



# **E.SUN Financial Holding Company, Ltd.**

FY2024 Tax Contribution Report



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# Introduction

In recent years, authorities around the world have begun to take tax issues more seriously, continuously raising the bar for tax governance. The implementation of the Global Minimum Tax (GMT) has further increased the public's attention to tax issues. In order to bridge the gap between ourselves and the stakeholders and to dispel public concerns regarding tax matters, E.SUN has published a tax contribution report for seven consecutive years. Through the report, we aim to provide stakeholders with a better understanding of our tax governance framework.

In 2024, once again we participated in the peer tax review program organized by NGO, engaging with multinational company from different industry. We will keep bringing our positive thoughts to the stakeholders and contributing to sustainable tax issues.

## Key figures 2024

**NTD 32,259 M**

Profit before tax

**NTD 6,022 M**

Income tax paid

**NTD 3,665 M**

Other taxes paid

**NTD 3,929 M**

Withholding tax

## Key figures 2023

**NTD 26,512 M**

Profit before tax

**NTD 4,330 M**

Income tax paid

**NTD 3,067 M**

Other taxes paid

**NTD 2,841 M**

Withholding tax



## A.Tax policy and strategy

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# A

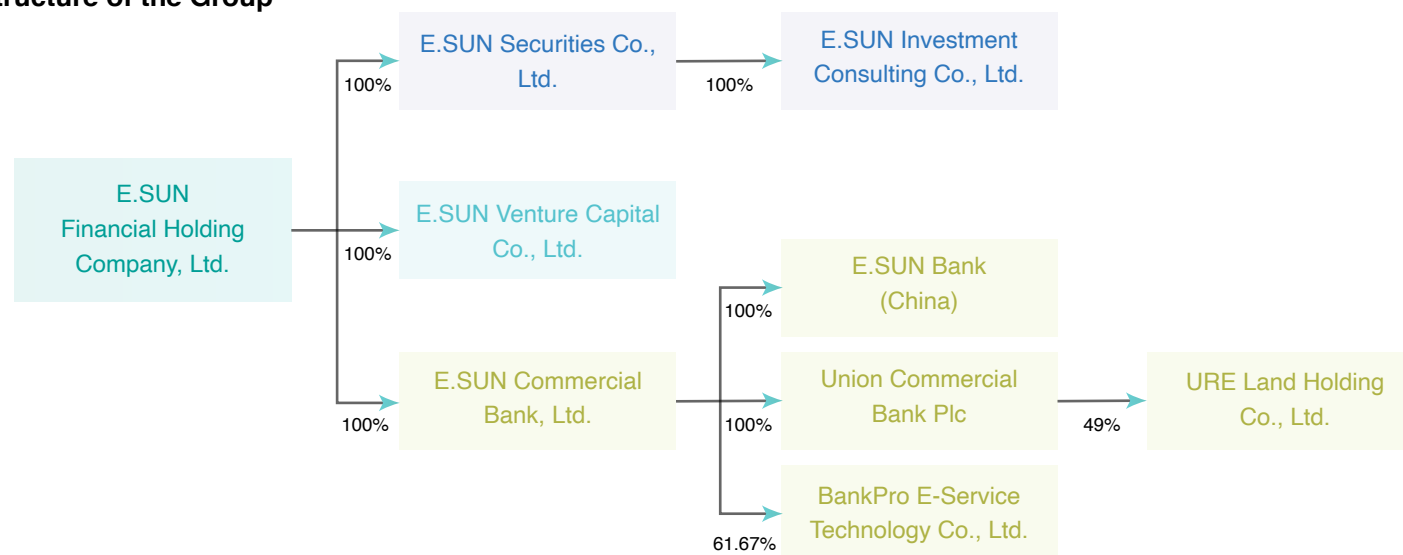
## Tax policy and strategy

### A.1 Business overview

To expand the business in financial industry, E.SUN FHC was established on January 28, 2002 and the shares have been listed on the Taiwan Stock Exchange since then. To provide comprehensive financial services, E.SUN FHC integrates the resources of E.SUN Bank, E.SUN Securities and E.SUN Venture Capital.

As of December 2024, E.SUN Bank operates 33 overseas business locations across 12 tax jurisdictions. Other entities within the group only operate in Taiwan. The primary revenue for the Group are interest income, as well as service and commission income. Given the geographical distribution of our clients, the Asia-Pacific region is identified as the Group's target market.

#### Structure of the Group



#### Tax jurisdictions where E.SUN Bank operates

Asia		Others
Taiwan-Parent company	Japan-Branch	United States -Branch
China-Subsidiary	Vietnam-Branch	Australia -Branch
Cambodia-Subsidiary	Myanmar-Branch	
Hong Kong-Branch	Malaysia -Representative office	
Singapore-Branch	Thailand -Representative office	

## A.2 Tax principles

Tax governance policy and transfer pricing policy are the formal policy guiding company practices. The policies are approved and overseen by the board of directors. All entities within E.SUN group adhere to the principles in the policies. In response to the changes in the tax standards issued by governments and tax initiatives, the policies are reviewed annually to ensure the articles are in line with global tax trends. Below are the key principles of our policies.

### 1. Tax Compliance

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

### 2. Comprehensive Decision

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

### 3. Information transparency

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

### 4. Proactive communication

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

### 5. Tax incentives

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

### 6. Business structure

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

### 7. Risk management

We evaluate potential tax risks before making tax strategies.

### 8. Commercial substance

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

### 9. Arm's length principle

The condition of the commercial and financial relations of related-party transactions shall be similar to non-related-party's.

Our tax governance policy and transfer pricing policy are disclosed publicly, please click on the links for more information.

[Tax governance policy](#)

[Transfer pricing policy](#)

**Note:** The board is the highest governance body in tax governance framework. Our tax governance policy and transfer pricing policy are approved by the Board.

### A.3 Anti-tax avoidance declaration

The Board reviews and approves tax governance report every 6 months and ensures that our tax policy is in accord with international tax trends and OECD standards. To support the development of a fair tax system, we put anti-tax avoidance articles into our internal tax governance guidance. The outline of the guidance are as follows:

#### Comply with the spirit as well as the letter of the tax laws

We are committed to complying with the letter as well as the spirit of the tax laws in the tax jurisdictions we operate. "Tax compliance" is listed in article 4 of E.SUN tax governance policy. To ensure that we always comply with the spirit of the laws, when there are grey areas, we will proactively engage in discussions with tax authorities, peers, and consultants to analyze the laws and potential impacts of various tax treatment options.

#### Not transferring value created to low tax jurisdictions.

#### Not using tax havens / secrecy jurisdictions for tax avoidance.

Based on article 4 of the transfer pricing policy, we are committed to not transferring value to the low-tax jurisdictions and not using secrecy jurisdictions or so-called tax havens for tax avoidance.

According to global minimum tax rule and tax laws in Taiwan, a low-tax jurisdiction is defined as 15% and 14%, respectively. Based on this standard, we don't have any branches, subsidiaries or multiple layers of SPVs located in low-tax jurisdictions. Since Honk Kong was previously placed on the grey list by EU from 2021 to 2023, details of our business in Hong Kong will be disclosed in Chapter C.

#### Not using tax structure without commercial substance

Based on article 4 of tax governance policy, we are committed to not using tax structures for tax avoidance. From the shareholding structure to the transactions, we don't seek abusive tax results and we also don't hide specific information from the tax authorities. We make transactions that are in line with commercial substance and pay reasonable tax in every tax jurisdiction we operate.

#### Undertake transfer pricing using the arm's length principle

In Taiwan, every transaction between related parties should be in line with arm's length principle in accordance with Financial Holding Company Act. The conditions of the commercial and financial relations shall be determined by market forces which is same as the principle of OECD's. Based on article 5 of E.SUN transfer pricing policy, every related-party transaction should reflect the economic reality and the trade terms should be similar to those non-related-party's.

## A.4 Tax incentives

E.SUN Group believes that responsible tax is the cornerstone of government public expenditure. Therefore, we pay reasonable taxes in all tax jurisdictions. Currently, our overseas locations only provide credit services, wealth management and credit card services. The nature of the operations is simple and straightforward. Except for Taiwan, Japan, and Los Angeles, none of our other locations benefit from tax incentives.

### Japan

- Deduction of subordinate Bond interest expense: If the headquarter paid subordinate bond interest expense, the branches in Japan can recognize part of the expense when they do the annual tax filing by using reasonable factor to allocate the expense. We claim about TWD 10 million in 2024.

### Los Angeles

- Deduction of headquarter allocation costs: When branches do the annual tax filing in LA, they can claim headquarter allocation cost by using reasonable factor to allocate part of headquarter costs. We claim about TWD 23 million in 2024.

### Taiwan

- Offshore banking unit: To facilitate financial activities, income from OBU is regarded as tax-exempt income as per Income Tax Act in Taiwan. However, unlike other controversial tax incentive, companies still have to put the income from OBU into the taxable income base when calculating local minimum tax. Taiwan local minimum tax rate is 12%. In 2024, we claimed about TWD 873 million.
- Deduction of Undistributed Earnings for Substantial Investment: In order to encourage companies to make substantial investments by using their earnings. If the earnings are used to construct or purchase buildings, hardware, software, or technology for self-production or business purposes, and the total amount of actual expenditures reaches NTD 1 million, then this investment amount can be deducted from the retained earnings for that year. We claimed about TWD 46 million in 2024.
- R&D Expenditures: Taiwan government provides R&D tax incentive to companies to encourage developing innovative technology. We claimed about TWD 8 million in 2024.





## B.Tax management and advocacy

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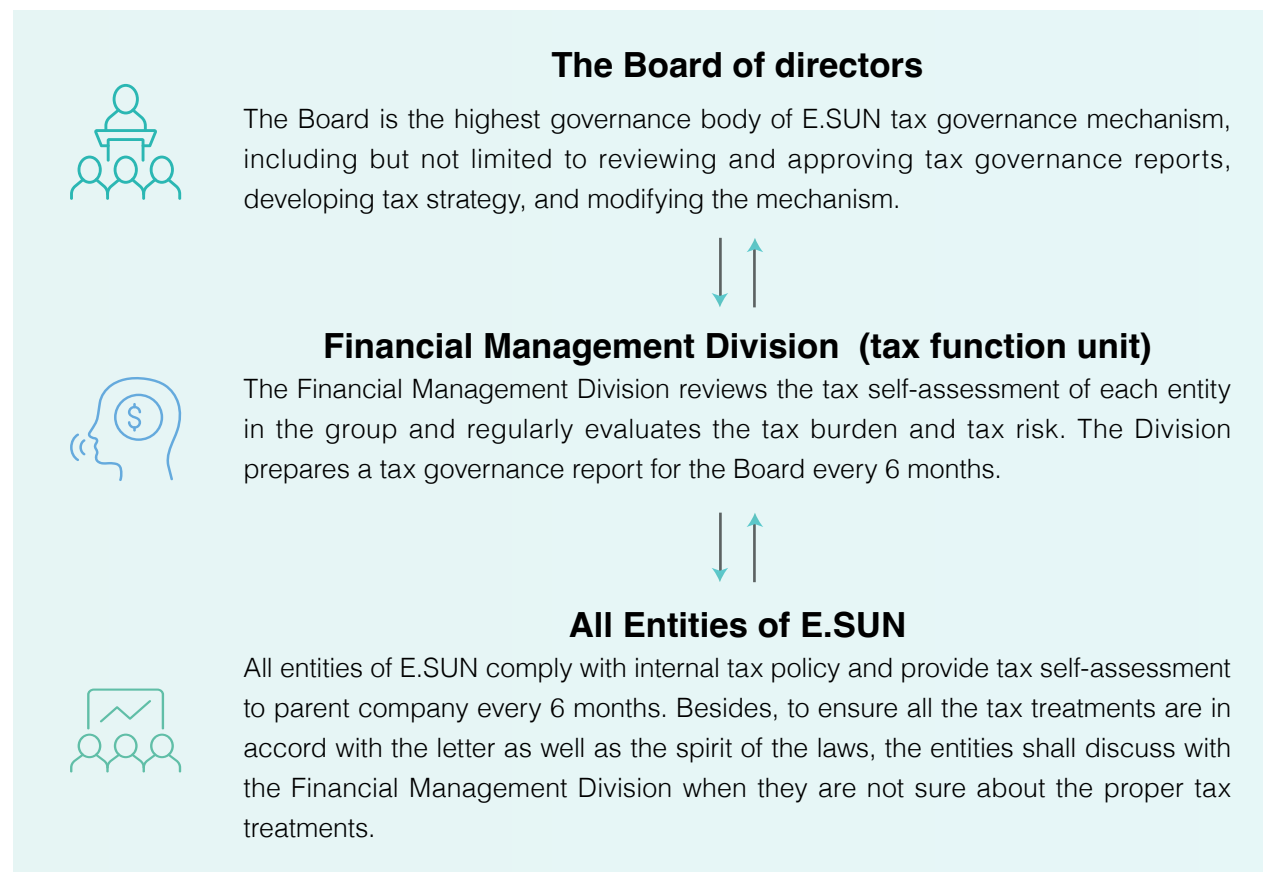
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# B

## Tax management and advocacy

### B.1 Tax governance mechanism

Under tax governance mechanism, the **Board and Financial Management Division** oversee tax matters and propose possible plans to strengthen internal control.



**Q:** How can the board of directors oversee and control tax risk?

**A:** The board reviews tax reports every 6 months. Besides, tax function unit would be asked to evaluate tax risk for significant transactions.

**Q:** How do we ensure the tax personnel equipped with right level of expertise?

**A:** We employed qualified tax staff having tax background. Tax function unit also holds internal online tax seminar to update the latest tax trend.

## B.2 Tax risk management

E.SUN built risk control mechanism to decrease the damage of tax controversial cases and the likelihood of occurrence. The Board reviews tax governance report to oversee the effectiveness of management and knows the potential tax risks.

For **SPECIAL OR SIGNIFICANT** transactions/arrangements, we put the following components into consideration when we evaluate tax risk.

1. If the amount of the transaction is significant
2. If similar transactions were made before
3. If it is a cross-border transaction
4. If it is a related-party transaction
5. If the tax authorities audited similar transaction or issue before
6. Others

### Q&A

**Q: Does E.SUN have whistleblower mechanism?**

**A:** Yes, we have internal and external mailbox for reporting unethical or unlawful behavior related to tax.

The external mailbox: AuditCommittee@esunbank.com

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

**A:** We evaluate tax impacts immediately, and make improvement plans to decrease the likelihood of occurrence of controversial cases.

For **ROUTINE** tax matters, we use the following steps to control tax risk:

#### step 1

### Risk identification

The responsible division identifies risks and makes improvement plans based on the historical records of the occurrence time and reason of controversial cases.

#### step 2

### Risk assessment

We use a standard tax risk evaluation process to evaluate the likelihood of occurrence and extent of damage.

#### step 3

### Risk monitoring

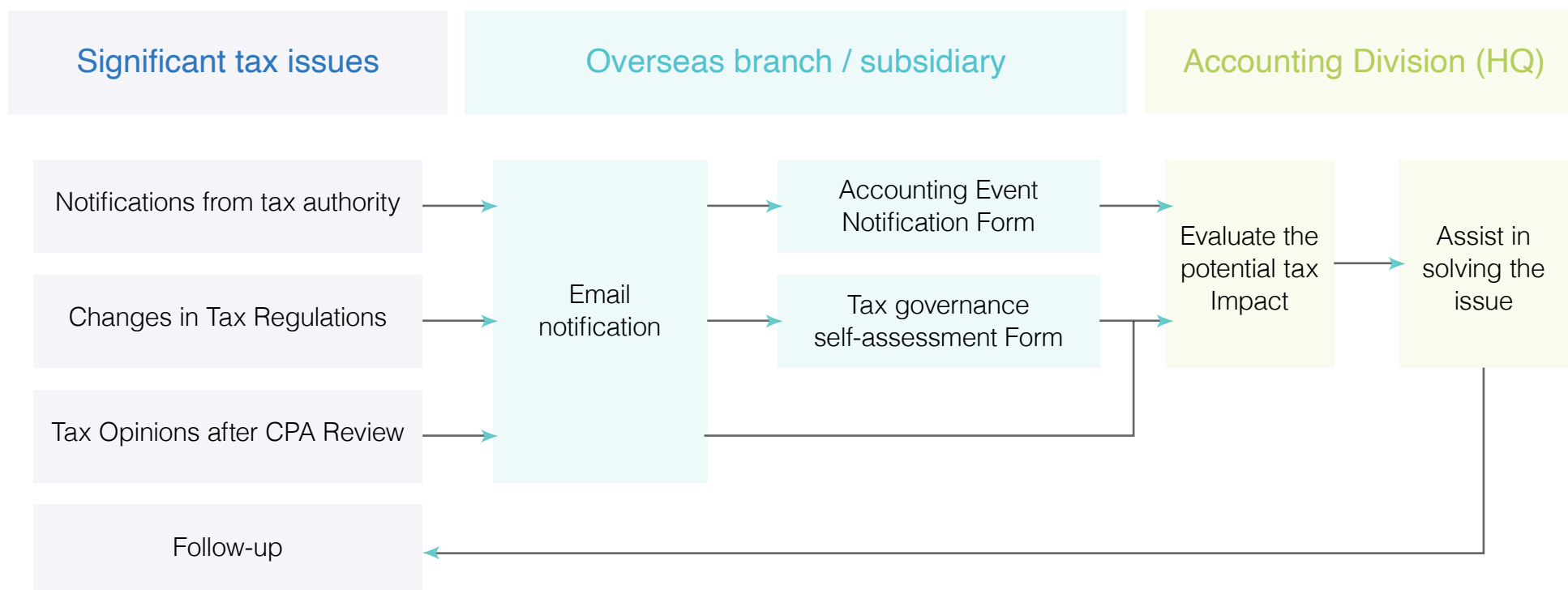
Through internal risk control mechanism, the Board and relevant senior workers assess tax risks regularly.

#### step 4

### Stakeholder engagement

We exchange opinions about tax risks with stakeholders to develop tax strategies to reduce risks.

In order to manage the tax risk of overseas sites, when there are special occurrences arise (such as notifications from tax authorities, changes in tax regulations, etc.), the overseas sites are required to report to the parent (head) company in accordance with the notification schedule outlined in the chart and table below.



Items	Notification to Head Office		Report Content
	Email	others	
Notifications from tax authority(Tax audit/ Tax refund/Additional tax)	within 24 hours	Accounting Event Notification Form	1.Occurrence Time 2.Case description, tax impacts, resolution plan 3.Attachments(Official Document)
Significant Changes in Tax Regulations	within 7 days	Tax Governance Self-assessment Form	
Tax Opinions after CPA Review	within 24 hours	NA	



## B.3 Stakeholder engagement related to tax

**To reinforce public trust, we proactively contact stakeholders to discuss tax issues and engage in public policy advocacy on tax to build a better tax environment.**

### Tax authorities

E.SUN FHC and its subsidiaries maintain open and honest communication with tax authorities. In 2024, when the Ministry of Finance of Taiwan proposed a draft tax amendment for increasing the income basic tax, we proactively provided industry insights on the public policy online participation network platform to build a fair tax environment with the government.

### Peers and Banker Association

To ensure that the tax principles for recognizing financial holding company expenses keep pace with the times, E.SUN FHC participated in a tax project led by the Bankers Association with domestic peers in 2024. We did legislative discussions with the Financial Supervisory Commission and the National Taxation Bureau proactively.

### Clients

E.SUN Bank assists overseas clients in applying for reduced withholding tax rates under tax treaties to address the issue of double taxation. This not only helps alleviate clients' tax burdens but also improves the efficiency of fund utilization.

Through these efforts, we strengthen international economic cooperation, promoting bilateral trade, investment growth, and economic development.

### Public advocacy -NGO

E.SUN FHC actively participates in peer review organized by international tax advocacy organization, The B Team. We exchanged experience of tax practice with Fortune 500 multinational mining companies during the evaluation process. E.SUN got outstanding results across 7 different evaluation aspects in 2024, showing the effectiveness of our commitment to responsible tax practices.

### Independent Directors and Investors

E.SUN FHC publicly discloses tax information and the reasons for changes in the effective tax rate on our official website each year. Additionally, our independent directors specialized in accounting and tax review financial statements each quarter to understand tax costs and risks.





## C. Tax figures

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# C

## Tax figures

### C.1 Tax reporting (Country-by-Country Report)

Our main revenue (77.10%) come from Taiwan, where the headquarters are located. We have adequate number of employees and physical offices in each jurisdiction. Through the country-by-country public reporting, stakeholders can understand our tax profile and worldwide tax contribution.

#### Financial figures of E.SUN FHC-2024

Unit: TWD millions/person

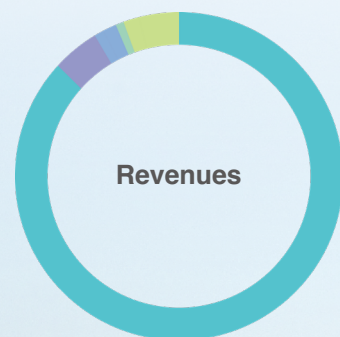
Tax jurisdictions	Revenue	Profit before tax	Income tax accrued (current year)	Income tax paid	Other taxes paid	Number of employees
<b>Taiwan</b>	\$118,673	\$21,683	\$4,262	\$3,718	\$3,434	8,950
<b>Hong Kong</b>	12,812	5,070	829	1,181	-	236
<b>China</b>	3,907	961	62	86	191	332
<b>Cambodia</b>	1,853	352	46	28	16	498
<b>Singapore</b>	5,998	1,789	302	265	2	97
<b>United States</b>	3,290	927	273	279	-	23
<b>Australia</b>	4,050	538	203	234	7	43
<b>Myanmar</b>	509	297	67	60	-	27
<b>Japan</b>	2,039	204	158	89	9	37
<b>Vietnam</b>	797	438	88	82	6	74
<b>Total</b>	\$153,928	\$32,259	\$6,290	\$6,022	\$3,665	10,317

**Note:**

1. According to the Country-by-Country report guideline released by Taiwan tax authority, investments accounted for using equity method should not be included in the amount of revenues and profit before tax.
2. Profit before tax and income tax paid are reported on consolidated basis, while revenue, income tax accrued and other taxes paid are reported on aggregated basis.



## The proportions of revenue, profit before tax and income tax paid by tax jurisdiction-2024





## Names of all the resident entities &amp; primary activities

Tax jurisdictions	Statutory tax rate	Name of the resident entities	Primary activities
<b>Taiwan</b>	20%	1.E.SUN Financial Holding Company, Ltd. 2.E.SUN Commercial Bank, Ltd. ( E.SUN Bank) 3.E.SUN Securities Co., Ltd. 4.E.SUN Venture Capital Co., Ltd. 5.E.SUN Investment Consulting Co., Ltd. 6.BankPro E-Service Technology Co., Ltd.	1.Holding shares 2.Banking 3.Securities 4.Venture Investment 5.Consulting 6.Information technology
<b>Cambodia</b>	20%	1. Union Commercial Bank Plc. 2. URE Land Holding Co., Ltd.	1. Banking 2. Leasing industry
<b>China &amp; Hong Kong</b>	China 25% Hong Kong 16.5%	1. E.SUN Bank (China) 2. E.SUN Bank- Hong Kong Branch	Banking
<b>Singapore</b>	17%	E.SUN Bank - Singapore Branch	Banking
<b>United States</b>	21%	E.SUN Bank - Los Angeles Branch	Banking
<b>Vietnam</b>	20%	E.SUN Bank - Dong Nai Branch	Banking
<b>Japan</b>	30.62%	E.SUN Bank - Tokyo & Fukuoka Branch	Banking
<b>Australia</b>	30%	E.SUN Bank - Sydney Branch & Brisbane Branch	Banking
<b>Myanmar</b>	22%	E.SUN Bank - Yangon Branch	Banking

## C.2 Tax jurisdiction highlights

Tax transparency, fair taxation and measures against base erosion and profit shifting are 3 main aspects EU uses to assess whether a tax jurisdiction is cooperative on tax matters. To dispel the doubts regarding certain tax jurisdiction of our group, we outline the local business of Taiwan, Hong Kong and Singapore.

### Taiwan

Taiwan is the major tax jurisdiction for business development. 77.10% of the group revenue came from Taiwan in 2024. Although income from Offshore Banking Unit is regarded as tax-exempt income as per Income Tax Act in Taiwan. However, companies still have to put the income into the taxable income base when calculating local minimum tax. Taiwan local minimum tax rate is 12%. The Ministry of Finance plans to amend the local minimum tax rate to 15% in response to global minimum tax.

### Hong Kong

E.SUN has been operating in Hong Kong for over 20 years since it is one of the most important regional financial centers. We provide corporate banking and wealth management services in Hong Kong to meet clients' diverse needs.

In 2021, Hong Kong was placed on the EU's grey list due to its Foreign-Source Income Exemption Regimes, but was removed from the list in 2024. While we have an operating site in Hong Kong, the profits are derived from local business activities which are consistent with economic substance. Moreover, we don't have any foreign-source exempt income in Hong Kong, so there is no concern about using the controversial tax incentive that may facilitate tax avoidance.

### Singapore

Singapore ranks top 3 on the revenue among the group. Our business in Singapore is similar to Hong Kong. Although Singapore was once temporarily added on the grey list because of tax transparency issue, government of Singapore improved the tax system immediately. The profit we earn in Singapore are from local business. We don't have foreign-source exempt income and tax incentive, therefore there is no concern on tax avoidance issue.



### C.3 Effective tax rate (two-year income tax information)

The reported tax rate of E.SUN FHC in 2024 is 18.94% which is slightly lower than the statutory tax rate (20%) and the global average banking effective tax rate (21.29%) from CSA handbook 2024 due to the tax-exempt income from offshore banking unit. The year-over-year tax rate difference is minor because the operations continue to be stable, and there have been no significant changes in revenue sources.

Unit: TWD millions/%

	2024	2023	Calculated averages	Reference
<b>Earnings before tax (a)</b>	\$32,259	\$26,512	\$29,385	Appendix E.3
<b>Reported taxes (b)</b>	6,111	4,764	5,437	Appendix E.3
<b>Reported tax rate (b) / (a)</b>	18.94%	17.97%	18.50%	
<b>Adjustments (c)</b>				
Timing -Deferred tax	181	(219)	(19)	Financial statements p.68
Prior year's adjustments	160	136	148	
Tax-exempt income	873	819	846	
<b>Effective tax rate (b+c) / (a)</b>	22.71%	20.75%	21.82%	
<b>Cash taxes paid (d)</b>	6,022	4,330	5,176	Appendix E.3
<b>Cash tax rate (d) / (a)</b>	18.67%	16.33%	17.61%	

Note:

**1. Timing difference-deferred tax**

The deferred tax assets in 2024 and deferred tax liabilities in 2023 are both timing difference from unrealized revaluation adjustments of financial instruments, causing an increase in 2023, a decrease in 2024.

**2. Prior year's adjustments**

When the amount of tax payable assessed by the tax authority differs from the income tax payable recorded in the financial statements, the difference will be recognized in the year tax authority issues the assessment.

**3. Tax-exempt income**

Offshore banking unit (OBU) income is tax-exempt as per the Income Tax Act in Taiwan, leading a decrease in the income tax rate.

**4. The cash rate difference**

According to the Income Tax Act in Taiwan, companies are required to file and pay the assessed income tax in May of the following year. As a result, the income tax we pay in May is based on the taxable income from previous year, leading the inconsistency of basis year of profit before tax and income tax paid.

## C.4 Potential Tax Impacts

E.SUN is a multinational company subject to the Global Minimum Tax (GMT). In 2024, some of our operating tax jurisdictions, including Australia, Vietnam and Japan, implemented the Income Inclusion Rule (IIR). As a result, we engaged with an accounting firm to assist us in evaluating the potential tax impacts of this new tax legislation.

### Global Minimum Tax project

We used FY2023 data to conduct a two-step Effective Tax Rate (ETR) test. First, we performed a simplified ETR test based on the transitional Country-by-Country Reporting (CbCR) safe harbor rules released by OECD. Second, we conducted a full ETR test under the GloBE rules to determine if any tax jurisdiction would be required to pay top-up tax. The results of the tests are disclosed below, showing that all of our tax jurisdictions successfully passed.

Tax jurisdictions	Step 1 CbCR safe harbor test	Step 2 Full ETR test	Pass or not
Taiwan	7.60%	16.77%	V (Note)
Hong Kong	16.57%	-	V
Singapore	17.05%	-	V
Japan	42.33%	-	V
Australia	35.79%	-	V
Vietnam	20.34%	-	V
The United States	27.46%	-	V
Myanmar	22.61%	-	V
Cambodia	20.20%	-	V
China	25.59%	-	V

**Note:** The CbCR Safe harbor simplified test is the transitional test for multinational companies to reduce or simplify the number of computations and adjustments a company is required to make under the GloBE Rules in the first three years of implementing GMT. Jurisdictions that pass the full test won't be subject to top-up tax, even if they do not pass the simplified test. Therefore, while Taiwan didn't pass the simplified ETR test, its ETR under the full test is 16.77% (exceeding the 15%), showing that there is no additional tax liability based on FY2023 data. In 2025, more tax jurisdictions will implement the global minimum tax. E.SUN will continue to collaborate with accounting firms to prepare GMT-related information. Through precise analysis of each overseas location, we can effectively respond to the challenges of these new regulations, enhancing overall risk management and tax compliance capabilities.





## D. Self-Assessment

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D.1 Responsible tax principles

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# D

## Self-Assessment

### D.1 Responsible tax principles

The B Team Responsible Tax Principles was developed through dialogue with a group of leading companies. It aims to establish the principles and an approach to taxation that companies can endorse to demonstrate responsibility and play their part in creating a stable, secure and sustainable society.

#### Principle

- Accountability & Governance
- Compliance
- Business Structure
- Relationships with Authorities
- Seeking & Accepting Tax Incentives
- Supporting Effective Tax Systems
- Transparency

In 2024, we once again participated in the peer review program organized by The B Team. This program serves as a mechanism for companies that endorse responsible tax principles to evaluate each other's tax practices. The assessment consists of 37 items across 7 key principles. This year, we were paired with a Fortune 500 multinational mining company. Despite the differences in industry and scale, we still exchanged valuable experiences during the review process, driven by the shared commitment of upholding responsible tax principles. The evaluation results show that we fully adhere to the principles, as our paired company gave us a green light (fully match) in all aspects.



## D.2 GRI-207 – Tax standard

**GRI Sustainability Reporting Standards are designed to be used by organizations to report their impacts on the economy, environment, and society. GRI 207 addresses the topic of tax. It illustrates the disclosure standard. Organizations have an obligation to comply with tax legislation, and a responsibility to their stakeholders to meet expectations of good tax practices.**

Tax disclosures	Requirement	Remarks
Disclosure 207-1 Approach to tax	A description of the approach to tax, including: <ol style="list-style-type: none"> <li>Whether the company has a tax strategy which is publicly available.</li> <li>The governance body within the organization reviews the strategy.</li> <li>The approach to regulatory compliance.</li> <li>How the approach is linked to the business and sustainable development.</li> </ol>	Yes, we meet this requirements.
Disclosure 207-2 Tax governance, control, and risk management	The reporting organization shall report the following information: <ol style="list-style-type: none"> <li>The tax governance and control framework.</li> <li>The mechanism for reporting unethical and unlawful behavior.</li> <li>The assurance process for disclosure on tax.</li> </ol>	Yes, we meet this requirements.
Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	The reporting organization shall report the following information: <ol style="list-style-type: none"> <li>The approach to engagement with tax authorities.</li> <li>The approach to public policy advocacy on tax.</li> <li>The processes for collecting the views and concerns of stakeholders.</li> </ol>	Yes, we meet this requirements.
Disclosure 207-4 Country-by-country reporting	The reporting organization shall report the following information: <ol style="list-style-type: none"> <li>All tax jurisdictions where the entities included in the organization's audited consolidated financial statement.</li> <li>The requirement of disclosure (country-by-country disclosure)</li> <li>The time period covered by the information reported in this disclosure.</li> </ol>	Yes, we meet the reporting requirements of GRI 207. For the reporting recommendation, we put it as future disclosing item.



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# E

## Appendix

### E.1 Glossary

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

## E.2 Responsible tax principle peer review

For the peer review, we follow the assessment list organized by The B Team to review paired company. There are 37 items under 7 principles.

Principle	Item
Governance	A. We have a tax strategy and set of principles approved by the Board
	B. The Board is accountable for the tax strategy and responsibility for tax risk management is clearly delegated to key individuals.
	C. We put mechanisms in place to ensure awareness of and adherence to our tax strategy and principles and provide opportunities for employees to raise confidentially any issues of concern.
	D. We have clear procedures in relation to tax risk management and carry out risk assessments before entering into any tax planning on significant transactions.
	E. We report at least annually to the Board on tax risks and adherence to the tax strategy.
	F. Our tax strategy and principles apply to all our local tax practices in all jurisdictions, subsidiaries and entities.
	G. We employ appropriately qualified and trained tax professionals with the right levels of expertise and understanding.
Compliance	A. We prepare and file all tax returns required, providing complete, accurate and timely disclosures to all relevant revenue authorities.
	B. Our tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of our business.
	C. We will not undertake transactions whose sole purpose is to create a tax benefit which is in excess of a reasonable interpretation of relevant tax rules.
	D. We aim for certainty on tax positions, but where tax law is unclear or subject to interpretation, we evaluate the likelihood and where appropriate seek an external opinion, to ensure that our position would, more likely than not, be upheld.
	E. We use the arm's length principle, pricing in-line with best practice guidelines issued by the OECD, and apply this consistently across our businesses.

(Continued)

Principle	Item
Business structure	<p>A. The Group is transparent about the entities that it owns around the world and about who owns them.</p> <p>B. We do not use so-called 'tax havens' to avoid taxes on activities which take place elsewhere. Entities which are based in low or nil-rate jurisdictions exist for substantive and commercial reasons.</p> <p>C. We pay tax on profits according to where value is created within the normal course of commercial activity; we do not use artificially fragmented structures or contracts to avoid establishing a taxable presence in jurisdictions where we do business.</p> <p>D. Our tax principles extend to our relationships with employees, customers and contractors. We will not engage in arrangements whose sole purpose is to create a tax benefit.</p>
Relationships with tax authorities	<p>A. We follow established procedures and channels for all dealings with tax authorities, government officials, ministers and other third parties, in a professional, courteous and timely manner.</p> <p>B. We are open and transparent with tax authorities, responding to relevant tax authority enquiries in a straightforward and timely manner to assist in the evaluation of tax liability.</p> <p>C. We endeavour to build relationships of cooperative compliance with tax authorities where both parties engage in a proactive and constructive dialogue to discuss tax planning strategy, risks and significant transactions.</p> <p>D. Where there are misunderstandings of fact or law, we will seek to work with tax authorities to identify the issues and explore options to resolve any misunderstandings or disagreements.</p> <p>E. If we seek rulings from tax authorities to confirm an applicable tax treatment, we do so based on full disclosure of all of the relevant facts and circumstances.</p> <p>F. We will seek to enter into an early dialogue with tax authorities, wherever possible, where there is significant uncertainty about how the tax rules apply to our business.</p> <p>G. We will not bribe or otherwise induce tax officials, government officials or ministers with the aim of obtaining more beneficial outcomes with respect to tax matters.</p>

(Continued)



Principle	Item
Tax incentives	<ul style="list-style-type: none"> <li>A. Where we accept tax incentives offered by a Government authority, we will seek to implement these in the manner intended by the relevant statutory, regulatory or administrative framework.</li> <li>B. We will only use tax incentives where they are aligned with our business and operational objectives and where they require economic substance.</li> <li>C. Ideally, tax exemptions and reliefs should be specified by law and generally available to all market participants. Where there are exceptions, we will work with relevant authorities to encourage publication of those incentives and contracts.</li> <li>D. We will make data available for governments to assess the revenue and economic impacts of specific tax concessions.</li> </ul>
Supporting effective tax systems	<ul style="list-style-type: none"> <li>A. We give constructive input to industry groups, governments and other external bodies and engage with civil society on tax issues in order to contribute to the development of future tax legislation and practice.</li> <li>B. We support initiatives to help develop the capability of tax authorities and systems if requested.</li> <li>C. We promote responsible tax practices which are in line with The B Team Responsible Tax Principles through our relationships with suppliers, contractors and customers and so on.</li> </ul>
Transparency	<ul style="list-style-type: none"> <li>A. A tax strategy or policy, including details of governance arrangements, our tax risk management strategy and our approach to dealing with tax authorities.</li> <li>B. A regular update on our progress and key issues related to our tax strategy and principles.</li> <li>C. An overview of our group structure and a list of all entities, with ownership information and a brief explanation of the type and geographic scope of activities.</li> <li>D. An explanation of why we have subsidiaries, branches and joint ventures operating in low tax jurisdictions.</li> <li>E. Annual information that explains our overall effective tax rate and gives information on the taxes we pay at a country level, together with information on our economic activity.</li> <li>F. Information on financially-material tax incentives, where appropriate, including an outline of the incentive requirements and when it expires.</li> <li>G. An outline of the advocacy approach we take on tax issues, the channels through which we engage in regard to policy development and the overall purpose of our engagement.</li> </ul>

## E.3 Consolidated statements of comprehensive income and cash flows

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
<b>INTEREST REVENUE (Notes 4, 33 and 40)</b>	\$100,215,518	132	\$84,436,464	127	19
<b>INTEREST EXPENSE (Notes 4, 33 and 40)</b>	(66,218,071)	(87)	(55,336,285)	(83)	20
<b>NET INTEREST</b>	33,997,447	45	29,100,179	44	17
<b>NET REVENUES AND GAINS OTHER THAN INTEREST</b>					
Service fee and commission income, net (Notes 4, 34 and 40)	28,158,844	37	21,518,021	32	31
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 35)	9,544,777	13	14,421,132	22	(34)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,825,404	2	1,254,070	2	46
Foreign exchange gains, net (Note 4)	1,747,564	2	192,344	-	809
Reversal of impairment losses (impairment losses) on assets (Note 4)	(27,227)	-	13,197	-	(306)
Other noninterest gains, net (Notes 4 and 17)	897,736	1	196,628	-	357
<b>TOTAL NET REVENUES</b>	76,144,545	100	66,695,571	100	14
<b>BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)</b>	(4,146,556)	(6)	(2,681,784)	(4)	55
<b>OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30, 36 and 40)</b>					
Employee benefits	\$(17,155,146)	(22)	\$(16,544,257)	(25)	4
Depreciation and amortization	(3,763,998)	(5)	(3,889,085)	(6)	(3)
General and administrative	(18,819,506)	(25)	(17,068,434)	(25)	10
<b>Total operating expenses</b>	(39,738,650)	(52)	(37,501,776)	(56)	6

(Continued)

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

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
<b>INCOME BEFORE INCOME TAX</b>	32,259,339	42	26,512,011	40	22
<b>INCOME TAX EXPENSE (Notes 4 and 37)</b>	(6,110,615)	(8)	(4,764,244)	(7)	28
<b>NET INCOME FOR THE YEAR</b>	26,148,724	34	21,747,767	33	20
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 30 and 37)					
Remeasurement of defined benefit plans	286,276	-	108,836	-	163
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	451,863	1	(2,814,101)	(4)	116
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	4,157,713	5	3,089,326	4	35
Income tax relating to items that will not be reclassified subsequently to profit or loss	70,943	-	(3,356)	-	2,214
Items that will not be reclassified subsequently to profit or loss, net of income tax	4,966,795	6	380,705	-	1,205
Items that may be reclassified subsequently to profit or loss (Notes 4 and 37)					
Exchange differences on the translation of financial statements of foreign operations	2,989,647	4	(493,434)	(1)	706

(Continued)

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	2,417,741	3	4,092,690	6	(41)
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,128,330)	(1)	(436,215)	-	159
Items that may be reclassified subsequently to profit or loss, net of income tax	4,279,058	6	3,163,041	5	35
Other comprehensive income for the year, net of income tax	9,245,853	12	3,543,746	5	161
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$35,394,577</b>	<b>46</b>	<b>\$25,291,513</b>	<b>38</b>	<b>40</b>
<b>NET INCOME ATTRIBUTABLE TO</b>					
Owners of ESFHC	\$26,127,505	34	\$21,726,249	33	20
Non-controlling interests	21,219	-	21,518	-	(1)
	\$26,148,724	34	\$21,747,767	33	20
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>					
Owners of ESFHC	\$35,372,202	46	\$25,269,230	38	40
Non-controlling interests	22,375	-	22,283	-	-
	\$35,394,577	46	\$25,291,513	38	40
<b>EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 38)</b>					
Basic	\$1.63		\$1.38		
Diluted	\$1.63		\$1.38		

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

(Concluded)

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$32,259,339	\$26,512,011
Adjustments for:		
Depreciation expenses	3,178,355	3,182,130
Amortization expenses	585,643	706,955
Expected credit losses/bad-debt expenses	4,178,003	2,753,486
Gains on financial assets and liabilities at fair value through profit or loss	(9,544,777)	(14,421,132)
Interest expense	66,218,071	55,336,285
Interest revenue	(100,215,518)	(84,436,464)
Dividend income	(1,163,564)	(1,010,347)
Provision for losses on guarantees	(4,239)	(71,403)
Salary expenses on share-based payments	784,077	1,110,295
Losses on disposal of properties and equipment	12,753	927
Gains on disposal of properties and equipment	(619,357)	-
Gains on disposal of investments	(661,840)	(243,723)
Others	115,192	(29,922)
<b>Net changes in operating assets and liabilities</b>		
Due from the Central Bank and call loans to other banks	(48,678,205)	(23,658,881)
Financial assets at fair value through profit or loss	22,044,415	125,770,398
Financial assets at fair value through other comprehensive income	(7,353,114)	(5,994,475)
Investments in debt instruments at amortized cost	(4,872,632)	(74,061,896)
Receivables	(13,796,139)	(11,625,235)
Discounts and loans	(251,208,463)	(131,798,420)
Other financial assets	(6,159,924)	(492,952)
Other assets	(971,883)	(29,180)

(Continued)

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

	2024	2023
<b>Net changes in operating assets and liabilities</b>		
Deposits from the Central Bank and other banks	35,055,394	(27,045,739)
Financial liabilities at fair value through profit or loss	(41,840,100)	(10,546,451)
Securities sold under repurchase agreements	13,579,422	6,183,427
Payables	4,272,040	2,746,843
Deposits and remittances	323,565,866	118,447,645
Provision for employee benefits	47	54
Other financial liabilities	9,979,053	13,664,838
Other liabilities	1,183,833	(390,011)
Cash generated from (used in) operations	29,921,748	(29,440,937)
Interest received	99,781,893	83,955,132
Dividends received	1,285,513	1,149,238
Interest paid	(65,673,290)	(53,788,120)
Income tax paid	(6,021,732)	(4,330,355)
Net cash generated from (used in) operating activities	59,294,132	(2,455,042)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	\$(1,655,197)	\$(2,373,703)
Proceeds from disposal of properties and equipment	1,215	269
Increase in operating deposits	-	(20,000)
Increase in settlement fund	(55,931)	(1,554)
Decrease in settlement fund	29,483	7,621
Increase in refundable deposits	(5,768,396)	(3,677,574)
Payments for intangible assets	(396,556)	(360,187)
Payments for right-of-use assets	(426)	(1,800)
Disposal of investment property	721,723	-

(Continued)

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

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in other assets	(1,836)	(871)
Net cash used in investing activities	(7,125,921)	(6,427,799)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(32,118)	(3,154,872)
Increase in commercial paper issued	15,630,000	7,360,000
Proceeds from issue of corporate bonds	3,800,000	3,000,000
Repayments of corporate bonds	(4,000,000)	-
Proceeds from issue of bank debentures	2,700,000	2,900,000
Repayments of bank debentures	(3,300,000)	(1,500,000)
Repayments of long-term borrowings	(36,248)	(8,908)
Increase in financial liabilities designated at fair value through profit or loss	1,457,272	1,575,323
Decrease in financial liabilities designated at fair value through profit or loss	(2,747,927)	-
Increase in guarantee deposits received	2,270,466	-
Decrease in guarantee deposits received	-	(4,783,105)
Repayments of the principal portion of lease liabilities	(1,254,202)	(1,166,372)
Cash dividends paid	(18,796,800)	(2,855,020)
Proceeds from issuance of shares	-	16,000,000
Cash dividends paid to non-controlling interests	(16,167)	(12,933)
Net cash generated from (used in) financing activities	(4,325,724)	17,354,113
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(9,067,852)	1,117,493
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	38,774,635	9,588,765
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	125,338,864	115,750,099
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	\$164,113,499	\$125,338,864

(Continued)



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

	December 31	
	2024	2023
<b>RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2024 AND 2023</b>		
Cash and cash equivalents in the consolidated balance sheets	\$62,593,270	\$67,575,304
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"	72,253,587	49,666,263
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	29,266,642	8,097,297
Cash and cash equivalents at the end of the year	\$164,113,499	\$125,338,864

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

(Concluded)

