

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 Yung 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

**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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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
<p>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.</p>	<ol style="list-style-type: none"> 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. 	<p>Completed</p>
<p>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.</p>	<ol style="list-style-type: none"> 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. 	<p>Completed.</p>
<p>Subsidiary <u>E.SUN Securities Co., Ltd.</u></p> <ol style="list-style-type: none"> 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 ° 	<ol style="list-style-type: none"> 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. 	<p>Completed.</p>

Item for Improvement	Improvement Measures	Target Date
<p>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.</p>	<p>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.</p>	<p>Completed.</p>