021,010	8,044,340	-	-	-
Financial liabilities at fair value through profit or loss		61,199,462	70,441,442	59,630,516	50,315,163	43,439,501
Derivative financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreements		16,648,639	11,305,248	7,228,239	12,526,789	12,200,468
Commercial paper issued		4,788,871	3,257,632	3,681,576	2,669,356	4,895,219
Payables		32,756,248	33,872,856	29,184,083	28,969,420	31,332,005
Current tax liabilities		2,122,898	830,714	1,899,196	1,523,828	1,948,106
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and remittances		2,695,062,791	2,491,467,253	2,082,984,629	1,886,693,981	1,712,278,637
Bonds payable		41,370,000	39,970,000	38,070,000	42,650,000	42,550,000
Other borrowings		958,817	1,213,342	381,356	399,094	1,283,797
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		66,130,391	64,583,767	35,167,492	25,019,142	5,519,631
Lease liabilities		3,998,061	3,275,399	3,177,727	-	-
Provisions		1,089,345	1,159,384	656,223	860,739	505,300
Deferred tax liabilities		1,348,359	1,422,381	1,306,719	1,338,393	697,535
Other liabilities		11,547,585	4,331,361	3,905,549	2,468,007	2,137,442
<b>Total liabilities</b>		<b>3,036,523,635</b>	<b>2,790,144,105</b>	<b>2,325,177,091</b>	<b>2,127,656,932</b>	<b>1,925,439,856</b>
	Before distribution					
	After distribution	(Note 2)	2,797,810,036	2,334,368,857	2,135,345,299	1,931,679,331
<b>Equity attributable to owners of the Company</b>		<b>194,225,889</b>	<b>181,468,392</b>	<b>173,057,921</b>	<b>160,014,288</b>	<b>148,842,216</b>
Capital stock		133,546,000	125,671,000	116,195,000	108,289,000	101,855,000
	After distribution	(Note 2)	133,351,000	125,455,000	115,988,500	108,094,800
Capital surplus		25,662,214	25,350,214	24,965,734	24,710,706	24,529,129
Retained earnings		36,091,761	30,304,168	31,697,756	26,627,780	22,012,117
	After distribution	(Note 2)	14,958,237	13,245,990	11,239,913	9,532,842
Other equity		(1,074,086)	143,010	199,431	386,802	445,970
Treasury stock		-	-	-	-	-
Non-controlling interests		158,753	132,185	123,179	115,812	106,215
<b>Total equity</b>		<b>194,384,642</b>	<b>181,600,577</b>	<b>173,181,100</b>	<b>160,130,100</b>	<b>148,948,431</b>
	Before distribution					
	After distribution	(Note 2)	173,934,646	163,989,334	152,441,733	142,708,956

Note:

- All financial statements above have been audited and certified by accountants.
- Earnings distribution of the year (ended December 31) 2021 shall be resolved in the shareholders' meeting.
- Data was based on financial statements that have been audited and certified by independent auditors.

### 6.1.2 Condensed Statement of Comprehensive Income (Consolidated)

Unit:NT thousand, except earnings per share

Item	Year	Financial data 2017-2021 (Note)				
		2021(Note)	2020(Note)	2019(Note)	2018(Note)	2017(Note)
Interest revenue		35,482,114	36,089,321	41,263,631	37,390,417	33,008,486
Less: Interest expense		9,497,790	14,750,803	21,392,562	17,079,102	12,758,870
Net interest		25,984,324	21,338,518	19,871,069	20,311,315	20,249,616
Total net revenues and gains other than interest		31,913,116	34,910,526	34,651,549	29,117,919	25,857,573
Total net revenues		57,897,440	56,249,044	54,522,618	49,429,234	46,107,189
Bad-debt expenses and provision for losses on commitments and guarantees		2,129,603	3,225,752	1,598,078	3,252,472	4,055,371
Net changes in insurance liability reserve		-	-	-	-	-
Operating expenses		31,808,398	32,494,200	29,854,264	25,839,405	25,178,945
Income before tax from continuing operations		23,959,439	20,529,092	23,070,276	20,337,357	16,872,873
Income tax expense		(3,373,936)	(2,481,236)	(2,949,766)	(3,254,589)	(2,218,434)
Net income from continuing operations		20,585,503	18,047,856	20,120,510	17,082,768	14,654,439
Net income (loss) from discontinuing operations		-	-	-	-	-
Net income		20,585,503	18,047,856	20,120,510	17,082,768	14,654,439
Other comprehensive income		(642,507)	(1,024,968)	138,758	(526,762)	(70,657)
Other comprehensive income for the year (net of tax)		(642,507)	(1,024,968)	138,758	(526,762)	(70,657)
Total comprehensive income		19,942,996	17,022,888	20,259,268	16,556,006	14,583,782
Net income attributable to owners of the company		20,558,988	18,026,592	20,105,129	17,068,493	14,756,556
Net income attributable to non-controlling interests		26,515	21,264	15,381	14,275	(102,117)
Total comprehensive income attributable to owners of the company		19,916,428	17,001,757	20,244,626	16,541,559	14,721,101
Total comprehensive income attributable to non-controlling interests		26,568	21,131	14,642	14,447	(137,319)
Earnings per share (NT\$)		1.54	1.43	1.73	1.58	1.49

Note: All financial statements above have been audited and certified by accountants, and are based on financial statements that have been audited and certified by accountants for previous years.

### 6.1.3 CPAs' Auditing Opinion from 2017 to 2021

Chen Yin Chou, CPA, and Huang Jui Chan, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2017, 2018 and 2019 ended on December 31, and issued an unqualified opinion report ; Chen Yin Chou, CPA, and Yang Cheng Hsiu, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2020 and 2021, ended on December 31, and issued an unqualified opinion report.

### 6.2 Financial data for the most recent five years

Item	Year	Financial data for the most recent five years from 2017 to 2021					
		2021 (Note 1)	2020 (Note 1)	2019 (Note 1)	2018 (Note 1)	2017 (Note 1)	
Operating ratio	Total assets turnover (Times)	0.02	0.02	0.02	0.02	0.02	
	Loan to Deposit Ratio (E.SUN Commercial Bank) (%)	66.41	66.00	70.19	71.56	71.64	
	NPL ratio (E.SUN Commercial Bank) (%)	0.16	0.19	0.19	0.23	0.23	
	Average revenue per employee(NT\$ thousand)	5,618.38	5,468.51	5,640.08	5,227.29	4,898.25	
	Average net income per employee(NT\$ thousand)	1,997.62	1,754.60	2,081.36	1,806.55	1,556.83	
Profitability ratio	Ratio of return on total assets(%)	0.67	0.66	0.84	0.79	0.74	
	Ratio of return on stockholders' equity(%)	10.95	10.17	12.07	11.05	10.54	
	Profit margin ratio(%)	35.56	32.09	36.90	34.56	31.78	
Financial structure(%)	Basic Earnings per share(NT\$)	1.54	1.43	1.73	1.58	1.49	
	Ratio of debt to assets	93.98	93.89	93.07	93.00	92.82	
	Ratio of debt to net worth	1,562.12	1,536.42	1,342.63	1,328.71	1,292.69	
	Double Leverage Ratio	102.89	103.25	103.76	104.00	104.39	
Leverage ratio(%)	According to Article 41 of Financial Holding Company Law	None	None	None	None	None	
	Operating leverage ratio	1.09	1.16	1.07	1.16	1.24	
Ratio of growing(%)	Financial leverage ratio	1.00	1.00	1.00	1.01	1.01	
	Ratio of assets growing (Note 2)	8.72	18.95	9.07	10.14	10.09	
Cash flow(%)	Ratio of income growing (Note 3)	16.71	(11.01)	13.44	20.53	10.96	
	Cash flow ratio (Note 4)	19.97	9.35	5.64	5.95	14.72	
	Cash flow adequacy ratio (Note 5)	167.52	116.75	120.58	136.64	127.66	
Operating Scale(%)	Cash flow content ratio	(Note 9)	(Note 9)	(Note 9)	(Note 9)	(Note 9)	
	Market share of assets	4.55	4.83	4.15	4.11	3.95	
	Market share of equity	3.71	4.18	3.89	4.34	4.01	
	Market share of deposit (E.SUN Commercial Bank)	5.34	5.30	4.86	4.67	4.37	
Capital adequacy Ratio	Market share of assets loans(E.SUN Commercial Bank)	5.02	4.90	4.60	4.43	4.25	
	Subsidiaries' Capital adequacy Ratio calculated by regulation (%)	E.SUN Commercial Bank (consolidated)	13.97	15.64	14.62	15.13	15.01
		E.SUN Securities Co., Ltd. (Note 6)	462.81	331.18	436.09	540.24	377.76
		E.SUN Venture Capital Co., Ltd.	96.40	98.47	98.39	98.88	99.63
	Qualified capital of subsidiaries (NT\$ thousand)	E.SUN Commercial Bank	239,225,579	230,997,435	225,229,332	214,187,113	194,484,051
		E.SUN Securities Co., Ltd. (Note 6)	6,133,563	4,830,373	4,377,258	4,128,876	4,026,967
		E.SUN Venture Capital Co., Ltd. (Note 6)	5,058,914	4,079,086	3,406,096	3,280,563	3,406,334
	Net Group qualified capital(NT\$ thousand)	229,481,726	217,445,424	208,420,469	195,921,649	177,161,990	
	Legal requirement of subsidiaries' capital	E.SUN Commercial Bank	179,839,564	155,105,034	161,743,250	139,779,358	119,861,902
		E.SUN Securities Co., Ltd. (Note 4)	1,987,938	2,187,821	1,505,640	1,146,402	1,599,005
E.SUN Venture Capital Co., Ltd. (Note 7)		2,623,810	2,071,202	1,730,833	1,658,795	1,709,548	
Legal requirement of group capital(NT\$ thousand)	185,840,973	159,651,837	165,280,619	142,714,687	123,297,429		
Group Capital Adequacy Ratio	123.48	136.20	126.10	137.28	143.69		
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 (Note 8)	1,407,391,993	1,241,981,509	915,952,505	717,204,176	682,476,469		

Note:

1. Based on financial statements compiled by accountants for previous years.
2. Loan balance is going up this year due to coordinating with financial bailout policies during the pandemic period. The YOY growth rate of loans goes slow leading to the wide fluctuation of ratio of assets growing.
3. The YOY growth rate of net profit increased, mainly due to the decrease of operating expenses and provision for possible losses on loans.
4. The cash flow ratio was higher in 2021 than 2020, mainly due to the increase of deposits from CBC and peer banks, which caused increase in cash flow of operating activities.
5. The cash flow adequacy ratio was higher in 2021 than 2020, mainly due to the increase in cash flow of operating activities.
6. Mainly due to the increases of profit.
7. The legal requirement was higher in 2021 than in 2020, mainly due to the increase of exposure.
8. The total amount was higher in 2021 than in 2020, mainly due to the Company's stable growth of business.
9. The cash flow content ratio is negative, and therefore not included in the analysis herein.
10. The formula is as follows .

Operating ratio

- Total assets turnover=Net income/Average assets
- Loan to Deposit Ratio =Total loans/Total deposits
- NPL ratio=Nonperforming loans/Total loans
- Average revenue per employee=Net revenues/employee
- Average net income per employee=Net income/employee

Profitability ratio

- Ratio of return on total assets=[Income after income tax+interest expenses×(1-tax rate)]/ Average assets
- Ratio of return on stockholders'equity=Income after income tax/Average stockholders'equity
- Profit margin ratio=Income after income tax/Net revenues
- Basic earnings per share=(Income and loss attributable to owners of the company-Dividends for preferred stocks)/Average issued shares

Financial structure

- Ratio of debt to assets=Total liabilities/Total assets
- Ratio of debt to net worth=Total liabilities/Total stockholders'equity
- Double Leverage Ratio=Equity investment for subsidiaries/Total stockholders' equity

Leverage ratio:

- Operating leverage ratio=(Net revenues-Variable expenses) / Income before income tax
- Financial leverage ratio=(Income before income tax+interest expenses)/Income before income tax

Ratio of growing:

- Ratio of assets growing =( Total assets-Last year total assets)/Last year total assets
- Ratio of income growing =(income before income tax-Last year income before income tax)/Last year income before income tax

Analyses for liquidity

- Cash flow ratio=Net cash provided by operating activities/(Due to the bank+Commercial paper issued+Financial liabilities at fair value through profit or loss+Securities sold under repurchased issued+Current portion of Payables).
- Cash flow adequacy ratio=Net cash provided by operating activities(from 2017 to 2021)/from 2017 to 2021(capital expenditure+Cash dividends).
- Cash flow content ratio=Net cash provided by operating activities/Net cash provided by investing activities

Operating Scale

- Market share of assets=Total assets/Total assets of all Financial Holding Co., Ltd.
- Market share of equity=Total stockholders' equity/Total stockholders' equity of all Financial Holding Co., Ltd.
- Market share of deposit (%)(bank)=Total deposits/Total deposits held by all financial institutions which are qualified in deposit and loan business
- Market share of assets loans(%)(bank)=Total loans/Total loans granted by all financial institutions which are qualified in deposit and loan business

Capital adequacy Ratio

- 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.
- 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.
- Group Capital Adequacy Ratio=Net Group qualified capital÷Legal requirement of group capital.

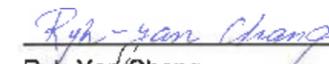
**6.3 Financial Holding Company and its subsidiaries should disclose the detail of impact when encounter financial difficulties for the latest complete financial year and year to date before the printing of annual report:** None.

## 6.4 Audit Committee report

### Audit Committee Report

To: E.SUN Financial Holding Company

The 2021 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 and issued into effect by the Financial Supervisory Commission of the Republic of China. CPA Chen Yin Chou and CPA Yang Chen Hsiu of Deloitte & Touche have been appointed by the Company to audit the consolidated 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 consolidated financial statements of the Company for the Board's approval.



Ryh-Yan Chang

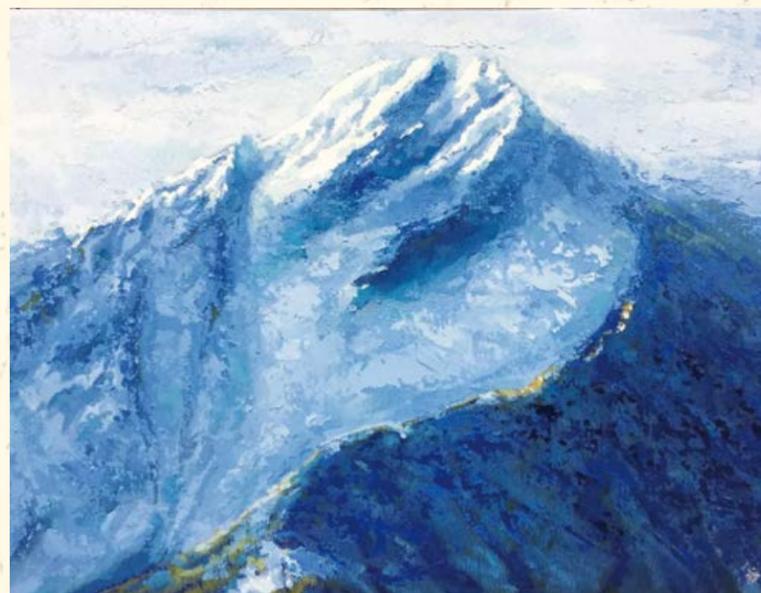
Convener

Audit Committee

E.SUN Financial Holding Company

Date: March 9, 2022

## 7. Management discussion and analysis of financial performance and matters of risk management



LIN JUANN HUEY

### 7.1 Financial status

Unit: NT\$ thousand

Item	Year	2021	2020	Difference	
				Amount	%
Cash and Cash Equivalents (Note 1)		85,237,301	54,640,670	30,596,631	56
Deposits at CBC and loans to peer banks		125,370,528	121,080,836	4,289,692	4
Financial assets at fair value through profit or loss (Note 2)		411,389,536	715,809,282	(304,419,746)	(43)
Available-for-sale financial assets-Net		-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (Note 3)		333,399,699	263,902,860	69,496,839	26
Debt Instrument Investments Measured at Amortized Cost (Note 4)		308,219,235	16,465,798	291,753,437	1772
Investments in Notes and Bonds with Resale Agreement (Note 5)		-	2,300,196	(2,300,196)	(100)
Receivables-net		124,412,124	116,686,211	7,725,913	7
Current income tax assets (Note 6)		80,677	106,412	(25,735)	(24)
Assets Held for Sale-net		-	-	-	-
Loans and advances-net		1,768,641,241	1,620,374,068	148,267,173	9
Held-to-Maturity Financial Assets-Net		-	-	-	-
Other Financial Assets-Net (Note 7)		9,090,476	6,235,133	2,855,343	46
Investment property-Net		1,855,043	1,827,047	27,996	2
Property, plant, and equipment-net		33,881,468	33,290,884	590,584	2
Intangible assets-Net		6,176,279	6,167,861	8,418	-
Deferred tax assets (Note 8)		2,329,213	1,842,000	487,213	26
Other assets-Net (Note 9)		13,892,197	7,847,214	6,044,983	77
Right-of-use asset-Net (Note 10)		6,933,260	3,168,210	3,765,050	119
Total asset		3,230,908,277	2,971,744,682	259,163,595	9
Deposits from CBC and peer banks (Note 11)		83,481,158	54,968,986	28,512,172	52
Funds borrowed from the Central Bank and other banks (Note 12)		14,021,010	8,044,340	5,976,670	74
Financial liabilities at fair value through profit and loss		61,199,462	70,441,442	(9,241,980)	(13)
Notes and Bonds Issued under Repurchase Agreement (Note 13)		16,648,639	11,305,248	5,343,391	47
Commercial papers payable-net (Note 14)		4,788,871	3,257,632	1,531,239	47
Payables		32,756,248	33,872,856	(1,116,608)	(3)
Current tax liabilities (Note 15)		2,122,898	830,714	1,292,184	156
Deposits and remittances		2,695,062,791	2,491,467,253	203,595,538	8
Bonds payable		41,370,000	39,970,000	1,400,000	4
Other loans (Note 16)		958,817	1,213,342	(254,525)	(21)
Liability provisions		1,089,345	1,159,384	(70,039)	(6)
Other financial liabilities		66,130,391	64,583,767	1,546,624	2
Deferred tax liabilities		1,348,359	1,422,381	(74,022)	(5)
Lease liability (Note 10)		3,998,061	3,275,399	722,662	22
Other Liabilities (Note 9)		11,547,585	4,331,361	7,216,224	167
Total Liabilities		3,036,523,635	2,790,144,105	246,379,530	9
Common Stock		133,546,000	125,671,000	7,875,000	6
Total capital surpluses		25,662,214	25,350,214	312,000	1
Total retained earnings		36,091,761	30,304,168	5,787,593	19
Other equity (Note 17)		(1,074,086)	143,010	(1,217,096)	(851)
Non-controlling shareholders (Note 18)		158,753	132,185	26,568	20
Total equity		194,384,642	181,600,577	12,784,065	7
Total liabilities and equity		3,230,908,277	2,971,744,682	259,163,595	9

Note:

1. Mainly due to increases in due from banks, resulting in increases in cash and cash equivalents.
2. Mainly due to the decrease of negotiable certificates of deposits.
3. Mainly due to the increase of bank debentures and corporate bonds.
4. Mainly due to the increase of negotiable certificates of deposits.
5. Mainly due to the purchase of securities under resell agreements.
6. Mainly due to the decrease of prepaid income tax.
7. Mainly due to the increases of Time deposits - due from banks.
8. Mainly due to unrealized losses on financial instruments.
9. Mainly due to the increases of payments collecting from underwriting business.
10. Mainly due to the increases of lease agreements.
11. Mainly due to the increases of call loans for other banks.
12. Mainly due to refinancing from central bank for the purpose of funding during the pandemic period.
13. Mainly due to increases of notes and bonds issued under repurchase agreement.
14. Mainly due to increases of commercial papers payable.
15. Mainly due to increases in net profit before tax, leading to increases in income from tax.
16. Mainly due to the decreases of short-term borrowings.
17. Mainly due to the decrease of gain on valuation of investments in debt instruments at fair value through other comprehensive income.
18. Mainly due to the subsidiary's distribution of cash dividends in prior period.
19. The 2021 financial status is based on financial statements issued by a CPA for the current year.

## 7.2 Financial Performance

Unit: NT\$ thousand

Item	Year	2021	2020	Change amount	Percentage (%) of change
Net interest income(Note 1)		25,984,324	21,338,518	4,645,806	22
Non-interest net revenue		31,913,116	34,910,526	(2,997,410)	(9)
Allowance for bad debt expenses and guarantee liabilities(Note 2)		(2,129,603)	(3,225,752)	1,096,149	(34)
Operating expenses		(31,808,398)	(32,494,200)	685,802	(2)
Net Profit before Tax for On-going Business Departments		23,959,439	20,529,092	3,430,347	17
Income Tax (Expense) Benefit(Note 3)		(3,373,936)	(2,481,236)	(892,700)	36
Net Profit after Tax for On-going Business Departments		20,585,503	18,047,856	2,537,647	14
Other comprehensive income(Note 4)		(642,507)	(1,024,968)	382,461	(37)
Total comprehensive income for the current period		19,942,996	17,022,888	2,920,108	17

Note:

1. Mainly due to the increases of loans leading to the increase of net interest income.
2. Mainly due to the decrease of loans increment leading to the decrease of provision for possible losses on loans and the increase of provision for possible losses on financing commitments due to the pandemic in prior period.
3. Mainly due to the increase of net profit before tax.
4. Mainly due to the fluctuation of stock and currency market.

## 7.3 Cash Flow

### 7.3.1 Cash liquidity analysis for the past two year

Unit: %

Item	Year	2021	2020	Percentage (%) increase (decrease)
Cash flow ratio (%)		19.97	9.35	113.58
Cash flow adequacy ratio (%) (Note 1)		167.52	116.75	43.49
Cash reinvestments ratio (%) (Note 2)		2.50	0.56	346.43

Note:

1. The cash flow adequacy ratio was higher in 2021 than 2020, mainly due to the increase in cash flow of operating activities.
2. The cash reinvestment ratio was higher in 2021 than in 2020, mainly due to the increase in cash flow of operating activities and current assets.

### 7.3.2 Cash liquidity analysis for the next year

Unit: NT\$ thousand

Cash balance at beginning of period [1]	Expected annual net cash flow from operating activities [2]	Expected cash outflow For the year [3]	Expected cash surplus (deficit) [1]+[2]+[3]	Remedial actions For expected cash deficit	
				Investment plan	Financing plan
104,712,225	44,259,689	9,083,723	139,888,191	-	-

1. Analysis of cash flow change for the year

(1) Operating activities: Expected annual net cash flow from operating activities was NT\$44,259,689 thousand.

(2) Investing activities: Expected annual net cash flow was NT\$(5,236,501) thousand.

(3) Financing activities: Expected annual net cash flow was NT\$(3,847,222) thousand.

2. Liquidity contingency plan and liquidity analysis: None.

## 7.4 Impact of significant capital expenditures on finances

7.4.1 Major capital expenditure items and source of capital in the next five years: None.

7.4.2 Expected benefits: None.

## 7.5 2021 reinvestment policy, main reasons for profits or losses, improvement plan, and investment in the coming year

### 7.5.1 2021 reinvestment policy

E.SUN FHC's investment is made in accordance with the Financial Holding Company Act and in compliance with the regulations and requirements of the competent authority. Considering the future return rate of each investment opportunity and long-term strategic investment value including marketing benefit with subsidiaries, scale economy and category economy creation, new market and new product development.

### 7.5.2 Main reasons for profit or loss and improvement plan

The overall profitability of E.SUN FHC's subsidiaries (including bank, securities and venture capital) is great. For the main reasons and business plan, please refer to 5. Business Operation 5.1 Business scope and 5.3 Market and business competitive landscape.

### 7.5.3 2022 investment plan

With the goal of supporting long-term and steady development strategy and improving the operating efficiency, E.SUN FHC actively evaluates potential investment opportunities.

## 7.6 Risk Management

The goal of the Company's risk management is to ensure the safety of assets, enhance customer service quality, increase shareholder value, and achieve the goal of rationalization of risk and compensation. The development of business must uphold the highest guiding principles of risk management: safety and liquidity first, profitability second, growth next, and always concern the public interest.

### 7.6.1 FHC's risk management framework

The Company has established an independent and impartial risk management committee to take the responsibility for implementing risk management policies approved by the board, promoting risk management culture at the Company, and supervising each business unit's compliance with international regulations.

The committee is headed by the president, who serves as chairman, fourteen to eighteen supervisors are chosen as former official members by chairman from the relevant department of the Company, subsidiaries as E.SUN Bank, E.SUN Securities and E.SUN Venture Capital. The committee reports the state of risk management implementation to the board on a quarterly basis. In accordance the "E.SUN FHC Risk Management Policy and Guiding Principles", the Company and subsidiaries have determined relevant operational standards to enable the effective identification, assessment, supervision, and control of credit risk, market risks, operational risk, money laundering risk, financing of terrorism risk, liquidity risk, and other risks. Comprehensively enhance the quality of risk management.

At the same time, E.SUN Bank is working to comply with the framework of Basel III. In order to pave the way for appropriate capital and asset risk allocation, E.SUN Bank committed to enhance the accuracy of calculating risk-based capital charges under Pillar I. Furthermore, E.SUN Bank strives to comply with Pillar II qualitative and quantitative standards, and the Pillar III disclosure requirements in order to establish a more risk sensitive management framework. The Company's risk management organizational framework is shown in the following diagram.



E.SUN FHC's Risk Management Organizational Framework

### 7.6.2 Risk measurement and control methods, and exposure-related quantitative Information – applicable to all subsidiaries

#### (1) Routine Disclosures

##### I. Strategies and Procedures

##### (I) Credit Risk Management

- a. With regard to credit risk management goals and development strategies of the Company and subsidiaries, we comply with the competent authority's legal and regulatory system, "Credit Risk Management Guidelines approved by the board," which provides a basis for regularly risk management. We continuously monitor and assess domestic and foreign economic and financial trends, and make revisions to our internal regulations at appropriate times. In addition, we are actively adopting internal credit rating tools, have implemented a verification mechanism aimed to ensure the effectiveness and stability of our credit rating model, and are continuing to establish comprehensive risk management procedures.

- b. According to regulations set by authorities, restrictions are placed on the risk exposure of any single financial institution. Credit rating and operational status are also factors taken into consideration.
- c. E.SUN Bank abides by authorities stipulated by regulators regarding and establishes the standards to limit credit risk exposure for a single enterprise and group of affiliates.
- d. To appropriately diversify the risk exposure and to avoid over concentration risk, the Company sets limits and acts on the exposure of lending and investment. Considering the risk tolerance in business, the limits of company imposes lending on specific industries or counterparties as well as on individual countries and business conglomerates, and review regularly.

#### (II) Market Risk Management

- a. The Company and its subsidiaries establish market risk management mechanisms to meet risk management needs, through four steps including identify, measure, monitoring, and control, as well as procedures for handling unexpected events.
- b. The market risk management department clearly identifies the risks of various financial instruments and integrate with regular risk management to measure and monitor the overall market risk situation.
- c. The Company sets various limits of market risk and ensures each risk level is under control. When there is overdraft of the limit, the Company will run the procedure to reduce the risk and recheck the tolerance is still available.
- d. After review of financial asset holdings under a regular basis. After review is done, the analysis report is submitted to the Company's risk management committee and board of directors to make them deeply and fully understand the risk exposure. This procedure revises the strategy if necessary and has the advantage of making better trading decisions.

#### (III) Operational Risk Management

- a. In order to effectively identify, assess, supervise, and control all operational risks that may be encountered, and promote sound management, the Company and its subsidiaries have determined "Operational Risk Management Guidelines" as a basis for operating risk management. In addition, the Company has determined "operational risk incident notification guidelines" and the risk management division continues to collect operational risk incidents of subsidiaries to assist in the improvement of operational risk management.
- b. To well manage the operational risk, the subsidiaries had established the standard operating procedures and the operational risk management mechanisms based on each business nature as well as actual needs respectively. Then it uses the action plan to improve the high potential operation risk event for keeping up with changes in operational risk management.
- c. The audit division shall examine the procedure of managing operational risk on a regular basis in order to ensure that both evaluation and supervisory processes of operational risks management are functioning properly.

#### (IV) Anti-Money Laundering and Combating the Financing of Terrorism

- a. In order to manage the risk related to money laundering and financing of terrorism, the Company and its subsidiaries have added and revised the Group-wide policy and procedures: "Anti-Money Laundering and Countering Terrorism Financing Policy of E.SUN Financial Holding Company", "The Risk Appetite Declaration for Money Laundering and Financing of Terrorism of E.SUN FHC", "Guideline of E.SUN FHC of Anti-Money Laundering and Countering Terrorism Financing to Subsidiaries" and have established countermeasures applying "the Risk Based Approach (RBA)" to ensure the management and controls are effectively implemented. Regarding AML/CFT management for overseas affiliates of E.SUN bank, E.SUN will continuously promote several mechanisms such as information sharing at group level and regulatory gap analysis to establish unified standards of management worldwide. In addition, subsidiary, E.SUN Bank will also assist overseas units in improving customer risk scoring methods, monitoring conditions and parameter thresholds for transaction monitoring systems, and through exchanges points of view and meetings and other mechanisms, to effectively manage the execution of overseas units AML/CFT work. The philosophy of "no business can be considered beyond risk" serves as the ultimate guiding principle for risk management.
- b. With regard to risk control measures, subsidiaries shall set up their risk control plans, monitoring, and procedures according to the institutional risk assessment to manage and mitigate the ML/TF risks that has been identified. For those items with higher risk, the subsidiaries should apply enhanced measures to fulfill the mechanism to prevent money laundering and financial crime.
- c. To ensure that the subsidiaries would fulfill the plan of AML/CFT, the company reports the execution of the plan to the President of E.SUN FHC annually.

- d. In recent years, international organizations and authorities have paid more attention to the AML/CFT supervision, and the regulations have become more stringent. In the face of various AML/CFT compliance work, E.SUN will continue to monitor and supervise its subsidiary to implement various internal and external regulations. With unswerving tenacity, E.SUN will comply with international AML laws and regulations; amend the group's domestic and overseas AML policies and procedures following the results of the institutional risk assessment and regulation gap analysis for E.SUN Bank and E.SUN securities respectively, refine customer due diligence control measures; and constantly develop AML/CFT relevant systems, conduct comprehensive training to increase the profession of the AML/CFT related employees, all for the benefit of a better overall financial environment.

#### II. Related Risk Management Systems Organization and Framework – Applicable to All Subsidiaries

Based on "Risk Management Policy and Guiding Principle of E.SUN Financial Holding Company", each subsidiary shall plan to establish operational procedures that can allocate capital to the associated risks and meet the level of risk. According to the business, they shall also set its risk management operation specifications, perform regularly position evaluation, risk level measurement and abnormal event supervision and report to the risk management department and audit department. Meanwhile, each subsidiary is required to continue to enhance its customer value and risk analysis technology, along with internal control systems. This allows the Company to recognize the accuracy of risk assessment and to ensure that management methods conform to international standards.

#### III. Scope and Feature of Risk Reporting and Measurement Systems – Applicable to All Subsidiaries

##### (I) Credit Risk Management

Risk control criteria have been determined on the basis of country, industry or counterparty and the level of risk concentration. The Company also perform regular inspection and review of the suitability of limits in order to achieve our goal of mitigate concentrated risk. The Company have established an appropriate credit risk control environment, which includes credit approval procedures, credit management, and assessment and supervision procedures. The Company regularly report the state of credit risk control to management, the risk management committee, and the the board of directors.

##### (II) Market Risk Management

Relevant risk factors are included in the evaluation system of the Company, also reports are provided We capture relevant risk factors in the evaluation system of the Company, and provide reports which contains the fair value, trading profits/losses of transactions, level of exposure and the adequacy of risk management assessment to decision-making management. These reports are also submitted periodically to the Risk Management Committee and the Board of Directors.

##### (III) Operational Risk Management

Apart from regularly checking whether the implementation of business complies with operating guidelines, the Company also continues to track and improve the internal audits and internal control opinions concerning shortcomings in order to respond to risks. In accordance with the "Operational risk incident notification guidelines.", the risk management division regularly compiles the content of risk incident notification from subsidiaries, and reports to the risk management committee and the board of directors. With regard to major operational risk issues and state of risk exposure, the risk management division also regularly analyzes and reports to the management, the risk management committee, and the board of directors in order to ensure continuous monitoring of operational risk management.

##### (IV) Anti-money laundering and counter terrorist Financing

The Company and its subsidiaries comply with regulations of the financial competent authority to implement the anti-money laundering and counter terrorism financing control. E.SUN conducts transaction monitoring with the assistant of IT system and staff's professional judgment in accordance with typologies of the authorities of Taiwan. If any suspicious transaction or activity detected, the dedicated unit should report it to the financial investigation bureau through independent computer and ensure data security. Subsidiary, E.SUN Bank has successively optimized various functional modules of the system, including adding new system monitoring of suspected money laundering conditions to expand monitoring objects and business scope, adjusting monitoring logic and parameter thresholds, etc., to strengthen monitoring benefits. Besides, the company adopts external database and sanction lists published by international authoritative organizations in the filtering system to conduct name screening. The company prohibits to establish relationship with objects whose name is listed on sanction list and will perform enhanced due diligence and obtain senior management approval before a high risk customer on-boarding.

**V. Hedging and Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools – Applicable to All Subsidiaries**

The Company and its subsidiaries seek collateral, third-party guarantees, netting agreement and trade credit derivative products to hedge against the risk. The Company will also use a trading counterparty's deposits to offset counterparty's liabilities. For derivative financial products that are standardized and highly liquid, centralized settlement by the counterparty is adopted to reduce counterparty risk and capital requirements. E.SUN Bank has set up internal risk control mechanisms and also complies with rules and systems set by regulatory agencies. E.SUN Bank will adjust its measures based on the developments in the domestic and foreign economic and banking environment. These measures ensure the continued effectiveness of risk hedging and risk mitigation tools.

**(2) Measurement and control methods, and exposure related quantitative information**

**I. Credit Risk-based Capital Charge & Risk-weighted Assets**

**(I) E.SUN Bank**

2021.12.31 Unit : NT\$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	166,859,734	10,737
Public Sector (Non-central government)	5,640,057	90,744
Banks (including multilateral development banks and CCP)	354,617,819	12,932,739
Corporate (including securities and insurance companies)	566,982,361	42,118,437
Retail exposures	223,531,100	11,986,344
Real Estate	1,162,693,941	47,703,091
Equity Investments	1,111,784	88,943
Capital requirements for banks'equity investments in funds	0	0
Other Assets	72,028,970	3,720,883
<b>Total</b>	<b>2,553,465,766</b>	<b>118,651,918</b>

**(II) E.SUN Securities**

Unit : NT\$ thousand

Item	December 31,2021		December 31,2020	
	Market value	Risk Equivalent	Market value	Risk Equivalent
Margin trading amount	8,996,174	224,905	6,780,102	169,503
Securities loan	1,387,666	34,692	1,076,298	26,907
Securities Brokerage	17,290,675	463,956	26,478,919	707,756
General transaction amount	529,117	42,329	505,178	40,414

**II. Market Risk-based Capital Charge & Risk-weighted Assets**

**(I) E.SUN Bank**

2021.12.31 Unit : NT\$ thousand

Risk Type	Capital Charged
Interest rate risk	5,050,335
Equity Securities risk	3,243,211
FX risk	198,744
Commodity Risk	3,835
Option based on simple method	0
<b>Total</b>	<b>8,496,125</b>

The capital charge for foreign exchange options positions of the Bank are calculated using sensitivity analysis (Delta-plus), for which E.SUN Bank has been approved to do by the regulatory authority. All other financial products are calculated using the standard approach.

**(II) E.SUN Securities**

Unit : NT\$ thousand

Risk Type	December 31,2021		December 31,2020	
	Market value	Risk Equivalent	Market value	Risk Equivalent
General positions				
Interest Rate risk	562,102	31,548	493,929	23,340
Equity Securities risk	1,002,902	161,367	869,690	185,823
FX risk	725,115	58,009	633,521	50,682
<b>Total</b>	<b>2,290,119</b>	<b>250,924</b>	<b>1,997,140</b>	<b>259,845</b>

**III. Liquidity Risk**

The Company and its subsidiaries assess the liquidity risk which according to its major asset-liability portfolio and its business attributes, establishing liquidity risk management indicators and early warnings. In addition to meet the rules set by regulator, E.SUN Bank also manage various liquidity risk limits. If there is a risk of liquidity crisis, relevant measures should be formulated immediately according to the Contingency Funding Plan. To ensure the interest rate, exchange rate and liquidity risk are under control, E.SUN Bank monitor the maturity gap and the change of asset-liability position via the system. Thereby, asset-liability optimization and the safety of funding can be achieved. The related liquidity risk management reports will submit to the Risk Management Committee and the Board of Directors.

**(I) E.SUN Bank**

2021.12.31 unit: NT\$ thousand

	Total	TWD Maturity Term Structure Analysis					
		Time to maturity					
		0~10 Days	11~30 Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
money inflow	2,753,974,033	343,521,892	341,068,487	186,990,208	160,879,468	191,999,331	1,529,514,647
money outflow	3,167,648,859	123,115,404	203,655,100	458,550,892	397,173,330	580,099,582	1,405,054,551
term gap	(393,267,713)	220,406,488	137,413,387	(271,560,684)	(236,293,862)	(388,100,251)	124,460,096

2021.12.31 Unit: USD\$ thousand

	Total	USD Maturity Term Structure Analysis				
		Time to maturity				
		0~30 Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
money inflow	59,228,869	13,927,018	14,017,727	7,908,105	10,127,270	13,248,749
money outflow	67,459,369	14,948,358	15,920,369	12,949,531	20,264,471	3,376,640
term gap	(8,230,500)	(1,021,340)	(1,902,642)	(5,041,426)	(10,137,201)	9,872,109

2021.12.31 Unit: USD\$ thousand

	Total	USD Maturity Term Structure Analysis (Overseas branches)				
		Time to maturity				
		0~30 Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	14,406,427	3,676,348	3,161,085	1,069,808	2,216,277	4,282,909
Main capital outflow on maturity	14,961,395	3,637,380	4,381,985	2,309,788	4,201,807	430,435
Gap	(554,968)	38,968	(1,220,900)	(1,239,980)	(1,985,530)	3,852,474

**(II) E.SUN Securities**

2021.12.31 Unit: NT\$ thousand

	Total	Remaining Period to Maturity				
		0~30Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
Assets	30,869,799	19,459,050	641,227	749,763	1,886,528	8,133,231
Liabilities	30,869,799	21,230,079	282,735	396,547	93,595	8,866,843
Gap	-	(1,771,029)	358,492	353,216	1,792,933	(733,612)
Cumulative gap	-	(1,771,029)	(1,412,537)	(1,059,321)	733,612	-

**IV. Operational risk**

**(I) E.SUN Bank**

2021.12.31 Unit: NT\$ thousand

Year	Gross Income	Capital Charged
2019	51,170,247	
2020	50,167,827	
2021	50,797,065	
<b>Total</b>	<b>152,135,139</b>	<b>9,872,577</b>

**(II) E.SUN Securities**

2021.12.31 Unit: NT\$ thousand

Year	Gross Income	Capital Charged
2019	1,470,569	
2020	2,251,474	
2021	3,719,552	
<b>Total</b>	<b>7,441,595</b>	<b>446,496</b>

### 7.6.3 Effect of major domestic and overseas policies and legal changes on the E.SUN FHC's financial business and countermeasures:

#### (1) Implementation of the anti-money laundering and counter terrorist financing

A. Taiwan is a member of the Asia/Pacific Group on Money Laundering (APG). In order to re-establish cash flow order, and enhance both the public and private institution prevention of money laundering, strengthen Taiwan's anti-money laundering situation, and improve the international legal system collaboration, the Authority of Taiwan amended the Anti-Money Laundering Law and Counter-Terrorism Financing Act in line with the forty recommendations of the Financial Action Task Force (FATF) and international agreements and legislation. The Financial Supervisory Commission also established "Regulations Governing Anti-Money Laundering of Financial Institutions" and "Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business and Other Financial Institutions Designated by the Financial Supervisory Commission".

B. Given the constant changes of money laundering and financing of terrorism, the financial institutions must keep pace with the trend in their understanding of the risks they face and the formulation of risk mitigation strategies. The Company and its subsidiaries will refer to the "National ML/TF Risk Assessment Report" published by Executive Yuan in 2021, and continue to implement various mechanisms for preventing money laundering and combating terrorism, including revising domestic and foreign policies and procedures, improving customer due diligence control measures, optimizing the monitoring and screening system for suspicious transactions, and improving personnel expertise through diverse education and training. Together to create a better environment for preventing money laundering and combating terrorism.

#### (2) LIBOR Transition

The malpractices of banks' joint manipulation of LIBOR since 2012 have caused market doubts about the credibility and reliability of LIBOR. LIBOR is a widely used pricing benchmark for global financial commodity contracts. Its business scope includes foreign currency lending, derivative financial products, investment in foreign currency bonds, and wealth management. Therefore, the management of financial indicators in major countries has begun discussions and developed alternative interest rate indicators to replace LIBOR.

On March 5, 2021, the ICE Benchmark Administration (hereinafter referred to as IBA) officially announced that since the majority LIBOR panel banks indicated that they would not be willing to continue contributing to the relevant LIBOR in future and, as a result, the IBA notified the FCA that it will cease publishing the LIBOR rates on the dates set out. The timeline for the cessation of LIBOR has been fixed. The subsidiary E.SUN Bank also released the London Interbank Offered Rate (LIBOR) cessation statement on the official website announcements to inform customers about the impact on the use of certain products and services.

In order to identify and respond to the risk of LIBOR cessation, in addition to establishing a LIBOR transfer response team, in 2021, the subsidiary E.SUN Bank has completed domestic and overseas LIBOR conversion fallback language, revised ISDA derivative contracts, modify credit and accounting management systems, treasury trading systems, and risk management systems. The subsidiary E.SUN Bank also adjusts the evaluation and risk model, supports the calculation of compound interest rate, and the establishment of alternative reference interest rate curves and other preparations. The transposition response team adjusts the schedule in a timely manner based on the requirements of the competent authorities of various countries and the actual business operation status of the subsidiary E.SUN Bank, and reports on the relevant progress to the management to ensure the successful progress of the overall transposition plan.

#### (3) Margin Requirement

In response of Global Financial Crisis in 2008, the Group of Twenty (G20) initiated a reform in 2009 to reduce the systemic risk and enhance the risk capacity in OTC derivative, which require by different types of instrument and notional amount. For Non-centrally cleared OTC derivative would require margin movement which include Variation margin and Initial Margin. According to the different implement phases, E.SUN Bank will implement the initial margin model in September 2022. The implementation of the initial margin model will enable E.SUN Bank to reduce the exposure to potential market price changes under the 99% confidence level within 10 days after the counterparty goes bankrupt.

#### (4) Green Finance Action Plan 2.0

On August 2020, the Financial Supervisory Commission (FSC) announced the Green Finance Action Plan 2.0. The objective is to guide the funds to be injected into green and sustainable industry and to guide the financial institutions to manage the climate change risks, eventually resulting in the great development of green energy and sustainability. "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" and "Risk Management Best-Practice Principles for Securities Firms" were published/revised to require financial institutions to establish an appropriate climate-related risk and opportunity management mechanism and to disclose information according to the framework of TCFD.

The company has been committed to promoting sustainable finance and green financial products for a long time, signed the Climate-related Financial Disclosure (TCFD) for the first company in Taiwan, set up a working team to form strategies on climate change and established a management mechanism for the board. Announced to join the Science Based Targets (Science Based Targets, SBT) as the first financial industry in Asia to set a carbon reduction target based on 1.5°C. In addition to cooperating with the implementation of relevant policies, the company also actively participates in the formulation and promotion of domestic sustainability and climate-related norms and standards by the authorities.

#### (5) Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists (The Ten Commandments of Wealth Management Specialists 2.0)

The Financial Supervisory Commission has revised and promulgated the "Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists" in response to the past patterns of the misappropriation of client funds by wealth management specialists and deficiencies found in financial examinations which will be implemented in January 2022. The amendment was mainly made to strengthen related regulations for "preventing wealth management specialists from producing and providing statements" and "preventing wealth management specialists from engaging in monetary transactions with customers in private" of the aforementioned Principles. The Bankers Association drew conclusions from past cases and added the 21 red flags in 4 categories into "Red flags of suspected misappropriation of customer funds by wealth management specialists".

E.SUN Bank has cooperated with the revision of relevant principles, adjusted operating procedures and build up control system, and will continue to prevent fraud cases and ensure customer rights and interests.

#### (6) Friendly Financial Services Principle of the Bank

In order to ensure the disabilities can fully enjoy fundamental rights, equality and reasonable accommodation of financial services, the FSC has adopted and implemented relevant regulations on November 1, 2021. Financial institutions should provide appropriate friendly service measures according to the needs of different types of the disabilities. E.SUN Bank has planned to clearly define the procedures and standards, in order to provide financial services that are reasonably convenient for the disabilities.

### 7.6.4 The impact of changes in the image of financial holding companies and their subsidiaries on corporate crisis management and countermeasures

The Company and its subsidiaries are dedicated to establishing themselves as a model of corporate governance that provides one-stop financial services while adhering strictly to the laws, regulations and regulatory requirements, ensures transparency in disclosure of stakeholder transactions, avoids conflict of interest, and endeavors to protect shareholders' rights and interests. The Company is constantly refining the systems of risk management, education and training, and employee benefits in an effort to maintain a sound business practice. The Company is also a strong supporter of charitable causes and environmental campaigns. With respect to its corporate image, the Company will respond promptly to any incident that has led to a damaged or tarnished image and proceed with improvement in order to set an example for socially responsible corporations.

The Company's emphasis on its corporate social responsibilities and customer service has won the affirmation of the public and international organizations. In 2021, E.SUN FHC was included as a constituent stock in the Dow Jones Sustainability Index (DJSI), and won its 14th consecutive Taiwan's Excellence in Corporate Social Responsibility Award from Commonwealth Magazine. Both E.SUN Bank and E.SUN Securities received 6th consecutive after Wealth Magazine's newly-added Financial Technology Applications Innovation Award. Also, E.SUN Bank was awarded the Best Sustainable Bank in Taiwan for the 2 consecutive year. E.SUN Bank provides high-quality financial integration services with comprehensive performance, cross-team, cross-border, cross-virtual and physical.

The employees of E.SUN Bank require themselves to the highest standards, and regard the improvement of customer rights and customer experience as the goal of the Bank's efforts. Because of the importance attached to customer rights, the products and services provided are in compliance with relevant regulations, but compliance is only the boundary of the minimum standards. E.SUN Bank has zero trust for the operational processes and zero tolerance for the risk, and no business can be considered beyond the risk. E.SUN Bank has actively strengthened its operating procedures. In order to enhance the moving value of customers, the Bank has set up a customer services division and established a comprehensive customer service management system to improve service quality management, to actively create temperature-friendly customer service and wonderful customer experience, and to provide products and services that are closer to customer needs.

In view of the international emphasis on the protection of the rights and interests of financial consumers, except for the relevant policies and strategies the board of directors develops, E.SUN Bank has set up the group of treating customer fairly for the purpose of protecting the rights and interests of financial consumers. The group also regularly schedules the meeting to keep track of the condition of all business. And, to effectively plan and implement the principle of treating customer fairly, the group has developed "E.SUN Bank Plan and implement principle of treating customer fairly" as a main rule to comply with. E.SUN Bank has incorporated the establishment and implementation of the principle of treating customer fairly into its Internal Audit and Internal Control System and training courses.

#### 7.6.5 Anticipated benefits and possible risks associated with mergers and acquisitions, and countermeasures:

None.

#### 7.6.6 Business concentration risks and countermeasures:

##### (1) Business concentration

The Company continues to pay attention to macroeconomic trends and changes in the financial industry and other industries, and in response to the opening of internet-only bank, adjust its business development and banking channels management strategies as needed, and monitor both risk and profitability. Regarding to the rapid changes in the epidemic, backup solutions such as off-site offices and staggered shifts have been executed to ensure the continuity of the centralized operation business.

##### (2) Counter party concentration

Determine risk limits on the basis of industry type and the group, and adjust risk limits in accordance with the state of the economy and the risk circumstances.

#### 7.6.7 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 2021, no directors, supervisors or major shareholders with a stake of over 1% transferred stakes to another party.

#### 7.6.8 Influence of changes in ownership of the FHC, possible risks and countermeasures:

As of the end of 2021, there is no significant change in ownership.

#### 7.6.9 Litigious or non-litigious incidents: None.

#### 7.6.10 Other major risks and countermeasures:

To obtain a better overall understanding of subsidiary E.SUN Bank security posture, information security assessments are conducted annually by third-party professionals. The scope of these assessments includes the security and integrity of subsidiary E.SUN Bank IT architecture, equipment, and processes. Reports produced from these assessments will be used to further plan out risk controls, corrective measures, and an improvement timeline; these implementations will then be followed up by the second and third line of defense, where progress is presented to executives and the board of directives for management purposes.

Moreover, to make communication more efficient between the first and second line of defense divisions, to respond to rapidly growing business development needs, and to effectively manage business development risks in the facets of the operation, information security, and legal compliance, E.SUN Bank has established a "Second Line of Defense Joint Consultation Meeting" last year. Participants of this consultation meeting not only come from divisions of the second line of defense, which include top-level executives (the Chief Compliance Officer, the Chief Risk Officer, and the Chief Information Security Officer) and consultation committee members, but also domain experts in regard to the topic of discussion. The main goal of this consultation meeting is to ensure risks are being identified, controlled, and effectively managed while the business expands. Topics discussed in the meeting include information system improvement plans and compliance with operating procedures; regulation revisions and other risks related issues are also brought to the table for discussion.

### 7.7 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 and Guidelines on Infringement of Personal Data are 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 their crisis management task forces and assigned emergency liaison officers. In the event of an emergency or other abnormal incident, they are supposed to promptly decide on response measures that are to be implemented systematically and effectively. Timely reporting and reporting to the authorities and the board are also imperative to ward off escalation of a given crisis.

### 7.8 Disclosure of Evaluation for Financial Products

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

### 7.9 Other Important Issues:

Operating procedures for handling internal material information:

The company has set up operating procedures for handling internal material information, and notified all employees and directors to follow the procedures.

## 8. Special Disclosure



CHIEN CHANG TA

### 8.1 Information of affiliated companies

#### 8.1.1 Operation reports of affiliated enterprises

##### (1) Profiles of affiliated enterprises

2021.12.31 Unit: NT\$ thousand

Company	Date of Incorporation	Address	Total amount of paid-in capital	Main businesses and products
E.SUN Commercial Bank, Ltd.	1992.01.16	No.115 & No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	98,937,000	Corporate Banking, Consumer Banking, wealth management, Treasury, Foreign Exchange, Credit Card
E.SUN Securities Co., Ltd.	2000.08.02	6F, No.158, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	4,000,000	Underwriting, brokering, dealing securities and operating in broker- age of futures
E.SUN Venture Capital Co., Ltd.	2002.10.07	6F, No.115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	3,700,000	Investment
E.SUN Securities Investment Consulting Co., Ltd.	2003.03.11	6F.-1, No.156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	50,000	Security consulting
Union Commercial Bank Public Limited Corporation	1994.03.31	No. 61, 130 Road, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh.	2,408,026 (Note 1)	Corporate Banking, Consumer Banking, Foreign Exchange, Credit Card
URE Land Holding Co., Ltd.	2013.07.25	No. 61, 130 Road, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh.	30 (Note 2)	Real estate leasing and management
BankPro E-Service Technology Co., Ltd.	2000.10.07	7F., No.261, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City 10550, Taiwan	180,000	Retail sale of computer software, software design service, data processing service, digital information supply service and business consultant
E.SUN Bank (China), Ltd.	2016.01.13	1F., Building 7, Excellence Qianhai Yihao, 5033 Menghai Avenue, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen	10,038,248	Deposit, Lending, and Remittance

(1) Companies deemed to have controlling and subordinate relationships: None.

(2) The scope of business for E.SUN FHC and affiliates includes: investing in domestic and foreign financial services related enterprises approved by the competent authority and conducting subsidiary management, banking services, securities underwriting services, brokerage and proprietary trading, startup investment, life and property insurance brokerage services, and securities investment consulting services. All affiliates are legal persons that are independent from each other and conduct their own business activities.

Note:

- The capital of Union Commercial Bank Public Limited Corporation, US\$80,000,000, converted to NTD at the applicable exchange rate at the time.
- The capital of URE Land Holding Co., Ltd., US\$1,000, converted to NTD at the applicable exchange rate at the time of acquisition.
- E.SUN Insurance Brokers, formerly a subsidiary of E.SUN FHC, merged with E.SUN Bank on March 25, 2016.
- To develop e-commerce services, the board of directors of E.SUN Bank approved a proposal to acquire 7,875,000 shares of BankPro E-Service Technology Co., Ltd. on November 13, 2015. The acquisition was approved by the competent authority and settlement was completed on January 11, 2016.
- E.SUN Commercial Bank (China) opened on March 11, 2016.

##### (2) Business overview of affiliated enterprises

2021.12.31 Unit: NT\$ thousand

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Profit after tax	EPS (NT\$)
E.SUN Commercial Bank, Ltd.	98,937,000	3,131,075,612	2,943,128,410	187,947,202	17,558,577	1.77
E.SUN Securities Co., Ltd.	4,000,000	30,786,104	23,799,608	6,986,496	1,685,555	4.21
E.SUN Venture Capital Co., Ltd.	3,700,000	5,247,755	188,841	5,058,914	1,405,853	3.80
E.SUN Securities Investment Consulting Co., Ltd.	50,000	85,195	26,447	58,748	87	0.02
Union Commercial Bank Public Limited Corporation	2,408,026	22,049,531	17,868,644	4,180,887	427,737	5.347
URE Land Holding Co., Ltd.	30	443,364	397,467	45,897	7,388	7.388
BankPro E-Service Technology Co., Ltd.	180,000	695,259	200,489	494,770	71,750	3.99
E.SUN Bank (China), Ltd.	10,038,248	66,878,243	57,654,305	9,223,938	226,968	Note 6

Note:

- Assets and liabilities of Union Commercial Bank Public Limited Corporation converted to NTD at the applicable exchange rates on December 31, 2021. Assets and liabilities of Union Commercial Bank Public Limited Corporation converted to NTD at the average exchange rates over 2021.
- Shares of Union Commercial Bank Public Limited Corporation are US\$1,000 per share, and those of URE Land Holding Co., Ltd. are US\$1 per share.
- E.SUN Insurance Brokers, formerly a subsidiary of E.SUN FHC, merged with E.SUN Bank on March 25, 2016.
- To develop e-commerce services, the board of directors of E.SUN Bank approved a proposal to acquire 7,875,000 shares of BankPro E-Service Technology Co., Ltd. on November 13, 2015. The acquisition was approved by the competent authority and settlement was completed on January 11, 2016.
- E.SUN Commercial Bank (China) opened on March 11, 2016.
- E.SUN Commercial Bank (China) is a limited company without share capital. Therefore, EPS data are not available.

**(3) Information of director, supervisor and president of affiliated enterprises**

2022.03.20 Unit:shares: %

Company	Occupation	Name/representative	Shareholding	
			Share	Percentage
E.SUN Commercial Bank, Ltd.	Chairman	E.SUN Financial Holding Co. Ltd. Joseph N.C. Huang	9,893,700,000	100
	Director and president	E.SUN Financial Holding Co. Ltd. Mao-Chin Chen		
	Managing Director	E.SUN Financial Holding Co. Ltd. Jackson Mai		
	Independent (Managing) Director	E.SUN Financial Holding Co. Ltd. Ryh-Yan Chang		
	Independent Director	E.SUN Financial Holding Co. Ltd. Chun-Yao Huang		
	Independent Director	E.SUN Financial Holding Co. Ltd. Ying-Hsin Tsai		
	Independent Director	E.SUN Financial Holding Co. Ltd. Hung-Chang Chiu		
	Independent Director	E.SUN Financial Holding Co. Ltd. Ruey-Lin Hsiao		
	Director	E.SUN Financial Holding Co. Ltd. Ron-Chu Chen		
	Director	E.SUN Financial Holding Co. Ltd. Chien-Li Wu		
	Director	E.SUN Financial Holding Co. Ltd. Magi Chen		
E.SUN Securities Co., Ltd.	Chairman	E.SUN Financial Holding Co. Ltd. Yi-Hsin Tseng	400,000,000	100
	Director and president	E.SUN Financial Holding Co. Ltd. Chin-Hui Lin		
	Director	E.SUN Financial Holding Co. Ltd. Wen-Hsin Wei		
	Director	E.SUN Financial Holding Co. Ltd. Shiuai-Tai Chen		
	Director	E.SUN Financial Holding Co. Ltd. Chien-Nan Kuo		
	Supervisor	E.SUN Financial Holding Co. Ltd. Wan-Hsuan Yu		
	E.SUN Venture Capital Co., Ltd.	Chairman		
Director and president		E.SUN Financial Holding Co. Ltd. Wen-Liang Huang		
Director		E.SUN Financial Holding Co. Ltd. Wu-Lin Duh		
Director		E.SUN Financial Holding Co. Ltd. Hung-Jung Wu		
Director		E.SUN Financial Holding Co. Ltd. Hung-Bin Wu		
Supervisor		E.SUN Financial Holding Co. Ltd. Yuan-Hung Huang		
E.SUN Securities Investment Consulting Co., Ltd.	Chairman and president	E.SUN Securities Co., Ltd. Raymond Hsu	5,000,000	100
	Director	E.SUN Securities Co., Ltd. Hung-Bin Wu		
	Director	E.SUN Securities Co., Ltd. Hsiu-Yu Chan		
	Supervisor	E.SUN Securities Co., Ltd. Hsiao-Mei Lee		

Company	Occupation	Name/representative	Shareholding	
			Share	Percentage
Union Commercial Bank Public Limited Corporation	Chairman	E.SUN Commercial Bank, Ltd. Mao-Chin Chen	80,000	100
	Director and president	E.SUN Commercial Bank, Ltd. Chi-Kan Chung		
	Director	E.SUN Commercial Bank, Ltd. Cathy Kuo		
	Director	E.SUN Commercial Bank, Ltd. Chien-Hung Chen		
	Director	E.SUN Commercial Bank, Ltd. Hun Phalin		
	Independent Director	E.SUN Commercial Bank, Ltd. Tung-Lung Kuo		
	Independent Director	E.SUN Commercial Bank, Ltd. Chuan-Hsing Huang		
	URE Land Holding Co., Ltd.	Chairman		
Director		Shun-Chieh Huang	0	0
Director		Che-I Chen	0	0
BankPro E-Service Technology Co., Ltd.	Chairman	E.SUN Commercial Bank, Ltd. David Chen	11,100,000	61.67
	Director and president	E.SUN Commercial Bank, Ltd. Ivan Chiu		
	Director	E.SUN Commercial Bank, Ltd. Shih-Chen Huang		
	Director	E.SUN Commercial Bank, Ltd. Bright Wen	2,400,000	13.33
	Director	E.SUN Commercial Bank, Ltd. Chevy Lin		
	Director	Financial Information Service Co.,Ltd. Chun Hsun Lee		
	Director	Financial Information Service Co., td. Chang-Hsiu Chen		
Supervisor	Yin-Ying Chien	0	0	
E.SUN Bank (China), Ltd.	Chairman	E.SUN Commercial Bank, Ltd. Magi Chen	-	-
	Director and president	E.SUN Commercial Bank, Ltd. Chung-Jen Tsao		
	Director	E.SUN Commercial Bank, Ltd. Tung-Yu Huang		
	Director	E.SUN Commercial Bank, Ltd. Chun-Yu Lin		
	Director	E.SUN Commercial Bank, Ltd. Jin-Song Tan		
	Independent Director	E.SUN Commercial Bank, Ltd. Fan-Min Kong		
	Independent Director	E.SUN Commercial Bank, Ltd. His-Chi Wang*		
	Independent Director	E.SUN Commercial Bank, Ltd. Yu-Bo Suen*		
	Independent Director	E.SUN Commercial Bank, Ltd. King-Tse Huang*		
	Supervisor	E.SUN Commercial Bank, Ltd. Chien-Hung Chen		

Note:

1. URE Land Holding Co.,Ltd and E. SUN Bank(China),Ltd don't appoint president.

2. E.SUN Bank (China) is a limited company without share capital.

\*Starred persons were being reviewed by local competent authorities.

### 8.1.2 Declaration for consolidated financial statements of affiliates

The companies to be included in the consolidated financial statements of affiliates pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the companies to be included in the consolidated financial statements pursuant to IFRS 10 in 2019 are the same for E.SUN Financial Holding Co., Ltd. Furthermore, since the information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforesaid consolidated financial statements, the consolidated financial statements of affiliates will not be prepared in addition.

8.1.3 Affiliation reports: N/A.

8.2 Private placement securities in the most recent years: None.

8.3 The shares of the company held or disposed of by its subsidiaries in the most recent years: None.

### 8.4 Other supplementary notes

#### 8.4.1 Accounting treatment for impairment of assets

##### (1) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivables and lease receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- I. Internal or external information show that the debtor is unlikely to pay its creditors.
- II. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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 uncollectable, 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 uncollectable, 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. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively. Credits deemed uncollectable might be written off if the write-off is approved by the board of directors.

##### (2) 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 CGUs 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 CGU 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.

##### (3) 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 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 goodwill allocated in 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 CGU, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

8.4.2 Modifications to the accounting principles in the Republic of China in relation to the International Financial Reporting Standards (or the Generally Accepted Accounting Principles): None.

8.4.3 Endorsements by affiliates, lending/borrowing and other derivative transactions with others

- (1) Endorsement/guarantee provided: None.
- (2) Financing provided: None.
- (3) Derivative transactions: Please refer to the note of financial statement: financial instruments.

8.4.4 The objectives and methods of hedge accounting: The Company does not adopt hedge accounting.

8.5 Any Events in 2021 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

# Appendix



CHEN HUEI DUNG

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the combined financial statements of E.SUN Financial Holding Company, Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, E.SUN Financial Holding Company, Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

E.SUN FINANCIAL HOLDING COMPANY, LTD.

By



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YUNG-JEN HUANG  
Chairman

March 11, 2022

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of E.SUN Financial Holding Company, Ltd. (ESFHC) and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021 and 2020, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's consolidated financial statements for the year ended December 31, 2021 are described as follows:

#### Assessment of Allowance for Possible Losses on Loans

The Company is engaged principally in providing loans to customers. As of December 31, 2021, the net amount of discounts and loans of the Company represented approximately 55% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of E.SUN Commercial Bank, Ltd. (E.SUN Bank), a subsidiary of ESFHC, complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of E.SUN Bank, please refer to Notes 4, 5 and 13 to the consolidated financial statements.

We determined the assessment of allowance for possible losses on loans to be a key audit matter for the year ended December 31, 2021 because the assessment made by E.SUN Bank to assess the classification of credit assets and recognize allowance for possible losses in accordance with the Regulations involves critical estimates and judgements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. We obtained an understanding of and performed test on the relevant internal controls in respect of E.SUN Bank's loan impairment assessment.
2. We acquired the loan evaluation form used by management of E.SUN Bank and assessed the allowance for possible losses on credit assets; we tested the completeness of the loan assets.
3. We assessed that the loans of E.SUN Bank were classified in accordance with the definition of the Regulations.
4. We calculated the required provision of allowance for possible losses on loans of E.SUN Bank in order to assess whether it complied with the Regulations.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yin-Chou Chen and Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 85,237,301	3	\$ 54,640,670	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7 and 40)	125,370,528	4	121,080,836	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	411,389,536	13	715,809,282	24
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 43)	333,399,699	10	263,902,860	9
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 40 and 43)	308,219,235	10	16,465,798	1
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	-	-	2,300,196	-
RECEIVABLES, NET (Notes 4, 12 and 39)	124,412,124	4	116,686,211	4
CURRENT TAX ASSETS (Notes 4 and 36)	80,677	-	106,412	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 39 and 40)	1,768,641,241	55	1,620,374,068	55
OTHER FINANCIAL ASSETS, NET (Notes 4 and 14)	9,090,476	-	6,235,133	-
INVESTMENT PROPERTIES, NET (Notes 4 and 15)	1,855,043	-	1,827,047	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	33,881,468	1	33,290,884	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	6,933,260	-	3,168,210	-
INTANGIBLE ASSETS, NET (Notes 4 and 18)	6,176,279	-	6,167,861	-
DEFERRED TAX ASSETS (Notes 4 and 36)	2,329,213	-	1,842,000	-
OTHER ASSETS, NET (Notes 4, 17, 19 and 29)	<u>13,892,197</u>	<u>-</u>	<u>7,847,214</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 3,230,908,277</u>	<u>100</u>	<u>\$ 2,971,744,682</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 20)	\$ 83,481,158	3	\$ 54,968,986	2
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 21)	14,021,010	1	8,044,340	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 26)	61,199,462	2	70,441,442	3
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10 and 22)	16,648,639	1	11,305,248	1
COMMERCIAL PAPER ISSUED, NET (Note 23)	4,788,871	-	3,257,632	-
PAYABLES (Notes 24 and 39)	32,756,248	1	33,872,856	1
CURRENT TAX LIABILITIES (Notes 4 and 36)	2,122,898	-	830,714	-
DEPOSITS AND REMITTANCES (Notes 25 and 39)	2,695,062,791	83	2,491,467,253	84
BOND PAYABLES (Note 26)	41,370,000	1	39,970,000	1
OTHER BORROWINGS (Note 27)	958,817	-	1,213,342	-
PROVISIONS (Notes 4, 28 and 29)	1,089,345	-	1,159,384	-
OTHER FINANCIAL LIABILITIES (Notes 15 and 30)	66,130,391	2	64,583,767	2
LEASE LIABILITIES (Notes 4 and 17)	3,998,061	-	3,275,399	-
DEFERRED TAX LIABILITIES (Notes 4 and 36)	1,348,359	-	1,422,381	-
OTHER LIABILITIES (Note 31)	<u>11,547,585</u>	<u>-</u>	<u>4,331,361</u>	<u>-</u>
Total liabilities	<u>3,036,523,635</u>	<u>94</u>	<u>2,790,144,105</u>	<u>94</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC</b>				
Capital stock				
Common stock	<u>133,546,000</u>	<u>4</u>	<u>125,671,000</u>	<u>4</u>
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	22,279,730	1	21,967,730	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>25,662,214</u>	<u>1</u>	<u>25,350,214</u>	<u>1</u>
Retained earnings				
Legal reserve	14,784,546	-	13,078,728	-
Special reserve	164,235	-	164,235	-
Unappropriated earnings	<u>21,142,980</u>	<u>1</u>	<u>17,061,205</u>	<u>1</u>
Total retained earnings	<u>36,091,761</u>	<u>1</u>	<u>30,304,168</u>	<u>1</u>
Other equity	<u>(1,074,086)</u>	<u>-</u>	<u>143,010</u>	<u>-</u>
Total equity attributable to owners of ESFHC	194,225,889	6	181,468,392	6
<b>NON-CONTROLLING INTERESTS</b>	<u>158,753</u>	<u>-</u>	<u>132,185</u>	<u>-</u>
Total equity	<u>194,384,642</u>	<u>6</u>	<u>181,600,577</u>	<u>6</u>
<b>TOTAL</b>	<u>\$ 3,230,908,277</u>	<u>100</u>	<u>\$ 2,971,744,682</u>	<u>100</u>

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

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE (Notes 4, 32 and 39)	\$ 35,482,114	61	\$ 36,089,321	64	(2)
INTEREST EXPENSE (Notes 4, 32 and 39)	<u>(9,497,790)</u>	<u>(16)</u>	<u>(14,750,803)</u>	<u>(26)</u>	(36)
NET INTEREST	<u>25,984,324</u>	<u>45</u>	<u>21,338,518</u>	<u>38</u>	22
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 33 and 39)	21,323,578	37	19,831,103	35	8
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 34)	7,921,241	14	12,327,602	22	(36)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,637,885	3	1,928,603	3	(15)
Foreign exchange gains, net (Note 4)	807,018	1	450,867	1	79
Impairment losses on assets (Notes 4 and 15)	(43,029)	-	(16,066)	-	168
Other noninterest gains, net (Note 4)	<u>266,423</u>	<u>-</u>	<u>388,417</u>	<u>1</u>	(31)
Total net revenues and gains other than interest	<u>31,913,116</u>	<u>55</u>	<u>34,910,526</u>	<u>62</u>	(9)
TOTAL NET REVENUES	<u>57,897,440</u>	<u>100</u>	<u>56,249,044</u>	<u>100</u>	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 13)	<u>(2,129,603)</u>	<u>(4)</u>	<u>(3,225,752)</u>	<u>(6)</u>	(34)
OPERATING EXPENSES (Notes 4, 15, 16, 17, 18, 29, 35 and 39)					
Employee benefits	(14,730,709)	(26)	(14,216,281)	(25)	4
Depreciation and amortization	(3,592,324)	(6)	(3,442,951)	(6)	4
General and administrative	<u>(13,485,365)</u>	<u>(23)</u>	<u>(14,834,968)</u>	<u>(27)</u>	(9)
Total operating expenses	<u>(31,808,398)</u>	<u>(55)</u>	<u>(32,494,200)</u>	<u>(58)</u>	(2)

(Continued)

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INCOME BEFORE INCOME TAX	\$ 23,959,439	41	\$ 20,529,092	36	17
INCOME TAX EXPENSE (Notes 4 and 36)	<u>(3,373,936)</u>	<u>(6)</u>	<u>(2,481,236)</u>	<u>(4)</u>	36
NET INCOME FOR THE YEAR	<u>20,585,503</u>	<u>35</u>	<u>18,047,856</u>	<u>32</u>	14
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 36):					
Remeasurement of defined benefit plans	268,338	-	(306,696)	(1)	187
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(357)	-	(594,833)	(1)	(100)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,563,137	3	(8,750)	-	17,964
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>20,978</u>	<u>-</u>	<u>10,329</u>	<u>-</u>	103
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>1,852,096</u>	<u>3</u>	<u>(899,950)</u>	<u>(2)</u>	306

(Continued)

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss (Notes 4 and 36):					
Exchange differences on the translation of financial statements of foreign operations	\$ (785,553)	(1)	\$ (957,715)	(2)	(18)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(2,056,617)	(4)	783,364	2	(363)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>347,567</u>	<u>1</u>	<u>49,333</u>	<u>-</u>	605
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(2,494,603)</u>	<u>(4)</u>	<u>(125,018)</u>	<u>-</u>	1,895
Other comprehensive loss for the year, net of income tax	<u>(642,507)</u>	<u>(1)</u>	<u>(1,024,968)</u>	<u>(2)</u>	(37)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 19,942,996</u>	<u>34</u>	<u>\$ 17,022,888</u>	<u>30</u>	17
<b>NET INCOME ATTRIBUTABLE TO:</b>					
Owners of ESFHC	\$ 20,558,988	35	\$ 18,026,592	32	14
Non-controlling interests	<u>26,515</u>	<u>-</u>	<u>21,264</u>	<u>-</u>	25
	<u>\$ 20,585,503</u>	<u>35</u>	<u>\$ 18,047,856</u>	<u>32</u>	14
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owners of ESFHC	\$ 19,916,428	34	\$ 17,001,757	30	17
Non-controlling interests	<u>26,568</u>	<u>-</u>	<u>21,131</u>	<u>-</u>	26
	<u>\$ 19,942,996</u>	<u>34</u>	<u>\$ 17,022,888</u>	<u>30</u>	17

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 37)					
Basic	<u>\$ 1.54</u>		<u>\$ 1.35</u>		
Diluted	<u>\$ 1.54</u>		<u>\$ 1.35</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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of ESFHC						Other Equity			Non-controlling Interests (Notes 4 and 38)	Total Equity
	Capital Stock (Note 38)		Capital Surplus (Notes 4 and 38)	Retained Earnings (Notes 4, 9, 36 and 38)			Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9 and 36)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)		
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	11,619,500	\$ 116,195,000	\$ 24,965,734	\$ 11,068,215	\$ 164,235	\$ 20,465,306	\$ (1,316,413)	\$ 1,569,189	\$ (53,345)	\$ 123,179	\$ 173,181,100
Appropriation of 2019 earnings											
Legal reserve	-	-	-	2,010,513	-	(2,010,513)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,191,766)	-	-	-	-	(9,191,766)
Stock dividends	926,000	9,260,000	-	-	-	(9,260,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	21,600	216,000	384,480	-	-	-	-	-	-	-	600,480
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(12,125)	(12,125)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(664,477)	-	664,477	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	2,892	-	-	(2,892)	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	18,026,592	-	-	-	21,264	18,047,856
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(306,829)	(772,986)	649,813	(594,833)	(133)	(1,024,968)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	17,719,763	(772,986)	649,813	(594,833)	21,131	17,022,888
BALANCE AT DECEMBER 31, 2020	12,567,100	125,671,000	25,350,214	13,078,728	164,235	17,061,205	(2,089,399)	2,883,479	(651,070)	132,185	181,600,577
Appropriation of 2020 earnings											
Legal reserve	-	-	-	1,705,818	-	(1,705,818)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,665,931)	-	-	-	-	(7,665,931)
Stock dividends	768,000	7,680,000	-	-	-	(7,680,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	19,500	195,000	312,000	-	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	306,597	-	(306,597)	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	20,558,988	-	-	-	26,515	20,585,503
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	267,939	(632,313)	(277,829)	(357)	53	(642,507)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	20,826,927	(632,313)	(277,829)	(357)	26,568	19,942,996
BALANCE AT DECEMBER 31, 2021	13,354,600	\$ 133,546,000	\$ 25,662,214	\$ 14,784,546	\$ 164,235	\$ 21,142,980	\$ (2,721,712)	\$ 2,299,053	\$ (651,427)	\$ 158,753	\$ 194,384,642

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 23,959,439	\$ 20,529,092
Adjustments for:		
Depreciation expenses	2,866,864	2,787,307
Amortization expenses	725,460	655,644
Expected credit losses/bad-debt expenses	2,140,010	3,175,679
Gains on financial assets and liabilities at fair value through profit or loss	(7,921,241)	(12,327,602)
Interest expense	9,497,790	14,750,803
Interest revenue	(35,482,114)	(36,089,321)
Dividend income	(958,164)	(360,957)
Provision for losses on guarantees	32,837	49,804
Salary expenses on share-based payments	606,146	518,777
Gains on disposal of properties and equipment	(22,065)	(1,526)
Gains on disposal of assets held for sale	-	(173,592)
Gains on disposal of investments	(679,721)	(1,567,646)
Reversal of impairment losses on non-financial assets	-	(630)
Others	(4,137)	9,607
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	2,060,398	(28,705,429)
Financial assets at fair value through profit or loss	302,076,226	(162,981,789)
Financial assets at fair value through other comprehensive income	(74,079,140)	(46,464,409)
Investments in debt instruments at amortized cost	(291,929,995)	(4,076,817)
Receivables	(6,633,334)	(4,257,641)
Discounts and loans	(150,145,033)	(178,340,103)
Other financial assets	(2,860,668)	1,804,409
Other assets	(7,302,919)	(1,368,528)
Deposits from the Central Bank and other banks	28,512,172	(2,934,800)
Financial liabilities at fair value through profit or loss	(3,094,117)	(16,917,798)
Securities sold under repurchase agreements	5,343,391	4,077,009
Payables	(742,513)	6,291,632
Deposits and remittances	203,595,538	408,482,624
Provision for employee benefits	(285,365)	(13,327)
Provisions	-	(820)
Other financial liabilities	4,808,545	25,780,916
Other liabilities	7,209,990	440,254
Cash generated from (used in) operations	11,294,280	(7,229,178)
Interest received	39,658,466	43,819,965
Dividends received	1,080,885	442,630
Interest paid	(10,802,942)	(17,418,901)
Income tax paid	(2,269,695)	(3,840,779)
Net cash generated from operating activities	<u>38,960,994</u>	<u>15,773,737</u>

(Continued)

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

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of assets held for sale	\$ -	\$ 334,178
Payments for properties and equipment	(4,275,085)	(1,963,191)
Proceeds from disposal of properties and equipment	72,524	19,845
Increase in operating deposits	(10,000)	-
Decrease in operating deposits	-	15,000
Increase in settlement fund	(130,169)	(329)
Decrease in settlement fund	114,287	6,199
Increase in refundable deposits	-	(1,591,956)
Decrease in refundable deposits	1,551,495	-
Payments for intangible assets	(403,142)	(381,627)
Payments for right-of-use assets	(1,529,564)	(430)
Increase in other assets	-	(912)
Decrease in other assets	<u>58</u>	<u>-</u>
Net cash used in investing activities	<u>(4,609,596)</u>	<u>(3,563,223)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	848,371
Decrease in short-term borrowings	(244,591)	-
Increase in due to the Central Bank and other banks	5,976,670	8,044,340
Increase in commercial paper issued	1,532,000	-
Decrease in commercial paper issued	-	(424,867)
Proceeds from issue of corporate bonds	2,000,000	-
Repayments of corporate bonds	(900,000)	-
Proceeds from issue of bank debentures	1,600,000	7,000,000
Repayments of bank debentures	(1,300,000)	(5,100,000)
Proceeds from long-term borrowings	-	2,851
Increase in guarantee deposits received	-	3,635,359
Decrease in guarantee deposits received	(3,261,921)	-
Repayments of the principal portion of lease liabilities	(1,122,866)	(1,063,280)
Cash dividends paid	(7,665,931)	(9,191,766)
Cash dividends paid to non-controlling interests	<u>-</u>	<u>(12,125)</u>
Net cash generated from (used in) financing activities	<u>(3,386,639)</u>	<u>3,738,883</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>3,681,766</u>	<u>(183,104)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	34,646,525	15,766,293
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>70,065,700</u>	<u>54,299,407</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 104,712,225</u>	<u>\$ 70,065,700</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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	<u>December 31</u>	
	2021	2020
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, 2021 AND 2020		
Cash and cash equivalents in the consolidated balance sheets	\$ 85,237,301	\$ 54,640,670
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	19,474,924	13,124,834
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>-</u>	<u>2,300,196</u>
Cash and cash equivalents at the end of the year	<u>\$ 104,712,225</u>	<u>\$ 70,065,700</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. ORGANIZATION AND OPERATIONS**

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

ESFHC invests in and manages financial institutions.

E.SUN Bank engages in banking activities permitted by the Banking Act of the ROC. The operations of E.SUN Bank's Trust Department consist of planning, managing and operating the trust business. These operations are regulated under the Banking Act and Trust Enterprise Act of the ROC. As of December 31, 2021, 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), an insurance agent department, 8 overseas branches, and 138 domestic branches.

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

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

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

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

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

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

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

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

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

For the years ended December 31, 2021 and 2020, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,348 and 9,400, respectively. For the years ended December 31, 2021 and 2020, the average number of employees of ESBC, UCB and BankPro was 957 and 886, respectively.

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

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

## **2. APPROVAL OF FINANCIAL STATEMENTS**

The board of directors of ESFHC, in their meeting on March 11, 2022, approved and authorized the consolidated financial statements for issue.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Company elected to apply the practical expedient provided in the amendment to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

- b. Not yet applied new IFRSs endorsed by the FSC for application starting from 2022

<b>The New IFRSs</b>	<b>Effective Date Announced by IASB</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The Company assessed that the application of the above standards would not have any material impact on the Company’s financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of 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.

- c. Not yet applied new IFRSs announced by IASB but not yet endorsed and issued into effect by the FSC

<b>The New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

The Company assessed the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of 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**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities/assets that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

##### **c. Basis of consolidation**

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

The accounting policies of ESFHC and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. E.SUN Bank's financial statements include the accounts of its Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

Total comprehensive income of subsidiaries is attributed to the owners of the ESFHC and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Foreign-currency transactions

Foreign-currency transactions of ESFHC and E.SUN Securities, ESVC 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. On the transaction date, foreign currency income and expenses are translated 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 - the prevailing exchange rates on the transaction date. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of ESFHC and non-controlling interests.

e. 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, UCB and ESBC 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 counterparty, 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.

f. 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 and issued into effect by the FSC.

g. 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.

1) 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 FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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 43.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, due from the Central Bank and call loans to other banks, receivables and discounts and loans, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e., ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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 uncollectable, 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 uncollectable, 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. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

Credits deemed uncollectable might 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 recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. 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.

#### 2) 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 ESFHC'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 ESFHC's own equity instruments.

### 3) Financial liabilities

#### a) Subsequent measurement

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

##### i. 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:

- i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) 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; or
- iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

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. For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

##### ii. Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- i) The amount of the loss allowance reflecting expected credit loss; and
- ii) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the revenue recognition policies.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, the assessment is also performed in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

#### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### 4) 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 hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) 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 host contracts are not measured at FVTPL.

#### 5) Modification of financial instruments

When a financial instrument is modified, the Company assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Company elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Company first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

#### h. 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.

i. Purchase on margin and short sale

E.SUN Securities recognizes the financing of securities investor who buy stocks as securities margin loans receivable while handling margin purchases of securities. 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.

j. 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 on an accrual basis.

k. 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, which are described as follows:

- 1) Deposits in bank represent the amounts of customers' margins and premiums deposited in banks.
- 2) Securities are the instruments collected from futures traders for the margins and premiums when the futures merchants engage in brokerage of futures.
- 3) 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).

4) The deposits held by non-member futures commission merchants (FCMs) for futures transactions are transferred to FCM, which is a member (a clearing FCM).

l. 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.

m. 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.

n. Leases

At the inception of a contract, the Company assesses whether the contract is a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decrease the scope of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. 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 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 goodwill allocated in 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 CGU, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

p. Intangible assets other than goodwill

1) 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. Effect of any changes in estimate accounted for on a prospective basis.

2) 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. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) 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.

q. Impairment of property and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

At the balance sheet date, the Company reviews the carrying amounts of its property and equipment, right-of-use assets, investment properties 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 CGUs 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 CGU 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.

r. 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.

s. 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 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.

t. 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 and provided that it is probable that the economic benefits will flow to the Company and that 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.

u. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

Payments to defined contribution post-employment benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit post-employment benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### 3) 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.

### v. 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.

### w. Taxation

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

#### 1) Current income tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

#### 2) 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 and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

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.

### 3) Current and deferred tax

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 that 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.

### x. 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 over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

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.

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

y. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss of the period in which they become receivable.

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

In the application of the Company's accounting policies, 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 Company considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Estimated impairment of loans

The provision for impairment of loans is based on assumptions about probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of end of each reporting period.

In the calculation of the required provision of allowance for possible losses, the Company also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Company evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 17,692,744	\$ 15,071,006
Checks for clearing	7,259,513	2,619,519
Due from banks	60,156,212	36,905,775
Cash in transit	<u>146,713</u>	<u>63,000</u>
	85,255,182	54,659,300
Less: Allowance for possible losses	<u>(17,881)</u>	<u>(18,630)</u>
	<u>\$ 85,237,301</u>	<u>\$ 54,640,670</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2021 and 2020 are shown in the consolidated statements of cash flows.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Deposit reserves - account A	\$ 29,641,472	\$ 35,157,341
Deposit reserves - account B	56,784,785	51,528,140
Reserves for deposits - foreign currency deposits	733,759	641,475
Due from the Central Bank - other	16,141,834	17,521,906
Deposit in the Central Bank - deposits of government agencies	7,217	7,239
Call loans to banks	<u>22,107,264</u>	<u>16,323,194</u>
	125,416,331	121,179,295
Less: Allowance for possible losses	<u>(45,803)</u>	<u>(98,459)</u>
	<u>\$ 125,370,528</u>	<u>\$ 121,080,836</u>

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

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

Refer to Note 40 for information relating to deposit reserves pledged as security.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>		
Negotiable certificates of deposit	\$ 150,682,911	\$ 421,811,630
Commercial paper	102,968,285	111,602,799
Treasury bills	16,974,413	15,842,449
Corporate bonds	69,377,840	82,888,149
Bank debentures	49,211,752	55,581,196
Government bonds	49,413	-
Stock	5,442,178	4,298,755
Mutual funds	579,729	352,302
Operating securities - dealing department	400,507	301,672
Operating securities - underwriting department	88,941	231,743
Currency swap contracts	6,795,858	9,594,092
Interest rate swap contracts	6,854,657	12,079,630
Currency option contracts	862,308	489,042
Forward contracts	191,105	154,340
Futures exchange margins	219,486	198,928
Non-deliverable forward contracts	436,564	46,874
Cross-currency swap contracts	250,343	335,176
Metal commodity swap contracts	3,246	505
	<u>\$ 411,389,536</u>	<u>\$ 715,809,282</u>
<u>Held-for-trading financial liabilities</u>		
Currency swap contracts	\$ 8,704,446	\$ 12,690,333
Interest rate swap contracts	3,343,434	6,443,971
Currency option contracts	1,012,080	630,408
Forward contracts	237,722	264,486
Cross-currency swap contracts	118,998	71,092
Non-deliverable forward contracts	332,445	35,663
Metal commodity swap contracts	622	1,898
Credit default swap contracts	-	134
	<u>13,749,747</u>	<u>20,137,985</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>		
Bank debentures (Note 26)	<u>47,449,715</u>	<u>50,303,457</u>
	<u>\$ 61,199,462</u>	<u>\$ 70,441,442</u>

Refer to Note 40 for information relating to financial assets mandatorily classified as at fair value through profit or loss pledged as security.

The contract (nominal) amounts of derivative transactions by ESFHC as of December 31, 2021 and 2020 were zero.

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

The contract (nominal) amounts of derivative transactions by E.SUN Bank as of December 31, 2021 and 2020, respectively, were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Currency swap contracts	\$ 1,726,383,860	\$ 984,461,105
Interest rate swap contracts	556,286,337	615,849,017
Currency option contracts	203,125,623	79,864,437
Forward contracts	28,730,324	18,796,767
Non-deliverable forward contracts	70,101,658	7,180,003
Cross-currency swap contracts	25,804,441	17,013,677
Metal commodity swap contracts	74,842	85,075
Credit default swap contracts	-	58,460

The open positions of futures transactions of E.SUN Bank as of December 31, 2021 and 2020, respectively, were as follows:

<b>December 31, 2021</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	10	\$ 39,230	\$ 41,550
	Commodity futures	Sell	32	77,430	82,379
<b>December 31, 2020</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amount or Premium Paid (Charged)</b>	<b>Fair Value</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	41	\$ 154,097	\$ 154,369
	Commodity futures	Sell	34	162,038	169,328

As of December 31, 2021 and 2020, the amounts of futures exchange margins receivable held by E.SUN Securities were \$162,523 thousand and \$168,768 thousand, respectively.

The open position of futures and option transactions of E.SUN Securities as of December 31, 2021 and 2020 were as follows:

<b>December 31, 2021</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amounts or Premium Paid (Charged)</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Single Stock Futures	Buy	250	\$ 9,589	\$ 9,800
	Single Stock Futures	Sell	699	32,013	32,014

		<u>December 31, 2020</u>			
Items	Products	<u>Open Position</u>		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Single Stock Futures	Sell	130	\$ 24,875	\$ 24,767

The gains or losses resulting from the futures and option contracts for the years ended December 31, 2021 and 2020 of E.SUN Securities were as follows:

	<u>2021</u>		<u>2020</u>	
	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions
Realized - non-hedge	\$ (7,884)	\$ -	\$ 42,547	\$ -
Unrealized - non-hedge	<u>101</u>	<u>-</u>	<u>146</u>	<u>-</u>
	<u>\$ (7,783)</u>	<u>\$ -</u>	<u>\$ 42,693</u>	<u>\$ -</u>

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2021	2020
Investments in equity instruments at FVTOCI	\$ 21,054,970	\$ 9,377,128
Investments in debt instruments at FVTOCI	<u>312,344,729</u>	<u>254,525,732</u>
	<u>\$ 333,399,699</u>	<u>\$ 263,902,860</u>

### a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2021	2020
Listed shares and emerging stocks	\$ 19,621,701	\$ 8,062,853
Unlisted shares	<u>1,433,269</u>	<u>1,314,275</u>
	<u>\$ 21,054,970</u>	<u>\$ 9,377,128</u>

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

In 2021 and 2020, the Company sold shares of stocks for \$8,947,295 thousand and \$2,873,640 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized gain of \$306,597 thousand and unrealized loss of \$664,477 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$958,164 thousand and \$360,957 thousand were recognized in profit or loss for the years ended December 31, 2021 and 2020, respectively. The dividends related to investments held at the end of the reporting period were \$671,793 thousand and \$332,990 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Bank debentures	\$ 146,330,146	\$ 122,689,738
Government bonds	59,836,806	72,235,130
Corporate bonds	98,257,668	52,362,566
Overseas bonds	7,632,511	6,179,000
Negotiable certificates of deposit	278,728	858,233
Discounted note	<u>8,870</u>	<u>201,065</u>
	<u>\$ 312,344,729</u>	<u>\$ 254,525,732</u>

- 1) As of December 31, 2021 and 2020, the investments in debt instruments at FVTOCI, which amounted to \$17,043,122 thousand and \$12,153,396 thousand, respectively, had been sold under repurchase agreements.
- 2) Refer to Note 43 for information relating to their credit risk management and impairment.
- 3) Refer to Note 40 for information relating to investments in debt instruments at FVTOCI pledged as security.

**10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Overseas bonds	\$ 12,518,061	\$ 11,418,794
Bank debentures	29,132,322	4,375,794
Corporate bonds	10,459,485	573,000
Negotiable certificates of deposit	<u>256,124,601</u>	<u>99,785</u>
	308,234,469	16,467,373
Less: Allowance for impairment loss	<u>(15,234)</u>	<u>(1,575)</u>
	<u>\$ 308,219,235</u>	<u>\$ 16,465,798</u>

- a. As of December 31, 2021, the investments in debt instruments at amortized cost, which amounted to \$911,582 thousand, had been sold under repurchase agreements.
- b. Refer to Note 43 for information relating to their credit risk management and impairment.
- c. Refer to Note 40 for information relating to investments in debt instruments at amortized cost pledged as security.

**11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS**

Securities acquired for \$2,300,196 thousand under resell agreements as of December 31, 2020 would subsequently be sold for \$2,300,509 thousand.

## 12. RECEIVABLES, NET

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Receivables on credit cards	\$ 83,514,302	\$ 82,028,666
Accounts receivable factored without recourse	12,904,407	10,909,402
Margin loans receivable	8,852,106	6,363,310
Accrued interest	4,898,335	3,639,808
Accounts receivable	1,864,600	3,519,170
Settlements receivable	4,475,801	4,651,650
Acceptances	1,342,125	1,701,757
Securities business money lending	1,388,096	1,076,728
Settlement consideration	798,287	2,350,261
Receivables on digital stimulus vouchers redemption	4,159,925	-
Others	<u>2,295,663</u>	<u>2,294,954</u>
	126,493,647	118,535,706
Less: Allowance for possible losses	<u>(2,081,523)</u>	<u>(1,849,495)</u>
	<u>\$ 124,412,124</u>	<u>\$ 116,686,211</u>

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

For the year ended December 31, 2021

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2021	\$ 180,954	\$ 25,811	\$ 369,808	\$ 576,573	\$ 1,272,922	\$ 1,849,495
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(242)	407	(165)	-	-	-
Credit-impaired financial assets	(1,583)	(15,512)	17,095	-	-	-
12-month ECL	13,734	(7,385)	(6,349)	-	-	-
Derecognition of financial assets in the reporting period	(8,789)	(2,054)	(19,397)	(30,240)	-	(30,240)
New financial assets purchased or originated	4,564	951	18,281	23,796	-	23,796
Difference of impairment loss under regulations	-	-	-	-	434,742	434,742
Write-offs	-	-	(483,506)	(483,506)	-	(483,506)
Recovery of written-off receivables	-	-	440,870	440,870	-	440,870
Change in model or risk parameters	(134,916)	4,213	18,241	(112,462)	-	(112,462)
Change in exchange rates or others	<u>(20)</u>	<u>(1)</u>	<u>(140)</u>	<u>(161)</u>	<u>(41,011)</u>	<u>(41,172)</u>
Balance at December 31, 2021	<u>\$ 53,702</u>	<u>\$ 6,430</u>	<u>\$ 354,738</u>	<u>\$ 414,870</u>	<u>\$ 1,666,653</u>	<u>\$ 2,081,523</u>

For the year ended December 31, 2020

<b>Allowance for Possible Losses</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2020	\$ 95,768	\$ 9,451	\$ 714,159	\$ 819,378	\$ 1,166,793	\$ 1,986,171
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(144)	324	(180)	-	-	-
Credit-impaired financial assets	(3,692)	(5,589)	9,281	-	-	-
12-month ECL	16,689	(5,526)	(11,163)	-	-	-
Derecognition of financial assets in the reporting period	(5,385)	(1,456)	(49,526)	(56,367)	-	(56,367)
New financial assets purchased or originated	20,031	2,582	20,591	43,204	-	43,204
Difference of impairment loss under regulations	-	-	-	-	141,903	141,903
Write-offs	-	-	(638,717)	(638,717)	-	(638,717)
Recovery of written-off receivables	-	-	462,602	462,602	-	462,602
Change in model or risk parameters	57,241	26,027	(135,992)	(52,724)	-	(52,724)
Change in exchange rates or others	446	(2)	(1,247)	(803)	(35,774)	(36,577)
Balance at December 31, 2020	<u>\$ 180,954</u>	<u>\$ 25,811</u>	<u>\$ 369,808</u>	<u>\$ 576,573</u>	<u>\$ 1,272,922</u>	<u>\$ 1,849,495</u>

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

For the year ended December 31, 2021

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2021	\$ 115,718,626	\$ 159,613	\$ 2,657,467	\$ 118,535,706
Transfers to				
Lifetime ECL	(94,840)	95,429	(589)	-
Credit-impaired financial assets	(703,708)	(91,785)	795,493	-
12-month ECL	77,542	(45,385)	(32,157)	-
Derecognition of financial assets in the reporting period	(29,566,770)	(17,588)	(448,321)	(30,032,679)
New financial assets purchased or originated	38,328,275	33,474	125,956	38,487,705
Write-offs	-	-	(483,506)	(483,506)
Change in exchange rates or others	(13,516)	(24)	(39)	(13,579)
Balance at December 31, 2021	<u>\$ 123,745,609</u>	<u>\$ 133,734</u>	<u>\$ 2,614,304</u>	<u>\$ 126,493,647</u>

For the year ended December 31, 2020

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2020	\$ 111,851,008	\$ 215,995	\$ 3,069,534	\$ 115,136,537
Transfers to				
Lifetime ECL	(204,104)	204,990	(886)	-
Credit-impaired financial assets	(812,917)	(119,249)	932,166	-
12-month ECL	159,321	(129,741)	(29,580)	-
Derecognition of financial assets in the reporting period	(40,932,472)	(41,360)	(762,415)	(41,736,247)
New financial assets purchased or originated	45,652,137	29,081	87,911	45,769,129
Write-offs	-	-	(638,717)	(638,717)
Change in exchange rates or others	<u>5,653</u>	<u>(103)</u>	<u>(546)</u>	<u>5,004</u>
Balance at December 31, 2020	<u>\$ 115,718,626</u>	<u>\$ 159,613</u>	<u>\$ 2,657,467</u>	<u>\$ 118,535,706</u>

**13. DISCOUNTS AND LOANS, NET**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Loans		
Short-term	\$ 309,127,045	\$ 289,538,356
Medium-term	436,923,515	389,645,712
Long-term	1,040,601,661	958,176,513
Overdue loans	2,189,227	2,303,655
Bills negotiated and discounts	<u>1,857,307</u>	<u>1,371,972</u>
	1,790,698,755	1,641,036,208
Less: Allowance for possible losses	(22,123,971)	(20,608,721)
Less: Adjustment of premium or discount	<u>66,457</u>	<u>(53,419)</u>
	<u>\$ 1,768,641,241</u>	<u>\$ 1,620,374,068</u>

Refer to Note 40 for information relating to discounts and loans pledged as security.

As of December 31, 2021 and 2020, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$2,134,217 thousand and \$2,303,655 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$34,691 thousand and \$37,163 thousand for the years ended December 31, 2021 and 2020, respectively.

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

For the year ended December 31, 2021

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	\$ 3,536,235	\$ 1,092,418	\$ 3,728,502	\$ 8,357,155	\$ 12,251,566	\$ 20,608,721
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(19,292)	35,160	(15,868)	-	-	-
Credit-impaired financial assets	(19,660)	(150,243)	169,903	-	-	-
12-month ECL	176,345	(105,547)	(70,798)	-	-	-
Derecognition of financial assets in the reporting period	(991,769)	(726,699)	(400,717)	(2,119,185)	-	(2,119,185)
New financial assets purchased or originated	510,081	136,110	324,793	970,984	-	970,984
Difference of impairment loss under regulations	-	-	-	-	4,980,229	4,980,229
Write-offs	-	-	(1,011,601)	(1,011,601)	-	(1,011,601)
Recovery of written-off credits	-	-	821,655	821,655	-	821,655
Change in model or risk parameters	(2,077,621)	878,588	(859,665)	(2,058,698)	-	(2,058,698)
Change in exchange rates or others	(6,760)	(238)	(863)	(7,861)	(60,273)	(68,134)
Balance at December 31, 2021	<u>\$ 1,107,559</u>	<u>\$ 1,159,549</u>	<u>\$ 2,685,341</u>	<u>\$ 4,952,449</u>	<u>\$ 17,171,522</u>	<u>\$ 22,123,971</u>

For the year ended December 31, 2020

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	\$ 1,062,925	\$ 373,445	\$ 3,817,631	\$ 5,254,001	\$ 12,485,286	\$ 17,739,287
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(4,966)	17,211	(12,245)	-	-	-
Credit-impaired financial assets	(20,149)	(99,248)	119,397	-	-	-
12-month ECL	129,899	(91,484)	(38,415)	-	-	-
Derecognition of financial assets in the reporting period	(396,848)	(126,048)	(963,403)	(1,486,299)	-	(1,486,299)
New financial assets purchased or originated	1,445,579	51,502	480,205	1,977,286	-	1,977,286
Difference of impairment loss under regulations	-	-	-	-	(127,128)	(127,128)
Write-offs	-	-	(842,233)	(842,233)	-	(842,233)
Recovery of written-off credits	-	-	982,622	982,622	-	982,622
Change in model or risk parameters	1,326,655	967,528	188,466	2,482,649	-	2,482,649
Change in exchange rates or others	(6,860)	(488)	(3,523)	(10,871)	(106,592)	(117,463)
Balance at December 31, 2020	<u>\$ 3,536,235</u>	<u>\$ 1,092,418</u>	<u>\$ 3,728,502</u>	<u>\$ 8,357,155</u>	<u>\$ 12,251,566</u>	<u>\$ 20,608,721</u>

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

For the year ended December 31, 2021

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2021	\$ 1,628,484,018	\$ 4,313,659	\$ 8,238,531	\$ 1,641,036,208
Transfers to				
Lifetime ECL	(4,390,514)	4,557,172	(166,658)	-
Credit-impaired financial assets	(2,004,001)	(611,500)	2,615,501	-
12-month ECL	961,557	(525,830)	(435,727)	-
Derecognition of financial assets in the reporting period	(581,780,292)	(2,387,049)	(2,235,500)	(586,402,841)
New financial assets purchased or originated	735,932,197	1,187,606	687,961	737,807,764
Write-offs	-	-	(1,011,601)	(1,011,601)
Change in exchange rates or others	<u>(723,384)</u>	<u>(3,297)</u>	<u>(4,094)</u>	<u>(730,775)</u>
Balance at December 31, 2021	<u>\$ 1,776,479,581</u>	<u>\$ 6,530,761</u>	<u>\$ 7,688,413</u>	<u>\$ 1,790,698,755</u>

For the year ended December 31, 2020

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2020	\$ 1,449,611,336	\$ 4,245,682	\$ 8,330,806	\$ 1,462,187,824
Transfers to				
Lifetime ECL	(3,169,326)	3,283,145	(113,819)	-
Credit-impaired financial assets	(2,818,933)	(586,100)	3,405,033	-
12-month ECL	1,017,554	(703,765)	(313,789)	-
Derecognition of financial assets in the reporting period	(528,688,275)	(2,330,508)	(2,903,373)	(533,922,156)
New financial assets purchased or originated	712,924,893	408,990	687,577	714,021,460
Write-offs	-	-	(842,233)	(842,233)
Change in exchange rates or others	<u>(393,231)</u>	<u>(3,785)</u>	<u>(11,671)</u>	<u>(408,687)</u>
Balance at December 31, 2020	<u>\$ 1,628,484,018</u>	<u>\$ 4,313,659</u>	<u>\$ 8,238,531</u>	<u>\$ 1,641,036,208</u>

The bad-debt expenses and provision for losses on commitments and guarantees for the years ended December 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Provision (reversal of provision) for possible losses on due from banks	\$ (215)	\$ 16,965
Provision (reversal of provision) for possible losses on call loans to other banks	(50,954)	70,203
Provision for possible losses on receivables	315,836	76,016
Provision for possible losses on discounts and loans	1,773,330	2,846,508
Reversal of provision for possible losses on overdue receivables	(4,412)	(15,402)
Provision for possible losses on remittance	10	-
Provision for possible losses on guarantees	32,837	49,804
Provision for possible losses on financing commitments	<u>63,171</u>	<u>181,658</u>
	<u>\$ 2,129,603</u>	<u>\$ 3,225,752</u>

The FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions. As of December 31, 2021 and 2020, E.SUN Bank was in compliance with the FSC's provision requirement for both types of credit assets.

#### 14. OTHER FINANCIAL ASSETS, NET

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Overdue receivable	\$ 199,102	\$ 203,628
Less: Allowance for possible losses	<u>(199,102)</u>	<u>(203,628)</u>
Overdue receivable, net	-	-
Due from banks	7,271,791	4,986,818
Guarantee deposits received on futures contracts	1,818,678	1,248,315
Others	<u>7</u>	<u>-</u>
	<u>\$ 9,090,476</u>	<u>\$ 6,235,133</u>

Guarantee deposits received on futures contracts were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Deposits in bank	\$ 859,884	\$ 757,786
Deposits held by futures commission merchants as a clearing member	<u>958,794</u>	<u>490,529</u>
	<u>\$ 1,818,678</u>	<u>\$ 1,248,315</u>
Guarantee deposits received on futures contracts	\$ 1,818,678	\$ 1,248,315
Less: Commission revenue	(410)	(535)
Futures transaction tax	(162)	(187)
Temporary receipts	<u>(952)</u>	<u>(896)</u>
Customers' equity accounts - futures (Note 30)	<u>\$ 1,817,154</u>	<u>\$ 1,246,697</u>

Due from banks were collateral for loans from other financial institutions, deposits for operating reserve, and time deposits with maturities longer than three months.

#### 15. INVESTMENT PROPERTIES, NET

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 203,085	\$ 203,085
Buildings	1,603,689	1,623,962
Right-of-use assets	<u>48,269</u>	<u>-</u>
	<u>\$ 1,855,043</u>	<u>\$ 1,827,047</u>

	<b>Land</b>	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>				
Balance, January 1, 2021	\$ 203,110	\$ 1,843,764	\$ -	\$ 2,046,874
Net exchange difference	-	(14,781)	-	(14,781)
Reclassification	<u>-</u>	<u>42,605</u>	<u>48,788</u>	<u>91,393</u>
Balance, December 31, 2021	<u>\$ 203,110</u>	<u>\$ 1,871,588</u>	<u>\$ 48,788</u>	<u>\$ 2,123,486</u>
Balance, January 1, 2020	\$ 203,110	\$ 1,818,625	\$ -	\$ 2,021,735
Net exchange difference	<u>-</u>	<u>25,139</u>	<u>-</u>	<u>25,139</u>
Balance, December 31, 2020	<u>\$ 203,110</u>	<u>\$ 1,843,764</u>	<u>\$ -</u>	<u>\$ 2,046,874</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2021	\$ (25)	\$ (219,802)	\$ -	\$ (219,827)
Depreciation expenses	-	(49,399)	(83)	(49,482)
Net exchange difference	-	1,654	-	1,654
Reclassification	<u>-</u>	<u>(352)</u>	<u>(436)</u>	<u>(788)</u>
Balance, December 31, 2021	<u>\$ (25)</u>	<u>\$ (267,899)</u>	<u>\$ (519)</u>	<u>\$ (268,443)</u>
Balance, January 1, 2020	\$ (25)	\$ (167,803)	\$ -	\$ (167,828)
Depreciation expenses	-	(48,694)	-	(48,694)
Net exchange difference	<u>-</u>	<u>(3,305)</u>	<u>-</u>	<u>(3,305)</u>
Balance, December 31, 2020	<u>\$ (25)</u>	<u>\$ (219,802)</u>	<u>\$ -</u>	<u>\$ (219,827)</u>

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

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

As of December 31, 2021 and 2020, the fair values of investment properties were \$2,847,699 thousand and \$2,685,742 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Rental income from investment properties	\$ 31,203	\$ 31,215
Direct operating expenses of investment properties that generate rental income	(50,105)	(49,315)
Direct operating expenses of investment properties that do not generate rental income	<u>(554)</u>	<u>(574)</u>
	<u>\$ (19,456)</u>	<u>\$ (18,674)</u>

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of December 31, 2021 and 2020, refundable deposits on these leases totaled \$12,344 thousand and \$12,253 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Year 1	\$ 49,064	\$ 46,938
Year 2	41,311	17,155
Year 3	35,835	10,222
Year 4	8,609	9,652
Year 5	<u>720</u>	<u>1,430</u>
	<u>\$ 135,539</u>	<u>\$ 85,397</u>

## 16. PROPERTIES AND EQUIPMENT, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Land	\$ 14,693,991	\$ 14,554,054
Buildings	12,994,887	9,866,670
Computers	2,994,141	2,876,149
Transportation equipment	402,706	431,600
Miscellaneous equipment	1,401,468	1,437,037
Prepayments for properties and equipment	<u>1,394,275</u>	<u>4,125,374</u>
	<u>\$ 33,881,468</u>	<u>\$ 33,290,884</u>

	<u>Land</u>	<u>Buildings</u>	<u>Computers</u>	<u>Transportation Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Prepayments</u>	<u>Total</u>
<u>Cost</u>							
Balance, January 1, 2021	\$ 14,554,054	\$ 15,090,138	\$ 6,627,046	\$ 966,480	\$ 4,027,998	\$ 4,125,374	\$ 45,391,090
Addition	179,697	2,092,596	712,081	49,548	186,332	1,049,509	4,269,763
Disposal	(31,517)	(40,238)	(264,947)	(41,721)	(42,661)	-	(421,084)
Net exchange difference	(8,243)	(31,776)	(8,191)	(3,042)	(27,129)	(1,394)	(79,775)
Reclassification and others	<u>-</u>	<u>1,693,514</u>	<u>177,420</u>	<u>1,195</u>	<u>20,365</u>	<u>(3,779,214)</u>	<u>(1,886,720)</u>
Balance, December 31, 2021	<u>\$ 14,693,991</u>	<u>\$ 18,804,234</u>	<u>\$ 7,243,409</u>	<u>\$ 972,460</u>	<u>\$ 4,164,905</u>	<u>\$ 1,394,275</u>	<u>\$ 47,273,274</u>
Balance, January 1, 2020	\$ 14,578,440	\$ 14,972,783	\$ 6,529,045	\$ 877,535	\$ 3,933,228	\$ 4,063,650	\$ 44,954,681
Addition	-	124,928	790,936	96,755	197,702	750,769	1,961,090
Disposal	(8,895)	(28,572)	(823,043)	(75,144)	(174,216)	-	(1,109,870)
Net exchange difference	(15,491)	(24,478)	(4,424)	(2,995)	(26,879)	(660)	(74,927)
Reclassification and others	<u>-</u>	<u>45,477</u>	<u>134,532</u>	<u>70,329</u>	<u>98,163</u>	<u>(688,385)</u>	<u>(339,884)</u>
Balance, December 31, 2020	<u>\$ 14,554,054</u>	<u>\$ 15,090,138</u>	<u>\$ 6,627,046</u>	<u>\$ 966,480</u>	<u>\$ 4,027,998</u>	<u>\$ 4,125,374</u>	<u>\$ 45,391,090</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2021	\$ -	\$ (5,223,468)	\$ (3,750,897)	\$ (534,880)	\$ (2,590,961)	\$(12,100,206)
Disposal	-	22,326	264,826	40,954	42,519	370,625
Depreciation expenses	-	(613,079)	(768,357)	(77,616)	(228,065)	(1,687,117)
Net exchange difference	-	4,522	5,160	1,788	13,070	24,540
Reclassification and others	-	352	-	-	-	352
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ (5,809,347)</u>	<u>\$ (4,249,268)</u>	<u>\$ (569,754)</u>	<u>\$ (2,763,437)</u>	<u>\$(13,391,806)</u>
Balance, January 1, 2020	\$ -	\$ (4,681,898)	\$ (3,883,749)	\$ (539,549)	\$ (2,498,041)	\$(11,603,237)
Disposal	-	23,882	821,854	74,146	161,960	1,081,842
Depreciation expenses	-	(568,587)	(692,276)	(72,060)	(267,117)	(1,600,040)
Net exchange difference	-	3,135	3,274	2,354	12,237	21,000
Reclassification and others	-	-	-	229	-	229
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ (5,223,468)</u>	<u>\$ (3,750,897)</u>	<u>\$ (534,880)</u>	<u>\$ (2,590,961)</u>	<u>\$(12,100,206)</u>

The construction project with respect to the superficies in Minsheng Section, Songshan District., Taipei City, had been handed over to the Company during the second quarter of 2021 and was reclassified from prepayments for properties and equipment to buildings and right-of-use assets, which amounted to \$1,721,599 thousand and \$1,479,201 thousand, respectively, based on the Company's purpose and nature of ownership; please refer to Note 17.

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

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	1 to 20 years

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets, net

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amounts</u>		
Land and superficies royalties	\$ 3,825,350	\$ -
Buildings	3,092,691	3,160,720
Office equipment	10,166	1,429
Transportation equipment	<u>5,053</u>	<u>6,061</u>
	<u>\$ 6,933,260</u>	<u>\$ 3,168,210</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 3,512,081</u>	<u>\$ 1,171,125</u>
Depreciation charge for right-of-use assets		
Land and superficies royalties	\$ 41,796	\$ -
Buildings	1,079,339	1,130,550
Office equipment	4,189	2,862
Transportation equipment	<u>4,941</u>	<u>5,161</u>
	<u>\$ 1,130,265</u>	<u>\$ 1,138,573</u>

The Company has been subleasing part of its acquired superficies and above-ground buildings under operating leases. The related right-of-use assets are presented as investment properties. Please refer to Note 15. The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

Except for the additions, depreciation and sublease recognized above, the Company had no impairment of right-of-use assets during the years ended December 31, 2021 and 2020.

b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Carrying amounts	<u>\$ 3,998,061</u>	<u>\$ 3,275,399</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	1.09%	-%
Buildings	0.37%-7.50%	0.80%-7.50%
Office equipment	0.37%-2.98%	0.80%-2.98%
Transportation equipment	0.35%-7.50%	0.66%-7.50%

c. Material lease-in activities and terms

The Company has entered into certain lease contracts with other companies or individuals for the business halls and office space that are required to be rented for operating activities. Rentals are calculated based on the actual number of rented flats and are payable monthly, quarterly or semi-annually. As of December 31, 2021 and 2020, refundable deposits on these leases totaled \$764,082 thousand and \$700,789 thousand, respectively.

The Company acquired the superficies right of Minsheng Section in Songshan District, Taipei City during the second quarter of 2021. The right will be valid until October 2067.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 39,335</u>	<u>\$ 23,703</u>
Expenses relating to low-value asset leases	<u>\$ 313</u>	<u>\$ 137</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 63</u>	<u>\$ 117</u>
Total cash outflow for leases	<u>\$ (1,162,568)</u>	<u>\$ (1,087,183)</u>

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

## 18. INTANGIBLE ASSETS, NET

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Goodwill	\$ 4,426,370	\$ 4,442,843
Computer software	1,249,795	1,200,916
Banking licenses	441,695	454,791
Core deposits	16,445	19,157
Developed technology	27,364	32,836
Customer relationship	<u>14,610</u>	<u>17,318</u>
	<u>\$ 6,176,279</u>	<u>\$ 6,167,861</u>

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Banking Licenses</b>	<b>Core Deposits</b>	<b>Developed Technology</b>	<b>Customer Relationship</b>	<b>Total</b>
Balance, January 1, 2021	\$ 4,442,843	\$ 1,200,916	\$ 454,791	\$ 19,157	\$ 32,836	\$ 17,318	\$ 6,167,861
Separate acquisition	-	398,771	-	-	-	-	398,771
Amortization expenses	-	(713,624)	-	(2,712)	(5,472)	(2,708)	(724,516)
Reclassification	-	365,769	-	-	-	-	365,769
Net exchange difference	<u>(16,473)</u>	<u>(2,037)</u>	<u>(13,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,606)</u>
Balance, December 31, 2021	<u>\$ 4,426,370</u>	<u>\$ 1,249,795</u>	<u>\$ 441,695</u>	<u>\$ 16,445</u>	<u>\$ 27,364</u>	<u>\$ 14,610</u>	<u>\$ 6,176,279</u>
Balance, January 1, 2020	\$ 4,475,005	\$ 1,153,103	\$ 480,362	\$ 21,869	\$ 38,309	\$ 20,026	\$ 6,188,674
Separate acquisition	-	321,309	-	-	-	-	321,309
Amortization expenses	-	(643,135)	-	(2,712)	(5,473)	(2,708)	(654,028)
Disposal	-	(3)	-	-	-	-	(3)
Reclassification	-	369,732	-	-	-	-	369,732
Net exchange difference	<u>(32,162)</u>	<u>(90)</u>	<u>(25,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,823)</u>
Balance, December 31, 2020	<u>\$ 4,442,843</u>	<u>\$ 1,200,916</u>	<u>\$ 454,791</u>	<u>\$ 19,157</u>	<u>\$ 32,836</u>	<u>\$ 17,318</u>	<u>\$ 6,167,861</u>

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

Computer software	2 to 10 years
Core deposits	16 years
Developed technology	11 years
Customer relationship	11 to 17 years

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

## 19. OTHER ASSETS, NET

	<u>December 31</u>	
	2021	2020
Refundable deposits, net	\$ 4,104,511	\$ 5,656,006
Operating deposits and settlement funds	569,946	544,064
Prepayments	459,218	279,025
Defined benefit assets (Note 29)	407,809	41,130
Collections for underwriting stock value	7,968,291	988,443
Others	<u>382,422</u>	<u>338,546</u>
	<u>\$ 13,892,197</u>	<u>\$ 7,847,214</u>

## 20. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	<u>December 31</u>	
	2021	2020
Call loans from banks	\$ 78,059,351	\$ 48,209,147
Deposits from Chunghwa Post Co., Ltd.	2,276,985	2,376,177
Call loans from the Central Bank	1,384,450	1,425,500
Banks overdrafts	213,519	279,960
Deposits from banks	1,520,217	2,654,434
Deposits from the Central Bank	<u>26,636</u>	<u>23,768</u>
	<u>\$ 83,481,158</u>	<u>\$ 54,968,986</u>

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

	<u>December 31</u>	
	2021	2020
Due to the Central Bank	<u>\$ 14,021,010</u>	<u>\$ 8,044,340</u>

## 22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$16,648,639 thousand and \$11,305,248 thousand under repurchase agreements as of December 31, 2021 and 2020, respectively, would subsequently be purchased for \$16,686,012 thousand and \$11,327,432 thousand, respectively.

### 23. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$4,790,000 thousand and \$3,258,000 thousand, and the annual discount rates were from 0.30%-0.88% and 0.31%-0.37%, as of December 31, 2021 and 2020, respectively. These financial instruments were accepted and guaranteed by financial institutions.

### 24. PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Checks for clearing	\$ 7,259,513	\$ 2,619,519
Accrued interest	1,997,454	2,320,602
Accrued expenses	6,092,178	5,427,211
Accounts payable	1,345,301	3,846,631
Factored accounts payable	1,590,393	3,015,413
Settlements payable	5,705,230	6,905,218
Acceptances	1,356,990	1,699,850
Payable on credit cards	877,542	1,211,765
Payables for short-sale transactions	945,623	1,151,262
Deposits on short-sale transactions	849,623	1,088,786
Tax payable	342,306	342,395
Collections payable	719,346	487,202
Others	<u>3,674,749</u>	<u>3,757,002</u>
	<u>\$ 32,756,248</u>	<u>\$ 33,872,856</u>

### 25. DEPOSITS AND REMITTANCES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Deposits		
Checking	\$ 18,633,621	\$ 16,701,024
Demand	801,742,311	733,435,600
Savings - demand	700,429,954	652,174,941
Time	829,792,461	724,826,259
Negotiable certificates of deposit	28,801,536	48,717,952
Savings - time	300,717,348	296,620,946
Treasury deposits	13,225,790	12,128,338
Remittances	<u>1,719,770</u>	<u>6,862,193</u>
	<u>\$ 2,695,062,791</u>	<u>\$ 2,491,467,253</u>

## 26. BONDS PAYABLE

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Bank debentures	\$ 34,270,000	\$ 33,970,000
ESFHC's unsecured corporate bonds - first issue in 2016	-	900,000
ESFHC's unsecured corporate bonds - second issue in 2016	1,100,000	1,100,000
ESFHC's unsecured corporate bonds - first issue in 2019	4,000,000	4,000,000
ESFHC's unsecured corporate bonds - first issue in 2021	<u>2,000,000</u>	<u>-</u>
	<u>\$ 41,370,000</u>	<u>\$ 39,970,000</u>

On January 20, 2017, ESFHC made a second issue of unsecured corporate bonds with aggregate face value of \$1,100,000 thousand and par value of \$10,000 thousand. The bonds will mature in five years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 1.10%.

On January 14, 2019, ESFHC made a first issue of unsecured corporate bonds with aggregate face value of \$4,000,000 thousand and par value of \$10,000 thousand. The bonds will mature in five years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 0.95%.

On May 25, 2021, ESFHC made a first issue of unsecured corporate bonds with aggregate face value of \$2,000,000 thousand and par value of \$10,000 thousand. The bonds will mature in five years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 0.50%.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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).	3,500,000	3,500,000
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).	1,500,000	1,500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,200,000	3,500,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	5,000,000	5,000,000

(Continued)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	\$ 3,750,000	\$ 3,750,000
Two types of subordinated bonds issued on March 30, 2018; interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,000,000	4,000,000
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	3,000,000	3,000,000
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; E.SUN Bank may redeem the bond after 5 years and one month from the issue date	4,000,000	4,000,000
Bonds issued on March 19, 2020; interest rate at 0.58%; interest payable annually; principal repayable on maturity (5 years after the issue date).	3,000,000	3,000,000
Two types of bonds issued on October 28, 2021; interest rate at (a) 0.37% for type A bond and (b) 0.47% for type B bond; interest payable annually for both bond types; principal repayable on maturity (3 years for type A bond and 7 years for type B bond after the issue date).	<u>1,600,000</u>	<u>-</u>
	<u>\$ 34,270,000</u>	<u>\$ 33,970,000</u> (Concluded)

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 3,260,716	\$ 3,344,667
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	2,267,118	2,425,960
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,419,752	2,486,664
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	1,193,531	1,343,691
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,194,851	9,460,385
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	7,186,673	7,940,241
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	3,283,492	3,425,553 (Continued)

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	\$ 2,943,007	\$ 3,171,793
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	2,808,747	3,020,275
Unsecured USD-denominated bonds issued on May 19, 2017	2,019,482	2,079,022
Unsecured USD-denominated bonds issued on November 21, 2017	4,459,863	4,662,317
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	<u>6,412,483</u>	<u>6,942,889</u>
	<u>\$ 47,449,715</u>	<u>\$ 50,303,457</u> (Concluded)

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

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

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

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

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

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

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

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

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

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

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

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

To hedge against its exposure to interest rate risk due to the issuance of the above bank debentures, E.SUN Bank entered into interest rate swap (IRS) contracts, which are measured at fair value. The changes in fair value of the IRS contracts are recognized in profit or loss. To eliminate an accounting mismatch, E.SUN Bank also designated the bank debentures as at fair value through profit or loss.

To support business sustainable development and the government's green finance policy, the FSC approved on September 9, 2021, the issuance of unsecured bank debentures amounting to NT\$10 billion (or foreign currency equivalent) with no more than 40 years to maturity.

To improve E.SUN Bank's capital adequacy ratio and strengthen equity structure, on March 10, 2022, the FSC approved the issuance of long-term subordinated bank debentures amounting to NT\$50 billion (or foreign currency equivalent).

As of the date the consolidated financial statements were authorized for issue, bank debentures amounting to NT\$13.4 billion has not yet been issued.

## 27. OTHER BORROWINGS

	December 31			
	2021		2020	
	Amount	%	Amount	%
Short-term borrowings	\$ 623,780	1.15-1.38	\$ 868,371	1.54-4.50
Long-term borrowings	<u>335,037</u>	1.71-3.00	<u>344,971</u>	2.47-4.89
	<u>\$ 958,817</u>		<u>\$ 1,213,342</u>	

## 28. PROVISIONS

	December 31	
	2021	2020
Provision for losses on financing commitment	\$ 568,384	\$ 507,068
Provision for employee benefits	3,722	288,610
Provision for losses on guarantees	349,586	317,319
Others	<u>167,653</u>	<u>46,387</u>
	<u>\$ 1,089,345</u>	<u>\$ 1,159,384</u>

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

### For the year ended December 31, 2021

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	\$ 421,939	\$ 1,685	\$ 3,228	\$ 426,852	\$ 397,535	\$ 824,387
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(10,069)	10,069	-	-	-	-
Credit-impaired financial instruments	(4)	(1)	5	-	-	-
12-month ECL	1,557	(1,470)	(87)	-	-	-
Derecognition of financial instruments in the reporting period	(61,886)	(171)	(842)	(62,899)	-	(62,899)
New financial instruments purchased or originated	49,518	45	109	49,672	-	49,672
Difference of impairment loss under regulations	-	-	-	-	324,078	324,078
Change in model or risk parameters	(305,888)	89,287	1,758	(214,843)	-	(214,843)
Change in exchange rates or others	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>(2,406)</u>	<u>(2,425)</u>
Balance at December 31, 2021	<u>\$ 95,148</u>	<u>\$ 99,444</u>	<u>\$ 4,171</u>	<u>\$ 198,763</u>	<u>\$ 719,207</u>	<u>\$ 917,970</u>

For the year ended December 31, 2020

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	\$ 177,119	\$ 700	\$ 3,204	\$ 181,023	\$ 416,900	\$ 597,923
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(25)	32	(7)	-	-	-
Credit-impaired financial instruments	(70)	(151)	221	-	-	-
12-month ECL	4,806	(3,812)	(994)	-	-	-
Derecognition of financial instruments in the reporting period	(40,020)	-	-	(40,020)	-	(40,020)
New financial instruments purchased or originated	220,206	154	1,022	221,382	-	221,382
Difference of impairment loss under regulations	-	-	-	-	(14,321)	(14,321)
Change in model or risk parameters	59,877	4,762	(218)	64,421	-	64,421
Change in exchange rates or others	46	-	-	46	(5,044)	(4,998)
Balance at December 31, 2020	<u>\$ 421,939</u>	<u>\$ 1,685</u>	<u>\$ 3,228</u>	<u>\$ 426,852</u>	<u>\$ 397,535</u>	<u>\$ 824,387</u>

## 29. 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 \$419,530 thousand and \$423,902 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020, respectively, in accordance with the defined contribution plan.

### b. Defined benefit plan

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

ESFHC makes monthly contributions, equal to 5.54% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan under management of Bureau of Labor Funds, Ministry of Labor (the Bureau).

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

E.SUN Securities makes monthly contributions, equal to 4% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan under management of the Bureau. However, E.SUN Securities paused in making monthly contributions from January 2017 to December 2022 with the approval of Department of Labor, Taipei City Government.

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

The pension fund is managed by the Bureau and the Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay post-employment benefits for employees who conform to post-employment requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 2,334,336	\$ 2,390,180
Fair value of plan assets	<u>(2,738,423)</u>	<u>(2,142,700)</u>
Deficit	(404,087)	247,480
Net defined benefit asset (part of other assets)	<u>407,809</u>	<u>41,130</u>
Net defined benefit liability (part of provision for employee benefits)	<u>\$ 3,722</u>	<u>\$ 288,610</u>

Movements in net defined benefit liability (asset) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2020	<u>\$ 2,100,020</u>	<u>\$ (2,145,733)</u>	<u>\$ (45,713)</u>
Service cost			
Current service cost	22,041	-	22,041
Net interest expense (income)	<u>15,609</u>	<u>(16,076)</u>	<u>(467)</u>
Recognized in profit or loss	<u>37,650</u>	<u>(16,076)</u>	<u>21,574</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(41,125)	(41,125)
Actuarial loss - changes in financial assumptions	242,987	-	242,987
Actuarial loss - experience adjustments	<u>104,834</u>	-	<u>104,834</u>
Recognized in other comprehensive income	<u>347,821</u>	<u>(41,125)</u>	<u>306,696</u>
Contributions from the employer	-	<u>(35,077)</u>	<u>(35,077)</u>
Benefits paid	<u>(95,311)</u>	<u>95,311</u>	-
Balance at December 31, 2020	<u>2,390,180</u>	<u>(2,142,700)</u>	<u>247,480</u>
Service cost			
Current service cost	21,883	-	21,883
Net interest expense (income)	<u>8,261</u>	<u>(7,453)</u>	<u>808</u>
Recognized in profit or loss	<u>30,144</u>	<u>(7,453)</u>	<u>22,691</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (235,939)	\$ (235,939)
Actuarial loss - changes in population assumptions	59,250	-	59,250
Actuarial gain - changes in financial assumptions	(70,166)	-	(70,166)
Actuarial gain - experience adjustments	<u>(21,483)</u>	<u>-</u>	<u>(21,483)</u>
Recognized in other comprehensive income	<u>(32,399)</u>	<u>(235,939)</u>	<u>(268,338)</u>
Contributions from the employer	<u>-</u>	<u>(405,920)</u>	<u>(405,920)</u>
Benefits paid	<u>(53,589)</u>	<u>53,589</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 2,334,336</u>	<u>\$ (2,738,423)</u>	<u>\$ (404,087)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic (and foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.60%-0.70%	0.30%-0.35%
Expected rates of return on plan assets	0.60%	0.35%
Expected rates of future salary increase	2.50%-3.00%	2.50%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)		
0.25% increase	<u>\$ (67,263)</u>	<u>\$ (73,794)</u>
0.25% decrease	<u>\$ 69,930</u>	<u>\$ 76,878</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 66,581</u>	<u>\$ 73,231</u>
0.25% decrease	<u>\$ (64,455)</u>	<u>\$ (70,756)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As of December 31, 2021 and 2020, the expected contributions to the plan for the next year were \$154,926 thousand and \$404,811 thousand, respectively; the average durations of the defined benefit obligation were 8 to 14.63 years and 9 to 15.64 years, respectively.

### 30. OTHER FINANCIAL LIABILITIES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Principal of structured products	\$ 62,374,505	\$ 58,136,417
Guarantee deposits received	1,938,732	5,200,653
Customers' equity accounts - futures	<u>1,817,154</u>	<u>1,246,697</u>
	<u>\$ 66,130,391</u>	<u>\$ 64,583,767</u>

### 31. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Advance receipts	\$ 2,915,495	\$ 2,795,440
Deferred revenue	649,316	542,513
Collections for underwriting stock value	7,968,073	988,382
Others	<u>14,701</u>	<u>5,026</u>
	<u>\$ 11,547,585</u>	<u>\$ 4,331,361</u>

### 32. NET INTEREST

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest revenue		
From discounts and loans	\$ 28,408,713	\$ 29,302,841
From investments	4,570,462	3,738,008
From revolving interests of credit cards	1,932,041	2,039,056
From due from banks and call loans to other banks	428,756	809,026
Others	<u>142,142</u>	<u>200,390</u>
	<u>35,482,114</u>	<u>36,089,321</u>
Interest expense		
From deposits	(7,858,736)	(12,746,781)
From due to the Central Bank and other banks	(431,999)	(730,040)
From issuing bonds payable	(567,193)	(624,292)
From lease liabilities	(41,349)	(40,498)
Others	<u>(598,513)</u>	<u>(609,192)</u>
	<u>(9,497,790)</u>	<u>(14,750,803)</u>
	<u>\$ 25,984,324</u>	<u>\$ 21,338,518</u>

### 33. SERVICE FEE AND COMMISSION INCOME, NET

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Service fee and commission income		
From credit cards	\$ 8,450,314	\$ 9,136,490
From insurance	2,525,265	3,184,029
From trust business	7,069,346	5,780,658
From loans	1,649,500	1,341,544
From brokerage	3,295,020	1,935,067
Others	<u>2,455,691</u>	<u>2,407,743</u>
	<u>25,445,136</u>	<u>23,785,531</u>
Service charge and commission expenses		
From agency	(1,781,493)	(1,385,761)
From credit cards	(795,646)	(1,041,976)
From cross - bank transactions	(312,131)	(346,726)
From computer processing	(276,025)	(343,387)
Others	<u>(956,263)</u>	<u>(836,578)</u>
	<u>(4,121,558)</u>	<u>(3,954,428)</u>
	<u>\$ 21,323,578</u>	<u>\$ 19,831,103</u>

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

	<b>For the Year Ended December 31, 2021</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>
Financial assets mandatorily classified as at fair value through profit or loss	\$ 120,989	\$ 4,543,036	\$ 12,435,177	\$(14,148,361)	\$ 2,950,841
Held-for-trading financial liabilities	-	-	(7,064,586)	11,531,822	4,467,236
Financial liabilities designated as at fair value through profit or loss	-	(2,087,192)	158	2,590,198	503,164
	<u>\$ 120,989</u>	<u>\$ 2,455,844</u>	<u>\$ 5,370,749</u>	<u>\$ (26,341)</u>	<u>\$ 7,921,241</u>
	<b>For the Year Ended December 31, 2020</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>
Financial assets mandatorily classified as at fair value through profit or loss	\$ 79,585	\$ 7,231,893	\$ 15,629,773	\$ 17,849,281	\$ 40,790,532
Held-for-trading financial liabilities	-	-	(9,379,935)	(14,709,055)	(24,088,990)
Financial liabilities designated as at fair value through profit or loss	-	(2,152,862)	2,307	(2,223,385)	(4,373,940)
	<u>\$ 79,585</u>	<u>\$ 5,079,031</u>	<u>\$ 6,252,145</u>	<u>\$ 916,841</u>	<u>\$ 12,327,602</u>

### 35. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employee benefits		
Salaries	\$ 12,549,543	\$ 12,107,088
Insurance	868,127	755,958
Excessive interest from preferential rates	196,197	194,525
Post-employment benefits	442,263	445,476
Others	674,579	713,234
Depreciation expenses	2,866,864	2,787,307
Amortization expenses	725,460	655,644

Under the Articles of Incorporation of ESFHC, ESFHC accrued employees' compensation and remuneration of directors at the rates from 2.0% to 5.0% and no higher than 0.9%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors (after offsetting accumulated deficit). For the years ended December 31, 2021 and 2020, the employees' compensation were \$616,101 thousand and \$519,477 thousand, respectively; and the remuneration of directors were \$106,000 thousand and \$132,000 thousand, respectively.

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

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 that have been approved by ESFHC's board of directors on March 11, 2022 and March 11, 2021, respectively, were as follows:

	<b>2021</b>	<b>2020</b>
Employees' compensation - cash	\$ 2,915	\$ 2,522
Employees' compensation - stock	612,950	507,000
Remuneration of directors - cash	81,800	73,000

ESFHC announced the distribution of 20,500 thousand shares and 19,500 thousand shares as employees' compensation for 2021 and 2020, respectively, which were determined by the closing price (NT\$29.90 and NT\$26.00) of the day before the board of directors approved the distribution.

The differences between the approved amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019, respectively, were resulted from a change in the accounting estimate. The differences recognized in profit or loss for 2021 and 2020, respectively, were as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Employees' Compensation</b>	<b>Remuneration of Directors</b>	<b>Employees' Compensation</b>	<b>Remuneration of Directors</b>
Amounts approved by ESFHC's board of directors	<u>\$ 509,522</u>	<u>\$ 73,000</u>	<u>\$ 600,684</u>	<u>\$ 113,300</u>
Amounts recognized in the consolidated financial statements	<u>\$ 519,477</u>	<u>\$ 132,000</u>	<u>\$ 601,383</u>	<u>\$ 113,300</u>

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

### **36. INCOME TAX**

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

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

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
Current year	\$ 3,689,602	\$ 2,825,665
Additional income tax on unappropriated earnings	1,000	501
Prior year's adjustments	<u>(94,668)</u>	<u>(133,073)</u>
	<u>3,595,934</u>	<u>2,693,093</u>
Deferred tax		
Current year	<u>(221,998)</u>	<u>(211,857)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,373,936</u>	<u>\$ 2,481,236</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax from continuing operations	<u>\$ 23,959,439</u>	<u>\$ 20,529,092</u>
Income tax expense calculated at the statutory rate (20%)	\$ 4,791,888	\$ 4,105,818
Nondeductible expenses in determining taxable income	55,182	88,678
Tax-exempt income	(1,635,718)	(1,786,035)
Additional income tax on unappropriated earnings	1,000	501
Land value increment tax	(150)	2,963
Unrecognized deductible temporary differences	191,870	169,627
Effect of different tax rate of overseas branches operating in other jurisdictions	70,445	47,186
Adjustments for prior year's income tax	(94,668)	(133,073)
Others	<u>(5,913)</u>	<u>(14,429)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,373,936</u>	<u>\$ 2,481,236</u>

b. Income tax expense recognized in equity

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
Disposals of investment in equity instruments at fair value through other comprehensive income	\$ (26,351)	\$ -
Deferred tax		
Disposals of investment in equity instruments at fair value through other comprehensive income	<u>26,351</u>	<u>-</u>
Income tax expense recognized in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year		
Income tax relating to items that will not be reclassified subsequently to profit or loss		
Fair value changes of financial assets in equity instruments at fair value through other comprehensive income	\$ (21,200)	\$ (10,383)
Remeasurement of defined benefit plans	222	54
Income tax relating to items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	(153,116)	(184,518)
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>(194,451)</u>	<u>135,185</u>
Income tax benefit recognized in other comprehensive income	<u>\$ (368,545)</u>	<u>\$ (59,662)</u>

d. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax assets		
Prepaid taxes	<u>\$ 80,677</u>	<u>\$ 106,412</u>
Current tax liabilities		
Income tax payable	<u>\$ 2,122,898</u>	<u>\$ 830,714</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Financial instruments at fair value through profit or loss	\$ 946,995	\$ 204,622	\$ -	\$ -	\$ (72)	\$ 1,151,545
Financial instruments at fair value through other comprehensive income	-	-	71,925	(26,351)	-	45,574
Allowance for possible losses	155,387	18,761	-	-	(1,970)	172,178
Payable for annual leave	108,254	17,990	-	-	-	126,244
Other liabilities	29,256	15,705	-	-	-	44,961
Exchange differences on foreign operations	514,826	-	153,116	-	-	667,942
Payable for long-term compensation of employees	32,824	11,176	-	-	-	44,000
Government grant revenues	19,761	(568)	-	-	(163)	19,030
Unearned revenues	14,238	7,437	-	-	(580)	21,095
Others	20,459	16,736	(222)	-	(329)	36,644
	<u>\$ 1,842,000</u>	<u>\$ 291,859</u>	<u>\$ 224,819</u>	<u>\$ (26,351)</u>	<u>\$ (3,114)</u>	<u>\$ 2,329,213</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Difference	Closing Balance
<u>Deferred tax liabilities</u>						
Temporary differences						
Financial instruments at fair value through profit or loss	\$ 514,857	\$ (4,871)	\$ -	\$ -	\$ 2	\$ 509,988
Financial instruments at fair value through other comprehensive income	203,593	-	(143,726)	-	(57)	59,810
Intangible assets	603,148	-	-	-	-	603,148
Unrealized foreign exchange gains	27,500	83,712	-	-	(50)	111,162
Others	73,283	(8,980)	-	-	(52)	64,251
	<u>\$ 1,422,381</u>	<u>\$ 69,861</u>	<u>\$ (143,726)</u>	<u>\$ -</u>	<u>\$ (157)</u>	<u>\$ 1,348,359</u>

(Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Financial instruments at fair value through profit or loss	\$ 725,253	\$ 221,569	\$ -	\$ 173	\$ 946,995
Allowance for possible losses	124,043	31,865	-	(521)	155,387
Payable for annual leave	87,052	21,202	-	-	108,254
Other liabilities	42,316	(13,060)	-	-	29,256
Exchange differences on foreign operations	330,308	-	184,518	-	514,826
Payable for long-term compensation of employees	24,151	8,673	-	-	32,824
Government grant revenues	20,084	(594)	-	271	19,761
Unearned revenues	12,366	2,779	-	(907)	14,238
Others	17,782	3,091	(54)	(360)	20,459
	1,383,355	275,525	184,464	(1,344)	1,842,000
Unused loss carryforward	73,134	(72,271)	-	(863)	-
	<u>\$ 1,456,489</u>	<u>\$ 203,254</u>	<u>\$ 184,464</u>	<u>\$ (2,207)</u>	<u>\$ 1,842,000</u>

Deferred tax liabilities

Temporary differences					
Financial instruments at fair value through profit or loss	\$ 515,772	\$ (915)	\$ -	\$ -	\$ 514,857
Financial instruments at fair value through other comprehensive income	79,034	-	124,802	(243)	203,593
Intangible assets	603,148	-	-	-	603,148
Unrealized foreign exchange gains	22,037	5,574	-	(111)	27,500
Provision of land value increment tax	83,171	(13,089)	-	-	70,082
Others	3,557	(173)	-	(183)	3,201
	<u>\$ 1,306,719</u>	<u>\$ (8,603)</u>	<u>\$ 124,802</u>	<u>\$ (537)</u>	<u>\$ 1,422,381</u>

f. Unrecognized deferred tax assets:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Deductible temporary difference	<u>\$ 4,875,002</u>	<u>\$ 4,613,194</u>

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

<u>ESFHC</u>	<u>E.SUN Bank</u>	<u>E.SUN Securities</u>	<u>ESIB</u>	<u>ESVC</u>
2016	2016	2016	2015; 2016 (a current final report on total business income)	2016

- h. In 2017 and prior years, the parent company ESFHC issued shares to the employees of the subsidiaries (including E.SUN Bank, ESIB, E.SUN Securities and ESVC) and the subsidiaries accounted for the shares as salary expenses on share-based payments. However, the subsidiaries excluded the salary expenses on share-based payments in their respective income tax returns to comply with the guidelines of the Ministry of Finance of the ROC (MOF) issued on April 20, 2011 and recognized the additional taxes derived from such transactions. On December 28, 2018, the MOF issued guidelines stating that if a company compensates the services of the employees of its subsidiary by issuing new shares or giving its own shares or other equity instruments, and the subsidiary measures and recognizes expenses for the services of the employees during the vesting period, the subsidiary can then recognize the expenses as salary expenses in the income tax returns. The above subsidiaries believe the MOF guidelines on December 28, 2018 are applicable to the shares issued by ESFHC to the employees of the subsidiaries, and the shares should be accounted for as salary expenses in their respective income tax returns. Accordingly, the above subsidiaries has filed an administrative remedy or applied for tax authority's review and reassessment of the tax returns from 2010 to 2017 in view of the December 28, 2018 guidelines. Based on the current examination of tax authorities, the Company assessed that the tax authorities will approve the deduction of the relevant salary expenses in these years, and recognized the estimated income tax impact. In addition, the deduction of the relevant salary expenses of 2010 to 2016 (except for 2013) has been approved by the tax authorities. While the final result of the remaining years is subject to the examination of the taxation administration. The above subsidiaries will continue to follow through the development of the issues and evaluate the impact on their taxation.

### 37. EARNINGS PER SHARE

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

	<b>Amount (Numerator)</b>	<b>Shares (Denominator in Thousands)</b>	<b>Earnings Per Share (Dollars)</b>
<u>For the year ended December 31, 2021</u>			
Basic earnings per share	\$ 20,558,988	13,350,914	<u>\$ 1.54</u>
Effect of dilutive common shares:			
Employees' compensation	-	25,650	
Diluted earnings per share	<u>\$ 20,558,988</u>	<u>13,376,564</u>	<u>\$ 1.54</u>
<u>For the year ended December 31, 2020</u>			
Basic earnings per share	\$ 18,026,592	13,330,654	<u>\$ 1.35</u>
Effect of dilutive common shares:			
Employees' compensation	-	24,778	
Diluted earnings per share	<u>\$ 18,026,592</u>	<u>13,355,432</u>	<u>\$ 1.35</u>

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 follows:

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31, 2020</b>	
	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 1.43</u>	<u>\$ 1.35</u>
Diluted earnings per share	<u>\$ 1.43</u>	<u>\$ 1.35</u>

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

### 38. EQUITY

#### a. Capital stock

##### Common stock

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Authorized number of shares (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued (in thousands)	<u>13,354,600</u>	<u>12,567,100</u>
Common stock issued	<u>\$ 133,546,000</u>	<u>\$ 125,671,000</u>

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

In 2020, the stockholders of ESFHC resolved to use \$9,260,000 thousand from the 2019 unappropriated earnings as stock bonus to stockholders and \$600,480 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 947,600 thousand shares, were approved by the FSC. The issuance was approved by the Ministry of Economic Affairs (MOEA).

In 2021, the stockholders of ESFHC resolved to use \$7,680,000 thousand from the 2020 unappropriated earnings as stock bonus to stockholders and \$507,000 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 787,500 thousand shares, were approved by the FSC. The issuance was approved by the MOEA.

To dispose of ESFHC's shares held by E.SUN Bank and to increase its capital by issuing common stocks for the issuance of Global 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, 2021, ESFHC issued 507 thousand units (equal to 12,672 thousand shares) because of capital increase, the deposit agents reissued 5,518 thousand units (equal to 137,951 thousand shares), and the GDS holders had canceled 20,684 thousand units (equal to 517,102 thousand shares). Therefore, the outstanding GDSs were 141 thousand units, which were equal to 3,521 thousand shares, or 0.0264% of ESFHC's total outstanding common shares.

b. Capital surplus

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

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

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

As of December 31, 2021, the capital surplus came from treasury stock transactions and the issuance of shares in excess of par value. Capital surplus sources and uses were as follows:

Sources

From subsidiaries

Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	\$ 413,733
Legal reserve	2,776,834
Special reserve	109,230
Unappropriated earnings	<u>2,919,727</u>
	6,219,524
Total capital stock of subsidiaries in excess of ESFHC's issuance	<u>600,000</u>
Balance on January 28, 2002	6,819,524
From E.SUN Securities Investment Trust Corp. (ESSIT) which became a 100% subsidiary of ESFHC in 2003 through a share swap	
Legal reserve	4,350
Unappropriated earnings	<u>7,861</u>
	6,831,735
Corporate bonds converted into capital stock	7,407,345
Treasury stock transactions recognized from subsidiaries	3,015,943
Transferring of shares to employees by subsidiaries	483
Cash dividends from ESFHC received by subsidiaries	208,161
Transferring of shares to employees by ESFHC	157,897
The difference between par value and issue price for the issuance of common stock from bonus to employees	401,166

(Continued)

The difference between par value and issue price for the issuance of common stock from compensation to employees	\$ 1,453,798
Additional paid-in capital from ESFHC's share issuance in excess of par value	10,562,422
Share-based payment for the subscription for ESFHC's new shares by the employees of ESFHC and its subsidiaries	<u>672,153</u>
	30,711,103

Uses

Remuneration of directors and supervisors and bonus to employees by subsidiaries	(156,458)
Issuance of ESFHC's stock dividends in 2002	(1,800,000)
Offset of deficit in 2003	(3,091,451)
Difference between par value and issue price for the issuance of common stock from bonus to employees in 2009	<u>(980)</u>
	<u>\$ 25,662,214</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 must be used to offset a deficit except 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.

d. Appropriation of earnings

Under ESFHC's Articles of Incorporation, where ESFHC made a profit in a fiscal year, the profit shall be first utilized for paying all taxes, offsetting deficit of previous years, setting aside a legal reserve and special reserve in accordance with related regulations, setting aside a special reserve if needed, and then any remaining profit together with reversal of special reserve and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

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 Act, appropriations to the legal reserve shall be made until the reserve equals ESFHC's paid-in capital. This reserve should only be used to offset deficit. When the reserve exceeds 25% of ESFHC's paid-in capital, the excess may be used to issue new shares or distribute cash dividends.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section. The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. Afterward, if there is any reversal of the decrease in other stockholders' equity, ESFHC is allowed to appropriate retained earnings from the reversal amount.

The appropriations of earnings for 2020 and 2019 that were approved in the stockholders' meetings on July 23, 2021 and June 12, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Legal reserve	\$ 1,705,818	\$ 2,010,513		
Cash dividends	7,665,931	9,191,766	\$0.610	\$0.791
Stock dividends	7,680,000	9,260,000	0.610	0.797

The appropriation of earnings for 2021 had been proposed by ESFHC's board of directors on March 11, 2022. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 2,113,352	
Special reserve	1,074,086	
Cash dividends	8,947,582	\$0.67
Stock dividends	9,000,000	0.67

The appropriation of earnings for 2021 are subject to the resolution of the stockholders' meeting. Information on earnings appropriation or deficit offsetting is available at the Market Observation Post System website of the TWSE (<http://emops.twse.com.tw>).

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, January 1	\$ 132,185	\$ 123,179
Cash dividends distributed by subsidiary	-	(12,125)
Attributable to non-controlling interests:		
Net income	26,515	21,264
Exchange differences on the translation of financial statements of foreign operations	(123)	(211)
Remeasurement of defined benefit plans	<u>176</u>	<u>78</u>
Balance, December 31	<u>\$ 158,753</u>	<u>\$ 132,185</u>

### 39. 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

<b>Related Party</b>	<b>Relationship with the Company</b>
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	Related parties in substance
Others	Key management of the Company and other related parties

b. Significant transactions between the Company and related parties

1) Loans and deposits

a) Loans

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2021</u>				
Key management	\$ 514,782	\$ 387,176	\$ 4,231	
Others	<u>4,293,812</u>	<u>2,909,706</u>	<u>32,183</u>	
	<u>\$ 4,808,594</u>	<u>\$ 3,296,882</u>	<u>\$ 36,414</u>	0.80-1.85
For the year ended <u>December 31, 2020</u>				
Key management	\$ 482,152	\$ 379,459	\$ 3,034	
Others	<u>3,491,204</u>	<u>2,638,442</u>	<u>30,740</u>	
	<u>\$ 3,973,356</u>	<u>\$ 3,017,901</u>	<u>\$ 33,774</u>	0.80-1.85

b) Deposits

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2021</u>				
Key management	\$ 1,201,452	\$ 901,677	\$ 1,557	
Others	<u>2,469,246</u>	<u>1,472,731</u>	<u>16,573</u>	
	<u>\$ 3,670,698</u>	<u>\$ 2,374,408</u>	<u>\$ 18,130</u>	0-6.34
For the year ended <u>December 31, 2020</u>				
Key management	\$ 804,558	\$ 593,697	\$ 1,554	
Others	<u>2,770,041</u>	<u>1,313,750</u>	<u>15,580</u>	
	<u>\$ 3,574,599</u>	<u>\$ 1,907,447</u>	<u>\$ 17,134</u>	0-6.34

Note: The sum of the respective highest balances of each account for the years ended December 31, 2021 and 2020.

2) There were no directors as credit guarantors as of December 31, 2021 and 2020.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
3) Interest receivable (part of receivables)		
Key management	\$ 250	\$ 224
Others	<u>1,630</u>	<u>1,358</u>
	<u>\$ 1,880</u>	<u>\$ 1,582</u>
4) Interest payable (part of payables)		
Key management	\$ 158	\$ 160
Others	<u>1,194</u>	<u>1,199</u>
	<u>\$ 1,352</u>	<u>\$ 1,359</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>

5) Donation (part of general and administrative expenses)

Related parties in substance - E.SUN Volunteer & Social Welfare Foundation	<u>\$ 37,331</u>	<u>\$ 56,566</u>
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The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity.

6) E.SUN Volunteer & Social Welfare Foundation entrusted some properties to E.SUN Bank. E.SUN Bank charged \$372 thousand and \$352 thousand (part of service fee and commission income, net) accordingly for the years ended December 31, 2021 and 2020, respectively.

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

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

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

1) E.SUN Bank

a) Loans

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2021</u>				
Subsidiaries	\$ 2,719,060	\$ 2,719,060	\$ 26,591	
Key management	463,022	350,776	3,832	
Others	<u>4,217,119</u>	<u>2,860,293</u>	<u>31,639</u>	
	<u>\$ 7,399,201</u>	<u>\$ 5,930,129</u>	<u>\$ 62,062</u>	0.80-1.85
For the year ended <u>December 31, 2020</u>				
Subsidiaries	\$ 2,594,410	\$ 2,394,840	\$ 2,932	
Key management	467,292	369,459	2,944	
Others	<u>3,435,374</u>	<u>2,593,295</u>	<u>30,208</u>	
	<u>\$ 6,497,076</u>	<u>\$ 5,357,594</u>	<u>\$ 36,084</u>	0.80-1.85

b) Deposits

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2021</u>				
ESFHC	\$ 10,750,676	\$ 2,153,511	\$ 1,581	
Subsidiaries	73,406	6,995	2	
Sister companies	10,553,420	10,089,525	6,173	
Key management	925,074	813,165	1,506	
Others	<u>2,453,463</u>	<u>1,463,815</u>	<u>16,509</u>	
	<u>\$ 24,756,039</u>	<u>\$ 14,527,011</u>	<u>\$ 25,771</u>	0-6.34
For the year ended <u>December 31, 2020</u>				
ESFHC	\$ 10,847,191	\$ 789,220	\$ 1,076	
Subsidiaries	68,501	10,770	55	
Sister companies	9,118,617	3,153,000	9,937	
Key management	798,306	588,354	1,544	
Others	<u>2,753,857</u>	<u>1,311,627</u>	<u>15,568</u>	
	<u>\$ 23,586,472</u>	<u>\$ 5,852,971</u>	<u>\$ 28,180</u>	0-6.34

Note: The sum of the respective highest balances of each account for the years ended December 31, 2021 and 2020.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)		
ESBC	<u>\$ 8,146,620</u>	<u>\$ 7,403,580</u>
d) Consolidated tax return receivables (part of current tax assets)		
ESFHC	<u>\$ 157,875</u>	<u>\$ 154,487</u>
e) Call loans from banks (part of deposits from the Central Bank and other banks)		
ESBC	<u>\$ -</u>	<u>\$ 798,280</u>
f) Accounts payable (part of payables)		
Sister companies	<u>\$ 351,699</u>	<u>\$ 95,031</u>
g) Consolidated tax return payables (part of current tax liabilities)		
ESFHC	<u>\$ 1,255,368</u>	<u>\$ 267,809</u>

The consolidated tax return receivable and payable refer to ESFHC's filed consolidated corporate tax returns from 2003.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
h) Interest revenue from call loans to banks		
ESBC	<u>\$ 191,659</u>	<u>\$ 101,319</u>

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

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

2) E.SUN Securities

- a) Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of December 31, 2021 and 2020, respectively, were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Deposits	<u>\$ 324,633</u>	<u>\$ 340,788</u>
Financial asset at amortized cost - current	<u>\$ 75,000</u>	<u>\$ 184,785</u>
Deposits - futures exchange margins	<u>\$ 200,298</u>	<u>\$ 341,993</u>
Restricted assets - current	<u>\$ 214,000</u>	<u>\$ 214,000</u>
Operating deposits	<u>\$ 445,000</u>	<u>\$ 435,000</u>
Deposits - settlements	<u>\$ 367,701</u>	<u>\$ 297,721</u>
Deposits - collections for underwriting stock value	<u>\$ 7,968,291</u>	<u>\$ 988,443</u>

- b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to \$4,500,000 thousand and \$4,000,000 thousand as of December 31, 2021 and 2020, respectively. 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, 2021 and 2020, 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.
- d) Consolidated tax return payables (part of current tax liabilities)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
ESFHC	<u>\$ 295,521</u>	<u>\$ 144,499</u>

3) ESVC

- Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of December 31, 2021 and 2020, respectively, were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Deposits - E.SUN Bank	<u>\$ 421,309</u>	<u>\$ 285,332</u>

d. Remuneration of key management

The remuneration of the directors and other key management for the years ended December 31, 2021 and 2020 are summarized as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Salaries and other short-term employment benefits	\$ 267,763	\$ 397,228
Post-employment benefits	2,782	2,636
Interest arising from the employees' preferential rates in excess of normal rates	<u>433</u>	<u>475</u>
	<u>\$ 270,978</u>	<u>\$ 400,339</u>

#### 40. PLEDGED ASSETS

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Financial assets at fair value through profit or loss (face value)	\$ 25,200,000	\$ 24,200,000
Investments in debt instruments at amortized cost (face value)	4,505,711	3,041,785
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>3,619,098</u>	<u>3,389,804</u>
	<u>\$ 33,324,809</u>	<u>\$ 30,631,589</u>

As of December 31, 2021 and 2020, the foregoing bonds and securities, with aggregate face value of \$20,200,000 thousand and \$19,200,000 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, 2021 and 2020. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

- b. To expand its capital sourcing and enhance its liquidity position, E.SUN Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. The information on the securities and loans pledged by the Branch for this access was as follows:

<b>Date</b>	<b>(In Thousands of U.S. Dollars)</b>	
	<b>Pledged Amount</b>	<b>Collateral Value</b>
December 31, 2021	<u>\$ 103,000</u>	<u>\$ 97,912</u>
December 31, 2020	<u>\$ 111,000</u>	<u>\$ 100,863</u>

- c. In response to the public policy to help those severely affected by COVID-19 pandemic, E.SUN Bank offers loans to SMEs and has applied for project financing from the Central Bank. As of December 31, 2021 and 2020, up to \$15,000,000 thousand and \$10,000,000 thousand in E.SUN Bank's deposit reserves - account B were provided as collaterals to the Central Bank in accordance with the relevant regulations.
- d. As of December 31, 2021 and 2020, UCB has provided US\$4,805 thousand and US\$35,090 thousand due from the National Bank of Cambodia as collaterals for guarantees of both loan and settlement accounts in the National Bank of Cambodia in accordance with relevant regulations.

#### 41. CONTINGENCIES AND COMMITMENTS

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

a. E.SUN Bank

As of December 31, 2021, 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 \$2,756,697 thousand, and the remaining unpaid amount was approximately \$1,227,730 thousand.

b. Union Commercial Bank (UCB)

As of December 31, 2021, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately \$700,356 thousand, and the remaining unpaid amount was approximately \$1,148 thousand.

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

As of December 31, 2021, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$91,669 thousand, and the remaining unpaid amount was approximately \$46,408 thousand.

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

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

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</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	\$ 43,349,195	0.28	\$ 30,605,463	1.14
Call loans to banks	28,773,106	0.82	23,970,675	0.75
Due from the Central Bank	55,440,043	0.20	46,840,594	0.23
Financial assets mandatorily classified as at fair value through profit or loss - bonds	127,297,813	2.40	149,909,846	3.52
Financial assets mandatorily classified as at fair value through profit or loss - bills	464,453,272	0.31	410,845,597	0.45
Securities purchased under resell agreements	2,193,045	0.23	3,486,261	0.34
Accounts receivable factored without recourse	7,391,750	0.89	6,816,733	1.66
Discounts and loans	1,647,745,684	1.56	1,511,824,109	1.78

(Continued)

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Average Balance</b>	<b>Average Rate (%)</b>	<b>Average Balance</b>	<b>Average Rate (%)</b>
Receivables on credit cards	\$ 30,156,493	6.38	\$ 31,183,417	6.49
Debt instruments at fair value through other comprehensive income	283,467,195	1.22	216,747,172	1.50
Investments in debt instruments at amortized cost	52,266,395	1.07	13,241,732	1.31
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	76,016,925	0.45	73,018,824	0.89
Due to the Central Bank and other banks	11,214,007	0.10	4,265,859	0.10
Financial liabilities at fair value through profit or loss	44,950,688	4.72	42,449,331	5.06
Securities sold under repurchase agreements	11,054,201	0.13	9,599,959	0.34
Demand deposits	722,903,924	0.04	586,232,952	0.08
Savings - demand deposits	680,340,748	0.07	593,383,713	0.09
Time deposits	732,113,312	0.56	670,636,442	1.22
Savings - time deposits	301,658,871	0.80	306,396,903	0.89
Negotiable certificates of deposit	26,848,997	0.28	16,384,748	0.65
Bank debentures	33,190,000	1.53	36,169,180	1.56
Principal of structured products	51,402,663	0.52	44,858,003	0.64
Lease liabilities	3,092,025	0.78	2,612,792	0.80
				(Concluded)

#### 43. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	<b>December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 308,219,235	\$ 308,865,486	\$ 16,465,798	\$ 16,521,979
<u>Financial liabilities</u>				
Bonds payable	41,370,000	44,087,402	39,970,000	42,239,087

Fair value hierarchy as of December 31, 2021

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 308,865,486	\$ 21,111,533	\$ 287,753,953	\$ -
<u>Financial liabilities</u>				
Bonds payable	44,087,402	-	44,087,402	-

Fair value hierarchy as of December 31, 2020

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 16,521,979	\$ 16,521,979	\$ -	\$ -
<u>Financial liabilities</u>				
Bonds payable	42,239,087	-	42,239,087	-

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

- b. The valuation techniques and assumptions the Company uses for determining fair values were as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. The fair value of the unlisted stocks held by the Company is determined by using market approach or asset approach.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by 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 counterparties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollars, U.S. dollars, etc.) to be used for payments. As of December 31, 2021 and 2020, the discount rates used ranged from 0.174% to 1.150% and from 0.170% to 0.793%, respectively, for the New Taiwan dollar and from 0.135% to 1.803% and from 0.050% to 1.408%, respectively, for the U.S. dollar.

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

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

- c. The fair value hierarchies of the Company's financial instruments, which were measured at fair value on a recurring basis, as of December 31, 2021 and 2020, were as follows:

	<b>December 31, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 15,613,567	\$ 219,486	\$ 15,394,081	\$ -
Equity instruments	6,305,724	4,174,422	-	2,131,302
Debt instruments	118,721,976	336,853	118,385,123	-
Others	270,748,269	122,660	270,625,609	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	21,054,970	19,621,701	-	1,433,269
Debt instruments	312,344,729	153,299,813	159,044,916	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	13,749,747	-	13,749,747	-
Financial liabilities designated as at fair value through profit or loss	47,449,715	-	47,449,715	-
<b>December 31, 2020</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 22,898,587	\$ 198,928	\$ 22,699,659	\$ -
Equity instruments	4,877,235	2,779,940	-	2,097,295
Debt instruments	138,662,449	2,966,441	135,696,008	-
Others	549,371,011	114,133	549,256,878	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	9,377,128	8,062,853	-	1,314,275
Debt instruments	254,525,732	121,387,803	133,137,929	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	20,137,985	-	20,137,985	-
Financial liabilities designated as at fair value through profit or loss	50,303,457	-	50,303,457	-

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

There were no significant transfers between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

d. Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2021

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2021	\$ 2,097,295	\$ 1,314,275
Valuation recognized in profit or loss	835,824	-
Valuation recognized in other comprehensive income	-	(13,689)
Acquisitions	543,037	136,000
Transfers in of Level 3	2,515	-
Disposal	(153,436)	(2,824)
Transfers out of Level 3 (Note)	(1,193,933)	-
Change in exchange rates	<u>-</u>	<u>(493)</u>
Balance at December 31, 2021	<u>\$ 2,131,302</u>	<u>\$ 1,433,269</u>
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ 44,631</u>	

For the year ended December 31, 2020

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2020	\$ 2,085,013	\$ 1,267,423
Valuation recognized in profit or loss	583,880	-
Valuation recognized in other comprehensive income	-	46,960
Acquisitions	259,445	-
Disposal	(162,606)	(108)
Transfers out of Level 3 (Note)	<u>(668,437)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 2,097,295</u>	<u>\$ 1,314,275</u>
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ 101,022</u>	

Note: The stock transferred into Level 1 since the quoted price in active markets is available.

e. Valuation process on fair value in Level 3

The Company's risk management division is responsible for conducting independent fair value verification, using independent source data to bring the valuation results close to market conditions, confirming that the data sources are independent, reliable, consistent with other data messages, and representing executable prices, and regularly calibrating valuation models and updating input values and data required for the model, as well as any other necessary fair value adjustments, to ensure that the valuation results are reasonable.

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

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

December 31, 2021

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs and Fair Value</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 924,225	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,207,077	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
Financial assets at fair value through other comprehensive income Investments in equity instruments	1,225,785	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	198,348	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	9,136	Income approach	Lack of liquidity discount	30%	The higher the lack of liquidity, the lower the fair value is

December 31, 2020

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs and Fair Value</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 1,212,799	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	884,496	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
Financial assets at fair value through other comprehensive income Investments in equity instruments	1,239,793	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	66,279	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	8,203	Income approach	Lack of liquidity discount	30%	The higher the lack of liquidity, the lower the fair value is

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

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

December 31, 2021

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Year</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 213,130	\$ (213,130)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	143,327	(143,327)

December 31, 2020

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Year</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 209,730	\$ (209,730)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	131,428	(131,428)

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Difference between carrying amounts and the amounts due on maturity		
Fair value	\$ 47,449,715	\$ 50,303,457
Amounts due on maturity	<u>45,447,639</u>	<u>45,711,540</u>
	<u>\$ 2,002,076</u>	<u>\$ 4,591,917</u>

**Change in Fair  
Values  
Resulting from  
Credit Risk  
Variations**

Accumulated amount of change	
As of December 31, 2021	<u>\$ 651,427</u>
As of December 31, 2020	<u>\$ 651,070</u>

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

i. Information on financial risk management

1) ESFHC

a) Risk management

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

b) Market risk

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

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

The operation of ESFHC involves currencies different from its functional currency, i.e., foreign currencies; thus, ESFHC is exposed to foreign-exchange risks. As of December 31, 2021 and 2020, ESFHC does not conduct any businesses involves currencies different from its functional currency.

The influence of the fluctuations in exchange rates for foreign-currency assets and liabilities on profit or loss is limited; thus, ESFHC expects the risk from exchange rate fluctuations to be immaterial.

c) Credit risk

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

d) Liquidity risk

ESFHC set up the "Liquidity Risk Management Guideline of E.SUN Financial Holding Company" as the guideline for liquidity risk management. It monitors and asks ESFHC and subsidiaries to maintain appropriate liquidity, payment ability, financial stability, and to improve urgent situation handling ability. ESFHC and subsidiaries also follow the requirements of authorities, adopt numeral management, and compile cash flow gap analysis report regularly. Additionally, ESFHC and subsidiaries set up liquidity risk management index and monitor it strictly.

2) E.SUN Bank and its subsidiaries

a) Risk management

E.SUN Bank established the Risk Management Division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for E.SUN Bank.

b) Credit risk

Credit risk refers to E.SUN Bank and its subsidiaries' exposure to financial losses due to inability of customers or counterparties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off-balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risk falls within the acceptable range, E.SUN Bank and its subsidiaries have stipulated in the Guidelines for Credit Risk Management that for all the products provided and businesses conducted, including all on- and off-balance sheet transactions in the banking and trading books, E.SUN Bank and its subsidiaries should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, E.SUN Bank and its subsidiaries ensure compliance with all applicable rules and regulations and identify relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., E.SUN Bank and its subsidiaries also require the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with E.SUN Bank and its subsidiaries' risk management policies and guidelines.

The measurement and management of credit risks from E.SUN Bank and its subsidiaries' main businesses are as follows:

i. Loans and credit card business (including loan commitment and guarantees)

On each reporting date, E.SUN Bank and its subsidiaries assess the change in the default risk of financial assets, as well as consider reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situation, credit investigation result, announcement of dishonored checks and negotiation of the debts from other financial institutions, or the debtor has reorganized or is likely to reorganize to determine whether the credit risk has increased significantly.

E.SUN Bank and its subsidiaries adopt the 12-month ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

E.SUN Bank and its subsidiaries consider both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability to default and "LGD" refers to losses caused by the default. E.SUN Bank and its subsidiaries apply the "PD" and "LGD" to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information, then calculate by applying the progressive one factor model respectively. E.SUN Bank and its subsidiaries periodically review forward-looking macroeconomic information and timely adjusts "PD" for impact of factors such as the COVID-19.

E.SUN Bank and its subsidiaries estimate the account balance based on the ways in repayment, and consider the possible survival rate to calculate the EAD. In addition, E.SUN Bank and its subsidiaries estimate the 12-month ECLs and lifetime ECLs of loan commitments by considering the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime based on the guidelines issued by the Bank's Association and Basel Accords to determine the amount of "EAD" for calculating expected credit losses.

E.SUN Bank and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days, or the credit investigation appears to be abnormal, E.SUN Bank and its subsidiaries determine that the financial assets are defaulted and credit-impaired.

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectable. E.SUN Bank and its subsidiaries also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, E.SUN Bank and its subsidiaries rate credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, E.SUN Bank and its subsidiaries have developed a credit rating model for clients. E.SUN Bank and its subsidiaries review the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credit and residential mortgage, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

E.SUN Bank and its subsidiaries classify the credit qualities of corporate loans as strong, medium and weak.

E.SUN Bank and its subsidiaries evaluate the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, E.SUN Bank and its subsidiaries annually conduct validity test and back testing on the models using data on customers' actual defaults.

ii. Due from and call loans to other banks

E.SUN Bank and its subsidiaries evaluate the credit status of counterparties before deals are closed. E.SUN Bank and its subsidiaries grant different limits to the counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

iii. Investments in debt instruments and derivatives

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

December 31, 2021

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 312,290,287	\$ 308,234,469	\$ 620,524,756
Less: Allowance for impairment loss	<u>(100,203)</u>	<u>(15,234)</u>	<u>(115,437)</u>
Amortized cost	312,190,084	<u>\$ 308,219,235</u>	620,409,319
Adjustment to fair value	<u>(252,849)</u>		<u>(252,849)</u>
	<u>\$ 311,937,235</u>		<u>\$ 620,156,470</u>

December 31, 2020

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 252,614,603	\$ 16,467,373	\$ 269,081,976
Less: Allowance for impairment loss	<u>(71,696)</u>	<u>(1,575)</u>	<u>(73,271)</u>
Amortized cost	252,542,907	<u>\$ 16,465,798</u>	269,008,705
Adjustment to fair value	<u>1,795,959</u>		<u>1,795,959</u>
	<u>\$ 254,338,866</u>		<u>\$ 270,804,664</u>

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

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

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

December 31, 2021

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.17%	\$ 620,524,756

December 31, 2020

<b>Credit Rating</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Gross Carrying Amount</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.25%	\$ 269,081,976

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

For the year ended December 31, 2021

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECL)</u>
<b>Allowance for Impairment Loss</b>	
Balance at January 1, 2021	\$ 73,271
New financial assets purchased	65,167
Derecognition	(16,339)
Change in model or risk parameters	(5,928)
Change in exchange rates or others	<u>(734)</u>
Balance at December 31, 2021	<u>\$ 115,437</u>

For the year ended December 31, 2020

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECL)</u>
<b>Allowance for Impairment Loss</b>	
Balance at January 1, 2020	\$ 57,403
New financial assets purchased	33,025
Derecognition	(16,507)
Change in model or risk parameters	122
Change in exchange rates or others	<u>(772)</u>
Balance at December 31, 2020	<u>\$ 73,271</u>

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

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

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

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

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

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

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

#### December 31, 2021

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,178,318,384	\$ 1,660,114	\$ 68,817	\$ -	\$ 1,180,047,315
Allowance for possible losses	(95,148)	(99,444)	(4,171)	-	(198,763)
Difference of impairment loss under regulations	-	-	-	(719,207)	(719,207)
	<u>\$ 1,178,223,236</u>	<u>\$ 1,560,670</u>	<u>\$ 64,646</u>	<u>\$ (719,207)</u>	<u>\$ 1,179,129,345</u>

#### December 31, 2020

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,272,959,941	\$ 156,606	\$ 19,074,252	\$ -	\$ 1,292,190,799
Allowance for possible losses	(421,939)	(1,685)	(3,228)	-	(426,852)
Difference of impairment loss under regulations	-	-	-	(397,535)	(397,535)
	<u>\$ 1,272,538,002</u>	<u>\$ 154,921</u>	<u>\$ 19,071,024</u>	<u>\$ (397,535)</u>	<u>\$ 1,291,366,412</u>

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

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

December 31, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangements	Other Credit Enhancements	
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,532,974	\$ -	\$ -	\$ -	\$ -
Other	72,949	-	-	-	-
Discounts and loans	7,688,413	3,835,340	-	-	3,835,340

December 31, 2020

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			Total
		Collateral	Master Netting Arrangements	Other Credit Enhancements	
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,609,208	\$ -	\$ -	\$ -	\$ -
Other	39,567	-	-	-	-
Discounts and loans	8,238,531	4,328,179	-	-	4,328,179

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

Credit Risk Profile by Group or Industry	December 31			
	2021		2020	
	Amount	%	Amount	%
Natural person	\$ 897,620,361	50	\$ 828,583,073	50
Manufacturing	347,834,553	19	302,958,374	18
Finance, insurance and real estate	189,689,679	11	167,374,463	10

<b>Credit Risk Profile by Regions</b>	<b>December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Domestic	\$ 1,558,897,685	87	\$ 1,420,878,973	87

<b>Credit Risk Profile by Collaterals</b>	<b>December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Unsecured	\$ 451,367,628	25	\$ 399,459,492	24
Secured				
Real estate	1,161,610,355	65	1,082,599,716	66

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Credit rating		
Strong	\$ 1,258,199,636	\$ 889,058,344
Medium	492,556,246	699,310,944
Weak	<u>25,723,699</u>	<u>40,114,730</u>
Carrying amount	1,776,479,581	1,628,484,018
Allowance for possible losses	<u>(1,107,559)</u>	<u>(3,536,235)</u>
	<u>\$ 1,775,372,022</u>	<u>\$ 1,624,947,783</u>

c) Market risk

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

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

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

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

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

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

#### Effect of interest rate benchmark reform

The Company is exposed to the LIBOR (with the highest percentage in USD LIBOR), which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. The SOFR (Secured Overnight Financing Rate) is expected to replace the USD LIBOR. There are key differences between the USD LIBOR and SOFR. The USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. The SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference the USD LIBOR to the SOFR, adjustments for these differences might need to be applied to the SOFR to enable the two benchmark rates to be economically equivalent.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If bilateral negotiations with the counterparties of the Company are not successfully concluded before the cessation of the LIBOR, there would be significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The Company established a LIBOR transition project plan. This transition project is considering product conversion, contract modification, communication between customers and investors, adjustments to systems and processes, finance and tax implications as well as the risk model, and will be implemented by the corresponding LIBOR transition response team. As of December 31, 2021, the Company is finalizing the amendments of related systems. The Company is continuously discussing with the clients and counterparty about how to revise the contracts which are expected to be impacted. In terms of credit business, the Company has

already completed the conversion of credit contracts whose rates ceased at the end of December 2021. The remaining USD credit contracts will complete bilateral negotiations before June 30, 2023.

In terms of investments in debt instruments, the Company is continuously negotiating with the counterparties about the contracts which have been identified. The Company is ceasing to sell financial instruments connected to LIBOR but will sell those that connect to alternative benchmark interest rate, TAIFX3 or local USD rate, to make sure the rights of clients and the Company will not be impacted.

The following table contains the details of non-derivative financial instruments held by the Company at December 31, 2021, which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	<b>Carrying Amount</b>
Financial assets that reference the USD LIBOR	
Financial assets at FVTPL	\$ 113,127,627
Financial assets at FVTOCI	38,508,948
Investments in debt instruments at amortized cost	3,322,542
Discounts and loans	<u>96,636,403</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 251,595,520</u>

The following table contains details of derivative financial instruments held by the Company at December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate.

	<b>Nominal Amount</b>	<b>Carrying Amount</b>	
		<b>Financial Assets</b>	<b>Financial Liabilities</b>
Derivative financial instruments that reference the USD LIBOR			
Interest rate swaps	\$ 248,237,070	\$ 4,059,076	\$ 1,753,528
Cross-currency swaps	276,890	1,369	-

E.SUN Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. E.SUN Bank also assesses market risks and evaluates the maximum expected loss of positions through making assumptions on changes in various market conditions. The board of directors set amount limits based on VaR. The whole risk management process is monitored daily by the Risk Management Division.

VaR statistically estimates the potential loss of the positions due to adverse market movements. E.SUN Bank may suffer the “maximum potential loss” within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the VaR to some extent. VaR model assumes that E.SUN Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past. E.SUN Bank evaluates historical market fluctuation based on historical data in the past two years. It evaluates the VaR of its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

Information on the VaR of E.SUN Bank was as follows:

For the year ended December 31, 2021

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2021</b>
<u>By risk type</u>				
Currency	\$ 3,340,311	\$ 2,402,325	\$ 4,155,766	\$ 3,516,984
Interest	5,288,307	3,518,810	6,988,286	5,170,067
Equity	806,523	649,966	1,236,931	1,236,931
Risk diversification	<u>(4,005,028)</u>	-	-	<u>(4,579,535)</u>
Total risk exposure	<u>\$ 5,430,113</u>			<u>\$ 5,344,447</u>

For the year ended December 31, 2020

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2020</b>
<u>By risk type</u>				
Currency	\$ 3,223,971	\$ 1,989,772	\$ 4,108,441	\$ 3,243,184
Interest	5,243,051	3,700,329	6,952,590	5,727,202
Equity	402,932	175,387	672,918	672,918
Risk diversification	<u>(3,871,450)</u>	-	-	<u>(4,174,418)</u>
Total risk exposure	<u>\$ 4,998,504</u>			<u>\$ 5,468,886</u>

Stress test is used to measure the greatest potential losses of the portfolio of risk assets under the worst scenarios. The Risk Management Division performs it, and it includes (a) a stress test on risk factors, in which the stress test is applied to all kinds of risks; and (b) a temporary stress test, in which the stress test is applied to special investment positions or specific investment areas, for example, areas where exchange rates fluctuate dramatically. The results of stress tests are reported to the senior management.

For the information on the foreign-currency financial assets and liabilities with significant effect, please refer to Table 3.

d) Liquidity risk

Liquidity risk refers to the possibility of financial loss resulting from the shortage of funds in meeting the needs of asset acquisition or debt repayment on maturity. Examples are the depositors' withdrawal of deposits before maturity, difficulty in raising funds from other banks or worsening funding conditions due to the fluctuations in specific markets, unstable recovery of money due to credit defaults, deterioration of the convertibility of financial instruments, early termination of interest-sensitive instruments, etc. These situations might result in decrease of cash inflows from loans, trades and investments. In some extreme cases, lack of liquidity may cause decrease of asset values in balance sheets, disposal of assets or other situations in which loan commitments cannot be met. Liquidity risks exist in all banking operations, and are influenced by specific events from industries or markets, including but not limited to credit events, mergers and acquisitions, systematic risks in the industry or natural disasters.

Liquidity risk management is done by the Money Market Division and monitored by the Risk Management Division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by E.SUN Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity date of the financial liabilities and the cash inflows at the receipt date of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, E.SUN Bank and its subsidiaries hold cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, financial assets at fair value through other comprehensive income, debt instruments at amortized cost, etc.

The liquidity reserve ratios of E.SUN Bank for December 2021 and 2020 were 33.81% and 35.84%, respectively.

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 51,151,644	\$ 30,863,439	\$ 952,113	\$ 513,962	\$ -	\$ 83,481,158
Due to the Central Bank and other banks	-	-	-	14,021,010	-	14,021,010
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	508,259	44,939,380	45,447,639
Securities sold under repurchase agreements	4,072,567	3,097,930	551,588	771,427	8,192,500	16,686,012
Payables	21,583,427	752,479	377,740	339,009	146,624	23,199,279
Deposits and remittances	1,054,471,949	242,878,740	258,370,651	413,676,105	728,673,362	2,698,070,807
Bank debentures	-	-	3,220,000	6,600,000	24,450,000	34,270,000
Lease liabilities	110,302	149,431	260,197	458,016	3,144,783	4,122,729
Other items of cash outflow on maturity	5,110,604	3,690,773	289,603	279,659	55,855,122	65,225,761

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 41,977,252	\$ 10,665,356	\$ 1,516,729	\$ 809,649	\$ -	\$ 54,968,986
Due to the Central Bank and other banks	-	8,044,340	-	-	-	8,044,340
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	523,330	45,188,210	45,711,540
Securities sold under repurchase agreements	9,158,366	1,203,256	965,810	-	-	11,327,432
Payables	20,940,060	995,627	395,298	427,341	100,505	22,858,831
Deposits and remittances	935,095,060	241,610,977	229,107,360	387,240,913	700,039,728	2,493,094,038
Bank debentures	-	1,300,000	-	-	32,670,000	33,970,000
Lease liabilities	94,511	110,842	263,880	469,871	2,284,405	3,223,509
Other items of cash outflow on maturity	6,500,520	3,682,178	934,496	431,642	53,005,256	64,554,092

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

i. Derivative financial liabilities to be settled at net amounts

December 31, 2021	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	\$ 28,970	\$ 143,425	\$ 162,555	\$ 20,631	\$ -	\$ 355,581
Interest derivatives	4	35	2	-	-	41

December 31, 2020	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	\$ 28,000	\$ 2,766	\$ 56	\$ 4,984	\$ -	\$ 35,806

ii. Derivative financial liabilities to be settled at gross amounts

December 31, 2021	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	\$ 245,358,741	\$ 310,653,624	\$ 183,685,736	\$ 263,860,542	\$ 24,120,443	\$1,027,679,086
Cash inflow	242,148,705	308,129,842	181,884,643	260,531,476	24,019,037	1,016,713,703
Interest derivatives						
Cash outflow	1,212,767	4,418,381	835,494	2,932,764	3,118,579	12,517,985
Cash inflow	907,025	4,146,365	461,784	2,261,976	1,300,643	9,077,793
Total cash outflow	246,571,508	315,072,005	184,521,230	266,793,306	27,239,022	1,040,197,071
Total cash inflow	243,055,730	312,276,207	182,346,427	262,793,452	25,319,680	1,025,791,496
Net cash outflow	\$ 3,515,778	\$ 2,795,798	\$ 2,174,803	\$ 3,999,854	\$ 1,919,342	\$ 14,405,575

December 31, 2020	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	\$ 195,010,621	\$ 179,441,854	\$ 99,630,398	\$ 124,771,856	\$ 7,883,904	\$ 606,738,633
Cash inflow	191,116,965	175,513,004	97,229,967	122,179,598	7,699,643	593,739,177
Interest derivatives						
Cash outflow	3,003,798	2,115,759	2,835,019	5,851,789	60,323,217	74,129,582
Cash inflow	1,846,704	1,686,936	2,200,178	4,536,015	56,141,893	66,411,726
Total cash outflow	198,014,419	181,557,613	102,465,417	130,623,645	68,207,121	680,868,215
Total cash inflow	192,963,669	177,199,940	99,430,145	126,715,613	63,841,536	660,150,903
Net cash outflow	\$ 5,050,750	\$ 4,357,673	\$ 3,035,272	\$ 3,908,032	\$ 4,365,585	\$ 20,717,312

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

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 848,406	\$ 1,510,135	\$ 3,197,127	\$ 8,448,319	\$ 45,367,989	\$ 59,371,976
Credit card commitments	10,918	13,006	17,928	3,242,956	475,410,582	478,695,390
Letters of credit issued and yet unused	2,454,038	4,458,888	1,261,456	551,496	514,534	9,240,412
Other guarantees	5,064,101	7,428,846	2,083,383	15,384,181	6,222,521	36,183,032

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 443,893	\$ 1,750,566	\$ 1,701,169	\$ 6,702,697	\$ 34,271,321	\$ 44,869,646
Credit card commitments	118,185	21,111	47,363	264,204	470,523,610	470,974,473
Letters of credit issued and yet unused	1,445,159	5,181,479	1,374,154	412,180	1,483	8,414,455
Other guarantees	4,320,472	6,792,798	2,412,244	14,241,758	5,594,172	33,361,444

j. Transfers of financial assets

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

December 31, 2021					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	\$ 17,043,122	\$ 15,778,699	\$ 17,043,122	\$ 15,778,699	\$ 1,264,423
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	911,582	869,940	929,579	869,940	59,639

December 31, 2020					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	\$ 12,153,396	\$ 11,305,248	\$ 12,153,396	\$ 11,305,248	\$ 848,148

k. Offsetting financial assets and financial liabilities

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

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

December 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 15,613,567	\$ -	\$ 15,613,567	\$ (7,529,927)	\$ (2,889,087)	\$ 5,194,553
Settlements	<u>52,454</u>	<u>(2,527)</u>	<u>49,927</u>	<u>(49,467)</u>	<u>-</u>	<u>460</u>
	<u>\$ 15,666,021</u>	<u>\$ (2,527)</u>	<u>\$ 15,663,494</u>	<u>\$ (7,579,394)</u>	<u>\$ (2,889,087)</u>	<u>\$ 5,195,013</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
				Derivatives	\$ 13,749,747	
Repurchase agreements	16,664,444	-	16,664,444	(12,579,906)	-	4,084,538
Settlements	<u>159,173</u>	<u>(16,054)</u>	<u>143,119</u>	<u>(49,467)</u>	<u>-</u>	<u>93,652</u>
	<u>\$ 30,573,364</u>	<u>\$ (16,054)</u>	<u>\$ 30,557,310</u>	<u>\$ (20,159,300)</u>	<u>\$ (2,567,492)</u>	<u>\$ 7,830,518</u>

#### December 31, 2020

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Received	
				Derivatives	\$ 22,898,587	
Resell agreements	2,300,419	-	2,300,419	(2,300,419)	-	-
Settlements	<u>6,008</u>	<u>(1,650)</u>	<u>4,358</u>	<u>-</u>	<u>-</u>	<u>4,358</u>
	<u>\$ 25,205,014</u>	<u>\$ (1,650)</u>	<u>\$ 25,203,364</u>	<u>\$ (12,765,728)</u>	<u>\$ (5,892,275)</u>	<u>\$ 6,545,361</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
				Derivatives	\$ 20,137,985	
Repurchase agreements	11,308,940	-	11,308,940	(11,308,940)	-	-
Settlements	<u>52,814</u>	<u>(29,010)</u>	<u>23,804</u>	<u>-</u>	<u>-</u>	<u>23,804</u>
	<u>\$ 31,499,739</u>	<u>\$ (29,010)</u>	<u>\$ 31,470,729</u>	<u>\$ (21,774,249)</u>	<u>\$ (4,087,457)</u>	<u>\$ 5,609,023</u>

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

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

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
For the year ended <u>December 31, 2021</u>				
Others	<u>\$ 299</u>	<u>\$ 324</u>	<u>\$ 623</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied
For the year ended <u>December 31, 2020</u>				
Others	<u>\$ 325</u>	<u>\$ 650</u>	<u>\$ 975</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 4,604</u>	<u>\$ 3,837</u>
Expense	<u>\$ 138,326</u>	<u>\$ 93,139</u>

#### **45. CAPITAL MANAGEMENT**

ESFHC's objective of capital management is to sustain the eligible capital of the Group at an amount that meets the requirements for legal capital and minimum group capital adequacy ratio (CAR). To ensure that there is sufficient capital to undertake a variety of risks, ESFHC assesses the risk portfolios by their characteristics. The calculation of group eligible capital and minimum requirement of legal capital is in conformity with the rules enacted by the authorities.

Financial Management Division manages Group CAR. The Financial Management Division ensures that ESFHC's group CAR meets both its internal requirements and external requirements by the authorities, and the timely report to the authorities every half year. ESFHC has set up a warning signal mechanism that gives alarm when the CAR falls below the standard, and asks relevant units to bring up improvement strategies to deal with it.

Under the Financial Holding Company Act and related regulations, ESFHC should maintain a group CAR at no lower than 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted, and the authorities may discipline ESFHC, depending on the situation.

The Banking Act and related regulations require that E.SUN Bank maintains both stand-alone and consolidated ratios of regulatory capital to risk-weighted assets (including ratio of the common equity to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and capital adequacy ratio) should comply with the minimum ratio requested by authorities.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations. The CARs of E.SUN Securities were 463% and 331% as of December 31, 2021 and 2020, respectively.

Please refer to related information in Table 13 (attached).

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

a. E.SUN Bank's asset quality: Table 4 (attached).

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

(In Thousands of New Taiwan Dollars, %)

December 31, 2021				December 31, 2020		
Rank (Note 1)	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Year's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of Current Year's Equity
1	Group A Manufacture of other electronic parts and components not elsewhere classified	\$ 13,372,939	7.12	Group B Other activities auxiliary to financial service activities not elsewhere classified	\$ 9,820,456	5.53
2	Group B Other activities auxiliary to financial service activities not elsewhere classified	9,743,425	5.18	Group A Manufacture of other electronic parts and components not elsewhere classified	8,313,005	4.68
3	Group C Real estate development	7,405,626	3.94	Group K Air transport	8,273,310	4.66
4	Group D Activities of head offices	6,731,996	3.58	Group D Activities of head offices	6,888,566	3.88
5	Group E Wholesale of computers, computer peripheral equipment and software	6,271,694	3.34	Group H Manufacture of electronic passive devices	6,814,764	3.84
6	Group F Electricity supply	6,122,645	3.26	Group L Real estate activities for sale and rental with own or leased property	5,828,145	3.28
7	Group G Manufacture of computers	5,749,770	3.06	Group C Real estate development	5,527,771	3.11
8	Group H Manufacture of electronic passive devices	5,667,575	3.02	Group M Manufacture of computers	5,487,723	3.09
9	Group I Retail sale of computers, computer peripheral equipment and software	5,619,141	2.99	Group E Wholesale of computers, computer peripheral equipment and software	4,720,957	2.66
10	Group J Wired telecommunications activities	5,387,450	2.87	Group N Other holding companies	4,367,883	2.46

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

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

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

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

**Interest Rate Sensitivity (New Taiwan Dollars)**

(In Thousands of New Taiwan Dollars, %)

December 31, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,882,953,674	\$ 54,387,259	\$ 48,649,915	\$ 207,823,909	\$ 2,193,814,757
Interest rate-sensitive liabilities	1,514,320,094	82,528,196	101,926,440	83,951,870	1,782,726,600
Interest rate sensitivity gap	368,633,580	(28,140,937)	(53,276,525)	123,872,039	411,088,157
Net worth					169,680,579
Ratio of interest rate-sensitive assets to liabilities					123.06
Ratio of interest rate sensitivity gap to net worth					242.27

December 31, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,785,776,454	\$ 65,674,821	\$ 85,272,799	\$ 131,460,676	\$ 2,068,184,750
Interest rate-sensitive liabilities	1,432,001,698	60,808,236	99,812,199	87,199,479	1,679,821,612
Interest rate sensitivity gap	353,774,756	4,866,585	(14,539,400)	44,261,197	388,363,138
Net worth					149,067,460
Ratio of interest rate-sensitive assets to liabilities					123.12
Ratio of interest rate sensitivity gap to net worth					260.53

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, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 15,730,374	\$ 296,280	\$ 81,320	\$ 2,639,317	\$ 18,747,291
Interest rate-sensitive liabilities	23,890,173	3,677,284	4,429,102	1,772,657	33,769,216
Interest rate sensitivity gap	(8,159,799)	(3,381,004)	(4,347,782)	866,660	(15,021,925)
Net worth					292,196
Ratio of interest rate-sensitive assets to liabilities					55.52
Ratio of interest rate sensitivity gap to net worth					(5,141.04)

December 31, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,451,973	\$ 653,834	\$ 251,516	\$ 2,213,351	\$ 16,570,674
Interest rate-sensitive liabilities	21,754,001	2,502,288	3,011,604	1,765,415	29,033,308
Interest rate sensitivity gap	(8,302,028)	(1,848,454)	(2,760,088)	447,936	(12,462,634)
Net worth					304,178
Ratio of interest rate-sensitive assets to liabilities					57.07
Ratio of interest rate sensitivity gap to net worth					(4,097.15)

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

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

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

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

d. Profitability

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

Unit: %

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	0.77	0.75
	After income tax	0.66	0.66
Return on equity	Before income tax	12.74	11.57
	After income tax	10.95	10.17
Net income ratio		35.56	32.09

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	10.38	9.60
	After income tax	10.46	9.72
Return on equity	Before income tax	10.87	10.05
	After income tax	10.94	10.17
Net income ratio		99.46	98.99

3) E.SUN Bank

Unit: %

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	0.68	0.71
	After income tax	0.58	0.62
Return on equity	Before income tax	11.21	10.76
	After income tax	9.61	9.45
Net income ratio		34.43	32.09

4) E.SUN Securities

Unit: %

Items		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	7.86	5.36
	After income tax	6.43	4.32
Return on equity	Before income tax	32.34	17.72
	After income tax	26.46	14.28
Net income ratio		43.41	33.49

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 Thousands of New Taiwan Dollars)

December 31, 2021

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,753,974,033	\$ 343,521,892	\$ 341,068,487	\$ 186,990,208	\$ 160,879,468	\$ 191,999,331	\$ 1,529,514,647
Main capital outflow on maturity	3,167,648,859	123,115,404	203,655,100	458,550,892	397,173,330	580,099,582	1,405,054,551
Gap	(413,674,826)	220,406,488	137,413,387	(271,560,684)	(236,293,862)	(388,100,251)	124,460,096

December 31, 2020

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,448,831,778	\$ 344,703,588	\$ 299,351,504	\$ 149,592,376	\$ 155,542,547	\$ 193,849,860	\$ 1,305,791,903
Main capital outflow on maturity	2,842,099,491	109,238,336	207,374,677	382,804,737	299,536,324	519,960,283	1,323,185,134
Gap	(393,267,713)	235,465,252	91,976,827	(233,212,361)	(143,993,777)	(326,110,423)	(17,393,231)

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, 2021

	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	\$ 59,228,869	\$ 13,927,018	\$ 14,017,727	\$ 7,908,105	\$ 10,127,270	\$ 13,248,749
Main capital outflow on maturity	67,459,369	14,948,358	15,920,369	12,949,531	20,264,471	3,376,640
Gap	(8,230,500)	(1,021,340)	(1,902,642)	(5,041,426)	(10,137,201)	9,872,109

December 31, 2020

	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	\$ 42,481,080	\$ 11,662,662	\$ 9,746,837	\$ 4,425,030	\$ 5,236,198	\$ 11,410,353
Main capital outflow on maturity	50,066,649	12,207,491	11,545,415	9,832,924	13,142,825	3,337,994
Gap	(7,585,569)	(544,829)	(1,798,578)	(5,407,894)	(7,906,627)	8,072,359

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

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

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

(In Thousands of U.S. Dollars)

December 31, 2021

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 14,406,427	\$ 3,676,348	\$ 3,161,085	\$ 1,069,808	\$ 2,216,277	\$ 4,282,909
Main capital outflow on maturity	14,961,395	3,637,380	4,381,985	2,309,788	4,201,807	430,435
Gap	(554,968)	38,968	(1,220,900)	(1,239,980)	(1,985,530)	3,852,474

December 31, 2020

	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	\$ 8,851,797	\$ 2,341,572	\$ 2,030,000	\$ 535,446	\$ 530,682	\$ 3,414,097
Main capital outflow on maturity	9,288,016	2,789,615	2,642,746	1,861,288	1,602,404	391,963
Gap	(436,219)	(448,043)	(612,746)	(1,325,842)	(1,071,722)	3,022,134

**47. E.SUN BANK'S TRUST BUSINESS UNDER THE TRUST ENTERPRISE ACT**

- a. Trust-related items, as shown in the following balance sheet, statements of income and trust property list

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

**Balance Sheets of Trust Accounts  
December 31, 2021 and 2020**

Trust Assets	2021	2020	Trust Liabilities	2021	2020
Cash in banks	\$ 5,399,931	\$ 5,366,156	Accounts payable on administrative expense	\$ 4	\$ 2
Investments	293,835,419	270,827,820	Accounts payable on securities under custody	619,710,798	557,862,049
Receivables	275	-	Trust capital		
Real estate	4,864,484	3,578,841	Cash	294,987,173	274,243,585
Securities under custody	<u>619,710,798</u>	<u>557,862,049</u>	Securities	4,482,833	2,535,035
			Real estate	4,542,789	3,198,696
			Reserves and accumulated deficit	(15,128,998)	(8,172,277)
			Net income	<u>15,216,308</u>	<u>7,967,776</u>
Total assets	<u>\$ 923,810,907</u>	<u>\$ 837,634,866</u>	Total liabilities	<u>\$ 923,810,907</u>	<u>\$ 837,634,866</u>

Note: Investments of the OBU are included in total trust-related assets. As of December 31, 2021 and 2020, the amounts of the OBU's investments were \$24,857,118 thousand and \$21,390,045 thousand, respectively.

**Trust Property List  
December 31, 2021 and 2020**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash in E.SUN Bank	\$ 5,395,438	\$ 5,364,307
Cash in other banks	4,493	1,849
Stocks	13,605,755	9,279,372
Mutual funds	237,275,855	227,981,262
Bonds	23,056,184	24,215,511
Structured products	19,890,149	9,155,149
Beneficial certificates pending settlement	7,476	196,526
Receivables	275	-
Real estate	4,864,484	3,578,841
Securities under custody	619,710,798	557,862,049
	<b><u>\$ 923,810,907</u></b>	<b><u>\$ 837,634,866</u></b>

**Statements of Income on Trust Accounts  
For the Years Ended December 31, 2021 and 2020**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Revenues</u>		
Interest	\$ 10,866	\$ 12,285
Cash dividend	11,723,137	11,069,408
Realized capital gain - common stocks	7,938	268
Unrealized capital gain - common stocks	-	44,775
Property gain	8,206,688	6,069,775
Realized capital gain - bonds	2,713,134	1,628,532
Realized capital gain - mutual funds	923,827	920,807
Other revenues	2,133	11,235
Revenues from beneficial certificates	42,302	16,592
Revenues from rent for stocks	49	301
Total revenues	<u>23,630,074</u>	<u>19,773,978</u>
<u>Expenses</u>		
Management fees	682,178	322,403
Supervisor fees	-	30
Service fees	1,122	5,340
Property loss	7,583,668	11,131,539
Income tax	603	762
Tax expenditures	11,371	12,772
Other expenses	28,954	30,182
Realized capital loss - common stocks	52	210
Realized capital loss - mutual funds	71,879	302,267
Unrealized capital loss - common stocks	33,939	697
Total expenses	<u>8,413,766</u>	<u>11,806,202</u>
Net income	<b><u>\$ 15,216,308</u></b>	<b><u>\$ 7,967,776</u></b>

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

#### 48. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes			
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ 8,044,340	\$ 5,976,670	\$ -	\$ -	\$ -	\$ 14,021,010
Short-term borrowings	868,371	(244,591)	-	-	-	623,780
Commercial paper issued	3,257,632	1,532,000	-	-	(761)	4,788,871
Bonds payable	39,970,000	1,400,000	-	-	-	41,370,000
Long-term borrowings	344,971	-	-	-	(9,934)	335,037
Financial liabilities designated as at fair value through profit or loss-bank debentures	50,303,457	-	-	(2,589,841)	(263,901)	47,449,715
Guarantee deposits received	5,200,653	(3,261,921)	-	-	-	1,938,732
Lease liabilities	<u>3,275,399</u>	<u>(1,122,866)</u>	<u>1,859,428</u>	<u>-</u>	<u>(13,900)</u>	<u>3,998,061</u>
	<u>\$ 111,264,823</u>	<u>\$ 4,279,292</u>	<u>\$ 1,859,428</u>	<u>\$ (2,589,841)</u>	<u>\$ (288,496)</u>	<u>\$ 114,525,206</u>

For the year ended December 31, 2020

			Non-cash Changes			
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ -	\$ 8,044,340	\$ -	\$ -	\$ -	\$ 8,044,340
Short-term borrowings	20,000	848,371	-	-	-	868,371
Commercial paper issued	3,681,576	(424,867)	-	-	923	3,257,632
Bonds payable	38,070,000	1,900,000	-	-	-	39,970,000
Long-term borrowings	361,356	2,851	-	-	(19,236)	344,971
Financial liabilities designated as at fair value through profit or loss-bank debentures	48,974,699	-	-	2,804,631	(1,475,873)	50,303,457
Guarantee deposits received	1,565,294	3,635,359	-	-	-	5,200,653
Lease liabilities	<u>3,177,727</u>	<u>(1,063,280)</u>	<u>1,170,695</u>	<u>-</u>	<u>(9,743)</u>	<u>3,275,399</u>
	<u>\$ 95,850,652</u>	<u>\$ 12,942,774</u>	<u>\$ 1,170,695</u>	<u>\$ 2,804,631</u>	<u>\$ (1,503,929)</u>	<u>\$ 111,264,823</u>

#### 49. ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES

Please refer to Table 5 (attached).

## **50. BUSINESS SEGMENT FINANCIAL INFORMATION**

Please refer to Table 6 (attached).

## **51. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT**

Please refer to Table 14 (attached).

## **52. 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 refer to Table 16 (attached).

## **53. FUTURES BROKERAGE AND DEALING BUSINESS RISK**

### **a. Futures brokerage business**

Customers have to deposit an initial margin at a percentage of the amount of transaction when entering into futures contracts with the futures department of E.SUN Securities. Customers' gains or losses result from the leverage on the margin deposits. For the protection of E.SUN Securities from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures contracts. When the customers' margin accounts fall below an agreed level (the maintenance margin), E.SUN Securities will ask its customers to deposit additional margins immediately. If the customers fail to do so, E.SUN Securities settles their position by making offsets against their contracts.

### **b. Futures dealing business**

E.SUN Securities has to deposit an initial margin at a percentage of the amount of transaction when dealing with futures contracts. In addition, E.SUN Securities has to deposit an initial margin at a percentage of the amount of transaction when dealing with put option contracts. E.SUN Securities reevaluates daily the margin accounts on the basis of the market prices of the outstanding futures and option contracts. When the margin accounts fall below an agreed level (the maintenance margin), E.SUN Securities will deposit additional margins immediately or settle its position by making offsets against its contracts.

## **54. ADDITIONAL DISCLOSURES**

Following are additional disclosures for ESFHC and its investees:

### **a. Significant transactions and b. investees:**

- 1) Financing provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 2) Endorsement/guarantee provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 3) Marketable securities held: ESFHC, E.SUN Bank, UCB, ESBC and E.SUN Securities - not applicable; investee - Table 7 (attached).

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (ESFHC, E.SUN Bank, UCB and ESBC disclosed its investments acquired or disposed of): E.SUN Securities - not applicable; ESFHC and investee - none.
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 8 (attached).
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: None.
  - 7) Financial asset securitization: None.
  - 8) Allowance of service fees to related parties amounting to at least NT\$5 million: Table 9 (attached).
  - 9) Sale of nonperforming loans by subsidiaries: None.
  - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 10 (attached).
  - 11) Related information and proportionate share in investees: Table 15 (attached).
  - 12) Derivative transactions: Notes 8 and 43 to the consolidated financial statements.
  - 13) Other significant transactions that may affect the decisions of users of financial reports: None.
- c. Investment in mainland China:
- The information on major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at year-end, the remitted investment profits and the limit on the amount of investment in mainland China is shown in Table 11 (attached).
- d. Business relationship and significant transactions among the parent company and subsidiaries: Table 12 (attached).
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholder - Table 17 (attached).

## 55. OPERATING SEGMENTS

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

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

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

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

(In Millions of New Taiwan Dollars)

	<b>For the Year Ended December 31, 2021</b>				<b>Total</b>
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Overseas Branches and Subsidiaries</b>	<b>Others</b>	
Net interest revenues (expenses)	<u>\$ 13,235</u>	<u>\$ 16,964</u>	<u>\$ 5,124</u>	<u>\$ (9,339)</u>	<u>\$ 25,984</u>
Total net revenues (expenses)	\$ 19,660	\$ 32,713	\$ 7,252	\$ (1,728)	\$ 57,897
Bad-debt expenses and provision for losses on commitments and guarantees	(522)	(897)	(103)	(608)	(2,130)
Operating expenses	<u>(4,850)</u>	<u>(20,997)</u>	<u>(2,591)</u>	<u>(3,370)</u>	<u>(31,808)</u>
Income (loss) before income tax	<u>\$ 14,288</u>	<u>\$ 10,819</u>	<u>\$ 4,558</u>	<u>\$ (5,706)</u>	<u>\$ 23,959</u>
	<b>For the Year Ended December 31, 2020</b>				<b>Total</b>
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Overseas Branches and Subsidiaries</b>	<b>Others</b>	
Net interest revenues (expenses)	<u>\$ 9,474</u>	<u>\$ 14,624</u>	<u>\$ 4,736</u>	<u>\$ (7,495)</u>	<u>\$ 21,339</u>
Total net revenues	\$ 21,194	\$ 26,326	\$ 7,129	\$ 1,600	\$ 56,249
Bad-debt expenses and provision for losses on commitments and guarantees	(30)	(975)	(626)	(1,595)	(3,226)
Operating expenses	<u>(5,400)</u>	<u>(16,533)</u>	<u>(2,593)</u>	<u>(7,968)</u>	<u>(32,494)</u>
Income (loss) before income tax	<u>\$ 15,764</u>	<u>\$ 8,818</u>	<u>\$ 3,910</u>	<u>\$ (7,963)</u>	<u>\$ 20,529</u>

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

CONSOLIDATED ENTITIES  
DECEMBER 31, 2021 AND 2020

## Entities Included in the Consolidated Financial Statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2021	December 31, 2020	
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	100.00	
	E.SUN Securities Co., Ltd.	Taipei	Underwriting, brokering, dealing 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 Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	Mainland China	Banking	100.00	100.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	61.67	61.67	
E.SUN Venture Capital Co., Ltd.	BankPro E-Service Technology Co., Ltd.	Taipei	Information software	2.40	2.40	
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Cambodia	Banking	100.00	100.00	
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 directors and owns at least 90% of economic benefit of URE Land Holding Co., Ltd.; hence, URE Land Holding Co., Ltd. is deemed as a subsidiary of Union Commercial Bank PLC.

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

RELATED-PARTY TRANSACTIONS  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

## Loans

December 31, 2021

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2021 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	106	\$ 44,963	\$ 28,253	\$ 28,253	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	411	2,930,679	2,336,484	2,336,484	-	Land and buildings	None
Other loans	Others	1,220,110	932,145	932,145	-	Land, buildings and plant	None

December 31, 2020

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2020 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	127	\$ 60,863	\$ 35,530	\$ 35,530	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	384	2,487,176	2,052,206	2,052,206	-	Land and buildings	None
Other loans	Others	1,253,162	930,165	930,165	-	Land, buildings and plant	None

Note: The sum of the respective highest balances of each account for the years ended December 31, 2021 and 2020.

**TABLE 3****E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES****INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT  
DECEMBER 31, 2021 AND 2020  
(In Thousands)**

	December 31					
	2021			2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 21,446,873	27.6890	\$ 593,842,466	\$ 19,435,765	28.5100	\$ 554,113,660
CNY	24,287,793	4.3497	105,644,613	16,447,881	4.3858	72,137,116
AUD	5,583,714	20.0990	112,227,068	4,834,027	21.9930	106,314,756
Non-monetary items						
USD	283,991	27.6890	7,863,427	467,083	28.5100	13,316,536
CNY	118,403	4.3497	515,018	2,839,989	4.3858	12,455,624
AUD	1,866	20.0990	37,505	2,082	21.9930	45,789
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 36,805,998	27.6890	\$ 1,019,121,279	\$ 32,606,578	28.5100	\$ 929,613,539
CNY	25,204,268	4.3497	109,631,005	25,804,607	4.3858	113,173,845
AUD	2,963,613	20.0990	59,565,658	2,724,312	21.9930	59,915,794
Non-monetary items						
USD	186,255	27.6890	5,157,215	283,350	28.5100	8,078,309
CNY	41,375	4.3497	179,969	43,473	4.3858	190,664
AUD	422	20.0990	8,482	2,578	21.9930	56,698

## E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2021					December 31, 2020				
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	\$ 1,048,194	\$ 431,358,368	0.24	\$ 4,917,890	469.18	\$ 946,794	\$ 409,753,709	0.23	\$ 4,599,080	485.75
	Unsecured	599,974	414,472,104	0.14	4,834,825	805.84	729,640	365,610,752	0.20	4,529,362	620.77
Consumer banking	Residential mortgage (Note 4)	289,183	490,971,422	0.06	7,164,836	2,477.61	353,016	460,277,809	0.08	6,764,149	1,916.10
	Cash card	206	905	22.76	220	106.80	-	1,163	-	220	-
	Small-scale credit loans (Note 5)	531,990	137,669,562	0.39	1,632,397	306.85	655,547	121,251,280	0.54	1,524,198	232.51
	Other (Note 6)	Secured	249,105	264,897,964	0.09	2,730,503	1,096.13	359,958	244,315,399	0.15	2,550,436
Unsecured		214	2,862,131	0.01	30,928	14,452.34	214	1,641,714	0.01	17,815	8,324.77
Loan		2,718,866	1,742,232,456	0.16	21,311,599	783.84	3,045,169	1,602,851,826	0.19	19,985,260	656.29
		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		78,017	83,118,497	0.09	1,102,670	1,413.37	92,477	81,905,399	0.11	1,008,403	1,090.44
Accounts receivable factored without recourse (Note 7)		-	12,539,839	-	162,536	-	-	10,290,562	-	132,733	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)		5,405				7,415					
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)		19,172				28,911					
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)		1,178,631				1,221,840					
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)		1,660,823				1,658,823					

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

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

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

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

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

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

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

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

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

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

ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES  
DECEMBER 31, 2021 AND 2020

## 1. ESFHC's financial statements

## E.SUN Financial Holding Company, Ltd.

Balance Sheets  
December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

Assets	2021	2020	Liabilities and Equity	2021	2020
Cash and cash equivalents	\$ 1,031,222	\$ 766,453	Payables	\$ 851,277	\$ 778,508
Financial assets at fair value through other comprehensive income	162,827	110,252	Current tax liabilities	1,846,705	683,804
Receivables	112,664	107,992	Corporate bonds payable	7,100,000	6,000,000
Current tax assets	1,584,333	422,597	Lease liabilities	154,520	158,164
Investments under the equity method	200,001,380	187,495,513	Total liabilities	9,952,502	7,620,476
Other financial assets, net	1,100,000	-	Equity		
Property and equipment, net	4,796	7,819	Capital stock	133,546,000	125,671,000
Right-of-use assets	151,033	155,789	Capital surplus	25,662,214	25,350,214
Intangible assets	3,792	-	Retained earnings	36,091,761	30,304,168
Deferred tax assets	5,176	6,273	Other equity	(1,074,086)	143,010
Other assets	21,168	16,180	Total equity	194,225,889	181,468,392
Total	\$ 204,178,391	\$ 189,088,868	Total	\$ 204,178,391	\$ 189,088,868

(Continued)

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

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2021 and 2020**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021	2020
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 20,653,594	\$ 18,171,466
Other revenues and gains	<u>81,175</u>	<u>97,730</u>
Total revenues and gains	<u>20,734,769</u>	<u>18,269,196</u>
Expenses and losses		
Operating expenses	252,587	396,918
Other expenses and losses	<u>63,672</u>	<u>59,549</u>
Total expenses and losses	<u>316,259</u>	<u>456,467</u>
Income before income tax	20,418,510	17,812,729
Income tax benefit	<u>140,478</u>	<u>213,863</u>
Net income for the year	20,558,988	18,026,592
Other comprehensive loss	<u>(642,560)</u>	<u>(1,024,835)</u>
Total comprehensive income for the year	<u>\$ 19,916,428</u>	<u>\$ 17,001,757</u>
Earnings per share (New Taiwan dollars)		
Basic	<u>\$ 1.54</u>	<u>\$ 1.35</u>
Diluted	<u>\$ 1.54</u>	<u>\$ 1.35</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Changes in Equity  
For the Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)

	Capital Stock		Retained Earnings			Other Equity			Total Equity	
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income		Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss
BALANCE AT JANUARY 1, 2020	11,619,500	\$ 116,195,000	\$ 24,965,734	\$ 11,068,215	\$ 164,235	\$ 20,465,306	\$ (1,316,413)	\$ 1,569,189	\$ (53,345)	\$ 173,057,921
Appropriation of 2019 earnings										
Legal reserve	-	-	-	2,010,513	-	(2,010,513)	-	-	-	-
Cash dividends	-	-	-	-	-	(9,191,766)	-	-	-	(9,191,766)
Stock dividends	926,000	9,260,000	-	-	-	(9,260,000)	-	-	-	-
Issuance of common stock from employees' compensation	21,600	216,000	384,480	-	-	-	-	-	-	600,480
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(664,477)	-	664,477	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	2,892	-	-	(2,892)	-
Net income for the year ended December 31, 2020	-	-	-	-	-	18,026,592	-	-	-	18,026,592
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(306,829)	(772,986)	649,813	(594,833)	(1,024,835)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	17,719,763	(772,986)	649,813	(594,833)	17,001,757
BALANCE AT DECEMBER 31, 2020	12,567,100	125,671,000	25,350,214	13,078,728	164,235	17,061,205	(2,089,399)	2,883,479	(651,070)	181,468,392
Appropriation of 2020 earnings										
Legal reserve	-	-	-	1,705,818	-	(1,705,818)	-	-	-	-
Cash dividends	-	-	-	-	-	(7,665,931)	-	-	-	(7,665,931)
Stock dividends	768,000	7,680,000	-	-	-	(7,680,000)	-	-	-	-
Issuance of common stock from employees' compensation	19,500	195,000	312,000	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	306,597	-	(306,597)	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	20,558,988	-	-	-	20,558,988
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	267,939	(632,313)	(277,829)	(357)	(642,560)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	20,826,927	(632,313)	(277,829)	(357)	19,916,428
BALANCE AT DECEMBER 31, 2021	<u>13,354,600</u>	<u>\$ 133,546,000</u>	<u>\$ 25,662,214</u>	<u>\$ 14,784,546</u>	<u>\$ 164,235</u>	<u>\$ 21,142,980</u>	<u>\$ (2,721,712)</u>	<u>\$ 2,299,053</u>	<u>\$ (651,427)</u>	<u>\$ 194,225,889</u>

(Continued)

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

**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**  
(In Thousands of New Taiwan Dollars)

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities		
Income before income tax	\$ 20,418,510	\$ 17,812,729
Adjustments for:		
Depreciation and amortization expenses	7,890	12,225
Interest expense	63,672	59,546
Interest revenue	(1,580)	(1,075)
Dividend income	(2,906)	(2,205)
Salary expenses on share-based payments	4,877	1,826
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(20,653,594)	(18,171,466)
Net changes in operating assets and liabilities		
Receivables	(4,660)	16,237
Other financial assets	(1,100,000)	-
Other assets	(5,668)	(988)
Payables	(30,565)	23,509
Provision for employee benefits	-	(1,767)
Cash used in operating activities	<u>(1,304,024)</u>	<u>(251,429)</u>
Interest received	1,568	1,075
Dividend received	8,056,532	9,813,924
Interest paid	(56,849)	(56,850)
Income tax refund (paid)	<u>142,740</u>	<u>(33,067)</u>
Net cash generated from operating activities	<u>6,839,967</u>	<u>9,473,653</u>
Cash flows from investing activities		
Payments for properties and equipment	(3)	(1,046)
Payments for intangible assets	<u>(2,985)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,988)</u>	<u>(1,046)</u>
Cash flows from financing activities		
Proceeds from issue of corporate bonds	2,000,000	-
Repayment of corporate bonds	(900,000)	-
Repayments of the principal portion of lease liabilities	(6,279)	(6,280)
Cash dividends paid to owners of ESFHC	<u>(7,665,931)</u>	<u>(9,191,766)</u>
Net cash used in financing activities	<u>(6,572,210)</u>	<u>(9,198,046)</u>
Net increase in cash and cash equivalents	264,769	274,561
Cash and cash equivalents at the beginning of the year	<u>766,453</u>	<u>491,892</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,031,222</u>	<u>\$ 766,453</u>

(Continued)

2. Subsidiaries' condensed balance sheets

**E.SUN Commercial Bank, Ltd.**

**Condensed Balance Sheets  
December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2021</b>	<b>2020</b>	<b>Liabilities and Equity</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 79,737,222	\$ 48,738,895	<u>Liabilities</u>		
Due from the Central Bank and call loans to other banks	125,681,496	113,766,540	Deposits from the Central Bank and other banks	\$ 75,911,287	\$ 49,650,698
Financial assets at fair value through profit or loss	405,870,183	710,861,278	Due to the Central Bank and other banks	14,021,010	8,044,340
Financial assets at fair value through other comprehensive income	314,853,034	249,639,113	Financial liabilities at fair value through profit or loss	61,021,909	70,250,867
Financial assets at amortized cost	307,138,136	15,377,331	Securities sold under repurchase agreements	12,568,620	11,305,248
Securities purchased under resell agreements	-	2,300,196	Payables	22,440,661	22,080,632
Receivables, net	107,138,143	100,552,105	Current tax liabilities	1,467,901	417,702
Current tax assets	232,322	254,992	Deposits and remittances	2,651,792,392	2,446,666,723
Discounts and loans, net	1,721,019,982	1,582,840,048	Bank debentures	34,270,000	33,970,000
Investments under the equity method, net	13,735,097	13,116,416	Other financial liabilities	60,518,541	58,086,738
Other financial assets, net	6,139,587	3,538,640	Provisions	1,063,682	1,138,350
Properties and equipment, net	30,935,024	30,243,219	Lease liabilities	3,408,697	2,624,186
Right-of-use assets, net	6,363,802	2,535,933	Deferred tax liabilities	1,291,482	1,402,754
Investment properties, net	569,018	481,472	Other liabilities	3,352,228	3,124,723
Intangible assets, net	4,937,319	4,902,754	Total liabilities	<u>2,943,128,410</u>	<u>2,708,762,961</u>
Deferred tax assets	2,078,690	1,621,724	<u>Equity</u>		
Other assets, net	<u>4,646,557</u>	<u>5,649,588</u>	Capital stock	98,937,000	95,241,000
			Capital surplus	26,978,796	26,394,914
			Retained earnings	62,861,565	55,542,067
			Other equity	(830,159)	479,302
			Total equity	<u>187,947,202</u>	<u>177,657,283</u>
Total	<u>\$ 3,131,075,612</u>	<u>\$ 2,886,420,244</u>	Total	<u>\$ 3,131,075,612</u>	<u>\$ 2,886,420,244</u>

(Continued)

**E.SUN Securities Co., Ltd.**

**Condensed Balance Sheets  
December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2021</b>	<b>2020</b>	<b>Liabilities and Equity</b>	<b>2021</b>	<b>2020</b>
Current assets	\$ 27,094,470	\$ 17,912,702	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	651,971	842,059	Current liabilities	\$ 23,686,914	\$ 15,743,108
Financial assets at fair value through other comprehensive income	1,158,580	844,072	Noncurrent liabilities	<u>112,694</u>	<u>129,827</u>
Investments in debt instruments at amortized cost	616,290	726,075	Total liabilities	<u>23,799,608</u>	<u>15,872,935</u>
Investments under the equity method	58,748	58,242			
Properties and equipment	351,396	312,375	<u>Equity</u>		
Right-of-use assets	164,844	178,815	Capital stock	4,000,000	4,000,000
Investment properties	12,876	13,108	Capital surplus	120,512	103,687
Intangible assets	33,699	41,487	Retained earnings	2,876,656	1,708,769
Deferred tax assets	28,845	34,249	Other equity	<u>(10,672)</u>	<u>(60,413)</u>
Other noncurrent assets	<u>614,385</u>	<u>661,794</u>	Total equity	<u>6,986,496</u>	<u>5,752,043</u>
Total	<u>\$ 30,786,104</u>	<u>\$ 21,624,978</u>	Total	<u>\$ 30,786,104</u>	<u>\$ 21,624,978</u>

**E.SUN Venture Capital Co., Ltd.**

**Condensed Balance Sheets  
December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2021</b>	<b>2020</b>	<b>Liabilities and Equity</b>	<b>2021</b>	<b>2020</b>
Current assets	\$ 457,727	\$ 285,476	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	4,616,770	3,681,696	Current liabilities	\$ 148,455	\$ 28,130
Financial assets at fair value through other comprehensive income	139,002	147,000	Noncurrent liabilities	<u>40,386</u>	<u>35,323</u>
Other financial assets	8,002	-	Total liabilities	<u>188,841</u>	<u>63,453</u>
Properties and equipment	156	212			
Right-of-use assets	22,315	23,009	<u>Equity</u>		
Intangible assets	3,000	4,500	Capital stock	3,700,000	3,300,000
Deferred tax assets	551	414	Capital surplus	81,504	80,942
Other noncurrent assets	<u>232</u>	<u>232</u>	Retained earnings	1,656,450	1,069,186
			Other equity	<u>(379,040)</u>	<u>(371,042)</u>
			Total equity	<u>5,058,914</u>	<u>4,079,086</u>
Total	<u>\$ 5,247,755</u>	<u>\$ 4,142,539</u>	Total	<u>\$ 5,247,755</u>	<u>\$ 4,142,539</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, 2021 and 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2021	2020
Interest revenue	\$ 32,332,590	\$ 33,307,197
Less: Interest expense	<u>(8,513,041)</u>	<u>(13,743,938)</u>
Net interest	23,819,549	19,563,259
Net revenues and gains other than interest	<u>27,185,317</u>	<u>31,752,442</u>
Total net revenues	51,004,866	51,315,701
Bad-debt expenses and provision for losses on commitments and guarantees	(2,025,549)	(3,042,182)
Operating expenses	<u>(28,492,948)</u>	<u>(29,510,565)</u>
Income before income tax	20,486,369	18,762,954
Income tax expense	<u>(2,927,792)</u>	<u>(2,298,044)</u>
Net income for the year	17,558,577	16,464,910
Other comprehensive loss	<u>(710,114)</u>	<u>(947,887)</u>
Total comprehensive income for the year	<u>\$ 16,848,463</u>	<u>\$ 15,517,023</u>
Earnings per share		
Basic	<u>\$ 1.77</u>	<u>\$ 1.66</u>

**E.SUN Securities Co., Ltd.**

**Condensed Statements of Comprehensive Income  
For the Years Ended December 31, 2021 and 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2021	2020
Income	\$ 4,045,856	\$ 2,456,033
Service charge	(291,499)	(174,272)
Employee benefit expenses	(1,112,848)	(775,830)
Share of profit of subsidiaries accounted for using equity method	87	25
Operating expenses	(714,653)	(617,990)
Other profits and losses	<u>132,960</u>	<u>93,443</u>
Income before income tax	2,059,903	981,409
Income tax expense	<u>(374,348)</u>	<u>(190,917)</u>
Net income for the year	1,685,555	790,492
Other comprehensive income (loss)	<u>25,273</u>	<u>(65,911)</u>
Total comprehensive income for the year	<u>\$ 1,710,828</u>	<u>\$ 724,581</u>
Earnings per share		
Basic	<u>\$ 4.21</u>	<u>\$ 1.98</u>

(Continued)

**E.SUN Venture Capital Co., Ltd.**

**Condensed Statements of Comprehensive Income**  
**For the Years Ended December 31, 2021 and 2020**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

<b>Items</b>	<b>2021</b>	<b>2020</b>
Operating revenue	\$ 1,479,867	\$ 944,797
Operating expenses	<u>(32,330)</u>	<u>(27,214)</u>
Operating income	1,447,537	917,583
Non-operating income and expenses	<u>(3,275)</u>	<u>(2,400)</u>
Income before income tax	1,444,262	915,183
Income tax expense	<u>(38,409)</u>	<u>(1,811)</u>
Net income for the year	1,405,853	913,372
Other comprehensive loss	<u>(8,587)</u>	<u>(58,727)</u>
Total comprehensive income for the year	<u>\$ 1,397,266</u>	<u>\$ 854,645</u>
Earnings per share		
Basic	<u>\$ 3.80</u>	<u>\$ 2.47</u>

(Concluded)

**TABLE 6****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****BUSINESS SEGMENT FINANCIAL INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2021

<b>Business Segment</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
<b>Items</b>				
Net interest revenues (expenses)	\$ 25,583,455	\$ 446,968	\$ (46,099)	\$ 25,984,324
Net revenues and gains other than interest	27,139,991	3,291,391	1,481,734	31,913,116
Total net revenues	52,723,446	3,738,359	1,435,635	57,897,440
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(2,134,325)	4,722	-	(2,129,603)
Operating expenses	(29,727,494)	(1,799,378)	(281,526)	(31,808,398)
Income before income tax	20,861,627	1,943,703	1,154,109	23,959,439
Income tax benefit (expense)	(3,101,634)	(374,348)	102,046	(3,373,936)
Net income	17,759,993	1,569,355	1,256,155	20,585,503

For the year ended December 31, 2020

<b>Business Segment</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
<b>Items</b>				
Net interest revenues (expenses)	\$ 21,106,588	\$ 289,163	\$ (57,233)	\$ 21,338,518
Net revenues and gains other than interest	31,997,637	1,968,130	944,759	34,910,526
Total net revenues	53,104,225	2,257,293	887,526	56,249,044
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(3,240,639)	14,887	-	(3,225,752)
Operating expenses	(30,700,751)	(1,372,670)	(420,779)	(32,494,200)
Income before income tax	19,162,835	899,510	466,747	20,529,092
Income tax benefit (expense)	(2,502,362)	(190,917)	212,043	(2,481,236)
Net income	16,660,473	708,593	678,790	18,047,856

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

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021  
(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, 2021				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
E.SUN Venture Capital Co., Ltd.	<u>Stock</u>							
	Eurocharm Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	199	\$ 30,149	0.30	\$ 30,149	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	50,938	4.26	50,938	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	26,955	0.37	26,955	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	88	6,512	0.42	6,512	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	118	13,409	0.06	13,409	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	13,994	0.13	13,994	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	477	49,406	0.79	49,406	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	440	18,546	0.24	18,546	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	30,723	0.70	30,723	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	348	4,937	0.22	4,937	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	2,255	131,025	0.85	131,025	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	878	12,025	1.60	12,025	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	19,506	1.33	19,506	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	29,934	0.17	29,934	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,838	0.19	2,838	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	333	95,847	0.09	95,847	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	17,682	0.38	17,682	
	Enterex International Limited	-	Financial assets at fair value through profit or loss	453	-	0.41	-	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	66,930	0.26	66,930	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	5,356	0.11	5,356	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	2,027	0.43	2,027	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	25,982	0.15	25,982	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	38,500	0.17	38,500	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	12,811	1.56	12,811	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,889	85,216	5.55	85,216	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	7,351	0.67	7,351	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	7,410	0.80	7,410	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,783	70,411	3.30	70,411	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	881	109,045	3.79	109,045	
	Msscrops Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	208,039	3.05	208,039	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	15,312	8.97	15,312	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	512,015	6.73	512,015	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	5,228	439,792	2.84	439,792	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	1,702	0.32	1,702	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,758	186,003	3.07	186,003	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	\$ 106,498	0.07	\$ 106,498	
	CHENFULL PRECISION CO., LTD.	-	Financial assets at fair value through profit or loss	150	15,162	0.28	15,162	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	600	8,166	0.74	8,166	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	11	14,094	0.07	14,094	
	Gogoro Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	1,429	117,265	0.62	117,265	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	32,056	2.36	32,056	
	VPON Ltd.	-	Financial assets at fair value through profit or loss	1,186	-	0.98	-	
	TRANSOUND Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	22,204	3.13	22,204	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	52,481	4.93	52,481	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	1,023	1.98	1,023	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	41,082	1.56	41,082	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	5,050	150,816	6.94	150,816	
	Arrowspan Inc.	-	Financial assets at fair value through profit or loss	264	-	1.36	-	
	Ansun Biopharma, Inc.	-	Financial assets at fair value through profit or loss	673	18,798	0.18	18,798	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	2,935	23,632	5.02	23,632	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	32,409	0.81	32,409	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	14,020	1.33	14,020	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	32,360	13.07	32,360	
	Suntek Precision Corp.	-	Financial assets at fair value through profit or loss	1,117	-	2.93	-	
	Exploit Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	42	-	0.51	-	
	Evergreen Aviation Technologies Corp.	-	Financial assets at fair value through profit or loss	1,100	69,300	0.31	69,300	
	King Point Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	900	19,902	2.28	19,902	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	19,534	2.35	19,534	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	333	12,170	3.55	12,170	
	Sam Lam Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,700	-	6.07	-	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets at fair value through profit or loss	293	-	0.77	-	
	Remotek Corporation	-	Financial assets at fair value through profit or loss	506	4,009	0.73	4,009	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	15,254	4.55	15,254	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	15,249	2.35	15,249	
	Robospark Technology Inc.	-	Financial assets at fair value through profit or loss	670	-	2.72	-	
	KHL II Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	400	5,524	5.00	5,524	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	9,500	140,120	2.86	140,120	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	6,823	0.41	6,823	
	Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss	2,724	-	2.75	-	
	Starchips Technology Inc.	-	Financial assets at fair value through profit or loss	56	-	0.93	-	
	Arclite Optronics Corporation	-	Financial assets at fair value through profit or loss	643	-	8.25	-	
	Mesotek Corporation	-	Financial assets at fair value through profit or loss	446	-	3.62	-	
	Applied Green Light Taiwan, Inc.	-	Financial assets at fair value through profit or loss	96	-	2.04	-	
	Air-Bag Packing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	7,213	4.00	7,213	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	5,650	3.69	5,650	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,164	13,025	4.20	13,025	
	Auria Solar Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	-	0.57	-	
	XPEC Art Center Inc.	-	Financial assets at fair value through profit or loss	48	121	0.39	121	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	6,737	1.93	6,737	
	Tapollop Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	666	-	8.67	-	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	400	9,594	1.21	9,594	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	\$ 34,000	2.03	\$ 34,000	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	10,000	105,087	4.76	105,087	
	Kee Fresh & Safe Foodtech Co., Ltd.	-	Financial assets at fair value through profit or loss	950	40,850	2.85	40,850	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	7,823	9.84	7,823	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	500	43,526	2.05	43,526	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	1,244	10,717	1.83	10,717	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	122,319	5.95	122,319	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	70,971	2.15	70,971	
	Chuan Shih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	-	5.79	-	
	Tera Xtal Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	206	-	0.11	-	
	Morrison Opto-electronics Ltd.	-	Financial assets at fair value through profit or loss	200	27,600	0.96	27,600	
	Win Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,122	55,076	2.47	55,076	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	1,500	30,000	0.20	30,000	
	GREAT GIANT FIBRE GARMENT CO., LTD.	-	Financial assets at fair value through profit or loss	157	16,500	0.27	16,500	
	Innotech Logistics Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000	30,000	6.00	30,000	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	37,201	6.69	37,201	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	24,752	2.84	24,752	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	42,583	12.18	42,583	
	Asia Carbons & Technology Inc.	-	Investments in equity instruments at FVTOCI	-	-	-	-	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	2,411	12,727	4.02	12,727	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	1,140	905	9.12	905	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	19,927	14.72	19,927	
	Danotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,500	14	3.22	14	
	Procrystal Technology Company Limited	-	Investments in equity instruments at FVTOCI	3,360	-	2.69	-	
	Biodenta Corporation	-	Investments in equity instruments at FVTOCI	6	-	0.06	-	
	MCM Stamping Co., Ltd.	-	Investments in equity instruments at FVTOCI	600	-	1.90	-	
	UUPON Inc.	-	Investments in equity instruments at FVTOCI	182	878	2.75	878	
	O'Pay Electronic Payment Co., Ltd.	-	Investments in equity instruments at FVTOCI	242	2,194	0.33	2,194	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	1,407	2.02	1,407	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	4,099	9.02	4,099	
	Vision Application Tech Corp.	-	Investments in equity instruments at FVTOCI	782	-	5.28	-	
	Beyond Innovation Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,776	1,170	5.26	1,170	
	WeForce Co., Ltd.	-	Investments in equity instruments at FVTOCI	167	1,552	0.87	1,552	
	Topray Memos Inc.	-	Investments in equity instruments at FVTOCI	975	2,186	2.36	2,186	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	5,493	1.40	5,493	
	Celestial Talent Limited	-	Investments in equity instruments at FVTOCI	1,457	36,265	2.42	36,265	
	Shanghai Vpon Ltd.	-	Investments in equity instruments at FVTOCI	38,615	-	8.93	-	
	<u>Fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	7,800	182,155	7.63	182,155	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	9,057	378,824	7.46	378,824	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	18,750	18,750	4.57	18,750	

(Concluded)

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

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 10% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Property	Transaction Date	Transaction Amount	Payment Term/Payment Status	Counterparty	Nature of Relationship	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Union Commercial Bank PLC.	Construction of new building for the operation of UCB's head office	2014.12.18 2018.07.04 2019.06.06	US\$ 25,027 thousand (Note 1)	US\$24,999 thousand has been paid as of December 31, 2021	LBL International	-	-	-	-	\$ -	Negotiation	For the operation of UCB's head office	None
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation in Kaohsiung	2018.11.09 2019.11.28	\$ 745,300 (Note 2)	\$448,314 has been paid as of December 31, 2021	Chun Yuan Construction Co., Ltd.	-	-	-	-	-	Tender	For the operation of the branch of E.SUN Bank	None
	Construction of new building for the head office of E.SUN Commercial Bank, Ltd.	2018.11.09 2021.06.10	6,465,400 (Note 3)	\$6,465,400 has been paid as of December 31, 2021	Kindom Construction Corp.	-	-	-	-	-	Appraisal	For relocating the head office of E.SUN Bank	None
	Construction of new building for the operation in Taichung	2021.11.12 2021.11.17	328,159	\$328,159 has been paid as of December 31, 2021	Lien Jade Construction Co., Ltd. and Mr. Liao	-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None

Note 1: The initial transaction amount was US\$21,835 thousand and additional decoration amount of US\$3,192 thousand.

Note 2: The initial transaction amount was \$707,000 thousand and additional amount of \$38,300 thousand.

Note 3: The initial transaction amount was \$6,392,400 thousand and additional amount of \$73,000 thousand.

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

ALLOWANCE OF SERVICE FEES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$5 MILLION  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Securities Firms	Counterparty	Nature of Relationship	Total Amounts of Brokerage Service Revenue	Total Allowance of Brokerage Service Revenue	Service Revenue From Related Party	Allowance of Service Revenue for Related Party	Percentage of Service Revenue From Related Party to Total Amounts	Percentage of Allowance of Service Revenue for Related Party to Total Allowance
E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	Same parent company	\$ 6,782,692	\$ 3,497,530	\$ 50,488	\$ 9,654	0.74	0.28

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

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS300 MILLION OR 10% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 1,344,368 (Notes 1 and 4)	-	\$ -	-	\$ -	\$ -
	E.SUN Securities Co., Ltd.	Subsidiary	307,424 (Notes 2 and 4)	-	-	-	-	-
E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	Sister company	351,699 (Notes 3 and 4)	-	-	-	-	-

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

Note 2: The receivables come from remuneration of directors and receivables related to consolidated tax returns from E.SUN Securities Co., Ltd.

Note 3: The receivables come from settlements between E.SUN Commercial Bank, Ltd. and E.SUN Securities Co., Ltd.

Note 4: When preparing the consolidated financial statements, the receivables have been eliminated.

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

INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

## a. E.SUN Commercial Bank, Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow					
E.SUN Bank (China), Ltd.	Deposits, loans, import and export, exchange and foreign exchange business	\$ 9,758,742 (Note 1)	Direct	\$ 9,758,742	\$ -	\$ -	\$ 9,758,742 (Note 1)	100	\$ 226,968	\$ 9,223,938	\$ -

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$9,758,742 (Note 1)	\$9,758,742 (Note 1)	\$112,869,772

(Continued)

b. E.SUN Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 225,959	Invest in mainland China through the third-party company (Note 3)	\$ 30,000	\$ -	\$ -	\$ 30,000	(Note 4)	3.13	\$ -	(Note 5)	\$ -
Shanghai Vpon Ltd.	Data analysis and developing software	202,399	Direct investment	38,615	-	-	38,615	(Note 4)	8.93	-	-	-
Sichuan Clover Biopharmaceuticals Inc.	Pharmaceutical production; engineering and technical research and experimental development; medical research and experimental development (except for the development and application of human stem cells, gene diagnosis and treatment technology); goods import and export; technology import and export	429,734	Invest in mainland China through the third-party company (Note 3)	27,589	-	-	27,589	(Note 4)	0.47	-	(Note 5)	-
Shanghai Winking Entertainment Ltd.	Computer software development, design, production, transfer of own technology, sale of self-produced products, and to provide after-sales service and related technical consultation	435,846	Invest in mainland China through the third-party company (Note 3)	23,683	-	-	23,683	(Note 4)	5.02	-	(Note 5)	-
Eccogene (Shanghai) Co., Ltd.	Providing innovative therapeutic solutions to address unmet medical needs globally, discovery and development of translational medicine in metabolic and immune-related diseases	25,027	Invest in mainland China through the third-party company (Note 3)	10,989	-	-	10,989	(Note 4)	0.76	-	(Note 5)	-

(Continued)

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 7)
\$179,939	\$182,720	\$3,035,348

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.

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

- a. Invested in Transound Electronics (Dongguan) Co., Ltd. through Transound Electronics Co., Ltd.
- b. Invested in Sichuan Clover Biopharmaceuticals Inc. through Delos Capital Fund II, LP.
- c. Invested in Shanghai Winking Entertainment Ltd. through Winking Entertainment Ltd.
- d. Invested in Eccogene (Shanghai) Co., Ltd. through Delos Capital Fund II, LP.

Note 4: E.SUN Venture Capital Co., Ltd. has no significant influence over the investee and thus has no access to its financial information.

Note 5: The carrying amount of each investment at the period end was not available from the self-prepared financial statements of the third region company.

Note 6: E.SUN Venture Capital Co., Ltd. indirectly invested in World Known Precision Industry (Fuzhou) Co., Ltd. through the investment in World Known MFG (Cayman) Limited which has been listed on the Taiwan Stock Exchange on March 9, 2020; refer to its financial report for the information.

Note 7: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China", the investment amount is limited to 60% of E.SUN Venture Capital Co., Ltd.'s net asset value.

(Concluded)

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

## BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Cash and cash equivalents, other financial assets	\$ 2,131,222	Note 4	0.07
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	2,131,222	Note 4	0.07
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	1,255,368	Note 4	0.04
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	1,255,368	Note 4	0.04
0	E.SUN Financial Holding Company, Ltd.	E.SUN Securities Co., Ltd.	a	Receivable on consolidated tax returns	295,521	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	295,521	Note 4	0.01
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Payable on consolidated tax returns	157,875	Note 4	-
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Receivable on consolidated tax returns	157,875	Note 4	-
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Accounts receivable	351,699	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Accounts payable	351,699	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	399,633	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	399,633	Note 4	0.01
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	421,309	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	421,309	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Other noninterest gains, net	138,326	Note 4	0.24
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	General and administrative	138,326	Note 4	0.24

(Continued)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Due from the Central Bank and call loans to other banks	\$ 8,146,620	Note 4	0.25
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	8,146,620	Note 4	0.25
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	2,719,060	Note 4	0.08
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	2,719,060	Note 4	0.08
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Interest revenue	191,659	Note 4	0.33
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Interest expense	191,659	Note 4	0.33

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

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

Note 2: Transaction flows are as follows:

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

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

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

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

(Concluded)

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

CAPITAL ADEQUACY RATIO  
DECEMBER 31, 2021 AND 2020

## 1. E.SUN Financial Holding Company, Ltd.'s capital adequacy ratio

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2021			December 31, 2020		
	Pro-portionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Pro-portionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement
E.SUN Financial Holding Company, Ltd.		\$ 194,216,921	\$ 201,553,868		\$ 181,462,119	\$ 187,893,545
E.SUN Commercial Bank, Ltd.	100	239,225,579	179,839,564	100	230,997,435	155,105,034
E.SUN Securities Co., Ltd.	100	6,133,563	1,987,938	100	4,830,373	2,187,821
E.SUN Venture Capital Co., Ltd.	100	5,058,914	2,623,810	100	4,079,086	2,071,202
Deduction		(215,153,251)	(200,164,207)		(203,923,589)	(187,605,765)
Total		229,481,726	185,840,973		217,445,424	159,651,837
Group capital adequacy ratio		123.48			136.20	

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, 2021	December 31, 2020
Common stock	\$ 133,546,000	\$ 125,671,000
Capital instruments, which conform to the terms of bank's other Tier 1 capital	-	-
Other preferred stocks and subordinated debts	-	-
Capital collected in advance	-	-
Capital surplus	25,662,214	25,350,214
Legal reserve	14,784,546	13,078,728
Special reserve	164,235	164,235
Cumulative earnings	21,142,980	17,061,205
Equity adjustments	(1,074,086)	143,010
Less: Capital deduction	8,968	6,273
Total eligible capital	194,216,921	181,462,119

Note: The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

(Continued)

3. E.SUN Commercial Bank, Ltd.'s capital adequacy ratio

(Unit: In Thousands of New Taiwan Dollars, %)

Items		Year	December 31, 2021		
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 176,736,385	\$ 179,167,854	
	Other Tier 1 capital		24,343,828	27,972,199	
	Tier 2 capital		38,145,366	46,187,663	
	Eligible capital		239,225,579	253,327,716	
Risk-weighted assets	Credit risk	Standardized approach	1,483,148,972	1,545,993,477	
		Internal ratings-based approach	-	-	
		Securitization	-	-	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	123,407,213	128,379,838	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	106,201,563	117,232,825	
		Internal model approach	-	-	
	Risk-weighted assets			1,712,757,748	1,791,606,140
	Capital adequacy ratio (%)			13.97	14.14
Ratio of common equity capital to risk-weighted assets (%)			10.32	10.00	
Ratio of Tier 1 capital to risk-weighted assets (%)			11.74	11.56	
Ratio of leverage (%)			6.02	6.07	

(Unit: In Thousands of New Taiwan Dollars, %)

Items		Year	December 31, 2020		
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 167,478,087	\$ 169,746,710	
	Other Tier 1 capital		24,486,398	27,972,199	
	Tier 2 capital		39,032,950	46,734,557	
	Eligible capital		230,997,435	244,453,466	
Risk-weighted assets	Credit risk	Standardized approach	1,281,158,937	1,339,559,309	
		Internal ratings-based approach	-	-	
		Securitization	-	-	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	121,079,875	125,793,513	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	74,951,988	81,222,275	
		Internal model approach	-	-	
	Risk-weighted assets			1,477,190,800	1,546,575,097
	Capital adequacy ratio (%)			15.64	15.81
Ratio of common equity capital to risk-weighted assets (%)			11.34	10.98	
Ratio of Tier 1 capital to risk-weighted assets (%)			13.00	12.78	
Ratio of leverage (%)			6.28	6.32	

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".

(Continued)

Note 2: Formulas used were as follows:

- a) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.
- b) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- c) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- d) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- e) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
- f) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

(Concluded)

**TABLE 14****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT  
DECEMBER 31, 2021 AND 2020****(In Thousands of New Taiwan Dollars, %)**

December 31, 2021

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1. Same person or same juridical person		
Department of banking, Central Bank of the Republic of China (ROC)	\$ 403,913,067	207.96
Ministry of Finance, ROC	72,827,111	37.50
CPC Corporation, Taiwan	20,069,286	10.33
Tai Power Co., Ltd.	19,738,427	10.16
Citi Bank	19,586,437	10.08
Morgan Stanley And Co. INT. PLC	15,878,293	8.18
Credit Agricole	14,652,150	7.54
BPCE SA	14,240,366	7.33
Societe Generale	14,195,185	7.31
Taiwan Railways Administration, MOTC	13,507,951	6.95
Corsair Finance Jersey International Ltd.	12,353,431	6.36
BNP Paribas S.A	11,278,718	5.81
JP Morgan Structured Products B.V.	10,284,237	5.29
Goldman Sachs International	9,902,550	5.10
Barclays PLC	9,890,797	5.09
Nomura Securities Co., Ltd.	9,687,173	4.99
Anshin Real Estate Management Company	9,638,425	4.96
Hon Hai Precision Co., Ltd.	9,553,508	4.92
NATWEST Group Plc.	9,222,734	4.75
Cathay Financial Holdings Co., Ltd.	9,177,429	4.73
Taiwan Semiconductor Manufacturing Co., Ltd.	9,046,786	4.66
HSBC Bank Plc.	8,058,344	4.15
China Development Bank	7,146,005	3.68
Uni-President Enterprises Corp.	6,797,958	3.50
United Bank of Switzerland	6,783,976	3.49
Mega Financial Holding Company Ltd.	6,727,783	3.46
Chong Hong Construction Co., Ltd.	6,355,000	3.27
Credit Suisse	5,890,793	3.03
Malayan Banking Berhad	5,811,427	2.99
Nan Ya Plastic Co., Ltd.	5,803,104	2.99
Wells Fargo Finance LLC	5,586,695	2.88
Taiwan Cooperative Financial Holding Co., Ltd.	5,424,121	2.79

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
YFG Shopping Centres Pty Ltd	\$ 5,326,235	2.74
Quanta Computer Inc.	5,323,167	2.74
KEB Hana Bank	5,177,070	2.67
Taiwan Water Corporation	4,998,648	2.57
The Export-Import Bank of the Republic of China	4,994,953	2.57
Mizuho Financial Group	4,971,687	2.56
Compal Electronics, Inc.	4,647,375	2.39
Synnex Technology International Corporation	4,194,603	2.16
Commonwealth Bank of Australia	4,111,253	2.12
JP Morgan Chase Bank N.A.	4,086,285	2.10
Taipei Fubon Bank	4,078,524	2.10
IRIS SPV Plc.	4,074,844	2.10
Eternal Materials Co., Ltd.	4,024,226	2.07
Luminis Limited	3,803,151	1.96
Huaku Development Co., Ltd.	3,719,591	1.92
Internationale Nederlanden Groep N.V.	3,712,617	1.91
Banco Bilbao Vizcaya Argentaria	3,686,642	1.90
Far Eastern New Century Corporation	3,666,218	1.89
Taiwan Mobile Co., Ltd.	3,629,175	1.87
Deutsche Bank AG	3,614,504	1.86
LANI Finance Limited	3,605,231	1.86
Fubon Financial Holdings Co., Ltd.	3,568,408	1.84
Namchow Holdings Co., Ltd.	3,560,836	1.83
Hong Kong Monetary Authority	3,549,377	1.83
Kookmin Bank	3,496,774	1.80
HSBC Bank (Taiwan)	3,448,133	1.78
Kaohsiung City Government	3,439,085	1.77
Wealth Media Co., Ltd.	3,390,255	1.75
Treasury USA	3,274,936	1.69
Emerald Bay S. A.	3,257,648	1.68
Wistron Corporation	3,246,085	1.67
Formosa Ha Tinh (Cayman) Limited	3,128,857	1.61
Formosa Chemicals & Fiber Corporation	3,118,926	1.61
Yunneng Wind Power Co., Ltd.	3,116,858	1.60
Monetary Authority of Singapore	3,108,699	1.60
Corsair Finance Jersey International Ltd.	3,089,770	1.59
Global Brands Manufacture Ltd.	3,019,974	1.55
Foxconn Technology Co., Ltd.	3,000,000	1.54
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprise in which the principal or his/her spouse is the responsible person		
Lin	20,177,833	10.39
Zhang	9,643,944	4.97
You	9,471,248	4.88

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Fang	\$ 9,144,829	4.71
Chen	9,104,786	4.69
Zhu	7,716,629	3.97
Gong	7,104,809	3.66
Gao	4,030,226	2.08
Chen	3,669,663	1.89
Liu	3,089,888	1.59
Chen	3,089,112	1.59
3. Same affiliate		
Citi Bank Group	19,654,999	10.12
Hon Hai Group	17,505,352	9.01
Fubon Group	16,821,778	8.66
Credit Agricole Group	15,388,371	7.92
Groupe BPCE and related parties	14,761,297	7.60
Societe Generale Group	14,695,455	7.57
Nomura Holdings Inc. and related parties	13,292,404	6.84
HSBC Group	13,007,053	6.70
BNP Paribas S.A. Group	11,615,205	5.98
TSMC Group	11,430,967	5.89
Sinyi Realty Inc. Group	10,737,513	5.53
The Goldman Sachs Group	9,986,509	5.14
Far Eastern New Century Group	9,779,698	5.04
Cathay Group	9,326,307	4.80
Formosa Plastics Group	9,314,874	4.80
Uni-President Group	7,883,083	4.06
Mega Financial Holding Group	7,704,885	3.97
Walsin Lihwa Group	7,667,549	3.95
Industrial and Commercial Bank of China Limited and related parties	7,414,143	3.82
Chong Hong Construction Group	7,405,626	3.81
Wells Fargo & Company Group	7,317,237	3.77
Mitac-synnex Group	6,966,297	3.59
UBS AG Group	6,792,660	3.50
Kinpo Group	6,693,621	3.45
Wpd Group	6,246,516	3.22
Taiwan Cooperative Financial Holding Group	6,144,613	3.16
Nan Ya Plastic Group	5,838,991	3.01
Chicony Technology Group	5,749,770	2.96
JPMorgan Chase & Co.	5,564,777	2.87
Oisda Group	5,558,399	2.86
Evergreen Group	5,408,732	2.78
Quanta Computer Group	5,401,042	2.78
Formosa Chemicals & Fibre Group	5,272,646	2.71
Mizuho Financial Group	5,220,463	2.69
Ruentex Industries Group	5,081,477	2.62

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Roya Golden Eagle Group	\$ 4,994,890	2.57
Eternal Materials Group	4,322,215	2.23
WPG Group	4,194,382	2.16
Sumitomo Mitsui Banking Group	4,140,804	2.13
Wistron Corporation and related parties	3,872,911	1.99
Internationale Nederlanden Group	3,772,960	1.94
First Financial Holding Group	3,749,149	1.93
Deutsche Bank AG Group	3,692,324	1.90
Namchow Group	3,646,896	1.88
Hua Nan Financial Holding Group	3,496,216	1.80
Tcc Group	3,456,260	1.78
Asia Vital Component Group	3,286,571	1.69
Hotai Group	3,238,089	1.67
CITIC Group	3,128,253	1.61
Chailease Holding Group	3,111,922	1.60
Tachien Baoyou Group	3,065,100	1.58
New Deantronics Group	3,039,888	1.57

December 31, 2020

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1. Same person or same juridical person		
Central Bank of the Republic of China (ROC)	\$ 421,987,309	232.54
Ministry of Finance, ROC	82,493,129	45.46
Tai Power Co., Ltd.	18,939,775	10.44
Taiwan Railways Administration, MOTC	15,003,219	8.27
Societe Generale	14,787,634	8.15
Credit Agricole	13,920,922	7.67
Corsair Finance Jersey International Ltd.	13,143,824	7.24
JP Morgan Structured Products B.V.	12,730,987	7.02
BNP Paribas S.A.	11,800,900	6.50
BPCE SA	11,280,133	6.22
Taiwan Semiconductor Manufacturing Co., Ltd.	11,063,582	6.10
Morgan Stanley	10,982,395	6.05
Citi Bank	10,755,321	5.93
HSBC Bank Plc.	10,008,790	5.52
NATWEST Group Plc.	9,955,408	5.49
Anshin Real Estate Management Company	9,315,456	5.13
Cathay Financial Holdings Co., Ltd.	7,699,218	4.24

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
World Peace Industrial Co., Ltd.	\$ 7,518,535	4.14
CPC Corporation, Taiwan	7,494,049	4.13
Goldman Sachs International	7,397,524	4.08
United Bank of Switzerland	7,020,210	3.87
Mizuho Financial Group	5,945,089	3.28
YFG Shopping	5,828,145	3.21
IRIS SPV Plc.	5,729,028	3.16
Wells Fargo Capital Finance	5,701,034	3.14
Kaohsiung City Government	5,584,450	3.08
JP Morgan Chase Bank	5,557,305	3.06
Fubon Financial Holdings Co., Ltd.	5,500,117	3.03
Nan Ya Plastic Co., Ltd.	5,427,532	2.99
Nomura Securities Co., Ltd.	5,413,380	2.98
Malayan Banking Berhad	5,380,847	2.97
JPMorgan Chase Bank, Taipei	5,194,733	2.86
Taiwan Mobile Co., Ltd.	5,132,044	2.83
Taiwan Water Corporation	4,998,609	2.75
Chong Hong Construction Co., Ltd.	4,950,680	2.73
Quanta Computer Inc.	4,803,483	2.65
Taiwan Cooperative Financial Holding Co., Ltd.	4,597,541	2.53
China Development Bank	4,458,290	2.46
Uni-President Enterprises Corp.	4,439,130	2.45
Formosa Plastics Corporation	4,355,047	2.40
HSBC Bank (Taiwan)	4,307,391	2.37
The Bank of Tokyo - Mitsubishi	4,235,951	2.33
Formosa Chemicals & Fiber Corporation	4,215,212	2.32
Westpac Banking	4,182,399	2.30
First Financial Holding Co., Ltd.	3,996,255	2.20
Banco Bilbao Vizcaya Argentaria	3,979,720	2.19
Hon Hai Precision Co., Ltd.	3,911,170	2.16
Commonwealth Bank of Australia	3,880,700	2.14
Luminis Limited	3,841,058	2.12
Synnex Technology International Corporation	3,784,374	2.09
LANI Finance Limited	3,741,998	2.06
Internationale Nederlanden Groep N.V.	3,676,808	2.03
EMERALDBAY SA.	3,512,681	1.94
Monetary Authority of Singapore	3,474,065	1.91
Sumitomo Mitsui Banking Corporation	3,453,088	1.90
The Export-Import Bank of the Republic of China	3,407,409	1.88
Wells Fargo Bank	3,395,938	1.87
Formosa Ha Tinh (Cayman) Limited	3,381,286	1.86
Standard Chartered	3,311,538	1.82
Export-Import Bank of Korea	3,250,175	1.79
Eternal Materials Co., Ltd.	3,240,801	1.79
National Australia Bank	3,201,968	1.76
Eva Airway Corporation	3,187,500	1.76

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Taiwan Cement Corporation	\$ 3,079,903	1.70
Credit Suisse	3,026,761	1.67
LIBRETTO CAPITAL Plc.	3,021,811	1.67
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprise in which the principal or his/her spouse is the responsible person		
Zhang	9,321,410	5.14
Lee	5,030,322	2.77
Wang	4,238,905	2.34
Chen	3,643,673	2.01
Liu	3,492,236	1.92
Gao	3,260,801	1.80
Liu	3,069,169	1.69
Zhuo	3,051,937	1.68
3. Same affiliate		
HSBC Group	15,742,504	8.68
Societe Generale Group	15,318,842	8.44
Fubon Group	14,854,490	8.19
Credit Agricole Group	14,154,254	7.80
TSMC Group	13,063,593	7.20
BNP Paribas S.A. Group	11,974,114	6.60
Sinyi Realty Inc. Group	10,956,081	6.04
Citi Bank Group	10,794,230	5.95
JPMorgan Chase & Co.	10,752,039	5.93
Formosa Plastics Group	10,577,178	5.83
Hon Hai Group	9,709,672	5.35
WPG Group	9,634,831	5.31
Wells Fargo & Company Group	9,096,972	5.01
Walsin Lihwa Group	9,076,827	5.00
Cathay Group	8,900,624	4.90
Evergreen Group	8,710,903	4.80
UBS AG Group	7,039,010	3.88
Taiwan Cooperative Financial Holding Group	6,492,391	3.58
Uni-President Group	6,491,895	3.58
Far Eastern New Century Group	6,196,447	3.41
First Financial Holding Group	5,974,660	3.29
Mizuho Financial Group	5,952,859	3.28
Chong Hong Construction Group	5,683,451	3.13
Quanta Computer Group	5,487,723	3.02
Ruentex Industries Group	5,238,259	2.89
Mitac-synnex Group	5,205,320	2.87
Formosa Chemicals & Fibre Group	4,992,540	2.75

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Tokyo-Mitsubishi UFJ Group	\$ 4,256,235	2.35
Tcc Group	4,222,513	2.33
Sumitomo Mitsui Banking Group	4,058,128	2.24
Kinpo Group	4,047,307	2.23
Roya Golden Eagle Group	3,902,252	2.15
Oisda Group	3,845,157	2.12
Internationale Nederlanden Group	3,777,804	2.08
Eternal Materials Group	3,553,895	1.96
Standard Chartered Group	3,407,809	1.88
ASE Group	3,406,806	1.88
Hungtai Group	3,249,377	1.79
Chicony Technology Group	3,040,993	1.68
Deutsche Bank AG Group	3,021,138	1.66
New Deantronics Group	3,019,169	1.66

(Concluded)

## E.SUN FINANCIAL HOLDING COMPANY, LTD.

## THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Amount	Investment Income	The Proportionate Share of the Company and its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	\$ 187,953,398	\$ 17,560,459	9,893,700	-	9,893,700	100.00	3
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	6,986,496	1,685,555	400,000	-	400,000	100.00	3
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	5,061,486	1,407,580	370,000	-	370,000	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 Act 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 paragraph 1 of 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 Financial Reporting Standard 9.

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

**E.SUN SECURITIES CO., LTD.**

**FINANCIAL RATIOS OF FUTURES BUSINESS  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

Requirement: The Rules Governing Futures Commission Merchants.

Rule No.	Formula	December 31, 2021		December 31, 2020		Standard	Status of Compliance with Standard (Met/Unmet)
		Formula	Ratio	Formula	Ratio		
17	Equities	1,128,719	193.14	1,151,663	190.17	≥ 1	Met
	Total liabilities minus customers' equity accounts - Futures	(1,822,998-1,817,154)		(1,252,753-1,246,697)			
17	Current assets	2,672,613	1.47	2,127,415	1.70	≥ 1	Met
	Current liabilities	1,822,998		1,252,753			
22	Equities	1,128,719	120.72%	1,151,663	123.17%	≥ 60% ≥ 40%	Met
	Capital stock	935,000		935,000			
22	Adjusted net capital	1,083,153	181.939%	1,104,920	274.43%	≥ 20% ≥ 15%	Met
	Client and proprietary account	595,339		402,629			

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

<b>Name of Major Stockholder</b>	<b>Shareholding</b>	
	<b>Number of Shares</b>	<b>Percentage of Ownership (%)</b>
None	-	-

Note 1: The information above of major shareholders is based on the data, calculated the registration and delivery of non-physical (including treasury stock) common stock and preferred stock at least 5% as of the last business day of each quarter by Taiwan Depository and Clearing Corp. (TDCC) There may be differences between the number of shares recorded in the consolidated financial statements and the registration number of non-physical shares due to different basis of preparation.

Note 2: Shares held in trust will be listed by each trustor who set up the trust account. As for the shareholders who own at least 10%, including self-owned shares and trusted shares that shareholders have the power to decide trust assets, shall file insider equity in accordance with regulations of securities and exchange. Please refer to Market Observation Post System (MOPS) for relevant filing data of insider equity.

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

**DETAILED SCHEDULE OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Cash on hand	\$ 17,692,744
Checks for clearing	7,259,513
Due from banks	60,156,212
Cash in transit	<u>146,713</u>
	85,255,182
Less: Allowance for possible losses	<u>(17,881)</u>
	<u>\$ 85,237,301</u>

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

**DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

Financial Instrument Items	Summary	In Thousands of Shares	Face Value	Interest Rate (%)	Cost	Fair Value		Change in Fair Values Resulting from Credit Risk Variations
						Unit Price	Amount	
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>								
Negotiable certificates of deposits (Note)	Expire on 2022.01.03-2023.11.15		\$ 150,550,000	0.1780-0.5540	\$ 150,550,212		\$ 150,682,911	\$ -
Commercial paper	Expire on 2022.01.03-2022.08.15		103,076,000	0.2290-1.0300	102,935,590		102,968,285	-
Treasury bills	Expire on 2022.02.10-2022.12.27		17,000,000	0.1790-0.3900	16,964,587		16,974,413	-
Corporate bonds	Expire on 2022.01.24-2041.02.08		69,496,947	0.6238-7.0000	69,497,370		69,377,840	-
Bank debentures	Expire on 2022.03.19 - perpetual		49,480,700	1.0000-5.7000	49,481,881		49,211,752	-
Government bonds	Expire on 2032.02.18		50,000	0.6250	49,436		49,413	-
Stock		233,130			4,275,380		5,442,178	-
Mutual funds					528,872		579,729	-
Operating securities - dealing department					394,888		400,507	-
Operating securities - underwriting department					79,437		88,941	-
Currency swap contracts					-		6,795,858	-
Interest rate swap contracts					-		6,854,657	-
Currency option contracts					1,119,777		862,308	-
Forward contracts					-		191,105	-
Futures exchange margins					222,116		219,486	-
Non-deliverable forward contracts					-		436,564	-
Cross-currency swap contracts					-		250,343	-
Metal commodity swap contracts					-		3,246	-
					<u>\$ 396,099,546</u>		<u>\$ 411,389,536</u>	

Note: The negotiable certificates of deposits, with aggregate face value of \$20,200,000 thousand and \$5,000,000 thousand, had been provided as collaterals for day-term overdraft and foreign currency call loans from the Central Bank to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS).

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF DISCOUNTS AND LOANS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Short-term loans	
Short-term loans	\$ 157,911,347
Short-term secured loans	149,494,595
Secured overdrafts	76,219
Accounts receivable financing	850,465
Overdrafts	794,419
	<u>309,127,045</u>
Medium-term loans	
Medium-term loans	295,874,043
Medium-term secured loans	141,049,472
	<u>436,923,515</u>
Long-term loans	
Long-term loans	115,993,292
Long-term secured loans	924,608,369
	<u>1,040,601,661</u>
Overdue loans	<u>2,189,227</u>
Bills negotiated and discounts	
Export bills negotiated	1,550,006
Import bills negotiated	307,301
	<u>1,857,307</u>
	1,790,698,755
Less: Allowance for possible losses	(22,123,971)
Adjustment of premium or discount	<u>66,457</u>
Net amount	<u>\$ 1,768,641,241</u>

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

**DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

Financial Instrument Items	Summary	In Thousands of Shares	Face Value	Interest Rate (%)	Cost	Allowance for Impairment Losses	Fair Value		Note
							Unit Price	Amount (Note 1)	
Stock		497,909			\$ 18,520,200	\$ -		\$ 21,054,970	
Negotiable certificates of deposit	Expire on 2022.08.16		\$ 276,837	0.9748	276,511	(75)		278,728	
Bank debentures (Note 2)	Expire on 2022.01.23-2036.08.31		145,125,510	0.0100-9.8690	145,627,097	(49,603)		146,330,146	
Government bonds (Note 3)	Expire on 2022.01.23-2051.12.23		61,087,910	0.1250-4.2500	60,590,292	-		59,836,806	
Corporate bonds	Expire on 2021.04.05-2050.04.03		97,881,664	0.3000-8.7000	98,476,615	(50,183)		98,257,668	
Discounted notes	Expire on 2022.01.05			4.0000	8,869	(198)		8,870	
Overseas bonds (Note 4)	Expire on 2022.12.04-2033.03.08		6,001,888	0.2458-4.1000	<u>7,722,499</u>	<u>(144)</u>		<u>7,632,511</u>	
					<u>\$ 331,222,083</u>	<u>\$ (100,203)</u>		<u>\$ 333,399,699</u>	

Note 1: The book value that amounted to \$17,043,122 thousand had been sold under repurchase agreements.

Note 2: Among the bank debentures, face value of \$2,851,967 thousand had been pledged to the Discount Window of the Federal Reserve Bank of San Francisco.

Note 3: Among the government bonds, face value of \$119,500 thousand had been provided as the bond payment settlement reserves for the Electronic Bond Trading System (EBTS); face value of \$340,000 thousand had been posted as the reserve fund of the trust business; face value of \$50,000 thousand had been provided as operating deposits for the bills houses; face value of \$55,000 thousand had been deposited as the margin of custodian agreement; and face value of \$72,200 thousand had been lodged with the courts.

Note 4: Among the overseas bonds, face value of \$130,431 thousand had been provided as collaterals for day-term and overnight overdraft to comply with the clearing system requirement of the banks in Hong Kong.

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

**DETAILED SCHEDULE OF INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

<b>Bond Items</b>	<b>Summary</b>	<b>Unit</b>	<b>Face Value</b>	<b>Interest Rate (%)</b>	<b>Allowance for Impairment Losses</b>	<b>Unamortized Premium (Discount)</b>	<b>Book Value (Note 1)</b>
Overseas bonds (Note 2)	Expire on 2022.01.07-2033.09.15		\$ 12,216,100	0.0000-5.3750	\$ -	\$ 301,961	\$ 12,518,061
Overseas certificates of deposits (Note 3)	Expire on 2022.01.31		124,601	0.2800	(49)	-	124,552
Negotiable certificates of deposit	Expire on 2022.01.03-2023.12.20		256,000,000	0.0800-0.5080	-	-	256,000,000
Bank debentures	Expire on 2023.05.15-2056.08.09		29,141,359	0.5500-10.1000	(10,349)	(9,037)	29,121,973
Corporate bonds	Expire on 2023.07.16-2041.05.11		<u>10,459,382</u>	0.5600-10.000	<u>(4,836)</u>	<u>103</u>	<u>10,454,649</u>
			<u>\$ 307,941,442</u>		<u>\$ (15,234)</u>	<u>\$ 293,027</u>	<u>\$ 308,219,235</u>

Note 1: The book value that amounted to \$911,582 thousand had been sold under repurchase agreements.

Note 2: Among the overseas bonds, face value of \$4,381,110 thousand had been provided as collaterals for day-term and overnight overdraft to comply with the clearing system requirement of the banks in Hong Kong.

Note 3: Overseas certificates of deposits had been pledged as reserves to California Department of Financial Protection & Innovation (DFPI).

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF OTHER FINANCIAL ASSETS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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Items	Amount	Note
Overdue receivable	\$ 199,102	
Less: Allowance for possible losses	<u>(199,102)</u>	
Overdue receivable, net	-	
Due from banks (Note 1)	7,271,791	
Guarantee deposits received on futures contracts	1,818,678	
Others (Note 2)	<u>7</u>	
	<u>\$ 9,090,476</u>	

Note 1: The amount of \$1,739,880 thousand had been provided as collaterals for day-term overdraft of CNY to comply with the clearing system requirement of the foreign currency; the amount of \$4,349,700 thousand is time deposits with maturities longer than three months; the amount of \$50,000 thousand is due from banks with restricted use in compliance with the relevant regulations of business operation.

Note 2: The amount of each individual item does not exceed 5% of the account balance.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF PROPERTIES AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Items	Balance, January 1	Increase in the Current Year	Decrease in the Current Year	Reclassification Increase (Decrease)	Net Exchange Difference	Balance, December 31
Cost						
Land	\$ 14,554,054	\$ 179,697	\$ 31,517	\$ -	\$ (8,243)	\$ 14,693,991
Buildings	15,090,138	2,092,596	40,238	1,693,514	(31,776)	18,804,234
Computers	6,627,046	712,081	264,947	177,420	(8,191)	7,243,409
Transportation equipment	966,480	49,548	41,721	1,195	(3,042)	972,460
Miscellaneous equipment	4,027,998	186,332	42,661	20,365	(27,129)	4,164,905
Total cost	<u>41,265,716</u>	<u>\$ 3,220,254</u>	<u>\$ 421,084</u>	<u>\$ 1,892,494</u>	<u>\$ (78,381)</u>	<u>45,878,999</u>
Less: Accumulated depreciation and impairment						
Buildings	5,223,468	\$ 613,079	\$ 22,326	\$ (352)	\$ (4,522)	5,809,347
Computers	3,750,897	768,357	264,826	-	(5,160)	4,249,268
Transportation equipment	534,880	77,616	40,954	-	(1,788)	569,754
Miscellaneous equipment	2,590,961	228,065	42,519	-	(13,070)	2,763,437
Total accumulated depreciation and impairment	<u>12,100,206</u>	<u>\$ 1,687,117</u>	<u>\$ 370,625</u>	<u>\$ (352)</u>	<u>\$ (24,540)</u>	<u>13,391,806</u>
Prepayments for properties and equipment	<u>4,125,374</u>	<u>\$ 1,049,509</u>	<u>\$ -</u>	<u>\$ (3,779,214)</u>	<u>\$ (1,394)</u>	<u>1,394,275</u>
Property and equipment, net	<u>\$ 33,290,884</u>					<u>\$ 33,881,468</u>

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

**DETAIL SCHEDULE OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Items	Balance, January 1	Increase in the Current Year	Decrease in the Current Year	Reclassification Increase (Decrease)	Net Exchange Difference	Balance, December 31
Cost						
Land and superficies royalties	\$ -	\$ 2,436,297	\$ -	\$ 1,430,413	\$ -	\$ 3,866,710
Buildings	4,955,946	1,058,832	301,639	608	(79,461)	5,634,286
Office equipment	6,347	12,938	5,781	-	(67)	13,437
Transportation equipment	13,996	4,014	5,385	-	(545)	12,080
Total cost	<u>4,976,289</u>	<u>\$ 3,512,081</u>	<u>\$ 312,805</u>	<u>\$ 1,431,021</u>	<u>\$ (80,073)</u>	<u>9,526,513</u>
Accumulated depreciation						
Land and superficies royalties	-	\$ 41,796	\$ -	\$ (436)	\$ -	41,360
Buildings	1,795,226	1,079,339	293,232	-	(39,738)	2,541,595
Office equipment	4,918	4,189	5,781	-	(55)	3,271
Transportation equipment	7,935	4,941	5,359	-	(490)	7,027
Total accumulated depreciation	<u>1,808,079</u>	<u>\$ 1,130,265</u>	<u>\$ 304,372</u>	<u>\$ (436)</u>	<u>\$ (40,283)</u>	<u>2,593,253</u>
	<u>\$ 3,168,210</u>					<u>\$ 6,933,260</u>

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

**DETAILED SCHEDULE OF COMMERCIAL PAPER ISSUED**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

Company	Guarantee or Acceptance Agency	Terms of the Contract	Interest Rate (%)	Amount			
				Issue Amount	Unamortized Discount	Book Value	
E.SUN Securities Co., Ltd.	International Bills Finance	2022.01.06	0.30	\$ 150,000	\$ 9	\$ 149,991	
	International Bills Finance	2022.01.17	0.30	100,000	23	99,977	
	International Bills Finance	2022.01.21	0.37	200,000	61	199,939	
	China Bills Finance	2022.01.07	0.38	350,000	45	349,955	
	China Bills Finance	2022.01.10	0.38	350,000	40	349,960	
	Taiwan Finance	2022.01.20	0.41	200,000	54	199,946	
	Grand Bills	2022.01.12	0.40	300,000	42	299,958	
	Sunny Bank	2022.01.11	0.36	200,000	25	199,975	
	Sunny Bank	2022.01.17	0.47	100,000	25	99,975	
	Sunny Bank	2022.01.18	0.38	400,000	87	399,913	
	Sunny Bank	2022.01.19	0.43	300,000	77	299,923	
	Taishin International Bank	2022.02.17	0.34	100,000	76	99,924	
	Taishin International Bank	2022.02.18	0.34	200,000	142	199,858	
	Union Bank of Taiwan	2022.01.17	0.47	150,000	36	149,964	
	Union Bank of Taiwan	2022.01.20	0.47	200,000	57	199,943	
	Union Bank of Taiwan	2022.02.16	0.47	150,000	111	149,889	
	Yuanta Commercial Bank	2022.01.13	0.38	200,000	30	199,970	
	Yuanta Commercial Bank	2022.01.14	0.38	250,000	40	249,960	
	Yuanta Commercial Bank	2022.01.21	0.45	50,000	14	49,986	
	China Trust Commercial Bank	2022.01.05	0.36	100,000	5	99,995	
	China Trust Commercial Bank	2022.01.05	0.36	250,000	12	249,988	
	China Trust Commercial Bank	2022.01.06	0.36	300,000	18	299,982	
	China Trust Commercial Bank	2022.01.07	0.37	100,000	8	99,992	
	China Trust Commercial Bank	2022.01.21	0.38	50,000	15	49,985	
	E.SUN Venture Capital Co., Ltd.	International Bills Finance	2022.03.10	0.59	30,000	58	29,942
		Mega Bills	2022.03.10	0.88	10,000	19	9,981
				<b>\$ 4,790,000</b>	<b>\$ 1,129</b>	<b>\$ 4,788,871</b>	

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Financial Instrument Items	Summary	Face Value	Interest Rate (%)	Fair Value		Change in Fair Values Resulting from Credit Risk Variations
				Unit Price	Amount	
Held-for-trading financial liabilities						
Currency swap contracts					\$ 8,704,446	
Interest rate swap contracts					3,343,434	
Currency option contracts					1,012,080	
Forward contracts					237,722	
Non-deliverable forward contracts					332,445	
Metal commodity swap contracts					622	
Cross-currency swap contracts					118,998	
					<u>13,749,747</u>	
Financial liabilities designated as at fair value through profit or loss						
Bank debentures						
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	Issued on May 27, 2015 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.	\$ 2,353,565	-	\$ 138.5437	3,260,716	\$ 2,098
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	Issued on May 27, 2015 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	2,353,565	4.97	96.3270	2,267,118	(5,037)
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	Issued on October 28, 2015 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.	1,744,407	-	138.7149	2,419,752	2,662
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	Issued on October 28, 2015 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	1,190,627	5.10	100.2439	1,193,531	15,396
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	Issued on January 22, 2016 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.	6,645,360	-	138.3650	9,194,851	14,618

(Continued)

Financial Instrument Items	Summary	Face Value	Interest Rate (%)	Fair Value		Change in Fair Values Resulting from Credit Risk Variations
				Unit Price	Amount	
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	Issued on January 22, 2016 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	\$ 6,645,360	5.10	\$ 108.1457	\$ 7,186,673	\$ (9,337)
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	Issued on June 6, 2016 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.	2,630,455	-	124.8260	3,283,492	(11,736)
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	Issued on June 6, 2016 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	2,630,455	4.41	111.8821	2,943,007	24,381
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	Issued on December 29, 2016 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	2,492,010	4.85	112.7101	2,808,747	17,580
Unsecured USD-denominated bonds issued on May 19, 2017	Issued on May 19, 2017 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and every single years afterward, or make bond repayments on the maturity date.	1,661,340	-	121.5574	2,019,482	(2,433)
Unsecured USD-denominated bonds issued on November 21, 2017	Issued on November 21, 2017 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and every single years afterward, or make bond repayments on the maturity date.	3,738,015	-	119.3110	4,459,863	(30,281)
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	Issued on February 12, 2018 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	5,537,800	4.75	115.7948	<u>6,412,483</u>	(17,554)
					<u>47,449,715</u>	
					<u>\$ 61,199,462</u>	

(Concluded)

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF DEPOSITS AND REMITTANCES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Items	Amount
Checking deposits	
Cashier's checks	\$ 3,799,520
Checking deposits	<u>14,834,101</u>
	<u>18,633,621</u>
Demand deposits	
Demand deposits	366,466,313
Foreign currency demand deposits	435,266,080
Others (Note)	<u>9,918</u>
	<u>801,742,311</u>
Savings - demand deposits	
Savings - demand deposits	696,209,488
Bank employee demand savings deposits	<u>4,220,466</u>
	<u>700,429,954</u>
Time deposits	
Time deposits	261,995,042
Foreign currency time deposits	<u>567,797,419</u>
	<u>829,792,461</u>
Negotiable certificates of deposits	<u>28,801,536</u>
Savings - time deposits	
Withdrawals of interest savings	202,188,856
Round-amount savings	98,380,962
Others (Note)	<u>147,530</u>
	<u>300,717,348</u>
Treasury deposits	<u>13,225,790</u>
Remittances	
Remittances outstanding	1,704,754
Outward remittances	<u>15,016</u>
	<u>1,719,770</u>
	<u>\$ 2,695,062,791</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

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

**DETAILED SCHEDULE OF BOND PAYABLES  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Name	Trust Institutions	Issue Date	Interest Payment Date	Annual Interest Rate	Amount			Repayment Method	Types of Collateral	Note
					Total Issued Amount	Repaid Amount	Carrying Amount			
Corporate bonds										
Unsecured corporate bonds - second issue in 2016	Hua Nan Commercial Bank, Ltd.	2017.1.20	January 20 in each year	Fixed interest rate 1.10%	\$ 1,100,000	\$ -	\$ 1,100,000	Repay on the maturity date	Unsecured	
Unsecured corporate bonds - first issue in 2019	Hua Nan Commercial Bank, Ltd.	2019.1.14	January 14 in each year	Fixed interest rate 0.95%	4,000,000	-	4,000,000	Repay on the maturity date	Unsecured	
Unsecured corporate bonds - first issue in 2021	Hua Nan Commercial Bank, Ltd.	2021.5.25	May 25 in each year	Fixed interest rate 0.50%	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	Repay on the maturity date	Unsecured	
					<u>7,100,000</u>	<u>-</u>	<u>7,100,000</u>			
Bank debentures										
Subordinated bonds - Second issue in, 2012 (matures after 10 years)	None	2012.6.28	June 28 in each year	Fixed interest rate 1.68%	2,720,000	-	2,720,000	Repay on the maturity date	Unsecured	
Subordinated bonds - third issue in 2012	None	2012.8.27	August 27 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	8,000,000	4,500,000	3,500,000	Repay on the maturity date	Unsecured	
Subordinated bonds - first issue in 2013	None	2013.5.24	May 24 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	2,300,000	800,000	1,500,000	Repay on the maturity date	Unsecured	
Subordinated bonds - first issue in 2014	None	2014.3.7	March 7 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	3,500,000	1,300,000	2,200,000	Repay on the maturity date	Unsecured	
Subordinated bonds - first issue in 2015	None	2015.4.30	April 30 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	5,000,000	-	5,000,000	Repay on the maturity date	Unsecured	
Subordinated bonds - second issue in 2015	None	2015.9.29	September 29 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	3,750,000	-	3,750,000	Repay on the maturity date	Unsecured	
Subordinated bonds - second issue in 2018	None	2018.3.30	March 30 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	4,000,000	-	4,000,000	Repay on the maturity date	Unsecured	
Bonds - second issue in 2019 (matures after 3 years)	None	2019.8.13	August 13 in each year	Fixed interest rate 0.65%	3,000,000	-	3,000,000	Repay on the maturity date	Unsecured	
Noncumulative perpetual subordinated bonds - first issue in 2020	None	2020.1.8	July 1 in each year	Fixed interest rate 1.45%	4,000,000	-	4,000,000	E.SUN Bank may redeem the bond after 5 years and one month from the issue date	Unsecured	
Bonds - second issue in 2020 (matures after 5 years)	None	2020.3.19	March 19 in each year	Fixed interest rate 0.58%	3,000,000	-	3,000,000	Repay on the maturity date	Unsecured	
Bonds - first issue in 2021	None	2021.10.28	October 28 in each year	Two types of bonds; fixed interest rate at (a) 0.37% for type A bond and (b) 0.47% for type B bond (type A bond matures after 3 years and type B bond matures after 7 years).	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>	Repay on the maturity date	Unsecured	
					<u>40,870,000</u>	<u>6,600,000</u>	<u>34,270,000</u>			
					<u>\$ 47,970,000</u>	<u>\$ 6,600,000</u>	<u>\$ 41,370,000</u>			

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF LEASE LIABILITIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Description</b>	<b>Lease Term</b>	<b>Discount Rate (%)</b>	<b>Balance, End of Year</b>	<b>Note</b>
Land		2021.06.25-2067.10.23	1.09%	\$ 795,854	
Buildings		2009.07.16-2031.07.31	0.37%-7.50%	3,187,758	
Transportation equipment		2019.05.07-2024.11.12	0.35%-7.50%	4,833	
Office equipment		2017.05.01-2024.07.31	0.37%-2.98%	<u>9,616</u>	
				<u>\$ 3,998,061</u>	

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF INTEREST REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Interest revenue from discounts and loans	
From long-term loan interest	\$ 14,553,472
From medium-term loan interest	8,432,088
From short-term loan interest	4,935,533
Others (Note)	<u>487,620</u>
	<u>28,408,713</u>
Interest revenue from investments	
From financial assets at fair value through other comprehensive income	3,908,604
From investments in debt instruments at amortized cost	<u>661,858</u>
	<u>4,570,462</u>
Interest revenue from due from banks and call loans to other banks	
Interest revenue due from banks	185,337
Interest revenue due from the Central Bank	144,732
From call loans to other banks	<u>98,687</u>
	<u>428,756</u>
Interest revenue from revolving interests of credit cards	<u>1,932,041</u>
Others (Note)	<u>142,142</u>
	<u>\$ 35,482,114</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF INTEREST EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Interest expense from deposits	
From time deposits	\$ 4,472,460
From withdrawals of interest savings	1,623,976
From savings - demand deposits	460,089
From round-amount savings	744,042
From demand deposits	495,971
Others (Note)	<u>62,198</u>
	<u>7,858,736</u>
Interest expense from issuing bonds payable	
From bank debentures	506,156
From corporate bonds	<u>61,037</u>
	<u>567,193</u>
Interest expense from due to the Central Bank and other banks	
From call loans from Central Bank and other banks	420,784
From others due to the Central Bank	11,214
From banks overdrafts	<u>1</u>
	<u>431,999</u>
Interest expense from securities sold under repurchase agreements	<u>77,082</u>
Interest expense from deposits due to the Central Bank and other banks	
From deposits from Chunghwa Post Co., Ltd.	19,665
Others (Note)	<u>40,795</u>
	<u>60,460</u>
Lease liabilities interest expense	<u>41,349</u>
Others (Note)	<u>460,971</u>
	<u>\$ 9,497,790</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF SERVICE FEE AND COMMISSION INCOME, NET  
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Service fee and commission income	
From credit cards	\$ 8,450,314
From insurance	2,525,265
From trust business	7,069,346
From loans	1,649,500
From brokerage	3,295,020
Others (Note)	<u>2,455,691</u>
	<u>25,445,136</u>
Service charge and commission expenses	
From agency	(1,781,493)
From credit cards	(795,646)
From cross - bank transactions	(312,131)
From computer processing	(276,025)
Others (Note)	<u>(956,263)</u>
	<u>(4,121,558)</u>
Service fee and commission income, net	<u>\$ 21,323,578</u>

Note: The amount of each individual item does not exceed 5% of the account balance.

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

**DETAILED SCHEDULE OF GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT  
FAIR VALUE THROUGH PROFIT OR LOSS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Items	Realized Gains (Losses)	Unrealized Gains (Losses)	Total
Financial assets at fair value through profit or loss			
Stock (including dividend income)	\$ 896,572	\$ 650,534	\$ 1,547,106
Negotiable certificates of deposits (including interest income)	1,150,327	(350,878)	799,449
Overseas mutual funds	5,437	152,798	158,235
Commercial paper (including interest income)	271,006	5,469	276,475
Bank debentures (including interest income)	1,332,208	(182,487)	1,149,721
Corporate bonds (including interest income)	2,056,240	(814,987)	1,241,253
Metal commodity swap contracts	32,057	2,760	34,817
Currency swap contracts	3,902,061	(8,502,822)	(4,600,761)
Forward contracts	1,053,529	38,247	1,091,776
Interest rate swap contracts	5,699,685	(5,171,858)	527,827
Currency option contracts	(522,117)	(297,967)	(820,084)
Cross-currency swap contracts	94,148	(58,920)	35,228
Non-deliverable forward contracts	853,982	399,228	1,253,210
Selling securities - dealing department	134,765	1,543	136,308
Selling securities - underwriting department	105,458	(25,667)	79,791
Others	33,844	6,646	40,490
	<u>17,099,202</u>	<u>(14,148,361)</u>	<u>2,950,841</u>
Financial liabilities at fair value through profit or loss			
Bank debentures (including interest expense)	(2,087,190)	2,590,198	503,008
Metal commodity swap contracts	(50,931)	1,264	(49,667)
Currency swap contracts	(1,643,005)	8,447,725	6,804,720
Interest rate swap contracts	(3,925,475)	3,017,720	(907,755)
Currency option contracts	427,472	284,015	711,487
Forward contracts	(948,410)	22,588	(925,822)
Cross-currency swap contracts	(141,215)	61,052	(80,163)
Non-deliverable forward contracts	(780,600)	(302,674)	(1,083,274)
Others	(2,266)	132	(2,134)
	<u>(9,151,620)</u>	<u>14,122,020</u>	<u>4,970,400</u>
	<u>\$ 7,947,582</u>	<u>\$ (26,341)</u>	<u>\$ 7,921,241</u>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF REALIZED GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR  
VALUE THROUGH OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Dividend income	\$ 958,164
Bank debentures	458,817
Government bonds	115,152
Corporate bonds	94,043
Overseas bonds	<u>11,709</u>
	<u>\$ 1,637,885</u>

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

**DETAILED SCHEDULE OF OTHER NONINTEREST GAINS, NET  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Net sales revenue	\$ 154,217
Rental revenue	41,639
Net gains on disposal of property	22,082
Others	<u>48,485</u>
	<u>\$ 266,423</u>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON  
COMMITMENTS AND GUARANTEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Reversal of provision for possible losses on due from banks	\$ (215)
Reversal of provision for possible losses on call loans to other banks	(50,954)
Provision for possible losses on receivables	315,836
Provision for possible losses on discounts and loans	1,773,330
Reversal of provision for possible losses on overdue receivables	(4,412)
Provision for possible losses on remittance	10
Provision for possible losses on guarantees	32,837
Provision for possible losses on financing commitments	<u>63,171</u>
	<u>\$ 2,129,603</u>

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

**DETAILED SCHEDULE OF EMPLOYEE BENEFITS EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Items	Amount			Total	Note
	Employee Benefits Expenses	Other Noninterest Gains, Net	Other Operating and Administrative Expenses		
Salaries	\$ 12,454,521	\$ 250,389	\$ -	\$ 12,704,910	
Insurance	868,127	20,358	-	888,485	
Remuneration of directors	96,822	-	-	96,822	
Excessive interest from preferential rates	196,197	-	-	196,197	
Post-employment benefits	442,263	10,315	-	452,578	
Others (Note 1)	<u>672,779</u>	<u>7,364</u>	<u>42,149</u>	<u>722,292</u>	
	<u>\$ 14,730,709</u>	<u>\$ 288,426</u>	<u>\$ 42,149</u>	<u>\$ 15,061,284</u>	

Note 1: The amount of each individual item does not exceed 5% of the account balance.

Note 2: For the years ended December 31, 2021 and 2020, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,348 and 9,400, of which the average number of directors who did not concurrently act as an employee was both 12. For the years ended December 31, 2021 and 2020, the average number of employees of ESBC, UCB and BankPro was 957 and 886, respectively, of which the average number of directors who did not concurrently act as an employee was both 9.

Note 3: For the years ended December 31, 2021 and 2020, the average amount of employee benefits expenses of the Company was \$1,455 thousand and \$1,395 thousand, respectively; and the average amount of salary expenses of the Company was \$1,235 thousand and \$1,182 thousand, respectively.

Note 4: The percentage of change in annual average amount of salary expenses of the Company was 4.48%.

Note 5: The parent company, E.SUN Bank and UCB have set up audit committees. ESVC, E.SUN Securities, E.SUN Securities Investment Consulting Co., Ltd., ESBC and BankPro have supervisors. For the years ended December 31, 2021 and 2020, the amount of remuneration of the supervisor was \$1,608 thousand and \$1,327 thousand, respectively.

Note 6: The Company's compensation policies:

a. Remuneration of directors

- 1) The remuneration policies: Remuneration of directors is regulated in the Company's Articles of Incorporation and the director remuneration policy. The remuneration is approved by the board of directors and reported in the shareholders meeting of respective companies.
- 2) Criteria and portfolios: The remuneration includes base remuneration, bonus and allowance.
- 3) Procedures for determining remuneration: Besides the remuneration policy noted above, remuneration granted by industry peers is also taken into account.
- 4) Correlation with business performance: Remuneration is closely tied to the level of individual directors' participation and contribution to the Company's operations, personal performance, the Company's overall performance, future risk and the usual peer level. The Company shall refrain from inducing directors to act in excess of its risk appetite simply to pursue higher remuneration.

(Continued)

b. Compensation of senior managers and employees

1) ESFHC and domestic subsidiaries

	<b>ESFHC and Banking Subsidiaries</b>	<b>Securities, Venture and Other Subsidiaries</b>
Salary structure	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>Employees: the criteria and structure of fixed salary is based on duty of position.</p> <p>Senior managers: the criteria and structure of fixed salary is based on professional qualification and also consider pay level of peer industry.</p> <p>Variable salaries are based on the companies' operations, provisional performance and personal performance.</p>	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>Employees: the criteria and structure of fixed salary is based on duty of position.</p> <p>Senior managers: the criteria and structure of fixed salary is based on professional qualification and also consider pay level of peer industry.</p> <p>Variable salaries are based on the companies' operations, provisional performance and personal performance.</p>
Procedures for determining compensation	<p>Employees: policies, systems, standards and structures of compensation policy are drafted based on business operation, pay level of industry peer, duty of position and personal performance, and are subject to the approval of general manager.</p> <p>Senior managers: policies, systems, standards and structures of compensation policy are reviewed by the remuneration committee and are subject to the resolution of the board of directors.</p>	<p>Employees: policies, systems, standards and structures of compensation policy are drafted based on business operation, pay level of industry peer, duty of position and personal performance, and will be approved by general manager.</p> <p>Senior managers: policies, systems, standards and structures of compensation policy are reviewed by parent company and are subject to the approval of chairman.</p>
Correlation with risk	<p>In light of correlation with future risk and in compliance with reward deferral mechanism regulated in guidelines for long-term incentives, bonus may be deferred given or given in manner of equity.</p> <p>If there is any event of major risk that might put threat to undermine corporate reputation, management deficiencies and abuses of various sorts, the company should cut down or not give bonus in that year and may withdraw long-term incentives for the period.</p>	<p>If there is any event of major risk that might put threat to undermine corporate reputation, management deficiencies and abuses of various sorts, the company should cut down or not give bonus.</p>

(Continued)

2) Overseas subsidiaries

	<b>Union Commercial Bank PLC.</b>	<b>E.SUN Bank (China), Ltd.</b>
Salary structure	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>The criteria and structure of fixed salary is based on duty of position, local standard of living and pay level of local peer industry.</p> <p>Variable salaries are based on the company's operations, market condition, provisional performance and personal performance.</p>	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>To establish a stable and competitive pay level, compensation is determined in consideration of the company's operations, budget for bonus and pay level of local peer industry.</p> <p>Fixed salary is based on duty of position and professional qualification. Variable salaries are based on the company's operations, provisional performance, personal performance and correlation with future risk, etc.</p>
Procedures for determining compensation	<p>Compensation policies are stipulated in consideration of strategy of company, scarcity in market, duty of position and comprehensive performance. Compensation policies will be reviewed yearly and subject to the approval of general manager.</p> <p>Senior managers will be first reviewed by general manager and the compensation policies are subject to the approval of chairman.</p>	<p>Compensation policies are stipulated by president in consideration of business operation, performance objectives, total number of employees, structures, competitiveness in labor market and risk, etc.</p> <p>Compensation policies, systems, standards and structures of senior managers are reviewed by the remuneration committee and are subject to the resolution of the board of directors.</p>
Correlation with risk	<p>If there is any event of major risk that might put threat to undermine corporate reputation, Human Resources Arbitration Committee will cut down bonus based on the severity of the actions</p>	<p>Bonus related to business performance given to senior managers and staff members who have significant influence on risk is deferred when the personnel exceeds certain amount of risk.</p> <p>If there is any event of major risk that might put threat to undermine corporate reputation, management deficiencies and abuses of various sorts, the company has right to recover all/part of bonus given and cease payment.</p>

(Concluded)

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

**DETAILED SCHEDULE OF DEPRECIATION AND AMORTIZATION EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Depreciation expense	
Property and equipment	\$ 1,687,117
Investment properties	49,482
Right-of-use assets	<u>1,130,265</u>
	2,866,864
Amortization expense	<u>725,460</u>
	<u>\$ 3,592,324</u>

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

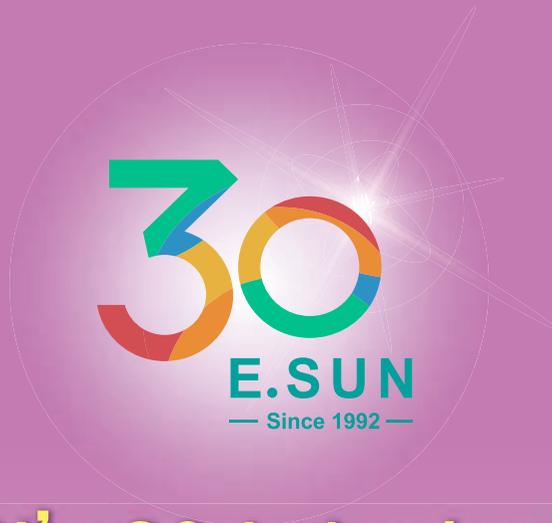
**DETAILED SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Business marketing expenses	\$ 4,275,427
Tax expenditures	2,043,570
Software services expenses	679,810
Research expenses on a consign basis	673,975
Others (Note)	<u>5,812,583</u>
	<u>\$ 13,485,365</u>

Note: The amount of each individual item does not exceed 5% of the account balance.



# E.SUN's 30th Anniversary Towards a Sustainable Future

Thanks for your long-term support.

We are devoted to sustainable development for a beautiful and better society.

E.SUN FINANCIAL HOLDING COMPANY, LTD.



*Yung-Jen Huang*

Chairman



## Service Network of E.SUN Financial Holding Company, Ltd. and its subsidiaries

### E.SUN Commercial Bank, Ltd.

Branch	Phone	Branch	Phone	Branch	Phone
Business Department	+886 2 2719 1313	Yonghe Branch	+886 2 2949 1313	Changhua Branch	+886 4 728 1313
Customer Services Division	+886 2 2175 1313	Yongan Branch	+886 2 8921 1313	Yuanlin Branch	+886 4 836 1313
International Banking Department/ OBU	+886 2 2577 1313	Shuanghe Branch	+886 2 2923 1313	Caotun Branch	+886 4 9238 1313
Trust Department	+886 2 2562 1313	Xinzhuang Branch	+886 2 2202 1313	Douliu Branch	+886 5 532 1313
Insurance Agency Department	+886 2 2562 1313	North Xinzhuang Branch	+886 2 2997 1313	East Chiayi Branch	+886 5 216 1313
Nanjing East Road Branch	+886 2 2760 1313	Xinshu Branch	+886 2 2203 1313	Chiayi Branch	+886 5 223 1313
Zhonglun Branch	+886 2 2731 1313	Xindian Branch	+886 2 2916 1313	Puzi Branch	+886 5 379 1313
Xinyi Branch	+886 2 8789 1313	Beixin Branch	+886 2 8911 1313	Xinying Branch	+886 6 656 8813
Nan Shan Plaza Branch	+886 2 2722 8913	Shulin Branch	+886 2 8675 1313	Jiali Branch	+886 6 721 1313
Keelung Road Branch	+886 2 2378 1313	Huilong Branch	+886 2 2689 1313	Rende Branch	+886 6 270 6613
Songshan Branch	+886 2 3765 1313	Sanxia Branch	+886 2 8970 6613	Yanhang Branch	+886 6 253 1313
NTU Branch	+886 2 2368 1313	Xizhi Branch	+886 2 2647 6613	Yongkang Branch	+886 6 201 1313
Dunnan Branch	+886 2 2754 1313	Tucheng Branch	+886 2 2274 1313	South Yongkang Branch	+886 6 313 1313
Heping Branch	+886 2 2362 1313	South Tucheng Branch	+886 2 2267 1313	East Tainan Branch	+886 6 289 1313
Daan Branch	+886 2 2755 1313	Luzhou Branch	+886 2 2848 1313	Jinhua Branch	+886 6 291 1313
Zhongxiao Branch	+886 2 8772 1313	Jixian Branch	+886 2 8283 1313	Annan Branch	+886 6 357 1313
Dongmen Branch	+886 2 2321 1313	Wugu Branch	+886 2 2290 1313	Tainan Branch	+886 6 241 1313
Renai Branch	+886 2 2708 1313	Xinzhuangfuduxin Branch	+886 2 2297 1313	Zuoying Branch	+886 7 348 8813
Fuxing Branch	+886 2 2771 1313	East Linkou Branch	+886 2 2606 9813	Nanzi Branch	+886 7 364 1313
Minsheng Branch	+886 2 2509 1313	Taoyuan Branch	+886 3 332 1313	North Kaohsiung Branch	+886 7 350 1313
Xinsheng Branch	+886 2 2740 1313	Zhonglutequ Branch	+886 3 337 1313	Dachang Branch	+886 7 341 1313
Changchun Branch	+886 2 2546 1313	Taoying Branch	+886 3 375 1313	Chengqing Branch	+886 7 386 1313
Zhongshan Branch	+886 2 2537 1313	Yiwen Branch	+886 3 357 1313	Qixian Branch	+886 7 235 1313
Chengdong Branch	+886 2 2504 1313	Zhongli Branch	+886 3 427 1313	Kaohsiung Branch	+886 7 336 1313
Minquan Branch	+886 2 2568 1313	Zhongyuan Branch	+886 3 428 1313	Lingya Branch	+886 7 716 1313
Taipei Branch	+886 2 2507 1313	Yangmei Branch	+886 3 488 1313	Qianzhen Branch	+886 7 761 1313
Chengzhong Branch	+886 2 2389 1313	Nankan Branch	+886 3 352 1313	Xiaogang Branch	+886 7 807 1313
Guting Branch	+886 2 2364 1313	Linkou Branch	+886 3 396 1313	Fengshan Branch	+886 7 743 1313
Jiancheng Branch	+886 2 2556 1313	Bade Branch	+886 3 367 1313	Linyuan Branch	+886 7 643 1313
Muzha Branch	+886 2 2936 1313	Lixin Branch	+886 3 492 1313	Houzhuang Branch	+886 7 702 1313
Nangang Branch	+886 2 2789 1313	Hsinchu Branch	+886 3 523 1313	Gangshan Branch	+886 7 621 1313
Neihu Branch	+886 2 2659 1313	Zhuke Branch	+886 3 564 1313	Pingtung Branch	+886 8 733 1313
Chenggong Branch	+886 2 2791 8813	Guanghua Branch	+886 3 533 1313	Donggang Branch	+886 8 835 1313
Donghu Branch	+886 2 2632 1313	Zhubei Branch	+886 3 554 1313	Keelung Branch	+886 2 2427 1313
Xinhu Branch	+886 2 8791 6613	Liujia Branch	+886 3 658 9013	Luodong Branch	+886 3 957 1313
Ruiguang Branch	+886 2 2797 8813	Xinfeng Branch	+886 3 557 1313	Hualien Branch	+886 3 831 1313
Shilin Branch	+886 2 2834 1313	Zhunan Branch	+886 3 746 1313	Taitung Branch	+886 89 36 1313
Tianmu Branch	+886 2 2835 1313	Toufen Branch	+886 3 768 3313	Penghu Branch	+886 6 927 1313
Beitou Branch	+886 2 2895 1313	Houlong Branch	+886 3 773 1313	Los Angeles Branch	+1 626 810 2400
Credit Card and Payment Division	+886 2 2182 1313	Wuri Branch	+886 4 2260 8813	Hong Kong Branch	+852 3405 6168
Sanhe Branch	+886 2 2280 1313	Wuquan Branch	+886 4 2377 1313	Singapore Branch	+65 6533 1313
Sanchong Branch	+886 2 2984 1313	Taichung Branch	+886 4 2254 1313	Dong Nai Branch	+84 251 3671313
Erchong Branch	+886 2 2278 1313	Xitun Branch	+886 4 2461 1313	Yangon Branch	+95 1 9345186 190
East Sanchong Branch	+886 2 2971 1313	Zhonggong Branch	+886 4 2350 8913	Sydney Branch	+61 2 9295 1399
Banqiao Branch	+886 2 8257 1313	Nantun Branch	+886 4 2380 1313	Brisbane Branch	+61 7 3033 8813
Puqian Branch	+886 2 2963 1313	Dadun Branch	+886 4 2320 1313	Tokyo Branch	+81 3 6213 1301
Panshin Branch	+886 2 8952 1313	Beitun Branch	+886 4 2241 6813	Hanoi Representative Office	+84 24 35551313
Xinbantequ Branch	+886 2 2954 1313	Wenxin Branch	+886 4 2291 1313	E.SUN Bank (China) Co., Ltd.	+86 755 8898 1313
Guangfu Branch	+886 2 2957 1313	Fengyuan Branch	+886 4 2512 1313	Shenzhen Branch	+86 755 8360 1313
Zhonghe Branch	+886 2 2222 1313	Shalu Branch	+886 4 2662 1813	Guangzhou Branch	+86 20 6199 1313
Liancheng Branch	+886 2 8228 1313	Daya Branch	+886 4 2568 1313	Dongguan Branch	+86 769 2868 1313
Nanshijiao Branch	+886 2 2942 8813	Taiping Branch	+886 4 2270 8813	Dongguan Changan Sub-branch	+86 769 2330 8813
Taihe Branch	+886 2 2242 1313	Dali Branch	+886 4 2418 1313	Union Commercial Bank Plc.	+855 2391 1313

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Headquarters	+886 2 5556 1313	Taoyuan Branch	+886 3 336 6813
Brokerage Division	+886 2 2713 1313	Hsinchu Branch	+886 3 666 9913
Nanjing East Road Branch	+886 2 2765 1313	Taichung Branch	+886 4 2258 9913
NTU Branch	+886 2 8369 1313	Dali Branch	+886 4 2407 9813
Chengzhong Branch	+886 2 2382 1313	Chiayi Branch	+886 5 216 9913
Shilin Branch	+886 2 2833 1313	Tainan Branch	+886 6 269 9913
Shuanghe Branch	+886 2 8923 1313	Kaohsiung Branch	+886 7 397 1313
Xinzhuang Branch	+886 2 2998 1313	Zuoying Branch	+886 7 558 6613
Banqiao Branch	+886 2 2951 9913		

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