

WANG SHOU YING

ANNUAL REPORT 2022

E.SUN FHC 2884



玉山金控 E.SUN FHC

<https://www.esunfhc.com>

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

Printing Date: 2023.3.20



E.SUN Financial Holding Company, Ltd. and subsidiaries

Name	Address	Telephone	Website
E.SUN Financial Holding Company, Ltd.	14F, No.117 & 1F, No.115, Sec.3, Minsheng E. Rd., Songshan District, Taipei City, Taiwan	+886 2 2175 1313	https://www.esunfhc.com
E.SUN Commercial Bank, Ltd.	No.117 & No. 115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City, Taiwan	+886 2 2175 1313	https://www.esunbank.com.tw
E.SUN Securities Co., Ltd.	6F, No. 158 & 2F, No.156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City, Taiwan	+886 2 5556 1313	https://www.esunsec.com.tw
E.SUN Venture Capital Co., Ltd.	6F, No. 115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City, Taiwan	+886 2 2175 1313	

Spokesperson

Name: Magi Chen
Position: President
Telephone: +886 2 2175 1313
email: spokesperson@esunfhc.com

Deputy Spokesperson

Name: Stanley Lin
Position: Chief Marketing Officer
Telephone: +886 2 2175 1313
email: spokesperson@esunfhc.com

Stock Transfer and Service Contact

Name: Administration Department (Stock Affairs), Administration Division, E.SUN FHC
Address: 1F, No.115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City, Taiwan
Website: <https://www.esunfhc.com>
Telephone: +886 2 2719 1313

Rating Agency

Name: Moody's Investors Service Inc.
Address: 7 World Trade Center 250 Greenwich Street, New York, NY 10007, U.S.A
Telephone: +1 212 553 0300

Name: Taiwan Ratings Corporation
Address: 2F, No. 167, Dunhua N. Rd., Songshan Dist., Taipei City, Taiwan
Telephone: +886 2 2175 6800

Name: S&P Global Ratings
Address: 55 Water Street, New York, NY 10041, USA
Telephone: +1 212 438 1000

Independent Auditor (Certified Public Accountant)

Independent Auditor: Yin-Chou Chen and Chen-Hsiu Yang
Accounting Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City, Taiwan
Website: <https://www.deloitte.com.tw>
Telephone: +886 2 2725 9988

Information of Overseas Depositary Receipt

Global Depositary Receipt
Place of Trading: Luxembourg Stock Exchange
Website: <https://www.bourse.lu>



E.SUN FHC 21th

CHEN HUEI DUNG



《 Exploration 》
Dino Rosin 2021 Crystal
Possession of E.SUN

CONTENTS

1. Letter to Shareholders	1
2. Company profile	5
2.1 Date of establishment	6
2.2 Introduction	6
3. Corporate Governance	9
3.1 Organization	10
3.2 Directors, independent directors and senior managers	15
3.3 Implementation of Corporate Governance	38
3.4 Information on fees for CPAs	103
3.5 Information on changing CPAs	104
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	104
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	104
3.8 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders	106
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	106
4. Capital Overview	107
4.1 Capital and shares	108
4.2 Corporate bonds	112
4.3 Issuance of Preferred Share	113
4.4 Global depository receipt	113
4.5 Status of Employee Stock Option Plan and Restricted Stock Awards	114
4.6 Merger and acquisition	114
4.7 Fund utilization plans and execution	114
5. Business Operation	115
5.1 Business scope	116
5.2 Cross sector integration and marketing	122
5.3 Market and business competitive landscape	123
5.4 Human resources	125
5.5 Corporate responsibility and ethics	128
5.6 Environmental protection expenditure information	129
5.7 IT Facilities	129
5.8 Cyber Security Management	131
5.9 Labor-Management Relations	133
5.10 Important Contract	134
6. Financial Information	135
6.1 Condensed Financial Statements from 2016 to 2020	136
6.2 Financial data for the most recent five years	138
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	139
6.4 Audit Committee report	140
7. Management discussion and analysis of financial performance and matters of risk management	141
7.1 Financial status	142
7.2 Financial Performance	143
7.3 Cash Flow	143
7.4 Impact of significant capital expenditures on finances	143
7.5 2020 reinvestment policy, main reasons for profits or losses, improvement plan, and investment in the coming year	143
7.6 Risk Management	144
7.7 Crisis Handling Mechanism	152
7.8 Disclosure of Evaluation for Financial Products	152
7.9 Other Important Issues	152
8. Special Disclosure	153
8.1 Information of affiliated companies	154
8.2 Private placement securities in the most recent years	157
8.3 The shares of the company held or disposed of by its subsidiaries in the most recent years	157
8.4 Other supplementary notes	157
8.5 Any Events in 2020 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	158
Appendix Consolidated Financial Statements and Independent Auditors' Report	159

1. Letter to Shareholders

Dear shareholders,

2022 was a turbulent year. Although the world is gradually coming out from the shadow of the pandemic, variables such as the war in Ukraine and Russia, rising global inflation, and international political and economic competition still pose a high degree of uncertainty for the global economic outlook. Central banks around the world have accelerated raising their interest rate to fight inflation, weak end demand has created pressure on the inventories, and corporate investment has also become cautious and conservative. Taiwan's export growth momentum has clearly weakened in the second half of 2022, which slowed down the overall economic growth momentum for the year. Looking towards 2023, there are still many challenges for domestic and international economic development.

Facing global issues such as climate change, geopolitical conflicts, and the post-pandemic era, it challenges the wisdom of both the countries' and corporates' management. This is a crisis but also a greater turning point. We believe that having a clear vision and stable long-term core values, together with precision strategies and effective execution, are the key abilities for enterprises to demonstrate resilience, overcome challenges, and advance toward the future.

E.SUN chose a different path in 1992, with the vision of becoming a first-class citizen and making eternal commitments to this land. It has become the most respected enterprise with the best overall performance and is dedicated to incorporating ESG and technology into its financial services. E.SUN joined forces with like-minded partners to advance toward a new era of net zero and digital transformation and to work together toward a sustainable society and environment.

Propelling stably forward in times of changes, growing sturdily through challenges.

E.SUN has continued to strengthen its capabilities for the past 30 years, focusing on its core business operations, and demonstrating robust performance overall. Affected by the violent fluctuations in the overall financial environment in 2022, the banks' valuation of financial asset were impacted in the short term. However, this will contribute to the sound development of the banks' deposit and loan business in the medium and long term.

Regarding financial indicators, E.SUN FHC reported net earnings amount of NT\$54.806 billion, with an after-tax earnings amount of NT\$15.759 billion and EPS at NT\$1.10, ROA at 0.47%, ROE at 8.06%, and capital adequacy ratio at 127.54%. The after tax earnings of subsidiaries E.SUN



Bank, E.SUN Securities, and E.SUN Venture Capital was NT\$14.809 billion, NT\$1.004 billion and NT\$82 million respectively.

In terms of business indicators, E.SUN FHC's total assets rapidly grew at a compound annual growth rate of 10% over the past decade to NT\$3.4796 trillion. As of the end of 2022, total deposits amounted to NT\$2.9009 trillion, with a growth of 7.71%. Due to the cross-border platform and digital banking, foreign currency deposits are equivalent to NT\$1.1300 trillion, with a growth of 12.65%. Total loans grew 9.42% to NT\$1.9573 trillion, and asset quality remains at a sound level with an NPL ratio of 0.16% and an NPL coverage ratio of 752.56%. However, due to the impact of the market headwinds, the net service fee income was NT\$19.28 billion, a decrease of 9.59%.

International Rating: E.SUN FHC was selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) for 9 consecutive years and ranked in the top 1% for the banking sector around the world. E.SUN was also rated as AAA level, the highest level, by MSCI ESG. Both achievements set the best record in Taiwan's banking industry. In addition, E.SUN has won the "Best Bank in Taiwan" award from four international financial media with authorities, including The Asset, Asiamoney, Finance Asia,

and Forbes, demonstrating that E.SUN's sustainability practices and overall performances have been highly recognized and praised internationally.

Advancing toward sustainable management is turning corporate's businesses into enduring great companies

Just as the modern management guru Jim Collins said: "Great companies do not believe in 'greatness'. They only believe in continuous improvement and change" While upholding their core values and beliefs, corporates must constantly innovate and pursue progress to stand the test of time and strive toward build to last to build a century-old legacy. Looking towards the fourth decade, E.SUN will put risk management as its foundation and cultivate the overseas market, FinTech innovation, and ESG sustainable development.

Regarding overseas expansion, E.SUN successively established two representative offices in Bangkok, Thailand, and Ho Chi Minh City, Vietnam, and received approval from the Financial Supervisory Commission to establish a branch in Fukuoka, Japan in 2022. E.SUN has currently established 30 business locations in 10 countries and regions overseas; they collectively account for 30% of after tax earnings, making E.SUN's expansion in Asia more complete. In the future, E.SUN will continue to integrate financial platforms in Taiwan and overseas, link up locations in the Asia Pacific, Greater China, and ASEAN countries to give domestic and overseas Taiwanese businesses more comprehensive banking services. Its goal is to become the best dependable partner for customers to expand their business in the Asia-Pacific region.

In terms of FinTech, as technology continues to evolve rapidly and financial services become more diverse, E.SUN has assembled a technology team with nearly 1,300 talents with expertise in technology to coordinate the overall digital development, smart applications, IT development, and information security management. Using technology as an accelerator, E.SUN actively promotes digital transformation by creating an agile information structure to improve digital resilience and the flexibility to adapt. It also continues to expand its use of AI applications to enhance service quality, efficiency, and customer experience, and create a digital financial ecosystem so that financial services can be like water and electricity, integrating into customers' daily lives.

In terms of ESG and sustainable development, in early 2022, E.SUN became the first financial institution in

Taiwan to pass the review of the SBTi. It actively follows the SBTi guidelines and sets its own carbon reduction, and investment and financing transformation strategies. E.SUN pledged to completely phase out coals by 2035 and use 100% renewable energy at domestic and overseas locations by 2040. E.SUN has already called on 133 influential leading corporates to support and work towards the goal of net zero by 2050 together through "E.SUN ESG and sustainability initiative". To continue to align with international standards and promote sustainable development, E.SUN not only joined initiatives such as RE100 and TNFD (Task Force on Nature-related Financial Disclosures), but it has also personally participated in the United Nations Climate Change Conference (COP27) and the World Climate Summit (WCS) held in Egypt. E.SUN has delivered a speech on "Taiwan's New Climate Finance," not only allowing Taiwan's voice be heard by the world but also hoping to expand positive financial influences and get more people to pay attention to and be aware of climate change issues.

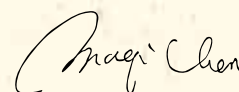
Give Asia a better E.SUN and the world a better Taiwan.

Since its establishment, E.SUN upholds the core values of honesty, integrity, professional, and responsible. It strives to climb the mountains of "overall performance, corporate social responsibility, and sustainable development, hoping to become its employees', customers' and this land's favorite. Amidst the rapidly changing world, only by having insight into future trends, actively embracing innovation and change, can one seize critical opportunities and create astonishing moments.

We fully understand that sustainable development is an important issue for a lifetime for corporates. E.SUN members have high hopes and exceptions for giving Asia a better E.SUN and the world a better Taiwan. It's a long road ahead with heavy responsibilities, and we are grateful for the long-term support, expectations, and encouragement from all walks of life. We will continue to work hard for our customers, society, and a better sustainable future with hope and firm beliefs and offer our deepest gratitude and best wishes.



Chairman



President

Summary of E.SUN FHC

Unit: NT\$ million

Indicator	Item	2022/12	2021/12
Total Assets	E.SUN FHC	3,479,560	3,230,908
	E.SUN Bank (consolidated)	3,458,024	3,196,117
	E.SUN Securities (consolidated)	17,797	30,809
	E.SUN Venture Capital	4,979	5,248
Key Financial Ratios	E.SUN FHC Book Value Per Share (NT\$)	13.80	14.54
	Double Leverage Ratio	103.15%	103.06%
	E.SUN FHC CAR	127.54%	123.48%
Physical Channels	E.SUN Bank's Domestic Branches	139	139
	E.SUN Bank's Overseas Outlets	<ul style="list-style-type: none"> - Subsidiaries: E.SUN(China), UCB, Cambodian - Branches: Los Angeles(US), Hong Kong, Singapore, Tokyo(Japan), Sydney(Australia), Brisbane(Australia), Dong Nai(Vietnam), Yangon(Myanmar) - Representative Office: Hanoi(Vietnam) - A total of 30 sites 	
	E.SUN Securities' Branches	17	17
Earnings	Net Income (Attributable to owners of the parent company)	15,759	20,559
	EPS (NT\$)	1.10	1.54
	ROE	8.06%	10.95%
	ROA	0.47%	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	2022.07
Domestic Ratings	Taiwan Ratings	twAA-	twA-1+	Stable	2022.07

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-1	Stable	2022.07
Domestic Ratings	Taiwan Ratings	twAA+	twA-1+	Stable	2022.07

2. Company profile



LIU CHI-HSIANG

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 business," 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.

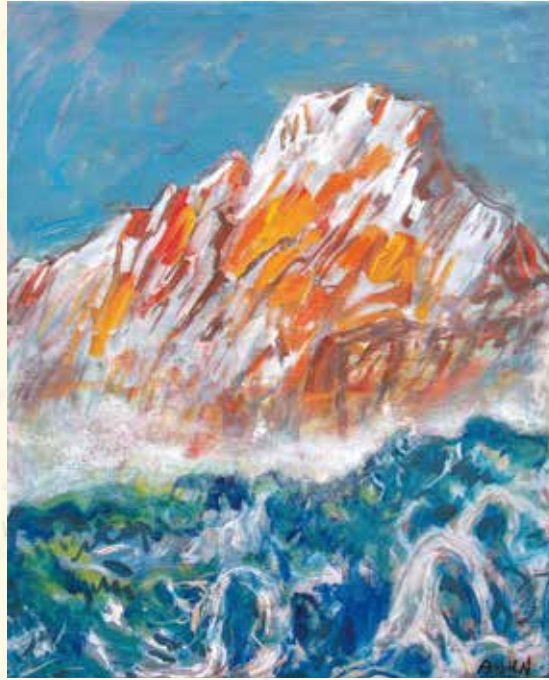
2.2.4 Subsidiary: E.SUN Venture Capital

Established in 2002, E.SUN Venture Capital has built on its business foundation by increasing capital from NT\$1 billion to NT\$ 4.5 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 Wide Band Gap Semiconductors, Green Energy Technology, Precision Health, 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

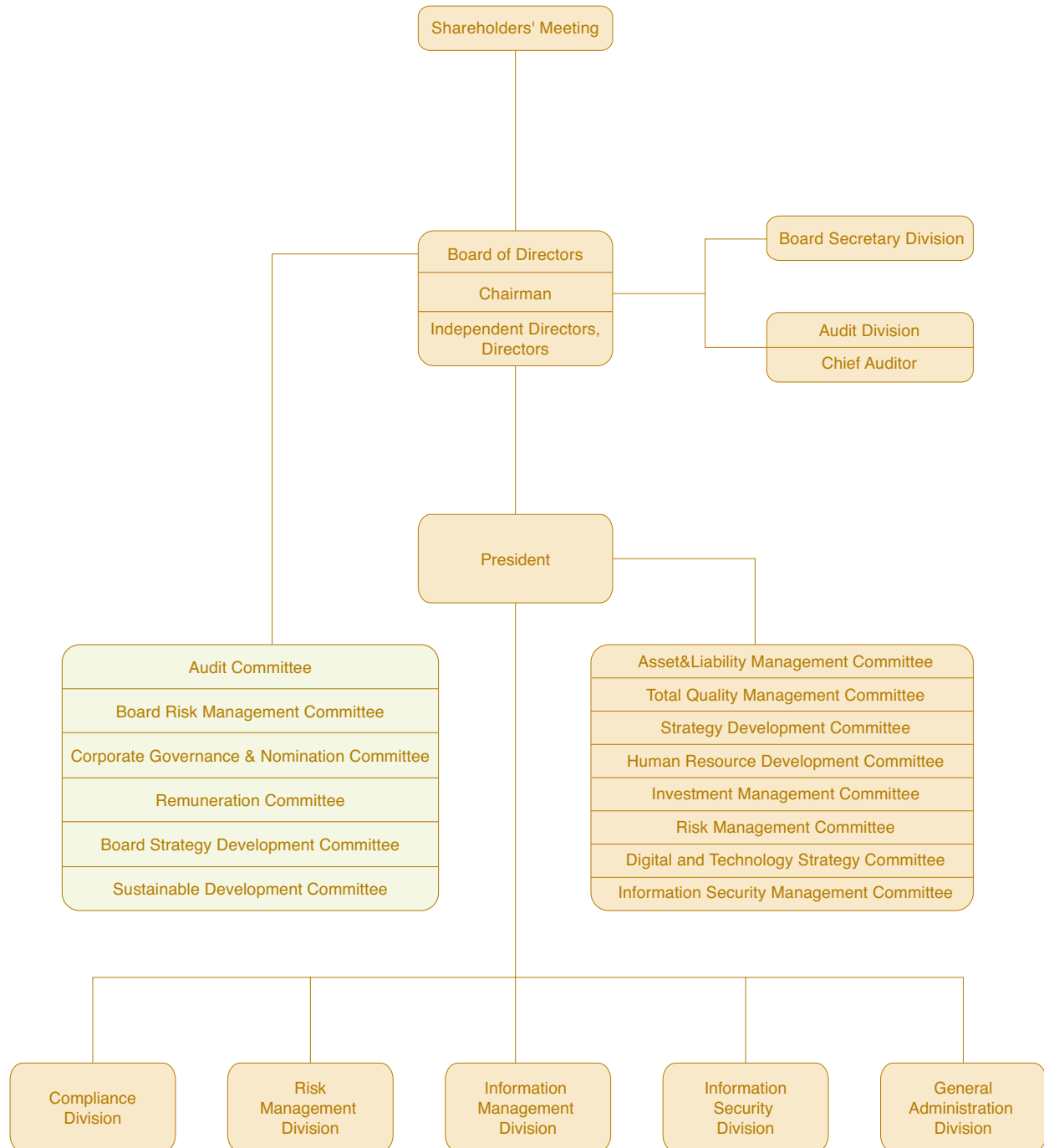
3. Corporate Governance



WU A-SUN

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 certified public accountant.
- 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. Proposals on business reports, profit distribution or loss compensation.
- XI. Other significant matters stipulated by the Company or competent authorities.

(2) Board of Directors 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. Evaluate the management systems such as risk management policies, risk appetite, risk limit, etc. of the Company and its subsidiaries operating in the United States; evaluate the capital or liquidity stress testing results, integrated risk report, and the review and response measures of major risks and loss events, to ensure the risk management systems of the operating units in the United States are implemented and able to effectively manage control risk.
- VII. 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, 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 general 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.

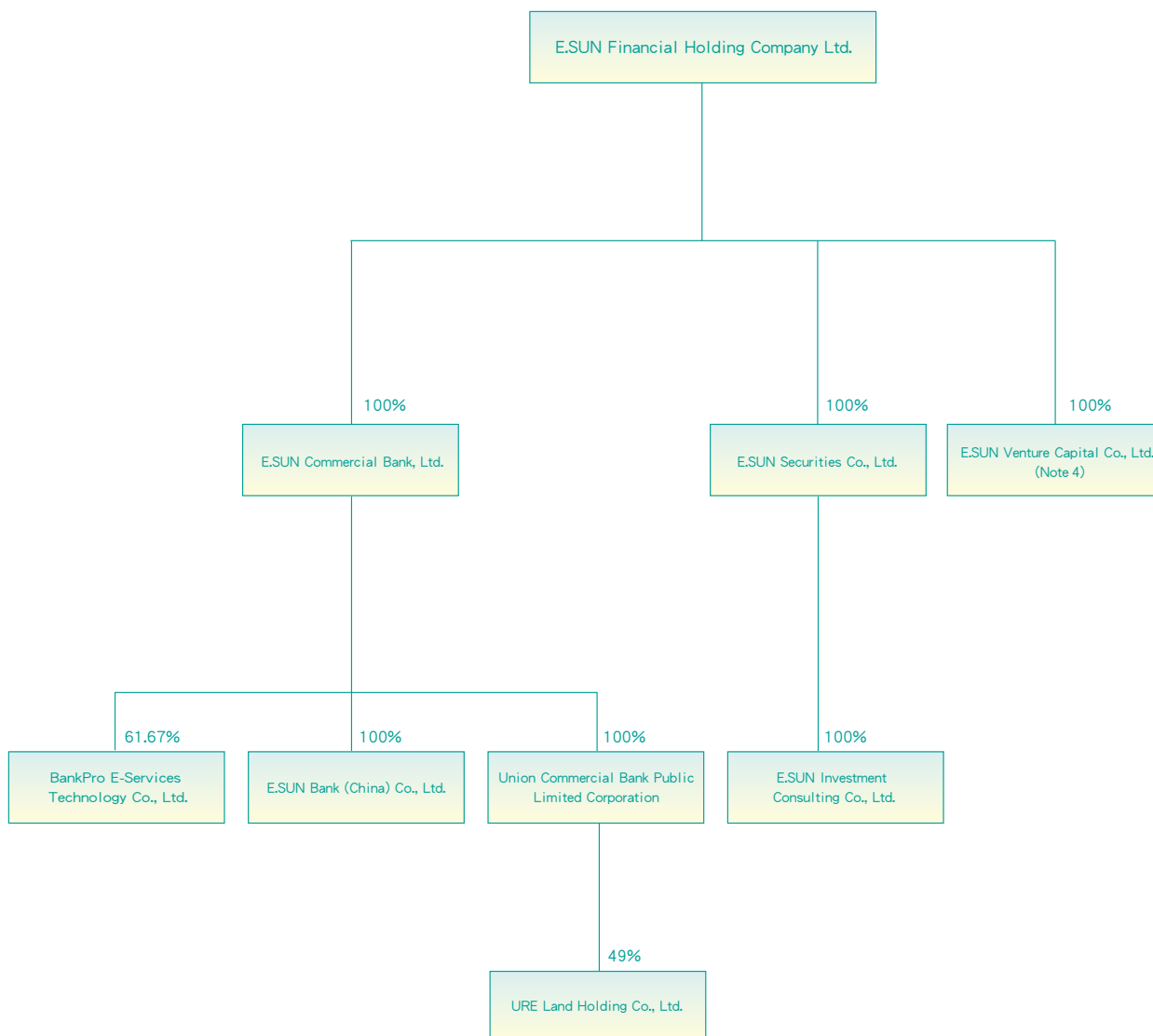
(14) Digital and Technology Strategy Committee

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 invested amount on December 31, 2022
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 PLC holds at least of 90% of economic benefits of URE Land Holding Co., Ltd. Thus, it has been listed as a subsidiary.
3. UCB PLC initially invested US\$490 in URE Land Holding Co., Ltd.
4. Subsidiary E.SUN Venture Capital holds 2.4% of shares for BankPro E-Service Technology Co., Ltd., totaling NT\$3,250,000. E.SUN Group holds 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

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)		
							Shares	%	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	44,877,403	0.314	
						2001.12.10	8,266,759	0.071	7,783,286	0.055	
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	22,995,611	0.161	
						2008.06.13	12,622,554	0.109	15,191,363	0.106	
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	78,852,636	0.552	
						2001.12.10	5,365,150	0.046	6,560,965	0.046	
Independent Director	R.O.C.	Ryh-Yan Chang	Male 70-79 years old	2020.06.12	3 years	2020.06.12	0	0	0	0	
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	

2023.03.20 Unit: shares; %

	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	Name	Relationship
	0	0	0	0	- Bachelor of Department of Cooperative Economics at National Chung Hsing University	None	None	None	None
	0	0	0	0					
	0	0	0	0	- MBA of the City University of New York - 30 years in financial industry	- Chairperson of E.SUN Bank - Director of Rock Biomedical, Inc.	None	None	None
	441,835	0.003	0	0					
	0	0	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., Sheng Yang Construction Co., Ltd. , 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	None	None	None
	30,769,919	0.216	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 Panion & BF Biotech Inc., Ccti Advanced Systems Inc., and Savior Lifetec Corporation. - Chairperson of Chin Jheng Financial Advisory Co., Ltd. - Director of Foundation of Taiwan Radiological Medicine for Cancer - Member of remuneration committee of Super Dragon Technology Co., Ltd. , E.SUN FHC and E.SUN Bank - Independent Director of E.SUN Bank(Managing Director)	None	None	None
	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 E.SUN FHC , E.SUN Bank and 91APP, Inc	None	None	None
	0	0	0	0					

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)		
							Shares	%	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	
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	
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	
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	47,075,779	0.405	57,568,299	0.403	
						2004.06.11	0	0	0	0	
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	52,192,000	0.449	65,107,000	0.456	
						2005.06.10	0	0	0	0	
Directort	R.O.C.	Magi Chen	Female 60-69 years old	2020.06.12	3 years	2014.06.20	2,177,560	0.019	2,792,906	0.020	
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	2,214,772	0.016	

Note:

1. The number of shares held includes the number of shares under trust.

2. For institutional director, the term "Shareholding of spouse and minor children" refer to the information of the representative's spouse and minor children.

3. Companies' names bolded are listed companies or OTC-listed companies.

4. The Company's Chairperson and President are not same person, spouses, or first-degree consanguinity.

	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		
			Position				Position	Name	Relationship
	Shares	%	Shares	%					
	0	0	0	0	<ul style="list-style-type: none">- LLM and Ph.D. in Law, University of Tokyo- LLB and LLM, National Taiwan University	<ul style="list-style-type: none">- Professor of College of Law, National Taiwan University- Member of remuneration committee of E.SUN FHC and E.SUN Bank- Independent Director of E.SUN Bank	None	None	None
	0	0	0	0	<ul style="list-style-type: none">- Ph.D. of Business and Administration, National Taiwan University- Bachelor and Master of Industrial Engineering, National Tsing Hua University	<ul style="list-style-type: none">- Professor of Institute of Technology Management, National Tsing Hua University- Member of remuneration committee of E.SUN FHC and E.SUN Bank- Independent Director of E.SUN Bank	None	None	None
	834	0.000006	0	0	<ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- Professor of Institute of Technology , Innovation & Intellectual Property Management, National Chengchi University- Member of remuneration committee of E.SUN FHC and E.SUN Bank- Independent Director of E.SUN Bank	None	None	None
	0	0	0	0	<ul style="list-style-type: none">- Chu Nan Junior High School	<ul style="list-style-type: none">- 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
	694,517	0.005	0	0					
	0	0	0	0	<ul style="list-style-type: none">- Chung Jung High School	<ul style="list-style-type: none">- 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., Sin Yi Li Investment and Development Co., Ltd., Shan-Yue Energy Co., Ltd. and Shan-Yun Energy 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
	0	0	0	0					
	0	0	0	0	<ul style="list-style-type: none">- MBA at University of Tennessee, Knoxville- 45 years in financial industry	<ul style="list-style-type: none">- President of E.SUN FHC- Chief Sustainability Officer of E.SUN FHC- Director of E.SUN Bank- Chairman of E.SUN Bank(China)	None	None	None
	1,527,228	0.011	0	0	<ul style="list-style-type: none">- Master of Department of Economics at National Taiwan University- 31 years in financial industry	<ul style="list-style-type: none">- Chief Strategy Officer and Deputy President of E.SUN FHC- President of E.SUN Bank- Chairperson of Union Commercial Bank Plc.	None	None	None

Table 1: Main shareholders of institutional shareholders

2022.12.31

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. (10.51%)/ Xiao Shan Intl. (2.44%)/ HUNG-MEI YEH (1.75%)/ YONG-XIONG HOU (0.49%)/ E.SUN Securities Investment Trust Co., Ltd. (1.64%)/E.SUN Insurance Brokers Co., Ltd. (1.64%)
E.SUN Culture and Education Foundation	E.SUN Commercial Bank, Ltd. (7.02%)/ ZU-SHOU LI (deceased)(8.71%)/ Xiao Shan Intl. (0.60%)/ E.SUN Bills Finance Co., Ltd. (5.80%)/ E.SUN Venture Capital Co., Ltd. (3.19%)
Hsin Tung Yang Co., Ltd.	Jackson Mai (20.21%)/ MAI,SHIH-LAI (19.78%)/ Sin Yang Investment Co., Ltd. (8.86%)/ Ding Yang Investment Co., Ltd. (8.75%)/ MAI, SHENG- YANG (8.52%)/ 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%)/ Dra Gon Investment Co., Ltd. (0.018%)
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

2022.12.31

Institutional shareholder	Large shareholders of institutional shareholder
Sin Yang Investment Co., Ltd.	Jackson Mai(20.15%)/Hsin Tung Yang Real Estate Broker Co., Ltd. (18%)/ Ding Yang Investment Co., Ltd.(9.18%) / HSIU-JEN MAI (52.67%)
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.	Dra Gon Investment Co., Ltd.(1%)/WANG,LI-HSIN(33%)/ CHUNG,I-SHAN(33%)/ CHEN, CHAO-YUAN(33%)
Dra Gon Investment Co., Ltd.	CHEN, CHAO-YUAN (33.333%)/WANG,LI-HSIN (33.333%)/CHUNG,I-SHAN (33.333%)
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:

<div>Criteria</div> <div>Name</div>	Professional Qualifications and Experiences	
Chairman Yung-Jen Huang	<ul style="list-style-type: none"> - Main area of expertise: Financing and operations management - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Director Joseph N.C. Huang	<ul style="list-style-type: none"> - Main area of expertise: Financing and operations management - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Independent Director Ryh-Yan Chang	<ul style="list-style-type: none"> - Main area of expertise: Accounting, auditing, and financial management - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Independent Director Chun-Yao Huang	<ul style="list-style-type: none"> - Main area of expertise: Digital business and customer analysis - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Independent Director Ying-Hsin Tsai	<ul style="list-style-type: none"> - Main area of expertise: Law and corporate governance - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Independent Director Hung-Chang Chiu	<ul style="list-style-type: none"> - 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. 	
Independent Director Ruey-Lin Hsiao	<ul style="list-style-type: none"> - 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. 	

	Information on the Independence of Directors	Number of Other public companies in which the individual is concurrently serving as an Independent Director
	<ul style="list-style-type: none"> - Not an employee of the Company or its affiliates. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. - 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. 	0
	<ul style="list-style-type: none"> - Not an employee of the Company or its affiliates. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. - 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. 	0
	<p>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:</p> <p>1.An employee of the Company or its affiliates.</p> <p>2.A director and supervisor of the Company or its affiliates.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	3
		1
		0
		0
		0

Director Jackson Mai	<ul style="list-style-type: none"> - Main area of expertise: Knowledge of the industry and operations management - Serve as a director in the financial industry for nearly 31 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Director Rong-Chu Chen	<ul style="list-style-type: none"> - Main area of expertise: Knowledge of the industry and operations management - Serve as a director in the financial industry for nearly 18 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Director Chien-Li Wu	<ul style="list-style-type: none"> - Main area of expertise: Global market perspective and operations management - Serve as a director in the financial industry for nearly 28 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Director Magi Chen	<ul style="list-style-type: none"> - Main area of expertise: Financing, crisis management, and Sustainability/ESG - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	
Director Mao-Chin Chen	<ul style="list-style-type: none"> - Main area of expertise: Risk management and strategic management - 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&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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	

	<ul style="list-style-type: none"> - Not an employee of the Company or its affiliates. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. - 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. 	0
	<ul style="list-style-type: none"> - Not an employee of the Company or its affiliates. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. 	0
	<ul style="list-style-type: none"> - Not an employee of the Company or its affiliates. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. - 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. 	0
	<ul style="list-style-type: none"> - Director being a natural person. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. - 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. 	0
	<ul style="list-style-type: none"> - Director being a natural person. - Not a spouse, or a relative within the second degree of kinship to any other director of the Company. - 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. 	0

(2) Board Diversity and Independence:

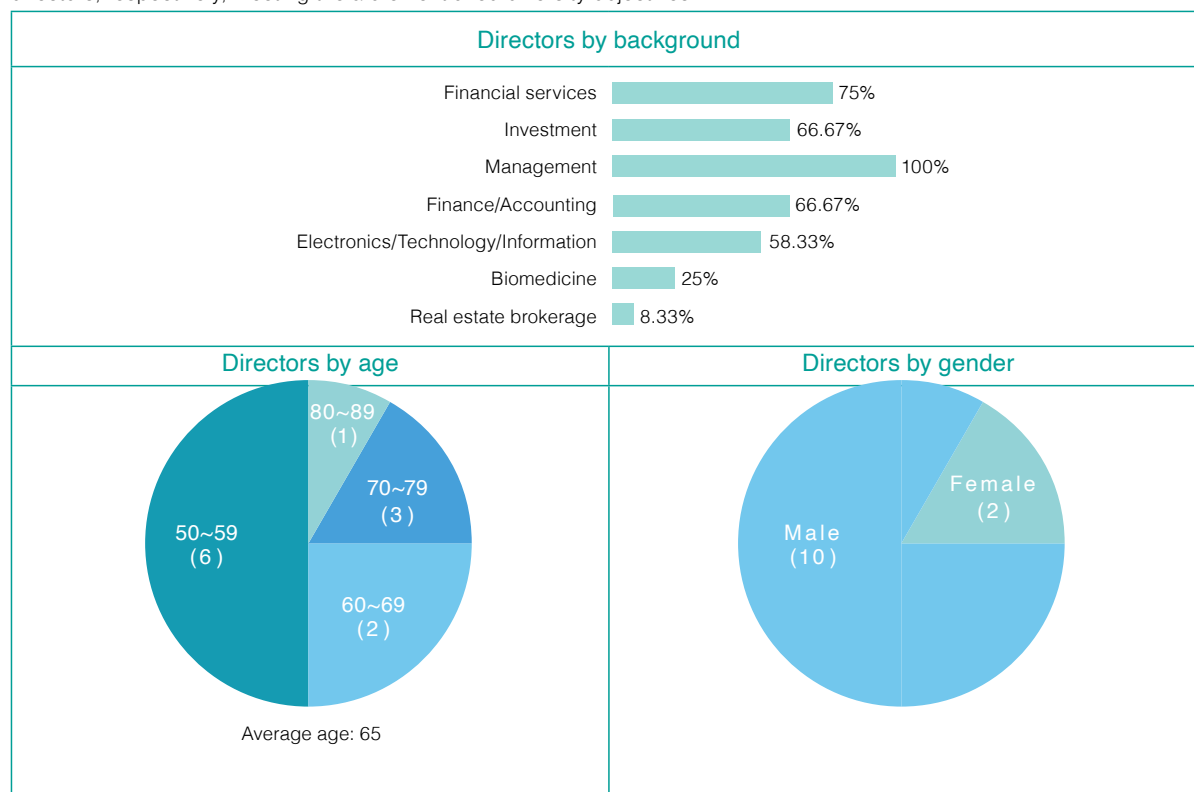
I. Board Diversity:

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%, and will continue to strive to increase the proportion of female directors in the future. 16.67%, and will continue to strive to increase the proportion of female directors in the future, continuing to improve towards the target ratio of 1/4. 16.67%, and will continue to strive to increase the proportion of female directors in the future, continuing to improve towards the target ratio of 1/4. 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

Title	Nationality	Name	Gender	Date of Appointment	Personal Shareholding (Note)		Shareholding of spouse and minor children (Note)		Shareholding under other's name		
					Shares	%	Shares	%	Shares	%	
President/ Chief Sustainability Officer	ROC	Magi Chen	F	2020.08.17	2,792,906	0.020	0	0	0	0	
Chief Strategy Officer/ Director of COVID-19 Response Team	ROC	Mao-Chin Chen	M	2020.07.30	2,214,772	0.016	1,527,228	0.011	0	0	
Chief Human Resources Officer	ROC	J. C. Wang	M	2002.01.28	2,216,138	0.016	2,217,681	0.016	0	0	
Chief Risk Officer	ROC	Oliver Hsieh	M	2011.03.18	1,297,961	0.009	533,696	0.004	0	0	
Chief Information Officer	ROC	Wan-Li Hsieh	M	2020.01.15	1,193,611	0.008	0	0	0	0	
Chief Technology Officer	ROC	Jyh-Shing Roger Jang	M	2020.08.18	0	0	0	0	0	0	
SEVP	ROC	Lung-Cheng Lin	M	2021.01.27	884,116	0.006	1,030,382	0.007	0	0	
SEVP	ROC	Jung-Hua Lin	M	2020.01.15	1,131,146	0.008	400,901	0.003	0	0	
SEVP	ROC	Wu-Ming Hsieh	M	2018.01.31	1,048,556	0.007	714,964	0.005	0	0	
SEVP	ROC	Louis Chang	M	2018.01.31	3,087,054	0.022	528,464	0.004	0	0	
SEVP	ROC	Cathy Kuo	F	2022.04.22	2,122,068	0.015	0	0	0	0	
SEVP	ROC	Yi-Hsin Tseng	M	2023.01.12	1,148,959	0.008	7,329	0.00005	0	0	
General Auditor	ROC	Jung-Chun Chen	M	2022.01.22	807,254	0.006	400,972	0.003	0	0	
SEVP	ROC	Danny Tang	M	2021.07.26	32,863	0.0002	0	0	0	0	
Deputy Chief Information Officer	ROC	Jeff Liu	M	2022.01.19	918,620	0.006	3,476	0.00002	0	0	
Deputy Chief Information Officer	ROC	Jeff Kuo	M	2022.01.19	537,812	0.004	0	0	0	0	
Chief Compliance Officer	ROC	Fion Ouyang	F	2016.01.22	488,844	0.003	0	0	0	0	
financial officer	ROC	Fred Chen	M	2022.04.22	626,485	0.004	235,616	0.002	0	0	
Chief Marketing Officer	ROC	Chun-Yu Lin	M	2018.08.10	1,713,666	0.012	0	0	0	0	
Chief Accountant Officer	ROC	Jhy-Hung Ke	M	2017.07.31	84,260	0.001	0	0	0	0	
Chief Information Security Officer	ROC	Huai-Tsung Liu	M	2021.11.18	396,615	0.003	261,270	0.002	0	0	
EVP /Special Assistant	ROC	Edward Chen	M	2022.01.19	1,160,289	0.008	482	0.000003	0	0	
Corporate Governance Officer	ROC	Mei-Cheng Chu	F	2020.01.20	675,677	0.005	0	0	0	0	

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.

	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		
			Position	Name	Relation
	- EMBA, The University of Tennessee, Knoxville - 45 years in financial services	- Director, ESUN FHC - Director, ESB - Chairman, ESB (China)	None	None	None
	- Master, Department of Economics, National Taiwan University - 31 years in financial services	- Director, E.SUN FHC - Director, ESB - President, ESB - Chairman, Union Commercial Bank (Cambodia)	None	None	None
	- Master, Department of Agricultural Economics, National Chung Hsing University - 34 years in financial services	- CHRO/SEVP, ESB	SVP	Pei-Hua Wang	Younger Sister
	- Master, Applied Finance Center, Macquarie University - 28 years in financial services	- CHRO/SEVP, ESB	None	None	None
	- Department of Information & Computer Engineering, Chung Yuan Christian University - 29 years in financial services	- CIO/SEVP, ESB	None	None	None
	- Ph.D., EECS Dept., UC Berkeley - 27 years in financial /information/consulting services	- CTO/SEVP, ESB consultancy,eCloud Mobile Corp.	None	None	None
	- Department of Public Administration, National Chung Hsing University - 34 years in financial services	- Corporate Banking CEO/ Deputy President, ESB - Chairman, E.SUN Venture Capital	None	None	None
	- Graduate School of Business Administration, National Chung Hsing University - 31 years in financial services	- SEVP, ESB - Director, EasyCard Investment Holdings Corp.	None	None	None
	- EMBA, National Taiwan University - 31 years in financial services	- SEVP, ESB	None	None	None
	- Institute of Business and Management, National Chiao Tung University - 27 years in financial services	- SEVP, ESB	None	None	None
	- Master, Department of Economics, National Taiwan University - 30 years in financial services	- SEVP, ESB - Director, Union Commercial Bank (Cambodia)	None	None	None
	- Department of Applied Mathematics, National Chung Hsing University - 36 years in financial services	- Chairman, E.SUN Securities	None	None	None
	- Institute of Computer and Engineering, National Chiao Tung University - 28 years in financial services	None	None	None	None
	- Master of Business Administration, UCLA - 24 years in information services	- CDO/SEVP, ESB	None	None	None
	- EMBA, National Chengchi University - 19 years in financial services	- Deputy Chief Information Officer/SEVP, ESB	None	None	None
	- College of Management, National Taiwan University - 30 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
	- Department of Law, National Chengchi University - 25 years in financial services	- CCO, ESB/Head of the compliance unit at headquarters	None	None	None
	- Master, Department of Finance, National Kaohsiung First University of Science and Technology - 20 years in financial services	-financial officer/EVP, ESB	None	None	None
	- Graduate School of Business Administration, National Chung Hsing University - 21 years in financial services	- CMO/Assistant Manager /Special Assistant, ESB - Director, ESB (China)	None	None	None
	- Master, Department of Accounting, National Taiwan University - 20 years in financial and consultancy service	- CAO/SVP, ESB	None	None	None
	- Department of Information Management, National Central University - 24 years in financial services	- CSO, ESB	None	None	None
	- Institute of Industrial Engineering, National Taiwan University - 24 years in financial services	- CAO/SVP, ESB	None	None	None
	- Department of Law, National Chengchi University - 29 years in financial services	- Corporate Governance Officer /SVP, ESB	None	None	None

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

(1) Remuneration of Non-Independent/Independent Directors

Title	Name	Remuneration of Directors								Total remuneration (A+B+C+D) and the ratio of Total Remuneration to Net Income (%)				
		Base Remuneration(A)		Severance Pay (B)		Bonus(C)		Allowance (D)						
		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	
Directors	(Names listed below)	10,550	21,131	0	0	32,692	43,633	150	630	43,392	0.28%	65,394	0.41%	
Independent Directors	(Names listed below)	0	0	0	0	32,308	32,308	1,600	2,350	33,908	0.22%	34,658	0.22%	

※ 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 2022. 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 2022.

※ 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.

2022.12.31 Unit: NT\$ thousand

	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
	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		
					Cash	Stock	Cash	Stock	Total	Ratio	Total	Ratio	
	34,504	55,257	0	0	4,466	0	8,062	0	82,362	0.52%	128,713	0.82%	None
	0	0	0	0	0	0	0	0	33,908	0.22%	34,658	0.22%	None

Remuneration Bracket

Bracket	Name of Directors		
	Total of (A+B+C+D)		
	The Company	Companies in consolidated financial statements (H)	
Under NT\$1,000,000	Chairman of E.SUN Bank Joseph N. C. Huang, Magi Chen, Mao-Chin Chen	Magi 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)	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu)	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu)	
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), 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), 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	
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	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.

Name of Directors		
	Total of (A+B+C+D+E+F+G)	
	The Company	Companies in consolidated financial statements (I)
	Mao-Chin Chen	
	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu)	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu)
	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), 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), 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 Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Magi Chen	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Magi Chen, Mao-Chin Chen
		Chairman of E.SUN Bank Joseph N. C. Huang
	13	13

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

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance (C)		
		The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	
President/ Chief Sustainability Officer	Magi Chen	16,200	83,106	0	38,962	29,151	113,945	
Chief Strategy Officer/Director of COVID-19 Response Team	Mao-Chin Chen							
Deputy President (retiring 2022.5.1)	Ben Chen							
Chief Human Resources Officer	J. C. Wang							
Chief Financial Officer (retiring 2022.4.15)	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							
SEVP	Cathy Kuo							
SEVP	Yi-Hsin Tseng							
General Auditor (assuming office 2022.1.22)	Jung-Chun Chen							
SEVP	Danny Tang							
Deputy Chief Information Officer (assuming office 2022.1.19)	Jeff Liu							
General Auditor (leaving office 2022.1.22)	Yao-Pin Lin							
SEVP	Te-Ming Chung							
SEVP (retiring 2022.3.15)	Mei-Ling Liu							
Chief Compliance Officer	Fion Ouyang							
Chief Information Security Officer	Huai-Tsung Liu							

Note: General Auditor Yao-Pin Lin transfer to E.SUN Bank on 2022.1.22, Jung-Chun Chen succeeded as General Auditor on the same day.

2022.12.31 Unit: NT\$ thousand

	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		
	Cash	Stock	Cash	Stock	Total	Ratio	Total	Ratio	
	9,482	0	19,226	0	54,833	0.35%	255,239	1.62%	None

Remuneration Bracket

2022.12.31

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, Danny Tang, Jeff Liu, Yao-Pin Lin, Te-Ming Chung, Mei-Ling Liu, 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)		
NT\$3,500,000(inclusive)- NT\$5,000,000 (not inclusive)	Jung-Chun Chen	Jung-Chun Chen
NT\$5,000,000(inclusive)- NT\$10,000,000 (not inclusive)	Yi-Hsin Tseng	J. C. Wang, Oliver Hsieh, Wan-Li Hsieh, Jung-Hua Lin, Wu-Ming Hsieh, Louis Chang, Cathy Kuo, Yi-Hsin Tseng, Danny Tang, Jeff Liu, Yao-Pin Lin, Te-Ming Chung, Fion Ouyang, Huai-Tsung Liu
NT\$10,000,000(inclusive)- NT\$15,000,000 (not inclusive)		Cheng-Chou Hsu, L. C. Lin, Mei-Ling Liu
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)		Ben Chen
NT\$50,000,000(inclusive)- NT\$100,000,000 (not inclusive)		
Over NT\$100,000,000		
Total	22	22

(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 Title	2022						2021					
	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	116,270	0.74%	13	163,371	1.04%	13	126,628	0.62%	13	170,936	0.83%
President and SEVPs	22	54,833	0.35%	22	255,239	1.62%	21	50,139	0.24%	21	185,071	0.90%

Note: 2022 net income NT15,759,000,000; 2021 net income NT20,558,988,000.

Note: The increment of remuneration of SEVPs in 2022 is mainly due to the pension.

(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

2023.1.31 Unit: NT\$ thousand

Position	Name	Stock Amount	Cash Amount	Total	Ratio of Total to Net Income (%)
President/ Chief Sustainability Officer	Magi Chen	0	22,305	22,305	0.14%
Chief Strategy Officer/Director of COVID-19 Response Team	Mao-Chin Chen				
Chief Human Resources Officer	J. C. Wang				
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				
SEVP	Cathy Kuo				
SEVP	Yi-Hsin Tseng				
General Auditor	Jung-Chun Chen				
SEVP	Danny Tang				
Deputy Chief Information Officer	Jeff Liu				
Deputy Chief Information Officer	Jeff Kuo				
Chief Compliance Officer	Fion Ouyang				
Financial Officer	Fred Chen				
Chief Marketing Officer	Chun-Yu Lin				
Chief Accountant Officer	Jhy-Hung Ke				
Chief Information Security Officer	Huai-Tsung Liu				
Assistant Manager /Special Assistant	Edward Chen				
Corporate Governance Officer	Mei-Cheng Chu				

Note: The amount above is estimation made for 2023 based on the actual distribution in 2022.

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

2022.12.31 Unit: NT\$1,000

Position	Name	Stock Amount	Cash Amount
President/ Chief Sustainability Officer	Magi Chen	10,043	7,992
Chief Strategy Officer/ Director of COVID-19 Response Team	Mao-Chin Chen		
Chief Risk Officer	Oliver Hsieh		
Chief Technology Officer	Jyh-Shing Roger Jang		
SEVP	L. C. Lin		
SEVP	Danny Tang		
Deputy Chief Information Officer	Jeff Kuo		
Financial Officer	Fred Chen		
Chief Marketing Officer	Chun-Yu Lin		
Assistant Manager /Special Assistant	Edward Chen		

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

Title	Nationality	Name	Gender	Position upon Retirement		Date of Appointment as Advisor	Purpose of Appointment	Division of Authority and Responsibility	Remuneration	Ratio of Remuneration to Net Income
				Entity and Title	Date of Retirement					
None										

3.3 Implementation of Corporate Governance



3.3.1 Board of Directors

9 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	9	0	100	Re-elected
Director	Representative of E.SUN Culture and Education Foundation Joseph N.C. Huang	9	0	100	Re-elected
Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	9	0	100	Re-elected
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
Director	Representative of Fu -Yuan Investment Co., Ltd. Rong-Chu Chen	9	0	100	Re-elected
Director	Representative of Shang Li Car Co., Ltd. Chien-Li Wu	9	0	100	Re-elected
Director	Magi Chen	9	0	100	Re-elected
Director	Mao-Chin Chen	9	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	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.

Directors	Motion	Reason for recusal	Voting participation situation
Magi Chen Mao-Chin Chen	Proposal on 2021 employee remuneration distribution of managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed employee remuneration distribution 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 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 adjustment 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 2022 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 distribution of year-end bonus and long-term incentive bonus 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 2022 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 Ryh-Yan Chang 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 2023, the company evaluated performance of the board of directors and the functional committees for the period between January 1, 2022 and December 31, 2022. 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 and February 2023.	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 2022 was completed on January 06, 2023 and January 04, 2023, 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 Board Strategy Development 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 February 20, 2023, the company presented the results of the 2022 director performance evaluation based on self-assessments by the directors and peer reviews.
 - Self-assessment score: 99.40%
 - Overall self-evaluation score: 99.80%

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 strengthen 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 2022, the Company organized three director training courses for a total of 9 hours, on "Principle for Financial Service Industries to Treat Clients Fairly", "Anti-money laundering and the impact of the implementation of IRB law on risk governance" and "Important Information Security Standards and Compliance.". 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 8 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	8	0	100	Newly elected
Independent Director	Chun-Yao Huang	8	0	100	Re-elected
Independent Director	Ying-Hsin Tsai	8	0	100	Newly elected
Independent Director	Hung-Chang Chiu	8	0	100	Newly elected
Independent Director	Ruey-Lin Hsiao	8	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
2022.03.09	12th session of 5th Audit Committee	2021 consolidated financial statements	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.
		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	
2022.04.18	13th session of 5th Audit Committee	Nomination of new chief financial officer for the Company	
2022.05.13	14th session of 5th Audit Committee	Amendment of the Company's Shareholder Services Guidelines	
2022.08.17	15th session of 5th Audit Committee	The Company and subsidiaries' 2022 Q2 consolidated financial statements	
2022.11.09	16th session of 5th Audit Committee	Submission of the Company's 2023 audit plan	
2023.02.20	18th session of 5th Audit Committee	2022 consolidated financial statements	
		Capitalized earnings and employee compensation	
		2022 Statement on the Internal Control System	
		Cash Capital Increase with an Issuance of Shares	

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
2022.01.12	Audit Committee	The Company's CPA	Report on the 2021 financial statement audit results.	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 General 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.
2022.04.18	Audit Committee	The Company's General Auditor	Submission of the 2022 Q1 audit working papers.	1. Questions raised by the independent directors were answered. 2. Duly noted and no other recommendation.
2022.08.17	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.
2022.08.17	Audit Committee	The Company's CPA	Report on the 2022 Q2 financial statement audit results.	Duly noted and no other recommendation.
		The Company's General Auditor	Submission of the 2022 Q2 audit working papers.	Duly noted and no other recommendation.
2022.11.09	Audit Committee	The Company's General Auditor	Submission of the 2022 Q3 audit working papers	Duly noted and no other recommendation.
			Submission of the 2023 audit plan.	The plan was passed by a vote and no other recommendation.
2022.11.09	Audit meeting	The Company's General 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.
2023.01.04	Audit Committee	The Company's CPA	Report on the 2022 financial statement audit plan.	1. Questions raised by the independent directors were answered and opinions exchanged 2. Proceed as recommended.
		The Company's General Auditor	Submission of the 2022 Q4 audit working papers.	1. Questions raised by the independent directors were answered and opinions exchanged 2. Duly noted and no other recommendation.
2023.02.20	Audit Committee	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.
			Report on the 2022 financial statement audit results.	1. Questions raised by the independent directors were answered and opinions exchanged 2. Proceed as recommended.

Note:

- A. The auditor general 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 auditor general 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 auditor general, 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 recent year include mainly the following:

- Financial statement audit.
- Internal control system along with its related policies and procedures.
- Amendment of procedure for acquisition or disposal of assets or derivative trading, etc
- Annual audit plan.
- Evaluation of CPA suitability and their independence and performance.
- Change/Replacement of CPA.
- Nomination of new chief financial officer for the Company
- AML/CFT Programs
- General auditor performance evaluation
- Evaluation of Audit Committee performance.
- Amendment of Bylaws of Audit Committee
- Cash Capital Increase with an Issuance of Shares

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			
	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>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		

	Status of implementation	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Summary	
	<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" and "E.SUN Financial Holdings Corporate Governance Best Practice Principles 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>(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, continuing to improve towards the target ratio of 1/4. 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 2022 director performance evaluation was presented to the 25th Meeting of the 7th term Board of Directors on 2023.02.20. 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			
	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		
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		

Status of implementation		Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Summary	
	<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> <ol style="list-style-type: none"> (1) Preparing for matters for board and shareholders meetings in accordance with law. (2) Preparing for board and shareholders meeting minutes. (3) To provide assistance for the directors to assume office and complete continuing education. (4) To provide directors and independent directors with information needed for the performance of their duties. (5) To assist the directors and independent directors in legal compliance. (6) Report to the board of directors on the review results of whether the qualifications of the independent directors at the time of nomination and election and during their term of office comply with the relevant laws and regulations. (7) Handle matters related to change of directors. (8) Other matters determined in the Company's articles of incorporation or in contract. <p>Proceedings of 2022 are as follows.</p> <ol style="list-style-type: none"> (1) Assist directors in performing their respective duties, providing necessary information and arranging continuing education for directors: <ol style="list-style-type: none"> 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. 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. III. Assist directors with complying with laws, provide appropriate and timely responses to directors' requests, and support directors in performing their duties. IV. Arrange to have directors attend the company's annual strategic planning meeting. (2) Assist with board and shareholders' meeting agendas and compliance related matters: <ol style="list-style-type: none"> 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. II. Prepare shareholders' meeting agenda handbook and meeting minutes within the prescribed period; and be in charge of announcing material information after the meeting. III. Handle matters relating to change of registration. (3) Adopt and enforce business integrity policy. (4) Purchase suitable liability insurance for directors and key employees. (5) Taiwan Corporate Governance Association was commissioned to conduct the Corporate Governance Evaluation. (6) Share experiences with the agenda working group of the subsidiaries to spread influence: <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 as the focus of regulatory supervision were discussed to improve corporate affairs.</p> 	None
	<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 sustainability and stakeholders that not only makes public the Company's sustainability report but also responds to issues cared by stakeholders and provides a channel for communicating with stakeholders.</p>	None

Item			
	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>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		

	Status of implementation	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Summary	
	<p>(1) a. The Company has installed a website (https://www.esunfhc.com/en/investor-relations/company-overview/company-profile) 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 faithfully 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"> - Spokesperson Name: Magi Chen Title: President, E.SUN FHC Telephone: (+886) 02-2175-1313 - Deputy Spokesperson Name: Chun-Yu Lin Title: CMO Telephone: (+886) 02-2175-1313 - 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 <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

Item			
	Yes	No	

	Status of implementation	Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Summary	
	<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 Articles of Incorporation, Procedures for Assets Acquisition or Disposal, the Procedure for Engaging in Derivatives Trading and the Rules for Procedure of Shareholders' Meeting changed their 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>For sustainable development and to establish a leadership pipeline with professional leadership, formulate a professional leadership and management system with high operational efficiency and continuous growth. Heritage, succession and handover are conducted in a systematic, organized and disciplined manner. With "E.SUN Executive Officer Selection Guidelines" as an important basis for selecting and developing E.SUN's top management, the management team regularly maintains a talent pool, discusses development plans for cultivating senior managers, and submits the promotion proposal of the relevant personnel to the Corporate Governance and Nomination Committee for review, and to the board of directors for approval, strengthening the talent supply chain of key positions and realizing E.SUN's vision of sustainable development.</p> <p>The Company and subsidiary, E.SUN Commercial Bank, assess the organization's future needs based on its strategic development, and review the candidates' culture and commitment, personality traits and leadership quality and special skills. In 2022, Jeff Liu was selected to be promoted as Deputy Chief Information Officer of Fubon Financial and Fubon Bank, and Jeff Kuo as Fubon Financial's Deputy Chief Information Officer and Fubon Securities' Chief Information Officer. In 2022, 14 people were promoted and added to the talent pool for the senior manager successor plan, making a total of 87 people.</p> <p>The Company reported the "implementation status of the 2022 Senior Manager Successor Plan" during the board meeting in 2022.</p> <p>1. Education</p> <p>The Company co-organized "E.SUN LEAD Leadership Program (4th)" with the College of Management of the National Taiwan University, and cooperated with a renowned foreign management consulting company in conducting performance management workshops, to shape the leadership capability of senior managers. Also, in order to meet the business development needs, it continues to raise the senior managers' professional capabilities. In 2022, a total of 47 people participated in the Leading Executive Apex Program (LEAP), International Talent Development Program (ITDP) and other courses related to corporate governance, anti-money laundering, derivative financial products, sustainable finance, etc. organized by external institutions such as Taiwan Academy of Banking and Finance. In addition, in order to cultivate the vision and expertise of potential international managers, besides providing intensive language and local and overseas laws and regulations courses, there were also job rotation in various business units, participation in important management meeting, and communication with the management team, thereby improving their capabilities such as international finance expertise, cross-cultural cognition, team leadership, etc.</p> <p>2. Exposure</p> <p>In 2022, Jim Collins was invited to deliver a speech titled, "BE 2.0: Turning Your Business into an Enduring Great Company", raising the strategic thinking and leadership capabilities of E.SUN's management team and all senior managers through the sharing and exchange of international perspectives and vision. In 2022, 10 potential senior managers led the supervisors and representatives overseas in attending the opening ceremonies of Thailand Bangkok Representative Office and Vietnam Ho Chi Minh Representative Office, and conducted exchanges with the local staff, supervisors and representatives of Taiwanese businessmen, widening the vision of transnational business operation and management. Also, a total of 59 potential senior managers participated in 360 Degree Feedback this year. Through feedback from others, they can understand the strengths and weaknesses of their management capabilities, improving their capabilities of self-awareness and change.</p> <p>3. Experience</p> <p>In terms of "cultivation and rotation", 44 out of the 87 people in the talent pool completed job rotation and cross-disciplinary experience sharing across businesses, regions, Head Office and branches, at home and abroad in 2022, strengthening the successors' diverse expertise and capabilities. In terms of "project experience", 26 potential senior managers participated in the "Technology Capability Transformation Project", co-organized with a renowned foreign management consulting company, making them the leaders in promoting technological capabilities in the Company. And through "diverse tasks", management's level and perspective are raised. 32 potential senior managers participated in key committees, demonstrating their expertise and influence. Among which, the Sustainable Development Committee ESG task group promotes corporate governance, sustainable finance, climate change, environmental sustainability, protection of human rights, social charity, etc. The members are from various departments and divisions, and 10 potential senior managers effectively integrate resources and implement sustainable strategies into the various departments and divisions. Also, 27 potential senior managers participated in ESG sustainability initiatives, committed to fulfilling the sustainability commitment of a corporate citizenship, demonstrating the values and influence of the financial sector based on ESG.</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 seven times 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 ranked in the top 5% of the 8th Corporate Governance Evaluation. After reviewing the indicators where points were not scored, no extra points scored and points deducted, we will strive for points from the release of 2021 financial report within schedule after submitting to the board of directors. Female directors to account for more than 1/3 of all the directors will be listed as a long-term goal we'll strive towards. The Company has completed the 9th Corporate Governance Evaluation, and reviewed each indicator in line with Taiwan Stock Exchange's scoring guidelines and examples to gain points actively.

The Company continues to pay attention and ensure the quality of information disclosure. Based on the important measures of FSC's Corporate Governance 3.0-Sustainable Development Roadmap and "Green Finance Action Plan 3.0", it reviews the implementation status for each item in the corporate governance plan to ensure the Company meets the targets in advance. To protect the equality of shareholders, it is planned that the directors shall not trade the Company's shares during the close period. It will assist the subsidiaries' board meetings and corporate governance matters, and arrange exchange meetings to improve corporate governance affairs. It will strengthen the Market Observation Post System and the disclosure of important corporate governance information on the subsidiaries' website. 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 9th 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 CG6013 Corporate Governance Assessment (2021) by the Corporate Governance Association in Taiwan. Certification is valid from December 25, 2022 to December 24, 2024. 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 2022:

Date	Organizer	Course name	Hours
2022.05.06	Securities and Futures Institute	2022 Workshop for Latest Stock Affairs Regulations for Public Listed Company	3
2022.05.17	Corporate Operating Sustainable Development Association	Analysis of Company's Management Rights Competition and Legal Disputes	3
2022.08.10	Independent Director Association Taiwan	Practical Case Analysis of Related Party Transactions and Non-arm's Length Transactions	3
2022.09.27	Taiwan Corporate Governance Association	How Audit Committee Interpret and Use Audit Quality Indicators (AQI)	3
2022.10.19		18th (2022) Corporate Governance Summit - Improve directors' competency, implement corporate sustainability governance	6
2022.10.26	Securities and Futures Institute	2022 Compliance Seminar on Share Transactions by Insider	3
2022.11.29	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Strengthen Fair Treatment of Consumers: Practical operation and case study on establishing a culture of integrity, accountability system and friendly financial system	3
2022.12.20		Corporate Governance Lecture - Corporate Governance's Green Energy Innovation Business Model	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	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
	Name			
Independent director (Convener)	Chun -Yao Huang	<ul style="list-style-type: none"> - Main area of expertise: Digital business and customer analysis - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 	<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> <ol style="list-style-type: none"> 1. An employee of the Company or its affiliates. 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. 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. 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. 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. 	1
Independent director	Ryh-Yan Chang	<ul style="list-style-type: none"> - Main area of expertise: Accounting, auditing, and financial management - 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. - Not been a person of any conditions defined in Article 30 of the Company Law. 		4
Independent director	Ying-Hsin Tsai	<ul style="list-style-type: none"> - Main area of expertise: Law and corporate governance - 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. - Not been a person of any conditions defined in Article 30 of the Company Law.. 		0

Independent director	Hung-Chang Chiu	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 5 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)	Notes
Convener	Chun-Yao Huang	5	0	100	Re-elected
Member	Ryh-Yan Chang	5	0	100	Newly elected
Member	Ying-Hsin Tsai	5	0	100	Newly elected
Member	Hung-Chang Chiu	5	0	100	Newly elected
Member	Ruey-Lin Hsiao	5	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
2022.01.12	6th session of 4th board of directors	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	
		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	
2022.03.09	7th session of 4th board of directors	Amendment of the Company's Policy of Performance Evaluation for Managers	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.
		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	
2022.08.17	8th session of 4th board of directors	Amendment of E.SUN FHC Rules for employee retirement	Board of Directors: The proposal was passed by a unanimous vote.
		Amendment of E.SUN FHC Rules for Manager Remuneration	
		Proposal for 2021 employee compensation distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2023.01.04	9th session of 4th board of directors	2022 Performance evaluation of the committee	
		Salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Proposal for 2022 year-end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2023.02.20	10th session of 4th board of directors	2022 employee and director compensation distribution plans	
		Proposal for the Company's 2022 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 3 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.	3	0	100	Newly elected
Member	Ryh-Yan Chang		3	0	100	Newly elected
Member	Chun-Yao Huang		3	0	100	Re-elected
Member	Hung- Chang Chiu		3	0	100	Newly elected
Member	Ruey-Lin Hsiao		3	0	100	Newly elected
Member	Yung-Jen Huang		3	0	100	Re-elected
Member	Joseph N.C. Huang		3	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
2022.01.12	8th session of 7th Corporate Governance and Nomination Committee	2021 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 2021 Board Performance Evaluation	
		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	
2023.01.04	10th session of 7th Corporate Governance and Nomination Committee	2022 Performance evaluation of the committee	
		E.SUN FHC and its subsidiary E.SUN Bank 2022 Board Performance Evaluation	
		Nomination of vice presidents of 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 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	Yung-Jen Huang	3	0	100	Re-elected
Member	Joseph N.C. Huang	3	0	100	Re-elected
Member	Jackson Mai	3	0	100	Re-elected
Member	Ryh-Yan Chang	3	0	100	Newly elected
Member	Chun-Yao Huang	3	0	100	Re-elected
Member	Ying-Hsin Tsai	3	0	100	Newly elected
Member	Hung-Chang Chiu	3	0	100	Newly elected
Member	Ruey-Lin Hsiao	3	0	100	Newly elected
Member	Ron-Chu Chen	3	0	100	Re-elected
Member	Chien-Li Wu	3	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 4 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	4	0	100	Re-elected
Member	Joseph N.C. Huang	4	0	100	Re-elected
Member	Chun-Yao Huang	4	0	100	Re-elected
Member	Hung-Chang Chiu	4	0	100	Newly elected
Member	Ruey-Lin Hsiao	4	0	100	Newly elected

Note: 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 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	Joseph N.C. Huang	6	0	100	Newly elected
Member	Ryh-Yan Chang	6	0	100	Newly elected
Member	Ying-Hsin Tsai	6	0	100	Newly elected
Member	Ruey-Lin Hsiao	6	0	100	Newly elected
Member	Magi Chen	6	0	100	Newly elected
Member	Mao-Chin Chen	6	0	100	Newly elected

Note: 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			
	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		

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<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) Among the 7 board meetings held in 2022, ESG issues were included in the agenda of the board of directors in 5 times. The content of the proposal includes: sustainable development blueprint and implementation status, specific promotion plan for sustainable development, policies and regulations related to sustainability, greenhouse gas inventory and verification schedule planning, major issues identification process and confirmation issues, sustainability plan implementation results report, etc. The board of directors asked or suggested the aforementioned proposals at the meeting. After thorough discussion, the directors supervised the implementation of the plan from the perspective of various implementation progress.</p> <p>(3) 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 2023 are listed below.</p> <p>I. Corporate Governance</p> <p>(I) Corporate Governance</p> <p>Based on the important measures stipulated in Financial Supervisory Commission's "Corporate Governance 3.0 -Sustainable Development Roadmap" and "Green Finance Action Plan 3.0," E. SUN will continue to review the implementation of each project managed by corporates and assist subsidiaries with their Board of Director's meetings and corporate governance.</p> <p>(II) Cyber Security</p> <p>Improved cyber resilience and introduced ISO 27701 and ISO 22301 international standards as benchmarks, and expanded the scope of the verification for personal data protection management systems. Improved the information security incident response system between the FHC and its subsidiaries, strengthened cloud cyber security risk management, and ensured continuity of operations.</p> <p>(III) Anti-Money Laundering</p> <p>Continued to improve AML/CFT mechanism, monitor international trends and new forms of transactions, and combined smart technology to improve the accuracy of risk identification and the efficiency of AML in Taiwan and overseas. In addition, risk awareness among all employees are enhanced through education and training and supervisor system.</p> <p>(IV) Fair Customer Treatment and Customer Experience</p> <p>Continued to promote friendly service measures, provide appropriate financial services to disadvantaged consumers, and ensured implementation of on-site audits performed by undercover employees. Continued to improve E. SUN services and processes based on the customer experience and established a sound two-way communication mechanism.</p>	No difference

Item			
	Yes	No	

	Status of implementation	Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<p>II. Sustainable Finance</p> <p>(I) Responsible lending and responsible products</p> <p>In response to the National Development Council's 2050 Net Zero Strategy, E.SUN actively engaged with customers and provided sustainability consulting services to assist corporates in achieving their carbon emissions reduction targets through net-zero transitions. E.SUN launched sustainable living, clean mobility, produced relevant green products sustainably, and encouraged small corporates and individuals to adapt to sustainable living.</p> <p>(II) Responsible Investment</p> <p>Fulfilled stewardship responsibilities for institutional investors, integrated ESG factors into the investment analysis and decision-making process, focused on sustainable investment and impact investing, extended positive financial influences, and built an investment portfolio that achieves a win-win situation for the environment, society, and corporate governance.</p> <p>(III) Inclusive Finance</p> <p>Utilized the power of technology to improve the customer experience, and combined promotion with the digital brand e.Fingo to provide customers with more convenient digital services. E.SUN actively supported small and micro enterprises and continued to collaborate with local governments and Taiwan Regional Revitalization Foundation to drive the upgrading and transformation of local specialty industries. E.SUN developed diverse trust services to assist in solving elderly care issues in an aging society.</p> <p>III. Climate change</p> <p>(I) Climate Governance</p> <p>E.SUN actively practiced the Coalition of Movers and Shakers on Sustainable Finance and responded to the Green Finance Action Plan 3.0. It enhanced its climate change risk management mechanism, improved its ability to respond to climate-related opportunities and risks, and assisted financial industries in advancing toward net zero by 2050. By providing education and training, E.SUN increased professional knowledge on climate for all supervisors and employees, developed mitigation and adaptation measures, and promoted stable development of the business.</p> <p>(II) Actions to reduce carbon generated from investment and financing</p> <p>E.SUN followed ISO 14064 standards to report Scope 3 greenhouse gas emissions generated from investment and financing activities. It also complied with carbon reduction targets of SBT to adjust its investment and financing strategies. E.SUN assisted industries in advancing toward net-zero transition through sustainability consulting services and customer engagement. E.SUN will gradually reduce investment and financing positions related to coals and unconventional fossil fuels to achieve phase-out commitment by 2035.</p> <p>IV. Environmental Sustainability</p> <p>(I) Carbon reduction in the operating environment</p> <p>E.SUN followed the SBT and RE100 targets and implements energy conservation and carbon reduction measures of Scopes 1 and 2, which included replacing old and energy-consuming equipment, constructing green buildings, and installing electric vehicle charging stations. It also gradually achieved the goal of using 100% renewable energy at domestic and overseas locations by 2040 through the installation of solar power generation equipment, procurement of green energy certificates, and signing of renewable energy power purchase agreements. Introduced digital energy management systems to actively promote water conservation, energy conservation, and waste reduction.</p>	No difference

Item			
	Yes	No	

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<p>(II) Promoting biodiversity</p> <p>E.SUN closely follows issues of ecological conservation across the globe and in Taiwan. A systematic approach has been undertaken to improve biodiversity with joint efforts of the government, industry, and academia. The actions include Maravi organic rice cultivation, revitalizing small millets, rescuing injured sea turtles, holding environmental education lectures on polar bears, afforestation, and beach clean-up activities.</p> <p>V. Protection of human rights</p> <p>(I) Employee Care and Friendly Workplace</p> <p>Built an equal, diverse, friendly, and safe workplace environment, created gender-neutral systems and measures, and valued and listened to the voices of employees through a variety of communication channels. In response to the post-pandemic era, E.SUN provides more comprehensive benefits planning and employee care measures that meet their needs, including flexible working shifts and improving overseas medical care insurance systems.</p> <p>(II) Talent Cultivation and Development</p> <p>Continued to enhance strategic talent development and employee sustainability transitions, combining offline and online hybrid learning to cultivate managerial talent with expertise in financial services, technology, and sustainable development and build a resilient team. Based on the performance of duties, E.SUN implemented differentiation in talent management through comprehensive evaluations and rotational programs for talent cultivation to promote sustainable development of the Company and employees.</p> <p>VI. Social Welfare & Charity</p> <p>(I) Education</p> <p>The E.SUN Golden Seed Project has established 8 E.SUN libraries, providing schools with long-term resource maintenance, organizing reading activities, cultivating story reading volunteers, and holding digital thematic reading exploration fairs to improve students' reading literacy. Implemented "holding hands in English and companions for learning" in 30 elementary schools to improve the English proficiency of students in rural areas. Engaged in industry-academia collaboration with 46 universities to cultivate talent with an expertise in finance, AI, and FinTech, and provided the Outstanding Management Talent Scholarship, ASEAN Talent Scholarship, and Nursing Talent Scholarship to cultivate more outstanding young students.</p> <p>(II) Community</p> <p>Invested in anti-drug education and provided care for children and support disadvantaged youth and their families by implementing mobile anti-drug education tours and establishing counseling rooms for children. The Concern for Schoolchildren Program aimed to assist over 12,000 underprivileged students or students who encounter unforeseen events this year. Co-organized blood donations, free clinics internationally and in rural areas and other public welfare activities together with partners.</p> <p>(III) Sports</p> <p>Organized the E.SUN Cup International AAA Baseball Tournament for 17 consecutive years, and organized youth baseball training camps, protection camps, and subsidies for baseball teams in rural areas, in order to support the development of grassroots baseball in Taiwan. E.SUN co-organized the E.SUN Juguang Cup with the Volleyball Association to cultivate more outstanding players and supported the participation of Taiwan's national team in international tournaments, such as the U18~U20 World Cup, helping the sports in Taiwan gain international recognition.</p>	No difference

Item			
	Yes	No	
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related management policies or strategies?	√		

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<p>(IV)Arts and Humanities</p> <p>E.SUN conveys truth, goodness, and beauty through music and art. The Company organizes E.SUN Awards, Music Concert for Mothers, Taiwan-Japan Friendship Concerts and supports the 12 Cellists of the Berlin Philharmonic, the Vienna Boys' Choir, and other international art groups performing in Taiwan. E.SUN collaborates with national performing arts venues to hold activities such as Let's Go to the Theater, Play ARTs workshop Theater to support quality arts and expose the wider community to cultural sophistication.</p>	No difference
	<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 2022.</p>	No difference

Item			
	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		

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<p>(1) All of E.SUN's domestic locations have been incorporated into the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System. By establishing standard processes and program files, employees are guided to strengthen the control of the office environment and energy-consuming devices. Through internal and external audits to examine the implementation, the bank aims to enhance the entire company's environmental sustainability consciousness beginning with daily work habits.</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) E.SUN has long-term investments in renewable energy and has declared the long-term goal of 100% renewable energy usage in domestic locations by 2030 and in domestic and overseas locations by 2040. The specific measures are as follows:</p> <p>A. Installation of Solar Panels</p> <p>Starting in 2017, E.SUN has constructed self-built solar power generation devices, and by 2022, it plans to add rooftop solar panels to three locations including the headquarters building, second headquarters building, and Houlong branch. As of the end of 2022, a total of 23 locations have installed solar panels, with a cumulative installed capacity of 200.87KW and an estimated annual power generation of 242,000 kWh.</p> <p>B. Purchase of Renewable Energy Certificates</p> <p>E.SUN purchases T-REC certificates through the National Renewable Energy Certificate Center Platform of the Bureau of Standards, Metrology and Inspection, through a bidding mechanism. In 2022, it has purchased a total of 226 renewable energy certificates.</p> <p>C. Use of Renewable Energy at the Source</p> <p>In addition to the use of self-built solar power generation devices, E.SUN completed its first green power transfer supply by the end of 2021. The renewable energy power generation can reach approximately 10.85 million kWh per year, equivalent to 24% of the total annual electricity consumption. According to data from the National Renewable Energy Certificate Center, in 2022, E.SUN has actually used 6.519 million kWh of renewable energy, equivalent to a reduction of 3,318 tons of carbon emissions.</p>	<p>No difference</p>

Item			
	Yes	No	

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<p>(3) (I) 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.</p> <p>(II) Climate Change Task Force 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.</p> <p>(III) Identification of Climate Risks By Industry E.SUN used the TCFD guidelines and external research reports (e.g., UNEPFI) 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> <p>(IV) Climate Change Policy E.SUN announced the policy of climate change environment risk in 2022 which strengthened the mechanism of climate change management. Besides, E.SUN incorporated NGFS and IPCC AR6 into climate scenario of task force. The information is disclosed in 2021 Sustainability Report.</p>	No difference

Item			
	Yes	No	

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference																								
	Summary																									
(4)	<p>I. Greenhouse Gas Emissions</p> <p>All Esun locations have been incorporated into the ISO14064-1:2018 Greenhouse Gas Inventory and the ISO14046:2014 Organizational Water Footprint Inventory. The greenhouse gas emissions and water usage are both verified by Taiwan Inspection Technology Co., Ltd. (SGS). As the 2022 inventory data is currently under verification, the verified data from the past two years is as follows:</p> <p style="text-align: right;">Unit : tonCO2e</p> <table><tr><th></th><th>Carbon emissions (Scope 1)</th><th>Carbon emissions (Scope 2)</th><th>Carbon emissions (non-financing, Scope 3)</th></tr><tr><td>2020 yr</td><td>2,399</td><td>22,299</td><td>54,278</td></tr><tr><td>2021 yr</td><td>1,857</td><td>22,105</td><td>49,161</td></tr></table> <table><tr><th></th><th>Water usage</th><th>General waste</th><th>Recyclable waste</th></tr><tr><td>2020 yr</td><td>264,917tons</td><td>370,345kg</td><td>224,164kg</td></tr><tr><td>2021 yr</td><td>238,715tons</td><td>488,215kg</td><td>209,542kg</td></tr></table> <p>II. Operational Environmental Goals</p> <p>Based on the 2020 baseline year, the goal for Scope 1 and Scope 2 greenhouse gas emissions is to reduce by 42% by 2030. By 2025, solar panels will be installed in all self-owned buildings, and by 2027, all self-owned buildings will be converted into green buildings. By 2030, all domestic locations will use 100% renewable energy.</p> <p>III. Operational Environmental Management Strategies</p> <p>Esun has established three important strategies for environmental management: The first strategy is "energy-saving and carbon reduction," which includes incorporating various environmental management systems and certifications, replacing energy-consuming equipment, and building green buildings. The second strategy is "use of renewable energy," which includes installing solar panels, purchasing renewable energy certificates, and utilizing renewable energy. The third strategy is "expanding impact," which includes purchasing carbon credits to create zero carbon branches, installing electric vehicle chargers, advocating for environmental protection and energy-saving, and promoting environmental activities internally and externally.</p>		Carbon emissions (Scope 1)	Carbon emissions (Scope 2)	Carbon emissions (non-financing, Scope 3)	2020 yr	2,399	22,299	54,278	2021 yr	1,857	22,105	49,161		Water usage	General waste	Recyclable waste	2020 yr	264,917tons	370,345kg	224,164kg	2021 yr	238,715tons	488,215kg	209,542kg	No difference
	Carbon emissions (Scope 1)	Carbon emissions (Scope 2)	Carbon emissions (non-financing, Scope 3)																							
2020 yr	2,399	22,299	54,278																							
2021 yr	1,857	22,105	49,161																							
	Water usage	General waste	Recyclable waste																							
2020 yr	264,917tons	370,345kg	224,164kg																							
2021 yr	238,715tons	488,215kg	209,542kg																							

Item			
	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		

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Summary	
	<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: https://www.esunfhc.com/en/corporate-governance.</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) E.SUN organizes occupational safety education and training on a regular basis, and assigns occupational safety and health business supervisors in each unit to conduct various training and lectures for colleagues. Each business site is equipped with a security system and security personnel to protect the workplace, employees and customers. Personal safety. In addition, E.SUN will add TOSHMS certification in 2022 and build an occupational safety and health management system to provide employee health trend analysis, doctor on-site service registration, health knowledge zone, etc., to continuously optimize employee health care.</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			
	Yes	No	
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		

Status of implementation		Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies, and the reasons for any such difference
	Summary	
	<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>I. Formulation and publication of consumer rights policies:</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>II. Consumers complaint procedures:</p> <p>Set up 24-hour complaint channels "smart customer service", "visitor message board" and "customer service hotline" to provide consumers with complaints. Consumer disputes are handled in accordance with the "Eros Bank Consumer Dispute Handling Measures", and the relevant handling procedures have passed the ISO 10002 customer complaint quality management system verification.</p> <p>(6) E.SUN has formulated the "Promoting Suppliers to Implement Corporate Social Responsibility Operation Points" and "Supplier Management Points", and through the "Supplier Corporate Social Responsibility Self-Assessment Form" to allow suppliers to express their actions on various issues; Through the content of the "Human Rights and Environmental Sustainability Terms and Conditions Commitment Letter", convey to suppliers the Bank's concerns about safety and health, human rights and labor practices, and environmental protection to build a sustainable consensus. In 2022, a supplier conference will be held to communicate with suppliers on responsible consumption, occupational safety and health and other items, and to confirm whether suppliers have violated the above matters through visits and comparison of negative news events.</p>	
	<p>This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option, U.N. Sustainable Development Goals (SDGs), GRI Financial Services Sector Supplement, Corporate Social Responsibility Best Practice Principles for TWSE / TPEx Listed Companies, ISO 26000 guidance on social responsibility, UN Global Compact, Industry Standards issued by Sustainability Accounting Standards Board (including Commercial Bank, Consumer Finance, Investment Banking & Brokerage, Mortgage Finance, Asset Management), and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. The report followed by PCAF, is reviewed by BSI Taiwan and certified with a AA1000 and TCFD Level-5. For downloading : https://www.esunfhc.com/en/esg/overview/download</p>	No difference

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>

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



	 Corporate Governance	 Sustainable finance	 Climate change	 Environmental sustainability	 Human rights protection	 Social welfare
Unit	<ul style="list-style-type: none"> - Board Secretariat - Operation Administration Department (shareholder service), General Administration Division - Compliance Division - Risk Management Division 	<ul style="list-style-type: none"> - Operation Administration Department (customer service), General Administration Division - Business Administration Department (retail banking, credit card, wealth management, digital banking, and corporate banking), General Administration Division - Information Management Division 	<ul style="list-style-type: none"> - Risk Management Division - Operation Administration Department (management), General Administration Division - Business Administration Department (retail banking and corporate banking), General Administration Division - Investment management Department, General Administration Division 	<ul style="list-style-type: none"> - Operation Administration Department (management), General Administration Division - Business Administration Department (retail banking and corporate banking), General Administration Division - Investment management Department, General Administration Division - Financial management Department, General Administration Division 	<ul style="list-style-type: none"> - Operation Administration Department (human resource and management), General Administration Division - Human Resource Division, E.SUN Bank - Human Resources Department, E.SUN Securities 	<ul style="list-style-type: none"> - Operation Administration Department (management), General Administration Division
Responsibilities	Incorporate domestic and foreign corporate governance trends, investigate and plan suitable corporate governance system, promote the functionality of the Board of Directors, enhance the company's information disclosure and transparency, strengthen communication with stakeholders, implement legal compliance, and pay attention to shareholders' interests.	We seek to protect customer rights and interests and treat customers fairly while actively developing sustainable financial businesses, including sustainable lending, sustainable investment products, and inclusive finance, exerting our financial influence to engage even more stakeholders.	By identifying and assessing the risks and opportunities of climate change, we assist in the internal development of relevant quantitative and qualitative methods and indicators as we further develop relevant management measures and strive to mitigate or adjust the impact of climate change.	Aim to achieve environmental sustainability and sustainable development, investigate and develop a model that suitably integrates public concerns and financial core competencies, promote green finance, environmental protection, energy conservation and carbon reduction, ecological sustainability, and animal conservation, and utilize our impact as a corporate citizen.	By establishing human rights due diligence plans and raising the human rights awareness of employees and business partners, we fulfill our commitment and responsibility to human rights, and we fully adhere to labor laws to ensure the Company's compliance with international human rights principles. We provide effective education and training for employees, and offer an organization that facilitates career development.	Infuse corporate social responsibilities into the company's business strategy, investigate and develop a model that suitably integrates public concerns and financial core competencies, unite E.SUN volunteers, employees, customers, and business partners to support the same causes, invest in academic education, social engagement, sports development, art and culture, and emergency aid, and lead by example to build a better world together.

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

Item			
	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>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		

Status of implementation		Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TSE/ GTSM Listed Companies
	Summary	
	<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>(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			
	Yes	No	
<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>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		

Status of implementation		Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TSE/ GTSM Listed Companies
	Summary	
	<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
	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.	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 2022 are stated as below.

(1) Education and training:

The training courses include legal knowledge, service rules and code of conduct, principle of fair customer treatment, etc. required for the financial personnel, raising awareness on risk, discipline and process. Content such as self-inspection practices, regulatory compliance, risk management, anti-money laundering, information security, etc. are also incorporated into the training course for newcomers and professional training courses for mid-level officers and various businesses. The courses make use of case studies to reinforce the three lines of defense and concept of risk control. Also, the importance of the bank personnel's risk discipline is included in the orientation sessions in advance. 280.5 hours of the above physical and online courses were held, with 80,318 participants, and a total of 115,465 hours, strengthening the concept and implementation of ethical corporate management, and together managing and preventing the occurrence of unethical behavior.

(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, friendly financial services guidelines and self-discipline practice of fair treatment to elderly customers 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 2022 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 2022, the Company and subsidiaries have received 31 reports which were filed via the whistleblowing channel (The Company accepted 5 cases, among which 3 were repeat reports with the Bank's subsidiary, E.SUN Bank accepted 29 cases, while E.SUN Securities accepted 0 case). Among the 31 cases filed, 28 cases involved consumer disputes (all of which have been resolved by the Customer Service Division), 2 cases were feedbacks and opinions and not reports and 1 involved the misconduct of an employee who has since left. 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) "E.SUN FHC Corporate Governance Best Practice Principles" was amended with the addition that internal staffs are prohibited from using undisclosed material internal information to trade in securities, and the directors shall not trade in shares during the close period before the financial report is released.

- (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", 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.
- (8) During the Company's Q4 national chief compliance officer meeting, external consultants were invited to introduce the risk assessment methods of the bank's unethical conduct, and they include establishing a bank-wide unethical behavior risk framework and designing questionnaires to reflect the roles and uniqueness of the various departments in the overall framework. E.SUN Bank's Head Office is to self-assess the inherent risk of ethical behavior within their business scope, using methods such as key indicators and process mining to assess the effectiveness of the risk control measures, and risk control self-assessment to calculate the remaining risk, and finally compiles E.SUN Bank's unethical behavior risk assessment results.

3.3.8 Methods of referencing corporate governance guidelines and related regulations

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

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

The Company prudently disclose 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 seven times 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 Institute for Sustainable Energy	Challenges and opportunities for the financial sector in the net zero era	2	Yes
			Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	
				Information Security Governance-Important Information Security Standards and Compliance	3	
Institutional director's representative	Joseph N.C Huang	2020.06.12	Taiwan Institute for Sustainable Energy	Challenges and opportunities for the financial sector in the net zero era	2	Yes
			Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	
				Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	
				Information Security Governance-Important Information Security Standards and Compliance	3	
Institutional director's representative	Jackson Mai	2020.06.12	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	Yes
			Taiwan Corporate Governance Association	How to prepare ESG sustainability report - Taking the construction industry as example	3	
			Taiwan Academy of Banking and Finance	Information Security Governance-Important Information Security Standards and Compliance	3	
			Taiwan Securities Association	AML&CFT Regulations, Risk Indicators and Trend	3	
Independent director	Ryh-Yan Chang	2020.06.12	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	Yes
				Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	
				Information Security Governance-Important Information Security Standards and Compliance	3	
			Securities and Futures Institute	Risk and opportunities of climate change and net-zero emissions policies to business operations	3	
			Taiwan Corporate Governance Association	Origin and prevention of management rights disputes, and directors' duties	1	
Independent director	Chun-Yao Huang	2020.06.12	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	Yes
				Trust Supervisors (Including Current Personnel) Workshop (871th)	6	
			Taiwan Securities Association	AML&CFT Regulations, Risk Indicators and Trend	3	
			Taiwan Corporate Governance Association	Understand related party transactions and non-arm's length transaction from practical cases	3	

Title	Name	Date appointed	Host organization	Training course	Training hour	Does training meet regulations
Independent director	Ying-Hsin Tsai	2020.06.12	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	Yes
			Taiwan Corporate Governance Association	Seminar on false financial reporting and director's duties	3	
Independent director	Hung-Chang Chiu	2020.06.12	Taiwan Corporate Governance Association	Unlocking the key code of financial report	3	Yes
				2022 Global and Taiwan's Economic Outlook	1	
				How enterprises can effectively safeguard brand value from recent renowned trademark cases	3	
			Taiwan Academy of Banking and Finance	Information Security Governance-Important Information Security Standards and Compliance	3	
			Taiwan Securities Association	AML&CFT Regulations, Risk Indicators and Trend	3	
Independent director	Ruey-Lin Hsiao	2020.06.12	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	Yes
				Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	
				Information Security Governance-Important Information Security Standards and Compliance	3	
Institutional director's representative	Rong-Chu Chen	2020.06.12	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	Yes
				Information Security Governance-Important Information Security Standards and Compliance	3	
Institutional director's representative	Chien-Li Wu	2020.06.12	Taiwan Securities Association	AML&CFT Regulations, Risk Indicators and Trend	3	Yes
			Taiwan Corporate Governance Association	How the board of directors can supervise ESG risk to create corporate sustainable competitiveness	3	
				Legal risk and responses of corporate directors - From investment and financing of enterprises	3	
Director	Magi Chen	2020.06.12	Taiwan Institute for Sustainable Energy	Challenges and opportunities for the financial sector in the net zero era	2	Yes
			Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	
				Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	
				Information Security Governance-Important Information Security Standards and Compliance	3	

Title	Name	Date appointed	Host organization	Training course	Training hour	Does training meet regulations
Director	Mao-Chin Chen	2020.06.12	Taiwan Institute for Sustainable Energy	27th CEO Lectures and Keynote Speeches	2	Yes
				Challenges and opportunities for the financial sector in the net zero era	2	
			Taiwan Academy of Banking and Finance	Corporate Governance Series Forum-Principle for Financial Service Industries to Treat Clients Fairly	3	
				Corporate Governance Series Forum-Anti-money laundering and the impact of the implementation of IRB law on risk governance	3	

3.3.11 Training of Managers

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
President / Chief Sustainability Officer	Magi Chen	2020.08.17	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	2022 Corporate Governance Forum: The Principle of Treating Customers Fairly	3
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			Taiwan Academy of Banking and Finance	Information Security Governance Classroom-Important Information Security Standards and Compliance	3
			Taiwan Climate Services Partnership	Green Finance Seminar	3
Chief Strategy Officer / Director of COVID-19 Response Team	Mao-Chin Chen	2020.07.30	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	2022 Corporate Governance Forum: The Principle of Treating Customers Fairly	3
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
Chief Human Resources Officer	J. C. Wang	2002.01.28	CommonWealth LEARNING	2022 Talent Sustainability International Forum	3.5
			CommonWealth LEARNING	World Sustainable Association: 2022 General Assembly	3.5
			Taiwan Institute for Sustainable Energy	2022 The 5th GCSF Global Corporate Sustainability Forum—Public-Private Collaboration for Sustainable Talent Development Forum	3
			CommonWealth Magazine&E.SUN	2022 Expert Forum: Jim Collins	5
Chief Risk Officer	Oliver Hsieh	2011.03.18	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	2022 On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering Financing of Terrorism (1st)	12
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			Taiwan Academy of Banking and Finance	Trust industry supervisors (including on-the-job) seminars (No. 873)	6
			AML	Reporting Practices and Cases of Suspected Money Laundering or Terrorist Transactions	3
Chief Information Officer	Wan-Li Hsieh	2020.01.15	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	Information Security Governance Lecture-Important Information Security Standards and Compliance	3

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
Chief Technology Officer	Jyh-Shing Roger Jang	2020.08.18	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
SEVP	Lung-Cheng Lin	2021.01.27	Taiwan Academy of Banking and Finance	Information Security Governance Lecture-Important Information Security Standards and Compliance	3
SEVP	Jung-Hua Lin	2020.01.15	Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			THE BANKERS ASSOCIATION OF THE REPUBLIC OF CHINA	Joint Meeting of Banking Associations and Symposium on "Development Trends of Credit Card Business" by International Organizations	2.5
			THE BANKERS ASSOCIATION OF THE REPUBLIC OF CHINA	"The 7th Seminar on Financial Business and Legal Affairs" by the Association of Banks	5
SEVP	Wu-Ming Hsieh	2018.01.31	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	2022 Corporate Governance Forum: The Principle of Treating Customers Fairly	3
SEVP	Louis Chang	2018.01.31	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
SEVP	Cathy Kuo	2022.04.22	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			Taiwan Academy of Banking and Finance	Information Security Governance Lecture-Important Information Security Standards and Compliance	3

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
SEVP	Yi-Hsin Tseng	2023.01.12	Taiwan Academy of Banking and Finance	2022 Corporate Governance Forum: The Principle of Treating Customers Fairly	3
			Taipei Exchange	Award Ceremony and Business Symposium on Intermediary Agency Consulting on OTC Listing, Emerging and Creation	1
			Taiwan Securities Association	The Development and Market Analysis of the New Business Model of Metaverse	3
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Building Sustainable Competitiveness of Enterprises in Climate Change	3
			Taiwan Securities Association	Causes of Financial Fraud and Solutions	3
			Taiwan Securities Association	On-the-job Training Seminar of Senior Executives	3
			Taiwan Academy of Banking and Finance	Information Security Governance Lecture-Important Information Security Standards and Compliance	3
			Taiwan Securities Association	Development Trends and International Standards of Digital Evidence and Digital Identification	3
			TWSE	Business Symposium for Securities Firms Head	4
General Auditor	Jung-Chun Chen	2022.01.22	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	2022 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 Financial Derivatives and Commodities (2nd)	12
			Financial Examination Bureau	Financial Holding Company Internal Audit Symposium	3
SEVP	Danny Tang	2021.07.26	iTHOME	Agile Summit	8
Deputy Chief Information Officer	Jeff Liu	2022.01.19	INSTITUTE FOR INFORMATION INDUSTRY	Financial Regulatory Technology 2022 Summit Forum	3
			CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
Deputy Chief Information Officer	Jeff Kuo	2022.01.19	Taiwan Academy of Banking and Finance	2022 Corporate Governance Forum: The Principle of Treating Customers Fairly	3
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Analysis and Decision-making Application of Corporate Financial Information	3
			Taiwan Securities Association	On-the-job Training Seminar of Senior Executives	3
			Taiwan Academy of Banking and Finance	Analysis of Financial Statements of Problem Enterprises and Enterprise Diagnosis	3
			Taiwan Academy of Banking and Finance	Information Security Governance Lecture-Important Information Security Standards and Compliance	3
Chief Compliance Officer	Fion Ouyang	2016.01.22	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	2022 On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering Financing of Terrorism (2nd)	12
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Legal Compliance Personnel (1st)	15
			Taiwan Academy of Banking and Finance	On-the-Job Workshop for Financial Derivatives and Commodities (1st)	12
			Taiwan Academy of Banking and Finance	2022 Seminar for Overseas Regional Managers, Legal Compliance Officers and Internal Auditors and Internal Control Officers (No. 1)	6
			Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
financial officer	Fred Chen	2022.04.22	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	Money Trust Practice E-Course (Trust Approval) (No. 21)	3
Chief Marketing Officer	Chun-Yu Lin	2018.08.10	Taiwan Academy of Banking and Finance	Corporate Governance Forum (No. 2): The Impact of Anti-Money Laundering and IRB Law Introduction on Risk Governance	3
			Taiwan Academy of Banking and Finance	Information Security Governance Classroom-Important Information Security Standards and Compliance	3
Chief Accountant Officer	Jhy-Hung Ke	2017.07.31	Aggregate Corporation of Chinese Professionals Association	2022-Accounting and Supervision of Offices and Schools-Countersigning of Procurement Cases, Opening of Bids by Supervision Office, Inspection and Acceptance of Supervision Office-Taipei Class	6
			Taiwan Securities Association	Wealth Management: Asset Allocation and Tax Planning Class	15

Title	Name	Date of Appointment	Host Organization	Course	Training Hours
Chief Information Security Officer	Huai-Tsung Liu	2021.11.18	Taiwan Academy of Banking and Finance	Information Security Governance Classroom-Important Information Security Standards and Compliance	3
			DEVCORE	IT Management Training	3.5
			Deloitte	Information Resilience: Information Security Seminar	1
			Taipei Foundation Of Finance	Perspective 2023: ESG Information Security Governance's Layout of Financial Institutions	2.5
			Ministry of Education	The Ministry of Education's Advanced Information Communication Security Practice Talent Cultivation Program Forum	3
EVP /Special Assistant	Edward Chen	2022.01.19	CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Center for Corporate Sustainability	2022 E.SUN Sustainable Finance Manager Certificate Training Course	40
Corporate Governance Officer	Mei-Cheng Chu	2020.01.20	SECURITIES & FUTURES INSTITUTE	112 Annual Insider Equity Trading Act Compliance Publicity Explanation Session (Session 4)	3
			CommonWealth Magazine & E.SUN FHC	2022 Expert Forum: Jim Collins	5
			Taiwan Academy of Banking and Finance	Corporate Governance Lecture (No. 133) - Corporate Governance: Green Energy Innovation Business Model	3
			Taiwan Academy of Banking and Finance	Corporate Governance Lecture (No. 139) - Enhancing Fair Treatment of Customers : Practices and Case Studies of Establishing a Culture of Honesty, Accountability Mechanisms and Financial Friendly Mechanisms	3
			SECURITIES & FUTURES INSTITUTE	Seminar on the Latest Stock Affairs Laws and Regulations of Public Companies	3
			Corporate Operating and Sustainable Development Association	Analysis of Relevant Regulations and Practical Disputes of the Shareholders Meeting	3
			Independent Director Association Taiwan	Case Analysis of Related Party Transactions and Unconventional Transactions	3

(1) Statement of internal control

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, 2022 to December 31, 2022, 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-jen* (Signature/ Seal)

President: *Chang Chen* (Signature/ Seal)

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

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

Date: February 20, 2023

E.SUN Financial Holding Co., Ltd. Internal Control System
Items for Improvement of deficiencies Status
(As of December 31, 2022)

Item for Improvement	Improvement Measures	Target Date
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> The foreign exchange business system (FBS) in the inward remittance notification operation due to system abnormality caused the content of the notification to be incorrectly inserted.	Had corrected the system function and launched it after the test.	Completed.
Subsidiary <u>E.SUN Commercial Bank, Ltd.</u> Re-query the Joint Credit Information for credit cases before appropriation of loans, and there are cases where the review has not been implemented.	<ol style="list-style-type: none"> 1. Re-organized the credit operation, added the role of reviewer, and will add the system control process. 2. Processed the education and training, and post the findings for case study use. 	The improvement measures will be completed, while the system will be completed by the end of June.
Subsidiary <u>E.SUN Securities Co., Ltd.</u> Had found that the account function of the trading system was incomplete with its relevant test plan before it go-live.	Had corrected the system function and launched it after the test.	Completed.

(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.

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: None.

(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.

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: Other Disclosures, if any, designated by the Financial Supervisory Commission:None.

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 2021 and 2022 shareholders' meetings:

Date	Resolutions of shareholders meeting	Status
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.
2022.06.17	1.Acknowledgment of the 2021 financial statements and business report.	Implemented as approved.
	2.Acknowledgment of the 2021 earnings distribution.	The date 2022.08.04 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 2022.08.31, respectively. (Cash dividends per share: NT\$0.67)
	3.Approval of capitalization of earnings and employee remuneration.	
	4.Approval of the amendment of E.SUN FHC's Articles of Incorporation.	Proceeded according to the amended procedure.
	5.Approval of the amendment of the E.SUN FHC Asset Acquisition or Disposal Procedures.	
	6.Approval of the amendment of the E.SUN FHC Procedure for Derivative Transactions.	
	7.Passed Amendments to the Company's Rules of Procedure for Shareholders' Meeting.	

(2) Important resolutions of the 2021 board meeting:

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".

19th meeting of 7th Board of Directors on April 22, 2022:

Reports on "The company's M&A growth strategy and project report", "E.SUN FHC greenhouse gas inventory and verification schedule planning", "The operational status of 2022 Q1 of the overseas subsidiaries of E.SUN Bank", "E.SUN FHC 2022 Q1 Audit Report", agreement on approval of "E.SUN FHC Sustainable Development Blueprint and Implementation Status", "amendment of the E.SUN FHC Procedure for Derivative Transactions.", "amendment of E.SUN FHC Shareholders' Meeting Policy" and "nomination of new E.SUN FHC CFO".

20th meeting of 7th Board of Directors on May 13, 2022:

Reports on "E.SUN FHC and Subsidiaries 2022 Q1 Consolidated Financial Statements", "E.SUN FHC 2022 Q1 Risk Management Report", "The case where subsidiary E.SUN Commercial Bank received a letter from the Financial Supervisory Commission regarding the bank's handling of insurance agency business which involves violation of relevant regulations of the Insurance Act, the disciplinary measures that may be adopted and the subsequent development of the case"; agreement on approval of "amendment of E.SUN FHC Market Risk Management Guidelines", "amendment of E.SUN FHC Organizational Regulations of the Risk Management Committee", "amendment of E.SUN FHC Shareholder Services Guidelines" and "amendment of E.SUN FHC Corporate Governance Best Practice Principles".

21th meeting of 7th Board of Directors on June 17, 2022:

Agreement on approval of "2021 Earnings Distribution Proposal and new share issue by capitalization of earnings and employee remuneration".

22th meeting of 7th Board of Directors on August 19, 2022:

Reports on "The operational status of 2022 Q2 of the overseas subsidiaries of E.SUN Bank", "2022 Q2 Risk Management Report", "2022 H1 Status Report on Compliance Practice", "2022 Q2 E.SUN FHC and Subsidiaries (and Sub-subsidiaries) Tax Governance Report" and "2022 Q2 E.SUN FHC Audit Report"; agreement on approval of "2022 Q2 E.SUN FHC and Subsidiaries Consolidated Financial Statements", "amendment of E.SUN FHC and Subsidiaries Personal Information File Security Plan and Post-relationship Practice", "amendment of E.SUN FHC and Subsidiaries internal guidelines for complying with Article 45 of the Financial Holding Company Act", "The company's 2021 Institutional ML/TF risk assessment report", "amendment of E.SUN FHC and Subsidiaries Guidelines for Selection of Consultants", "Continuing payment of NTU academic remuneration", "amendment of E.SUN FHC Rules for employee retirement", "amendment of E.SUN FHC Rules for Manager Remuneration" and "proposal for 2021 employee remuneration distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries".

23th meeting of 7th Board of Directors on November 11, 2022:

Reports on "E.SUN FHC 2022 performance of sustainable development", "The operational status of 2022 Q3 of the overseas subsidiaries of E.SUN Bank", "2022 Q3 Risk Management Report", "2022 Q1-3 E.SUN FHC and Subsidiaries Consolidated Financial Statement", "E.SUN FHC 2022 Q3 audit working papers and matters immediately reported to directors in accordance with the principle of materiality", "2022 Performance and Results of Internal Subsidiary Audits by E.SUN FHC", "submission of report on the implementation status of the 2022 Senior Manager Successor Plan", and "E.SUN Bank Report on Key Agendas"; agreement on approval of "amendment of E.SUN FHC and Subsidiaries Material Insider Information Management Procedures", "amendment of E.SUN FHC Risk Management Policy and Guiding Principles", "amendment of E.SUN FHC /Subsidiaries Climate Change Risk Management Policy, and adjust the rule name to E.SUN FHC /Subsidiaries Climate and Environmental Risk Management Policy", "amendment of E.SUN FHC Corporate Governance Best Practice Principles", "amendment of E.SUN FHC Rules of Procedure for Board of Directors Meetings" and "submission of E.SUN FHC 2023 Audit Plan".

(3) Important resolutions of the 2023 board meeting up to the publication date of this annual report:

24th meeting of 7th Board of Directors on January 06, 2023:

Reports on "The company's 2023 strategic report", "The company's major issues in 2022", "E.SUN FHC 2022 Ethical Management Report" and "2022 Performance Evaluation of E.SUN FHC Group Compliance Officer"; agreement on approval of "E.SUN FHC 2022 Board Performance Evaluation", "Results of E.SUN FHC 2022 Functional Committee performance evaluation", "amendment of E.SUN FHC Bylaws of Audit Committee", "amendment of E.SUN FHC and Subsidiaries Emergency Response and Crisis Management Procedures", "Establishment of Regulations of E.SUN FHC Equity Management", "E.SUN FHC 2023 specific promotion plan for sustainable development", "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 2022 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 "2022 performance evaluation of E.SUN FHC chief auditor".

25th meeting of 7th Board of Directors on February 20, 2023:

Reports on "The 2023 knowledge sharing meeting minutes", "2022 Summary of E.SUN FHC Director Performance Evaluation", "The case where subsidiary E.SUN Commercial Bank was informed by the Financial Examination Bureau of the Financial Supervisory Commission, that the structured bonds and valuation listed in the general business handled by the Bank may be listed as deficiency in Table A, and the competent authority has requested for the major deficiency improvement plans"; agreement on approval of "2022 E.SUN FHC and Subsidiaries Consolidated Financial Statements and Business Report", "2022 E.SUN FHC Table of Allocation of Director and Employee Remuneration", "2022 E.SUN FHC Table of Earnings Distribution", "Capitalization of Earnings and Employee Remuneration", "Cash Capital Increase with an Issuance of 800 million Shares ", "statement on internal control", "2023 E.SUN FHC AML/CFT Programs", "Formulate Review Methods for Provision of Non-assurance Services by the Company's Certified Public Accountants", "Re-electing 12 board members of 8th term of board directors, including 5 independent director, at the annual (2023) shareholders' meeting", "date, location, methods and related matters of 2023 general shareholders meeting" and "proposal for the Company's 2022 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
General Auditor	Yao-Pin, Lin	2020.05.04	2022.01.22	Position change
Chief Financial Officer	Cheng-Chou Hsu	2020.08.14	2022.04.15	Retirement

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	Yang Chen-Hsiu	2022	3,800	670	4,470	Note
	Lee Guan-Hao					

Note: Non-audit fees include tax attestation services, going over data in annual reports meant for shareholders' meetings, 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	Client Status	CPA	Consignor
	Appointment terminated automatically	Not available	Not available
	Appointment rejected (discontinued)	Not available	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 CPAs' 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 due to internal adjustments by the CPA firm

3.6 Information on service of the company's chairman, president, and financial or accounting managers at the accounting firm or its affiliates: 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

2023.03.20 Unit: shares; %

Title	Name	2022		As of February 28st, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	E.SUN Volunteer & Social welfare Foundation	2,833,446	0	0	0
Director	E.SUN Cultural and Educational Foundation	1,451,885	0	0	0
Director	Hsin Tung Yang Co., Ltd.	4,978,559	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.	3,634,719	0	0	0
Director	Shang Li Car Co.,Ltd.	4,111,000	0	0	0
Director/ President / Chief Sustainability Officer	Magi Chen	298,129	0	0	0
Director/Chief Strategy Officer/Director of COVID-19 Response Team	Mao-Chin Chen	233,521	0	0	0
Chief Human Resources Officer	J. C. Wang	(134,079)	0	0	0
Chief Risk Officer	Oliver Hsieh	77,265	0	0	0
Chief Information Officer	Wan-Li Hsieh	(18,325)	0	0	0
Chief Technology Officer	Jyh-Shing Roger Jang	0	0	0	0
SEVP	L.C. Lin	74,558	0	0	0
SEVP	Jung-Hua Lin	8,280	0	0	0
SEVP	Wu-Ming Hsieh	66,203	0	0	0
SEVP	Louis Chang	194,908	0	0	0
SEVP	Cathy Kuo	133,982	0	0	0
SEVP	Yi-Hsin Tseng	(194,464)	0	0	0
Chief Auditor	Jung-Chun Chen	352,968	0	0	0
SEVP	Danny Tang	12,079	0	20,784	0
Deputy Chief Information Officer	Jeff Liu	357,999	0	0	0
Deputy Chief Information Officer	Jeff Kuo	201,956	0	0	0
Chief Compliance Officer	Fion Ouyang	30,864	0	0	0
Chief Financial Officer	Guo-Rong Cheng	58,760	0	0	0
Chief Marketing Officer	Chun-Yu Lin	131,711	0	0	0
Chief Accountant Officer	Jhy-Hung Ke	(50,342)	0	0	0
Chief Information Security Officer	Huai-Tsung Liu	225,041	0	0	0
EVP/ Executive Assistant	Edward Chen	396,960	0	0	0
Corporate Governance Officer	Mei-Cheng Chu	247,063	0	0	0

Note: Including shares held under trust with discretion reserved.

3.7.2 Shares Transfer with Related Parties

2023.03.20 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)	2022.06.28	Mei-Ching Lo	Manager's spouse	200,000	29.70
		2022.06.28	Yu-Fei Wang	Manager's children	74,000	29.70
Yi-Hsin Tseng	Disposition(Gift)	2022.08.17	Yan-Mei Lin	Manager's spouse	200,000	28.25
		2022.08.17	Pei-Jia Tseng	Manager's children	85,000	28.25
Jung-Hua Lin	Disposition(Gift)	2022.08.29	Ting-Yu Lin	Manager's children	67,392	27.70
Wan-Li Hsieh	Disposition(Gift)	2022.12.21	Hsin-Yun Hsieh	Manager's children	100,000	24.10

3.7.3 Shares Pledged with Related Parties: None.

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

2022.12.31 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.	628,905,393	4.41	0	0	0	0	None	None	None
E.SUN Commercial Bank Trust Fiduciary trust account	577,051,798	4.04	0	0	0	0	None	None	None
Morgan Stanley & Co. International Plc	355,499,029	2.49	0	0	0	0	None	None	None
Government of Singapore	287,364,038	2.01	0	0	0	0	None	None	None
Norges Bank	200,821,274	1.41	0	0	0	0	None	None	None
Labor Pension Fund (New Scheme)	199,705,652	1.40	0	0	0	0	None	None	None
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	186,811,037	1.31	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	180,678,803	1.27	0	0	0	0	None	None	None
Labor Pension Fund Supervisory Committee-Labor Retirement Fund	174,846,099	1.22	0	0	0	0	None	None	None
Allcan Investment Co.,Ltd.	157,858,125	1.11	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

2022.12.31 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.	10,363,700,000	100	0	0	10,363,700,000	100
E.SUN Securities Co., Ltd.	400,000,000	100	0	0	400,000,000	100
E.SUN Venture Capital Co., Ltd.	450,000,000	100	0	0	450,000,000	100
Taiwan Depository & Clearing Corporation	969,112	0.17	0	0	969,112	0.17

4. Capital Overview



WU DUNG-TSAI

4.1 Capital and shares

4.1.1 Source of capital

2023.03.20 Unit: million shares, NT\$ million

Date	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Others
2002.01.28	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	-
2003.09.16	10	5,000	50,000	2,505	25,054	Share Conversion	-
2004.03.15	10	5,000	50,000	2,506	25,064	ECB Conversion	-
2004.05.20	10	5,000	50,000	2,584	25,842	ECB Conversion	-
2004.09.08	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	-
2005.03.04	10	5,000	50,000	2,931	29,306	ECB Conversion	-
2005.09.14(note 3)	10	5,000	50,000	3,027	30,270	Retained Earnings	-
2006.05.09	10	5,000	50,000	3,230	32,304	ECB Conversion	-
2006.08.18(note 4)	10	5,000	50,000	3,303	33,033	Retained Earnings	-
2008.08.29	10	5,000	50,000	3,311	33,113	ECB Conversion	-
2008.09.04(note 5)	10	5,000	50,000	3,451	34,514	Retained Earnings	-
2009.01.08	10	5,000	50,000	3,544	35,444	ECB Conversion	-
2009.09.07(note 6)	10	5,000	50,000	3,653	36,528	Retained Earnings	-
2010.09.09(note 7)	10	5,000	50,000	3,803	38,033	Retained Earnings	-
2011.09.15(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	-
2012.09.18(note 10)	10	10,000	100,000	4,811	48,107	Retained Earnings	-
2012.11.06(note 11)	10	10,000	100,000	5,011	50,107	Rights offering	-
2013.07.16(note 12)	10	10,000	100,000	5,524	55,243	Retained Earnings	-
2014.02.20(note 13)	10	10,000	100,000	5,763	57,634	ECB Conversion	-
2014.05.19(note 14)	10	10,000	100,000	6,463	64,634	Rights Offering	-
2014.09.12(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	-
2022.08.18(note 25)	10	20,000	200,000	14,255	142,546	Retained Earnings	-
2022.08.18(note 25)	10	20,000	200,000	14,275	142,751	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 face 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.
- The Ministry of Economic Affairs on Aug 18, 2022 approved amended registration in its letter Zidi 11101153740.

(2)Types of shares

2023.03.20

Share Type	Authorized Capital			Note
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	14,275,100,000	5,724,900,000	20,000,000,000	-

Note: The issued shares are listed shares

4.1.2 Composition of shareholders

2022.12.31 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	12	1,020	584,711	1,375	587,119
Shareholding	47,094,893	120,737,487	3,283,114,090	6,132,566,522	4,691,587,008	14,275,100,000
Percentage	0.33	0.85	23.00	42.96	32.86	100.00

4.1.3 Distribution profile of shareholders

2022.12.31 Unit:persons;shares; %(The par value for each share is NT\$10)

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1-999	139,264	37,407,090	0.26
1,000-5,000	277,581	609,895,693	4.27
5,001-10,000	69,385	491,062,298	3.44
10,001-15,000	33,389	405,793,465	2.84
15,001-20,000	15,309	266,026,658	1.86
20,001-30,000	17,497	424,765,181	2.98
30,001-40,000	8,708	300,720,186	2.11
40,001-50,000	5,485	246,071,615	1.72
50,001-100,000	11,051	755,674,205	5.29
100,001-200,000	5,220	710,288,800	4.98
200,001-400,000	2,226	607,427,168	4.26
400,001-600,000	714	348,121,799	2.44
600,001-800,000	322	222,334,362	1.56
800,001-1,000,000	200	178,507,910	1.25
1,000,001-	768	8,671,003,570	60.74
Total	587,119	14,275,100,000	100.00

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

4.1.4 Major shareholders

2022.12.31 Unit:shares; %

Name	Shareholding	Percentage
Ron-Yuan Investment Co.,Ltd.	628,905,393	4.41
E.SUN Commercial Bank Trust Fiduciary trust account	577,051,798	4.04
Morgan Stanley & Co. International Plc	355,499,029	2.49
Government of Singapore	287,364,038	2.01
Norges Bank	200,821,274	1.41
Labor Pension Fund (New Scheme)	199,705,652	1.40
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	186,811,037	1.31
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	180,678,803	1.27
Labor Pension Fund Supervisory Committee-Labor Retirement Fund	174,846,099	1.22
Allcan Investment Co.,Ltd.	157,858,125	1.11
Hsin Kang Investment Co.,Ltd.	148,000,306	1.04
Yuanta/P-shares Taiwan Top 50 ETF	143,937,230	1.01

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	2022	2021	Year to date (as of March 20 2023 (Note 1))
Market Price Per Share	Highest		35.70	28.25	26.1
	Lowest		22.00	23.60	23.5
	Average		28.05	26.30	24.56
Book value Per Share	Weighted average number of shares		13.80	14.54	14.10 (Note 7)
	Original EPS		-	13.87	-
EPS	Weighted average number of shares (Note 6)		14,271,225	13,350,914	14,277,831 (Note 7)
	Original EPS		1.10	1.54	0.28 (Note 7)
	Adjusted EPS		(Note 5)	1.44	-
Dividend Per Share	Cash dividend (Note 5)		0.200	0.670	-
	Distribution of bonus shares	Stock dividends from retained earnings (Note 5)	0.400	0.670	-
		Stock dividends from capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on Investment	P/E ratio (Note 2)		25.50	17.08	-
	Ratio of dividend / price to dividend ratio (Note 3)		140.25	39.25	-
	Cash dividend yield (Note 4)		0.71	2.55	-

Note:

1. Numbers as of March 20 2023 calculated by using unaudited data with regard to net worth per share and the weighted average number of shares.
2. Price to earnings ratio = earnings per share divided by average closing price per share for a given year.
3. Ratio of dividend / Price to dividend ratio = average closing price per share divided by cash dividends per share for a given year.
4. Cash dividend yield = cash dividend per share divided by average closing price per share for a given year.
5. Earnings distribution for 2022 yet to be approved by the 2023 shareholders' meeting.
6. Weighted average number of shares in 2021 was due to the retroactive adjustment distribution of bonus shares.
7. Preliminary figure of nearly month.

4.1.6 Dividend policy and implementation status

(1) Dividend policy

The Company adopts a residual dividend policy to continuously strengthen the financial structure and improve profitability while maintaining adequate self-owned capital. It distributes stock dividends to retain the required funds, and the remaining surplus is distributed in cash dividends. If the final accounting 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. The Company may decide the most appropriate dividend policy and distribute cash dividends and/or stock dividends according to its operating strategy and future capital planning. Cash dividends shall not be less than 10% of the total dividends. 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 52.08% of the surplus available for distribution.

(2) Proposed distribution of Dividend

It was proposed at the 2023 shareholders' meeting that shareholders would be entitled to a stock dividend of circa NT\$0.38 per share, totaling NT\$5,710,000,000, as well as a cash dividend of circa NT\$0.19 per share, or a total of NT\$2,855,020,000. Combined, the Company was to pay out NT\$8,565,020,000, or circa NT\$ 0.57 per common share in dividends, accounts for 90.06% 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 2023. 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:

i. 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.

ii. 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.

iii. In the event actual allotted amounts are at variance with estimated amounts due to changes in estimation, there resulting differences shall be listed as losses for the 2023 fiscal year.

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

iv. Allocation of employee cash compensation, stock compensation, and amount of directors' compensation. Employee cash compensation is NTD 1,104,841, employee stock compensation is NTD 454,660,000 and directors' cash compensation is NTD 65,000,000. Cash remuneration to directors is NTD 8,000,000 lower than estimated amount. The difference was due to the change of accounting estimate and will reflect on 2023 profit and loss account.

v. The proposed allocated amount of employee stock compensation accounts for 2.89% of total net income as specified in the individual financial statement for the current year and 99.76% 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 2,914,906 in employee cash compensation, NTD 612,950,000 in employee stock compensation, and NTD 81,800,000 in directors' compensation. 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. This difference was incurred by changes in accounting estimations and has been listed as losses for the 2022 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 2019-1 Senior unsecured corporate bond	E.SUN FHC 2021-1 Senior unsecured corporate bond
Issue date	2019.1.14	2021.5.25
Denomination	NT\$10 million	NT\$10 million
Place of issuance and transaction (Note)	Not applicable.	Not applicable.
Issue price	Issue by denomination	Issue by denomination
Total	NT\$4 billion	NT\$2 billion
Coupon rate	fixed rate of 0.95% per annum	fixed rate of 0.50% per annum
Tenor	5 years Maturity: 2024.1.14	5 years Maturity: 2026.5.25
Subordinated/senior ranking	Senior	Senior
Guarantee agency	N/A	N/A
Consignee	Hua Nan Commercial Bank	Hua Nan Commercial Bank
Underwriting institution	Yuanta Securities	E.SUN Commercial Bank
Certified lawyer(s)	GUO, HUI-JI	GUO, HUI-JI
CPA	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
Outstanding principal	NT\$4 billion	NT\$2 billion
Terms of redemption or advance repayment	None	None
Restrictive clause	None	None
Included as eligible capital	No	No
Name of credit rating agency, rating date, rating of corporate bonds	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
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None	None
Transfer agent	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

Date of Issue		Sept. 27, 2004 (1st issue)	Oct. 17, 2012 (2nd issue)
Item			
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 & Other Rights: When E.SUN FHC distributes stock dividends or undertakes other forms of stock distribution, the depositary may grant additional GDSs to GDS holders in proportion to the common shares represented by their GDSS on hand pursuant to provisions of the Deposit Agreements. If it is permitted by law, the depositary may also increase the amount of common shares represented by each GDS. The depositary 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 depositary should make available this right to GDS holders pursuant to provisions of the Deposit Agreements. The depositary may also sell the right in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after subtracting related expenses and tax payments. But if neither option is feasible, the depositary may opt to waive its preemptive right pursuant to provisions of the Deposit Agreements.</p>	
Fiduciary		None	
Depositary		Citibank	
Custodian		Citibank Taiwan	
Unredeemed Balance (Number of GDSs)		7,548 (As of Dec.31,2022)	
Expenses for Duration of GDSs		<p>(1) Cost of GDS Issue: Unless it is separately negotiated among E.SUN FHC, E.SUN Bank, lead underwriters and the depositary, all the cost and expenses of the 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>(2) Expenses Incurred After GDS Issue: Unless it is separately negotiated between E. SUN FHC and the depositary, 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>(1) Cost of GDS Issue: Unless it is separately negotiated among E.SUN FHC, lead underwriters and the depositary, 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>(2) Expenses Incurred After GDS Issue: Unless it is separately negotiated between E. SUN FHC and the depositary, 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.20,2023	Highest	US\$ 21.000
		Lowest	US\$ 19.300
		Avg.	US\$ 20.140
	2022	Highest	US\$ 30.400
		Lowest	US\$ 17.500
		Avg.	US\$ 23.760

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 printing 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 printing of the annual report and the names of the 10 employees holding employee subscription warrants authorizing purchase of the most shares for a value in excess of NT\$30 million, along with the status of actual exercising: None.
- 4.5.3 Status of offering restricted stock awards: None.
- 4.5.4 Names and positions of the 10 employees holding employee subscription warrants authorizing purchase of the most shares: None.

4.6 Merger and acquisition

- 4.6.1 Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: 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: None.
- 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



CHIEN CHANG-TA

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 \ Year	2022		2021	
	Amount	%	Amount	%
Interest Income	53,853,990	64.78	35,482,114	49.61
Fee Income	23,366,320	28.11	25,445,136	35.58
Others	5,908,046	7.11	10,589,538	14.81
Total	83,128,356	100.00	71,516,788	100.00

Note:

1. E.SUN FHC consolidated financial figures
2. 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 \ Year	2022		2021	
	Amount	%	Amount	%
Interest Income	53,400,605	66.63	35,011,380	53.04
Fee Income	21,002,267	26.21	22,118,962	33.51
Others	5,736,727	7.16	8,876,975	13.45
Total	80,139,599	100.00	66,007,317	100.00

Note

1. E.SUN Bank consolidated financial figures
2. 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 \ Year	2022		2021	
	Amount	%	Amount	%
Fee Income	2,368,070	83.03	3,333,966	82.40
Interest Income	450,912	15.81	470,144	11.62
Gains from Securities Trading	19,813	0.70	242,954	6.01
Other Operating Income(Loss)	13,135	0.46	(1,208)	(0.03)
Total	2,851,930	100.00	4,045,856	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	2022		2021	
	Amount	%	Amount	%
Investment Income	138,783	89.41	1,479,867	99.95
Interest and other operating income	16,432	10.59	726	0.05
Total	155,215	100.00	1,480,593	100.00

5.1.2 Business Plan

Key business area	Annual business plan
Corporate Banking Services	In response to the international trend of supply chain restructuring and net zero emissions, E.SUN Bank focuses on the development of supply chain and sustainable finance business opportunities, and supports them to set up production capacity in Taiwan and business transformation. Following government's policy "Three Major Programs for Investing in Taiwan" to guide Taiwanese businesses return from overseas, we assist companies in the layout of overseas production bases and digital transformation. We provide companies with comprehensive cross-border financial services by cross-border cooperation as a team. We build professional teams to develop sustainable finance services and family inheritance, and move toward sustainability together with clients. More than 100 corporate partners has joined "E.SUN ESG and Sustainability Initiative" to sign the "Sustainable Development Advocacy" taking carbon reduction and ESG actions.
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, and ESG-related projects, such as green buildings, reconstruction of urban unsafe and old buildings, regional revitalization businesses, solar panels, electric vehicles, energy-efficient equipment and appliances, etc., to promote positive financial impact.
Wealth Management Services	E.SUN wealth management provides its valued customers with comprehensive wealth planning services, including TWD and foreign currency deposits, bonds, securities, insurance, and trust. Based on market trends and customer needs, its expert team integrates cross-platform resources, continuously promotes product innovation, improves customer experience, implements risk management, develops sustainable finance, and is committed to creating value for customers and becoming the most trustworthy wealth management bank.
Credit Card and Payment Service	By providing customer-oriented services, E.SUN Bank creates value for our customers. E.SUN also leverages the power of technology to provide customers with more autonomous and innovative digital experiences. By integrating bank and cross-domain resources, E.SUN Credit Card has become an important platform for managing customers and linking payment services to strategic partner channels, thus expanding our consumption channels. Make E.SUN Credit Card the best payment choice and E.SUN Bank the customer's favorite brand.

Securities Services	Brokerage business focuses on multi profit strategies, actively building a diverse product revenue stream, and creating a high-value service team through the physical channels transformation. It expands its customer base for various products and deepens its management of high-end customers, creating new value in channel management. The business also continues to optimize its digital investment experience and deepen its cross-industry cooperation, providing customers with a satisfying investment journey. The underwriting business focuses on operating hidden champions, ESG companies 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 world has walked through the darkness of the pandemic, however tight monetary policy is a challenge.

- A. Although the impact of Covid-19 has decreased, the global economy is expected to hit bottom between the second and third quarters of 2023 due to rising interest rates and inventory glut. However, as China has abandoned its "zero-Covid" policy and the global inventory adjustment is coming to an end, it is likely that we will see an economic recovery in the second half of 2023. In January 2023, the IMF raised the global economic growth rate for 2023 by 0.2% to 2.9%.
- B. The U.S. goods price has peaked, CPI rose 6.4% annually in December 2022, down from 9.1% in June 2022. However, service price remains high and the labor shortage pulls up wages growth, which make it harder to contain the inflation. It is foreseen that the FED will continue to rise interest rates. High interest rate have depressed private consumption and corporate investment, but the strong labor market provides some economic support and prevents the economy from falling completely. The IMF has raised its forecast for the US economic growth rate in 2023 by 0.4% to 1.4%.
- C. China's reopening from the pandemic has not been as severe as expected, with people quickly returning to normal life and driving a recovery in private consumption and manufacturing. The IMF estimates a 5.5% growth rate in the economy for 2023. However, issues such as real estate bubbles, capital flight, and local fiscal difficulties remain and attention must be paid to central policy making.
- D. The main economies are converging towards a tighter monetary policy in response to inflation, with Europe and Japan tightening their policies after a period of loosening. It is important to be mindful of potential asset devaluation and a decrease in bond market liquidity.

(2)Domestic demand plays the key role of Taiwan economy in 2023.

- A. Exports declined in the latter half of 2022, due to the global economic downturn and the impact of China's Covid containment measures. Challenges for exports are expected to persist in the first half of 2023, but may see some support as China gradually lifts its restrictions. It is important to continue monitoring the progress of destocking.
- B. As the pandemic slows down, private consumption in Taiwan is recovering. The retail and catering industries grew by 7.4% and 18.9% respectively in 2022. The DGBAS(主計總處) estimated that the growth rate of private consumption in 2023 will be 5.48% in November 2022.
- C. Corporate investment is slowing down, with a growth rate of 6.7% in 2022, a significant decrease from the 16.8% in the previous year. The CIER (中經院) is expecting a further decrease to 2.6% in 2023.
- D. The housing market is weak: impacted by rising interest rates, economic downturn, and central bank credit controls, the number of houses sold and transferred in the main cities dropped 9% in December 2022, marking a 3-year low. It is estimated that the volume of the housing market in Taiwan will decline and prices will slightly decrease in 2023. The impact of The Equalization of Land Right Act should also be monitored.

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. Innovation in green finance: Following the government's green energy policy, E.SUN Bank provides diversified renewable energy credit products actively, and promotes various types of financing business of wind power, solar energy, waste-to-energy and other renewable energy as well as energy storage projects. We will continue to support the construction of various types of green power, and provide one-stop financing services. Companies are assisted in the purchases of green power to exert the positive influence of sustainable development together.</p> <p>B. Cross-border finance platform: E.SUN Bank continues to manage cross-border clients. We launched a new generation of E.SUN eBanking to serve multi-border fund management and become a cross-border digital management platform. With the layout of companies in Asia, the establishment of overseas eBanking in Vietnam, Singapore, Myanmar and Australia were completed in 2020-2022. The platform creates special financial services, and offers total solutions. As the Covid-19 pandemic is slowing down, we will continue to develop products and integrated services. We provide digital services in combination with cross-industry cooperation to assist clients in digital transformation, and create a customer-oriented service model.</p>
Consumer Banking Services	<p>A. Upgrading E.SUN Extremely Fast Mortgage Loans: E.SUN launches "online contract signing services for mortgages," which allows existing customers to complete loan increases from application to setting up collateral within their original credit limit entirely online. The bank also introduces an "AI automated property valuation model" to the internal operations, which provides real-time quotes to customers and improves the overall efficiency of credit approval. This not only makes the process more convenient and faster but also reduces the carbon footprint of financial services.</p> <p>B. Green Building Loans: E.SUN has launched the "Green Building Loan", for the houses are EEWHcertified of "Taiwan Architecture & Building Center" can enjoy interest rate reduction and discount on fees.</p> <p>C. Reverse Mortgage Loans: To meet the diverse needs of silver-haired people, E.SUN provided a onestop 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>D. E.SUN Extremely Fast Revolving Loan: The service provides customers with a flexible option for small loans. The entire loan Application process can be completed automatically online. Customers can determine the loan amount and repayment time according to their needs, and interest is only calculated when the amount is used, making it suitable for short-term turnovers or daily needs.</p>
Wealth Management Services	<p>A. Asset Allocation Service</p> <p>E.SUN leverages Fintech to deliver a better customer experience. Customers can have quick access to consulting services from its experts that offer tailor-made investment strategies with the assistance of big data technology.</p> <p>B. Innovative and Sustainable Product Development</p> <p>E.SUN builds a complete product platform to provide customers with financial planning at all stages of life. In addition, to offer high-end services to high-net-worth individuals (HNWI), E.SUN is committed to innovating exclusive wealth management products to fulfill the investment needs of HNWI customers. Simultaneously, in response to sustainable development, E.SUN continues to consider ESG when formulating wealth management strategies.</p> <p>C. Tailored Trust Planning Service</p> <p>Cooperating with the concierge brand "Aspire" of the strategic partner International SOS, E.SUN is the first to launch the "Trust Concierge Service", providing E.SUN's trust customer home care, medical examination arrangements, and other preferred services. E.SUN also innovates a digital trust consulting platform for personal trust customers and the "E.SUN trust service web" for cooperate employee benefit trust's customers' real-time query. E.SUN is committed to promoting innovative products in different fields, continuing to practice inclusive finance, and fulfilling corporate social responsibilities.</p>

Key business activity	R&D results in last two years and future directions
Credit Card and Payment Services	<p>A. E.SUN Digital e-Card: E.SUN issued the first non-physical credit card in Taiwan and has reduced the carbon emissions of each physical card by about 900 grams. E.SUN has also promoted electronic bills and green consumption channels, including the purchase of electric cars and motorcycles, the use of public transportation, and the purchase of organic meals, among others. E.SUN encourages our cardholders to implement sustainable actions through daily consumption.</p> <p>B. Pharmacist Infinite/Signature Co-Branded Credit Card: E.SUN has cooperated with the Federation of Taiwan Pharmacists Associations and the Pharmacists Association of R.O.C. to issue exclusive credit cards for pharmacists. During the COVID-19 pandemic, E.SUN donated vests to improve the identification of pharmacists in remote areas while they delivered medicine to residents. E.SUN Bank has supported pharmacists and responded to pandemic prevention efforts through practical actions.</p> <p>C. E.SUN ezTravel Co-Branded Credit Card: E.SUN has cooperated with a preferred travel e-commerce company to connect online and offline travel channels and meet customers' travel itinerary needs, including air ticket bookings and room reservations, while jointly managing the travel ecosystem.</p> <p>D. E.SUN Wallet App: The newly upgraded version of the E.SUN Wallet App is now open to non-cardholders who can register as members. E.SUN has increased electronic payment services on the E.SUN Wallet App, and customers can now link their E.SUN account to consume in 240,000 channels of Taiwan Pay. E.SUN also created the first card number checking service on a payment App in Taiwan. This means that cardholders can shop at physical and digital channels by loading their card number onto the E.SUN Wallet App and international mobile payment services before they receive their physical cards.</p> <p>E. E.SUN Store e-Quick Pay: E.SUN provides merchants with a safe and convenient payment collection service. To use this service, merchants enter their collection information on the E.SUN Store e-Quick Pay website, and an exclusive order payment link will be generated for consumers to complete payments. This service helps protect the rights and interests of both merchants and consumers, making payments easier and safer.</p>
Securities Services	<p>A. One-stop Account Opening: Leading the industry with the launch of Web-based one-stop account opening, combining with E.SUN Bank and E.SUN securities account opening function, optimizing the workflow to reduce customer dropout rates. The online account opening check function is also enhanced to strengthen online account opening certification and prevent fraudulent account openings.</p> <p>B. IVR Voice Service: Provides 24/7 uninterrupted service and quickly resolves customers' password unlocking issues. C. The first securities company subscribes Morningstar Sustainalytics ESG ratings to provide investors the ESG risk ratings of Taiwan stocks.</p> <p>C. Paperless Account Opening: Online signature verification is paperless, and key automation technologies such as AI recognition and RPA automated processes are introduced to complete the review process faster and more accurately.</p>

(2) R&D progress and expenses

I. R&D expenses of recent 2 years

Unit: NT\$ thousand

Year	2023(F)	2022	2021
E.SUN Bank	328,270	349,820	347,953
E.SUN Securities	34,200	30,798	35,354

II. R&D projects and progresses

E.SUN bank has long been a technology leader in providing innovative financial services and enhancing the digital experience for corporate customers. For instance, by using APIs to connect banking services with DATA SYSTEMS CONSULTING company's ERP, corporate customers can directly connect with banks through encryption modules to complete related financial services in the future. In addition, established a E.SUN Collateral System to improve the quality of collateral control and to comply with the IRB (Internal Ratings-Based approach) approach.

Aiming to provide our customers with complete and diversified financial services. In order to support business diversification and operation continuity, in 2022, we launched the Foreign Business System(FBS). Through Microservice architecture, the new system adapts to future business requirements and legal adjustments, and accelerate system development to enhance the development of our foreign business. Under system abnormalities, operation continuity is provided by means of automatic restart function of microservices. The FBS improves transaction efficiency and enables massive transaction. For example, the velocity of inward remittance transactions process increases ten times comparing to the old foreign system.

In addition, SWIFT will implement ISO20022 standard due to the international trend of AML and the introduction of new technology. In response to the transformation of SWIFT, E.SUN BANK will invest in resources to ensure that accurate overseas information is kept to provide customer a satisfied experience in cross- border payment process.

E.SUN bank will continue to focus on digital transformation and apply technology as an accelerator to refine business development and risk management.

Projects	Estimated Time of Completion
Digital credit process advanced project	2024
E.SUN eBanking and Digiwin ERP collaboration project	2023
E.SUN Collateral System project	2023
Treasury Counterparty System project	2022
Foreign Business System improvement project	2023
SWIFT MX Translator platform project	2024

Note:

1: Ongoing R&D projects will require further investments of NT\$1,399,170 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	E.SUN Bank continues to explore needs of clients, and develops diversified products and services. We assist companies in digital transformation by enhancing cross-border operation and integrating platform. By the improvement of cross-border resource and collaboration with overseas offices, we develop high-quality clients and strengthen domestic and foreign risk management. Following the 2050 national net-zero goal, we continue to develop sustainable business, and assist companies to establish ESG business models. Initiative partners also work with E.SUN Bank to exert ESG influence.
Consumer Banking Services	By leveraging innovative digital platforms, E.SUN provides a seamless and fast service experience. E.SUN expands the channels through cross-industry cooperation and integrates the concept of UN Sustainable Development Goals (SDGs) to offer financial services with a warm touch.
Wealth Management Services	E.SUN is committed to creating customer-centric services and is devoted to sustainable finance and high-end customer management. Via integrating cross-unit resources, E.SUN is able to provide comprehensive consulting services and construct a cross-border wealth management platform to meet customers' investment needs and improve satisfaction. E.SUN also implements ESG into business development, continues to exert financial influence, fulfills the goals of sustainable development, and collaborates with partners and customers to create a win-win situation.
Credit Card and Payment Services	E.SUN Credit Card has leveraged technologies, data analysis, and cross-domain resources to provide customer-oriented services and enhance the customer journey experience. In addition, E.SUN has formed strategic partnerships with key companies in the payment ecosystem to expand more premium customer segments. Moreover, E.SUN is dedicated to cultivating strong relationships with all customer segments, creating high value for our customers.
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 the Wide Band Gap Semiconductors, Green Energy Technology, Precision Health 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	"Detailed client classification, and focused operation", E.SUN Bank improves the efficiency in management of SME by simplifying the credit granting process and strengthening the application of digital platforms. We strengthen the characteristic management of hidden champions and private banking clients, and integrates financial services for medium and large-sized companies. With the restructuring of global supply chains, we provide cross-border financial services to assist in the development of companies, and establish professional teams to assist companies tailor-made customized solutions in terms of sustainable operation and family inheritance. E.SUN Bank becomes the partner of corporate succession and sustainability. In order to cooperate with government policies, we provide preferential loans to promote green projects and support six core strategic industries. Our internal rating model, risk management mechanisms and implement internal control are further improved to maintain credit quality.
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	E.SUN accelerates the upgrade of digital wealth management services such as WME 2.0, and remote and mobile insurance applications that optimizes the customer experience and improve the overall transaction process and efficiency. In addition, E.SUN will strengthen the construction of wealth management teams, deepen the layout of compound professionals, vigorously develop high-net-worth customer management, senior finance, and family trust, etc., improve E.SUN's product research and development and overall risk control capabilities to fulfill customers' asset planning needs.
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. Strengthen the professional expertise of diversified products among sales colleagues, enhance the diversified profit structure, and attach importance to the customer's online account opening and digital investment journey experience, continuously providing considerate and trustworthy services. B. Assist in the IPOs of hidden champions and ESG clients, raise funds for listed companies, and provide comprehensive services to customers.
Venture Capital Services	Create stable profit on disposal of investments; Invest in undervalued public or emerging stock companies with growth potential to enhance the efficiency of capital utilization; Recruit investment managers to increase manpower.

5.2 Cross sector integration and marketing

5.2.1 E.SUN's ESG Sustainability Initiative

ESG (Environmental, Social, Governance) is not only an important global trend but an essential indicator to measure the sustainable development of enterprises. In 2021, E.SUN collaborated with 32 outstanding corporate leaders in Taiwan, including AUO and China Steel, to launch the 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. In 2022, E.SUN kept calling 101 companies to join the initiative, including industry leaders, high-quality companies and hidden champions, and jointly set a goal of reducing carbon emissions by at least 157 metric tons by 2025.

We start from ourselves to strengthen the sustainable operating environment and improve sustainable financial services, including the development of responsible lending, responsible investment, responsible products and inclusive finance. Through communicating with the value chain, we guide and encourage employees, customers, foreign capital, suppliers to implement ESG actions. Looking forward to the future, 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 involved in the operation of medical institutions and medical public welfare. In addition to providing exclusive financial and digital banking services for 22 leading medical institutions across the country. In addition to improving the quality of hospital medical services and the welfare of medical staff, E.SUN will continue to cooperate with the National Federation of Dental Associations of the Republic of China in 2022 and launch the "Jade Mountain Passion Love·Guardian in the medical community" project, set up fixed dental treatment chairs in rural primary schools in Chiayi County and Kaohsiung City, and take care of rural areas. During COVID, the number of confirmed cases and home quarantine increased sharply, and the demand for medicine delivery to the home increased. In order to deliver medicines to people's homes, E.SUN donated 2,000 public welfare vests to the Pharmacist Association, which greatly improved the identity recognition of pharmacists who deliver medicines in rural areas!

E.SUN also continues to cooperate with social leaders who share the same value, including: physicians, Chinese physicians, dentists, accountants, architects, lawyers and pharmacists, etc. The association conjoined to organize public welfare activities such as blood donation and free clinics in rural 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 diversified and cross-border financial demand of Taiwanese enterprises, E.SUN provides cross-border banking services mainly in developed financial markets, Greater China and ASEAN countries with the networks cover 30 offices in 10 countries and regions. Looking forward, E.SUN will continue to expand its Asian network with integral cooperation within cross-border network and localized business to provide a comprehensive financial services for Taiwanese and local customers.
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 overseas customers' needs.
Credit Card and Payment Services	Taiwan is our main service area, and the UCB subsidiary in Cambodia is also developing local credit card and debit card services. E.SUN has also expanded its electronic payment business and cooperated with PayPal, Alipay, and Razer Merchant Services. We continually broaden our cross-border payment services to overseas markets such as Europe, America, and the Asia-Pacific region.
Securities Services	Taiwan is the main service area. As of December 2022, 17 branches have been established, and with 77 joint marketing offices located at bank branches, there are totally 94 service locations.

5.3.2 Future opportunity of market

- (1) Tracking the inventory adjustment progress : Rising needs of remote work and the supply chain chaos caused high demand for industrial components and commodities in manufacturing sector during the outbreak. However, market demand declined dramatically, suffering from high inflation and war between Russian and Ukraine. Consumer electronics such as laptops, tablets, phones, panels and traditional manufacturing industries such as bicycles, clothing, and footwear generally have inventory depletion issues. Facing the global inflation and high interest rate environment, it is important to keep tracking whether the market demand is strong enough to reduce the high inventory level.
- (2) Supply chains in post-Covid era. Due to the competition between China and the US in the technology field and supply chain disruption brought on by the pandemic, stabilization becomes more crucial than cost when choosing suppliers, and accelerate the deglobalization and manufactures are forced to adjust their manufacturing strategies in response to the market demand . Strategies resources like Chips, batteries, rare earth, API and high-tech and information-sensitive industries are highly affected since they have to follow the national policy.
- (3) Pay attention to China's real estate crisis. The real estate bubble had brought uncertainty to the economy, and the support from government is limited. Aids from financial institution temporarily stopped the bubble from bursting, however the market has lost its confidence in real estate. Market demand cannot meet the current supply, high leverage and fast turnaround pattern are no longer applicable for construction companies, could lead to a huge shock on the industries chain. Keep paying attention on the real estate market.
- (4) Put ESG into action and make impact : "Delivering action on commitments" is the main axis of COP27. Under supervision of all parties, urging major countries and well-known companies to take real actions and extending their influences on ESG to the supply chain. In response to international trends, the National Development Council has proposed 12 key strategies for achieving net-zero emissions by 2050, including promoting electric vehicles, renewable energy, hydrogen energy, energy storage, energy conservation, carbon capture/storage, and circular economy. These strategies are expected to drive the development of relevant industries and new technologies.

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	E.SUN focuses on centralized risk control to strengthen our development capabilities. E.SUN provide high-quality experiences through digital services and create greater value for physical channels with excellent customer service. E.SUN also continually develop cross-industry collaborations and support social enterprises to promote social prosperity and co-create a sustainable home.
Wealth Management	E.SUN adheres to the spirit of "pure as jade, sturdy as the mountain", and its expert team provides professional consulting services to meet customers' needs in asset allocation, cross-border financial management, retirement, and legacy planning. E.SUN manages customer relationships with care and creates the wealth management brand that customers prefer in minds.
Credit Card and Payment	E.SUN Credit Card has focused on important customer segments and planned distinctive card services to maintain a leading position in the market for premium customers, civil servants, and other customer segments. According to the needs of different customers, E.SUN continues to launch new products and services to acquire new customers. E.SUN has developed key consumption channels and linked our credit card and personal unsecured loan products to create the E.SUN payment life ecosystem. We strengthen digital services and risk management through technology to improve the customer experience, making E.SUN Credit Card the best payment choice and E.SUN Bank the customer's favorite brand.
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



Talent cultivation always comes first. Since its inception in 1992, E.SUN has laid down building systems, growing talent, and developing information as three pillars of its bid for sustainable development. As such, 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 service of the highest quality. Combining a culture that emphasizes discipline and a spirit of innovation, we persist with creating an environment of diversity, equality, and tolerance for the realization of sustainable development.

Aiming for a leading example in Asia's banking sector in its fourth decade, E.SUN is set to nurture more technology professionals via collaboration with institutions of higher learning and offer scholarships to talent from ASEAN countries. Internally, a learner-centered approach will be adopted to devise training on customer needs and specific competences in line with market trends and our corporate strategy for all levels of personnel. Change and innovation will be undertaken whenever warranted so that the talent thus cultivated can meet corporate, market, and employee expectations and help create corporate value. E.SUN proactively strives for international standards. In 2022, E.SUN secured ISO 21001 certification for management systems for educational organizations, making it the first financial institution in Taiwan thus certified.

As fintech increasingly asserts itself, E.SUN makes it an essential element of talent cultivation. Priority is given to empowering employees with a synthesis of technology and finance to transform them into tech-savvy financial professionals. Moreover, E.SUN makes it a point to provide technology professionals with a much broader fintech sphere by creating exclusive career paths and introducing AI talent and technology executive training programs. Separately, E.SUN has long been committed to creating a diverse, equal, and inclusive environment, safeguarding labor rights, and creating a friendly and happy workplace. At E.SUN, action is taken to endorse the UN Sustainable Development Goal (SDG) 5: "Achieve gender equality and empower all women and girls," thereby achieving the vision of making a world-class corporate citizen.

In 2022, E.SUN won the top prize in the "Outstanding Initiatives—Talent Development" category of the Global Views CSR/ESG Awards, HR Asia's Best Companies to Work for in Asia Awards and Most Caring Company Awards, and TCSA's

Asia-Pacific Sustainability Action Awards. These domestic and overseas accolades rightly attest to our commitment to creating a quality workplace and taking good care of employees. In our fourth decade, E.SUN will continue to focus on the 3+E strategy and draw on an innovative, future-oriented training regime that integrates physical and virtual features to help employees stay competitive in the rapidly changing digital era. E.SUN aims to provide employees with an environment conducive to lifetime learning and an inspiring workplace where they can fulfill potential and find self-value. By creating an ample, quality pool of human capital, E.SUN is set to secure advantages beyond the reach of competitors and present a much better financial institution to Asia.

5.4.1 Employee statistics of E.SUN's subsidiaries

(1) E.SUN FHC and subsidiaries

2023.03.20

Item \ Year		Current year to March 20, 2023	2022	2021
No. of employees		9,273	9,109	9,262
Average age		34.6	34.8	34.2
Average years of service		9.5	9.6	9
Educational background %	Master	27.2	27	27
	Bachelor	68.5	68.6	68.6
	Junior college	3.9	4	3.9
	(Vocational) High school	0.4	0.4	0.5
Number of professional licenses held by employees	Banking	30,952	31,052	30,214
	Insurance	10,730	10,755	10,778
	Securities	7,959	7,973	8,086
	Other	1,853	1,827	1,463

(2) E.SUN Bank

2023.03.20

Item \ Year		Current year to March 20, 2023	2022	2021
No. of employees		8,595	8,421	8,593
Average age		34.5	34.7	34.1
Average years of service		9.5	9.7	9.1
Educational background %	Master	27.7	27.4	27.4
	Bachelor	68	68.2	68.2
	Junior college	3.9	3.9	3.9
	(Vocational) High school	0.4	0.5	0.5
Number of professional licenses held by employees	Banking	30,230	30,313	29,492
	Insurance	10,474	10,499	10,514
	Securities	6,658	6,667	6,788
	Other	1,735	3,076	1,353

(3) E.SUN Securities

2023.03.20

Item \ Year		Current year to March 20, 2023	2022	2021
No. of employees		607	615	601
Average age		35.9	35.6	35.2
Average years of service		9	8.8	8.5
Educational background %	Master	16.8	16.6	16.8
	Bachelor	78.7	79	78.7
	Junior college	4	3.9	4
	(Vocational) High school	0.5	0.5	0.5
Number of professional licenses held by employees	Banking	578	582	568
	Insurance	226	226	233
	Securities	1,260	1,264	1,255
	Other	78	79	77

(4) E.SUN Venture Capital

2023.03.20

Item \ Year		Current year to March 20, 2023	2022	2021
No. of employees		8	8	8
Average age		41	41	40.9
Average years of service		15	14.9	14.5
Educational background %	Master	75	75	75
	Bachelor	25	25	25
Number of professional licenses held by employees	Banking	18	18	20
	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: 7 persons
 (3)Chartered Financial Analyst (CFA) L3: 4 persons
 (4)Certified Financial Planner (CFP): 155 persons
 (5)Associate Financial Planner (AFP): 18 persons
 (6)Certified Internal Auditor (CIA): 3 persons
 (7)Financial Risk Manager (FRM): 27 persons
 (8)Certified Information Systems Auditor (CISA): 4 persons
 (9)Certified Financial Service Auditor (CFSA): 1 person
 (10)Certified Anti-Money Laundering Specialist (CAMS): 336 persons

(11)Project Management Professional (PMP): 158 persons
 (12)Registered Financial Consultant (RFC): 2 persons
 (13)Certificate for Documentary Credit Specialist (CDCS): 19 persons
 (14)Certified Business Analysis Professional (CBAP): 1 person
 (15)Personal insurance agent: 10 persons
 (16)Property insurance agent: 7 persons
 (17)Securities investment analyst: 45 persons
 (18)Futures trading analyst: 6 persons
 (19)CPA: 43 persons
 (20)Attorney: 12 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. It is only fitting for E.SUN to adapt to the post-pandemic era in talent cultivation. In place of the shift from offline to online, we now focus on integrating training courses of both modes as the pandemic subsides. Specialized digital sessions are offered as a supplementary learning tool to strengthen physical training. As such, physical training is now bolstered with the help of digital teaching media, platforms, and tools. This allows employees to apply what they have learned to real-world scenarios in no time. Additionally, E.SUN encourages employees to attend high-quality external training courses so that they can pick up the latest in international finance and expertise in ESG, fintech, and risk management among others.
- (4) During 2022, the Company and its subsidiaries held 486 internal education and training classes of various types, and sent personnel to participate in 847 training sessions held by external professional organizations. As a result, our colleagues took part in training a total of 205,440 person-times.
- (5) The Company's education and training funding accounted for 0.75% of operating revenue in 2022.

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

	2022	2021	Growth rate
Number of employees serving in non-supervisory positions	7,775	8,135	-4.43%
Average salary of employees serving in non-supervisory positions	1,210	1,168	3.60%
Median salary of employees serving in non-supervisory positions	1,113	1,069	4.12%

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 7 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) Continuously promote the "Green Building" and "Solar Energy" projects. As of the end of 2022, there are a total of 2 LEED Platinum international certifications (Nanzi and Linyuan branches), 6 LEED Gold international certifications (Data center of the Technology Building and Hope Building, Esun Human Resources Development Center, Building A of the Second Headquarters, Chiayi and Dali branches), 3 EEWB Gold certifications (Building A and Building B of the Second Headquarters, Rende branch), and 7 EEWB Qualified certifications (Chiayi, Daya, Yuanlin, Tufen, Annan, East Tainan, and Shalu branches), as well as 23 solar energy sites (Headquarters Building, Dengfeng Building, Technology Building, Boai Building, Building A of the Second Headquarters, Nanzi, Lingya, Linyuan, Tufen, Daya, Dali, Taiping, Shalu, Changhua, Yuanlin, Douliou, Chiayi, Rende, East Tainan, Annan, Jinhua, Houjhuang, and Houlong branches).
- (2) Continuously introduce ISO14001 environmental management system, ISO50001 energy management system, ISO14064 greenhouse gas inventory, ISO14046 organizational water footprint inventory, and introduce ISO46001 water resource efficiency management system in 2021. The certification scope will be expanded in 2022 and will include 15 sites, including the Headquarters Building, Building A and Building B of the Second Headquarters, Boai Building, Hsinchuang, Tucheng, Fuhsing, Changchun, Chengjhong, Sindian, Mujha, Erchong, Banciao, South Tucheng, and Shwangho branches.

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 173 E.SUN Libraries by the end of 2022. 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 2022, the E.SUN Outstanding Management Talent Scholarship was rewarded to 36 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. 68 teachers have received the award so far.
- (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 16 consecutive years. Over 3,500 baseball players have received training. Through the Remote Caring Program, E.SUN has supplied appropriate sports aids to over 38 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 7,712 bags (250 ml per bag) of blood were donated in 2022. 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

- (1) 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.
- (2) To enhance the efficiency of using resource, adjust the existing network structure for overseas branch and introduce SD-WAN (Software Defined-Wide Area Network) design to strengthen the integration and utilization of existing network dedicated lines. Promote the recycling of resources in the virtualized environment. Through regular analysis of reports, the optimal resource allocation for virtual machines is given according to recommendations, and virtual machine resources that have not been used for more than three months are regularly recycled to improve resource utilization efficiency.

5.7.2 Future development and procurement plans

In 2023, 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 2023:

(1) Global Financial Services

- Core Banking System Upgrade for UCB
- Core Banking System Migration for Overseas Branch
- Data Warehouse Development for Overseas Branch
- Cloud Migration of Oversea Branches System

(2) Customer Relationship Management

- Wealth Management System Reengineering
- Next Generation Call Center System Development
- Integrated Apply Platform Upgrade
- Personal Loan Unify System Development

(3) Technology Driven Digital Transformation

- Core Banking System Migration for Credit Card and Payment Division
- Optimization of Cloud Foundation Infrastructure
- Machine Learning as a Service Platform Upgrade
- Embedded Efficient Automatic IT Operation

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 and import an automatic verification mechanism to shorten the service recovery time. In the other hand, we execute 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) The Board of Directors of E.SUN FHC is responsible for reviewing overall information security policies of E.SUN FHC, as well as important decision-making for issues related to information security. The Board also supervises the implementation of information security by its subsidiaries. The Board of Directors comprises of members of the IT profession, and both the board and the senior management have fulfilled their duties with respect to supervision and governance. The Company has established the CISO and the Information Security Management Division, who are the highest-ranking information security officer and dedicated information security unit, respectively, and responsible for supervising the executions of the Company's information security operations as well as the validity of the information security and risk management mechanisms. They also regularly report the overall information security implementations and results to the Risk Management Committee of E.SUN FHC's Board of Directors.
- (3) E.SUN Bank has already obtained the ISO/IEC 27001:2013 international certification for the Information Security Management System (ISMS), and completed two follow-up reviews in 2022 to maintain the validity of the certification. E.SUN Bank has also expanded the application of the certificate to its Intelligent Banking Division in 2022. Moreover, its credit card receipt system has also achieved the Payment Card Industry Data Security Standard (PCIDSS) certification on an annual basis since 2017 to maintain the validity of the certification. In 2022, the Digital and Information Division of E.SUN Securities also deployed and obtained the Information Security Management System (ISMS) ISO/IEC 27001:2013 certification.

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) E.SUN continues to examine the completeness and appropriateness of existing control measures through information security evaluation procedures undertaken by independent third parties. To continuously strengthen its information security defensive strategies and response mechanisms, E.SUN Bank has partnered with professional white hat hackers to engage in comprehensive real hacking drills since 2021. Remote working simulations have also been added to the hacking drills in 2022 to ensure the safety in remote connections, as well as the effectiveness of its information security defense and business continuity measures.
- (4) To build a dedicated team in which information security personnel will actively monitor, detect, analyze, and respond accordingly, as well as action measures that support the financial information exchange from the Financial Supervisory Commission, E.SUN Bank has been cultivating the incident response and investigation competencies of Security Operation Center (SOC), connecting various cybersecurity devices, and automated threat intelligence feeds. This helps E.SUN Bank to continuously optimize the SOC and comprehensively enhance the timeliness in handling information security incidents as well as the skills in managing information security threats, thereby achieving its target for joint information security surveillance and defense in the financial sector.

5.8.3 Cyber Security Management Investments

- (1) The Company persistently invests resources into information security-related matters. The amounts spent on information security in 2022 were approximately NT\$308 million, and were intended to improve systematic and technical infrastructures, enhance information security defense equipment, conduct intelligence monitoring and analysis, and organize incident response and attack/defense drills and training to enhance information security governance capacity and achieve well-rounded information security protections.
- (2) The Company regularly implements information security training and social engineering drills to continuously strengthen the information security awareness of all employees. In addition, programming safety courses as well as consulting channels are established to enhance the security and development competencies of the IT Department.
- (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 Information Security 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) A total of 102 external fraudulent emails were received and reported by E.SUN employees in 2022. After investigating this incident, it was determined that the emails did not pose any impact to E.SUN and that all monitoring, warning, and relevant control measures can effectively help E.SUN defend against external threats.

A-Cyber Security Incident	2022 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)

- (1) 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.
- (2) In dealing with major threats including domestic and foreign major information security incidents, network system vulnerabilities, ransomware attacks, and malware, the Company has formulated standard operating procedures for intelligence collection and handling, and risk analysis was completed for a total of 323 relevant data in 2022. Preventive response measures were proposed for issues with higher intelligence or key concerns, and 19 information security messages were disseminated to the IT Departments of all E.SUN FHC subsidiaries in order to reduce the likelihood of impact on the overall information assets in E.SUN FHC, while also ensuring the consistency of information security defense across subsidiaries.
- (3) 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
Corporate Liability Insurance Financial Institution	AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch	2023/02/05-2024/02/05	<p>1. Insured Person :</p> <p>1.1 E.SUN FINANCIAL HOLDING COMPANY LTD. and its subsidiaries.</p> <p>1.2 Directors, supervisors and employees with management and supervision duties of Yushan Financial Holdings and its subsidiaries.</p> <p>2. Covers :</p> <p>2.1 The Insurer will pay the Loss and the legal costs and expenses of each Company arising from a Securities Claim or an Employment Practices Breach.</p> <p>2.2 The Insurer will pay the Loss and the legal costs and expenses of each Company arising from a management liability to the Directors and the Outside Directors.</p> <p>2.3 The Insurer will pay the Loss and the Cost of each Company arising from an Investigation or a Regulatory Crisis Event by Official Body.</p> <p>2.4 The Insurer will pay the Loss and the legal costs and expenses of each Company arising from a Bodily injury or a property damage, labor safety and health, gross negligence causing death cause by the Directors and the Outside Directors.</p> <p>2.5 The Insurer will pay the Assets and Liberty Defence Costs and the Prosecution Costs of the Directors and the Outside Directors.</p> <p>2.6 The Insurer will pay the Investigation Costs of each Company arising from a shareholder's claim to file a civil complaint against a director's Wrongful Acts.</p>	None

6. Financial Information



JAN CHIN-SHUI

6.1 Condensed Financial Statements from 2018 to 2022

6.1.1 Condensed Balance Sheet(Consolidated)

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years from 2018 to 2022 (Note 1)				
		2022(Note 3)	2021(Note 3)	2020(Note 3)	2019(Note 3)	2018(Note 3)
Cash and cash equivalents, due from the central bank and call loans to other banks		229,133,958	210,607,829	175,721,506	128,578,895	132,443,937
Financial assets at fair value through profit or loss		360,749,273	411,389,536	715,809,282	519,648,673	475,506,677
Financial assets at fair value through other comprehensive income		347,716,866	333,399,699	263,902,860	215,878,199	183,846,186
Debt Instrument Investments Measured at Amortized Cost		401,405,743	308,219,235	16,465,798	12,599,698	8,165,004
Derivative financial assets for hedging		-	-	-	-	-
Securities purchased under resell agreements		7,881,831	-	2,300,196	4,971,085	-
Receivables, net		125,988,674	124,412,124	116,686,211	113,150,366	93,450,521
Current tax assets		15,510	80,677	106,412	7,200	11,790
Assets held for sale, net		-	-	-	158,036	-
Discounts and loans, net		1,934,791,917	1,768,641,241	1,620,374,068	1,444,322,101	1,333,277,269
Reinsurance assets		-	-	-	-	-
Investments accounted for using equity method, net		-	-	-	-	-
Restricted assets		-	-	-	-	-
Other financial assets, net		4,920,274	9,090,476	6,235,133	8,039,483	13,694,947
Properties and equipment, net		34,708,732	33,881,468	33,290,884	33,351,444	32,604,520
Investment properties, net		1,830,028	1,855,043	1,827,047	1,853,907	1,948,418
Right-of-use assets, net		7,143,707	6,933,260	3,168,210	3,181,031	-
Intangible assets, net		6,109,490	6,176,279	6,167,861	6,188,674	6,116,132
Deferred tax assets, net		3,418,268	2,329,213	1,842,000	1,456,489	1,098,436
Other assets		13,746,203	13,892,197	7,847,214	4,972,910	5,623,195
Total assets		3,479,560,474	3,230,908,277	2,971,744,682	2,498,358,191	2,287,787,032
Due to the Central Bank and other banks		72,514,434	83,481,158	54,968,986	57,903,786	72,223,020
Funds borrowed from the Central Bank and other banks		-	14,021,010	8,044,340	-	-
Financial liabilities at fair value through profit or loss		89,569,651	61,199,462	70,441,442	59,630,516	50,315,163
Derivative financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreements		18,495,295	16,648,639	11,305,248	7,228,239	12,526,789
Commercial paper issued		1,739,403	4,788,871	3,257,632	3,681,576	2,669,356
Payables		37,486,918	32,756,248	33,872,856	29,184,083	28,969,420
Current tax liabilities		1,895,233	2,122,898	830,714	1,899,196	1,523,828
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and remittances		2,902,599,406	2,695,062,791	2,491,467,253	2,082,984,629	1,886,693,981
Bonds payable		43,850,000	41,370,000	39,970,000	38,070,000	42,650,000
Other borrowings		3,500,491	958,817	1,213,342	381,356	399,094
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		99,337,181	66,130,391	64,583,767	35,167,492	25,019,142
Lease liabilities		4,303,812	3,998,061	3,275,399	3,177,727	-
Provisions		1,114,461	1,089,345	1,159,384	656,223	860,739
Deferred tax liabilities		1,895,421	1,348,359	1,422,381	1,306,719	1,338,393
Other liabilities		4,167,814	11,547,585	4,331,361	3,905,549	2,468,007
Total liabilities	Before distribution	3,282,469,520	3,036,523,635	2,790,144,105	2,325,177,091	2,127,656,932
	After distribution	(Note 2)	3,045,471,217	2,797,810,036	2,334,368,857	2,135,345,299
Equity attributable to owners of the Company		196,926,276	194,225,889	181,468,392	173,057,921	160,014,288
Capital stock	Before distribution	142,751,000	133,546,000	125,671,000	116,195,000	108,289,000
	After distribution	(Note 2)	142,546,000	133,351,000	125,455,000	115,988,500
Capital surplus		26,070,164	25,662,214	25,350,214	24,965,734	24,710,706
Retained earnings	Before distribution	33,472,219	36,091,761	30,304,168	31,697,756	26,627,780
	After distribution	(Note 2)	18,144,179	14,958,237	13,245,990	11,239,913
Other equity		(5,367,107)	(1,074,086)	143,010	199,431	386,802
Treasury stock		-	-	-	-	-
Non-controlling interests		164,678	158,753	132,185	123,179	115,812
Total equity	Before distribution	197,090,954	194,384,642	181,600,577	173,181,100	160,130,100
	After distribution	(Note 2)	185,437,060	173,934,646	163,989,334	152,441,733

Note:

1. All financial statements above have been audited and certified by accountants.
2. Earnings distribution of the year (ended December 31) 2022 shall be resolved in the shareholders' meeting.
3. 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 2018-2022(Note)				
		2022(Note)	2021(Note)	2020(Note)	2019(Note)	2018(Note)
Interest revenue		53,853,990	35,482,114	36,089,321	41,263,631	37,390,417
Less: Interest expense		24,235,627	9,497,790	14,750,803	21,392,562	17,079,102
Net interest		29,618,363	25,984,324	21,338,518	19,871,069	20,311,315
Total net revenues and gains other than interest		25,187,556	31,913,116	34,910,526	34,651,549	29,117,919
Total net revenues		54,805,919	57,897,440	56,249,044	54,522,618	49,429,234
Bad-debt expenses and provision for losses on commitments and guarantees		2,076,541	2,129,603	3,225,752	1,598,078	3,252,472
Net changes in insurance liability reserve		-	-	-	-	-
Operating expenses		32,826,180	31,808,398	32,494,200	29,854,264	25,839,405
Income before tax from continuing operations		19,903,198	23,959,439	20,529,092	23,070,276	20,337,357
Income tax expense		(4,121,857)	(3,373,936)	(2,481,236)	(2,949,766)	(3,254,589)
Net income from continuing operations		15,781,341	20,585,503	18,047,856	20,120,510	17,082,768
Net income (loss) from discontinuing operations		-	-	-	-	-
Net income		15,781,341	20,585,503	18,047,856	20,120,510	17,082,768
Other comprehensive income		(4,722,290)	(642,507)	(1,024,968)	138,758	(526,762)
Other comprehensive income for the year (net of tax)		(4,722,290)	(642,507)	(1,024,968)	138,758	(526,762)
Total comprehensive income		11,059,051	19,942,996	17,022,888	20,259,268	16,556,006
Net income attributable to owners of the company		15,759,000	20,558,988	18,026,592	20,105,129	17,068,493
Net income attributable to non-controlling interests		22,341	26,515	21,264	15,381	14,275
Total comprehensive income attributable to owners of the company		11,035,019	19,916,428	17,001,757	20,244,626	16,541,559
Total comprehensive income attributable to non-controlling interests		24,032	26,568	21,131	14,642	14,447
Earnings per share (NT\$)		1.10	1.54	1.43	1.73	1.58

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 2018 to 2022

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 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 ; Yang Cheng Hsiu, CPA, and Li Guan Hao, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2022, 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 2018 to 2022				
			2022 (Note 1)	2021 (Note 1)	2020 (Note 1)	2019 (Note 1)	2018 (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) (%)		67.50	66.41	66.00	70.19	71.56	
	NPL ratio (E.SUN Commercial Bank) (%)		0.16	0.16	0.19	0.19	0.23	
	Average revenue per employee(NT\$ thousand)		5,453.87	5,618.38	5,468.51	5,640.08	5,227.29	
	Average net income per employee(NT\$ thousand)(Note 2)		1,570.44	1,997.62	1,754.60	2,081.36	1,806.55	
Solvency ratio and Profitability ratio	Ratio of return on total assets%(Note 2)		0.47	0.67	0.66	0.84	0.79	
	Ratio of return on stockholders' equity%(Note 2)		8.06	10.95	10.17	12.07	11.05	
	Profit margin ratio(%)		28.79	35.56	32.09	36.90	34.56	
	Basic Earnings per share(NT\$)(Note 2)		1.10	1.54	1.43	1.73	1.58	
Financial structure(%)	Ratio of debt to assets		94.34	93.98	93.89	93.07	93.00	
	Ratio of debt to net worth		1,665.46	1,562.12	1,536.42	1,342.63	1,328.71	
	Double Leverage Ratio		103.15	102.89	103.25	103.76	104.00	
	According to Article 41 of Financial Holding Company Law		None	None	None	None	None	
Leverage ratio(%)	Operating leverage ratio		1.10	1.09	1.16	1.07	1.16	
	Financial leverage ratio		1.00	1.00	1.00	1.00	1.01	
Ratio of growing(%)	Ratio of assets growing		7.70	8.72	18.95	9.07	10.14	
	Ratio of income growing (Note 2)		(16.93)	16.71	(11.01)	13.44	20.53	
Cash flow(%)	Cash flow ratio (Note 3)		25.64	19.97	9.35	5.64	5.95	
	Cash flow adequacy ratio (Note 3)		202.23	167.52	116.75	120.58	136.64	
	Cash flow content ratio		(Note 7)	(Note 7)	(Note 7)	(Note 7)	(Note 7)	
Operating Scale(%)	Market share of assets		4.70	4.55	4.83	4.15	4.11	
	Market share of equity(Note 4)		4.71	3.71	4.18	3.89	4.34	
	Market share of deposit (E.SUN Commercial Bank)		5.29	5.34	5.30	4.86	4.67	
	Market share of assets loans(E.SUN Commercial Bank)		5.05	5.02	4.90	4.60	4.43	
Capital adequacy Ratio	Subsidiaries' Capital adequacy Ratio calculated by regulation (%)	E.SUN Commercial Bank (consolidated)	14.33	13.97	15.64	14.62	15.13	
		E.SUN Securities Co., Ltd. (Note 5)	679.89	462.81	331.18	436.09	540.24	
		E.SUN Venture Capital Co., Ltd.	97.97	96.40	98.47	98.39	98.88	
	Qualified capital of subsidiaries (NT\$ thousand)	E.SUN Commercial Bank	254,905,870	239,225,579	230,997,435	225,229,332	214,187,113	
		E.SUN Securities Co., Ltd.	5,816,619	6,133,563	4,830,373	4,377,258	4,128,876	
		E.SUN Venture Capital Co., Ltd.	4,877,351	5,058,914	4,079,086	3,406,096	3,280,563	
	Net Group qualified capital(NT\$ thousand)		243,327,319	229,481,726	217,445,424	208,420,469	195,921,649	
	Legal requirement of subsidiaries' capital	E.SUN Commercial Bank	186,763,021	179,839,564	155,105,034	161,743,250	139,779,358	
		E.SUN Securities Co., Ltd.	1,283,282	1,987,938	2,187,821	1,505,640	1,146,402	
		E.SUN Venture Capital Co., Ltd.	2,489,312	2,623,810	2,071,202	1,730,833	1,658,795	
	Legal requirement of group capital(NT\$ thousand)		190,789,772	185,840,973	159,651,837	165,280,619	142,714,687	
	Group Capital Adequacy Ratio		127.54	123.48	136.20	126.10	137.28	
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 6)			1,507,126,677	1,407,391,993	1,241,981,509	915,952,505	717,204,176	

Note:

Note 1: Based on financial statements compiled by accountants for previous years.

Note 2: Mainly due to overall environment, it leads to the decrease of net income compared to the prior period.

Note 3: Mainly due to the increase in cash flow of operating activities.

Note 4: Mainly due to the increase in total equity.

Note 5: Mainly due to the decrease in credit risk.

Note 6: The total amount was higher in 2022 than in 2021, mainly due to the stable growth of business.

Note 7: The cash flow content ratio is negative, and therefore not included in the analysis herein.

Note 8: 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 2018 to 2022)/from 2018 to 2022(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.
-

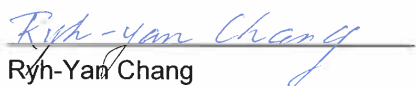
6.3 Financial Holding Company and its subsidiaries should disclose the detail of impact when encounter financial difficulties for the latest complete financial year and year to date before the printing of annual report: None.

6.4 Audit Committee report

Audit Committee Report

To: E.SUN Financial Holding Company

The 2022 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 Yang, Chen-Hsiu and CPA Lee, Kuan-Hao 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

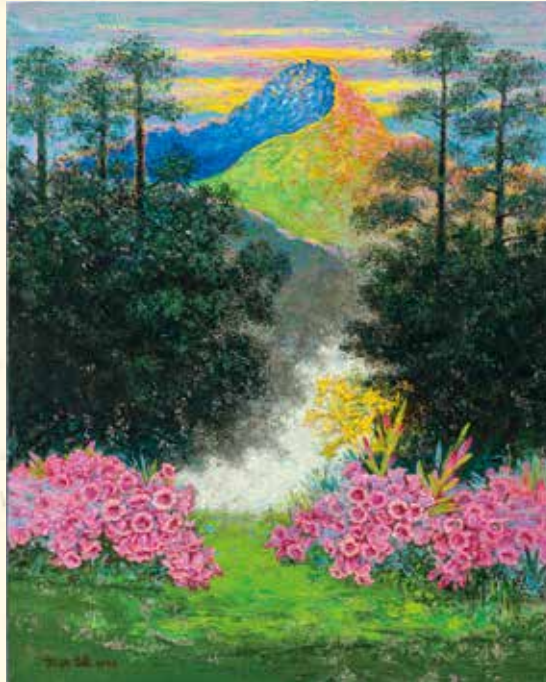
Convener

Audit Committee

E.SUN Financial Holding Company

Date: February 20, 2023

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



7.1 Financial status

Unit: NT\$ thousand

Item	Year	2022	2021	Difference	
				Amount	%
Cash and Cash Equivalents		76,217,644	85,237,301	(9,019,657)	(11)
Deposits at CBC and loans to peer banks(Note 1)		152,916,314	125,370,528	27,545,786	22
Financial assets at fair value through profit or loss		360,749,273	411,389,536	(50,640,263)	(12)
Available-for-sale financial assets-Net		-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income		347,716,866	333,399,699	14,317,167	4
Debt Instrument Investments Measured at Amortized Cost (Note 2)		401,405,743	308,219,235	93,186,508	30
Investments in Notes and Bonds with Resale Agreement (Note 3)		7,881,831	-	7,881,831	-
Receivables-net		125,988,674	124,412,124	1,576,550	1
Current income tax assets (Note 4)		15,510	80,677	(65,167)	(81)
Assets Held for Sale-net		-	-	-	-
Loans and advances-net		1,934,791,917	1,768,641,241	166,150,676	9
Held-to-Maturity Financial Assets-Net		-	-	-	-
Other Financial Assets-Net (Note 5)		4,920,274	9,090,476	(4,170,202)	(46)
Investment property-Net		1,830,028	1,855,043	(25,015)	(1)
Property, plant, and equipment-net		34,708,732	33,881,468	827,264	2
Intangible assets-Net		6,109,490	6,176,279	(66,789)	(1)
Deferred tax assets (Note 6)		3,418,268	2,329,213	1,089,055	47
Other assets-Net		13,746,203	13,892,197	(145,994)	(1)
Right-of-use asset-Net		7,143,707	6,933,260	210,447	3
Total asset		3,479,560,474	3,230,908,277	248,652,197	8
Deposits from CBC and peer banks		72,514,434	83,481,158	(10,966,724)	(13)
Funds borrowed from the Central Bank and other banks (Note 7)		-	14,021,010	(14,021,010)	(100)
Financial liabilities at fair value through profit and loss (Note 8)		89,569,651	61,199,462	28,370,189	46
Notes and Bonds Issued under Repurchase Agreement		18,495,295	16,648,639	1,846,656	11
Commercial papers payable-net (Note 9)		1,739,403	4,788,871	(3,049,468)	(64)
Payables		37,486,918	32,756,248	4,730,670	14
Current tax liabilities		1,895,233	2,122,898	(227,665)	(11)
Deposits and remittances		2,902,599,406	2,695,062,791	207,536,615	8
Bonds payable		43,850,000	41,370,000	2,480,000	6
Other loans (Note 10)		3,500,491	958,817	2,541,674	265
Liability provisions		1,114,461	1,089,345	25,116	2
Other financial liabilities (Note 11)		99,337,181	66,130,391	33,206,790	50
Deferred tax liabilities (Note 12)		1,895,421	1,348,359	547,062	41
Lease liability		4,303,812	3,998,061	305,751	8
Other Liabilities (Note 13)		4,167,814	11,547,585	(7,379,771)	(64)
Total Liabilities		3,282,469,520	3,036,523,635	245,945,885	8
Common Stock		142,751,000	133,546,000	9,205,000	7
Total capital surpluses		26,070,164	25,662,214	407,950	2
Total retained earnings		33,472,219	36,091,761	(2,619,542)	(7)
Other equity (Note 14)		(5,367,107)	(1,074,086)	(4,293,021)	400
Non-controlling shareholders		164,678	158,753	5,925	4
Total equity		197,090,954	194,384,642	2,706,312	1
Total liabilities and equity		3,479,560,474	3,230,908,277	248,652,197	8

Note:

1. Mainly due to the increases of deposit reserves.
2. Mainly due to the increases of negotiable certificates of deposits, domestic and foreign bond.
3. Mainly due to domestic government bonds rose by 3,000,000(NT\$ thousand) and non-self-insured commercial paper issued rose by 4,881,830(NT\$ thousand).
4. Mainly due to the decreases of prepaid income tax.
5. Mainly due to the increases of due from banks.
6. Mainly due to unrealized losses on financial instruments.
7. Mainly due to decreasing in refinancing from central bank for the purpose of funding.
8. Mainly due to the increases of loss on valuation of financial liabilities at fair value through profit or loss.
9. Mainly due to decreases of commercial papers payable.
10. Mainly due to the increases of short-term borrowings.
11. Mainly due to the increases of principal of structured products.
12. Mainly due to the increases of unrealized valuation of financial instruments.
13. Mainly due to the decreases of collections for underwriting stock value.
14. Mainly due to the decreases of gain on valuation of fair value changes of debt instruments at fair value through other comprehensive income.
15. The 2022 financial status is based on financial statements issued by a CPA for the current year.

7.2 Financial Performance

Unit: NT\$ thousand

Item	Year	2022	2021	Change amount	Percentage (%) of change
Net interest income		29,618,363	25,984,324	3,634,039	14
Non-interest net revenue (Note 1)		25,187,556	31,913,116	(6,725,560)	(21)
Allowance for bad debt expenses and guarantee liabilities		(2,076,541)	(2,129,603)	53,062	(2)
Operating expenses		(32,826,180)	(31,808,398)	(1,017,782)	3
Net Profit before Tax for On-going Business Departments		19,903,198	23,959,439	(4,056,241)	(17)
Income Tax (Expense) Benefit (Note 2)		(4,121,857)	(3,373,936)	(747,921)	22
Net Profit after Tax for On-going Business Departments (Note 3)		15,781,341	20,585,503	(4,804,162)	(23)
Other comprehensive income (Note 4)		(4,722,290)	(642,507)	(4,079,783)	635
Total comprehensive income for the current period (Note 4)		11,059,051	19,942,996	(8,883,945)	(45)

Note:

1. Mainly due to the decreases of interest revenue and the increases of loss on valuation of financial assets at fair value through profit or loss.
2. Mainly due to the decrease in tax-exempt income in the current period resulted in an increase in the proportion of taxable income, it leads to the increase in income tax expense this period.
3. Mainly due to overall environment, it leads to the decrease of net interest and gain on valuation.
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	2022	2021	Percentage (%) increase (decrease)
Cash flow ratio (%) (Note 1)		25.64	19.97	28.39
Cash flow adequacy ratio (%) (Note 2)		202.23	167.52	20.72
Cash reinvestments ratio (%)		2.92	2.50	16.80

Note:

1. The cash flow ratio was higher in 2022 than 2021, mainly due to the increase in cash flow of operating activities.
2. The cash flow adequacy ratio was higher in 2022 than 2021, mainly due to the increase in cash flow of operating activities.

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
115,750,099	65,001,236	37,016,699	143,734,636	-	-

1. Analysis of cash flow change for the year

- (1) Operating activities: Expected annual net cash flow from operating activities was NT\$65,001,236 thousand dollars.
- (2) Investing activities: Expected annual net cash flow was NT\$(13,965,883) thousand dollars.
- (3) Financing activities: Expected annual net cash flow was NT\$(23,050,816) thousand dollars.

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 2022 reinvestment policy, main reasons for profits or losses, improvement plan, and investment in the coming year

7.5.1 2022 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 2023 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

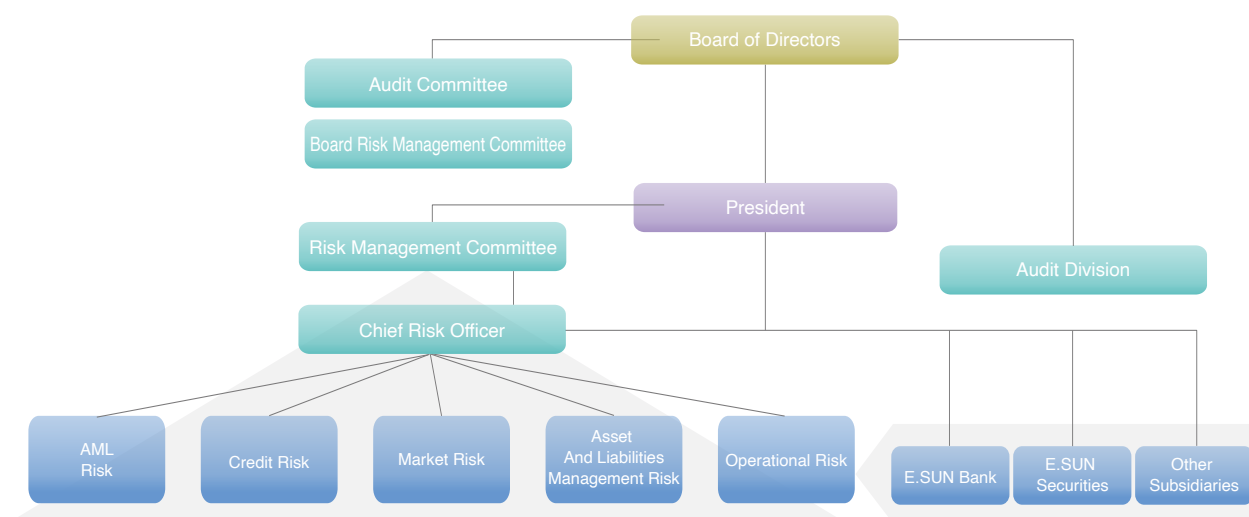
The goal of the Company's risk management is to ensure the safety of assets, enhance customer service quality, increase shareholder value, and achieve the goal of rationalization of risk and compensation. The development of business must uphold the highest guiding principles of risk management: safety 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. Furthermore, we comprehensively enhance the quality of risk management by formulating the risk appetite, and guiding the allocation of resources. The Company's risk management organizational framework is shown in the following diagram.

At the same time, subsidiary 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.



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

- i. 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, subsidiaries such as E.SUN Bank have been actively adopting internal credit rating tools, have implemented a monitoring and verification mechanism aimed to ensure the effectiveness and stability of our credit rating model, and are continuing to establish comprehensive risk management procedures.

- ii. 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.
- iii. The Company abides by authorities stipulated by regulators regarding and establishes the standards to limit credit risk exposure for a single enterprise and group of affiliates.
- iv. Considering the risk tolerance in business, the company sets limits and acts on the exposure of lending and investment for specific industries, business conglomerates and nationalities, as well as regularly review the appropriateness to avoid over concentration risk and appropriately diversify the risk exposure.

(II) Market Risk Management

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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

- i. 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.
- ii. 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.
- iii. 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

- i. In order to manage risks related to money laundering and financing of terrorism, the Company and its subsidiaries have formulated group-wide policy and procedures, including "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", etc. Meanwhile, adequate countermeasures in line with "Risk Based Approach (RBA)" have been established to ensure that management and controls are effectively implemented. Regarding AML/CFT management for overseas affiliates of E.SUN bank, E.SUN continuously promotes mechanisms such as information sharing at group-wide level and regulatory gap analysis to establish unified worldwide management standards. To effectively supervise the AML/CFT execution of overseas units, subsidiary E.SUN Bank assists overseas units in improving customer risk scoring methods, monitoring conditions and parameter thresholds for transaction monitoring systems, as well exchanges on viewpoints via periodic meetings and other mechanisms. The motto of "no business can be considered beyond risk" serves as the ultimate guiding principle for risk management.
- ii. With regard to risk control measures, subsidiaries should formulate their risk control plans, monitoring, and procedures according to the institutional risk assessment to manage and mitigate the identified ML/TF risks. For subjects with higher risk, subsidiaries should apply enhanced measures to fulfill the controlling mechanism to prevent money laundering and financial crime.
- iii. To ensure the fulfillment of subsidiaries' AML/CFT plans, execution performances are reported to the President of E.SUN FHC annually.
- iv. 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 works, E.SUN will continue monitoring and supervising its subsidiaries on implementing 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, constantly develop AML/CFT IT systems, and conduct comprehensive training to increase the AML/CFT professionalism of 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 conduct institutional risk assessment periodically, formulate AML/CFT plans based on the results of assessment, and establish risk control mechanism as well as develop adequate risk mitigation measures. The aspects of risk assessment include but are not limited to geographical, customer, product and service, as well as transaction and delivery channel. Each risk aspect is analyzed in details by risk factors for thorough evaluation. Finally, the result of institutional risk assessment is reported to the board of directors and submitted to competent authority for future reference. The Company and its subsidiaries have set risk appetite on ML/FT risks, and establish corresponding management on acceptable risk degrees and types. The risk indicators are periodically monitored against the risk appetite threshold, and reported to the board of directors.

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. Subsidiary 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

Credit Risk-based Capital Charge & Risk-weighted Assets

2022.12.31 Unit : NT\$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	222,830,453	12,758
Public Sector (Non-central government)	5,618,411	90,844
Banks (including multilateral development banks and CCP)	347,451,115	11,175,599
Corporate (including securities and insurance companies)	568,823,297	40,643,394
Retail exposures	218,217,355	11,847,558
Real Estate	1,312,092,280	54,232,824
Equity Investments	24,609,775	3,929,249
Capital requirements for banks' equity investments in funds	-	-
Other Assets	75,487,941	4,066,402
Total	2,775,130,627	125,998,628

Capital Charge of Asset Securitization

2022.12.31 Unit : NT\$ thousand

Debt Category	Non-originating bank	Originating bank
	Capital Charge	Capital Charge
Securitization Exposure	177,156	-
Re-securitization Exposure	-	-
Total	177,156	-

NOTE: As of December 31, 2022, E.SUN Bank does not serve as originator for any securitized asset but holds NT\$177,156 thousand dollars in asset securitization position as the non-originating bank.

(II) E.SUN Securities

Unit : NT\$ thousand

Item	December 31, 2022		December 31, 2021	
	Exposure after Risk Mitigation	Risk Equivalent	Market value	Risk Equivalent
Margin trading amount	1,517	228	8,996,174	224,905
Securities loan	3,367	505	1,387,666	34,692
Securities Brokerage	510,695	75,223	17,290,675	463,956
General transaction amount	527,823	42,226	529,117	42,329

NOTE: The Company's Credit Risk-based Capital Charge were calculated by using Comprehensive Approach from Sept. 2022.

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

(I) E.SUN Bank

2022.12.31 Unit : NT\$ thousand

Risk Type	Capital Charged
Interest rate risk	5,283,283
Equity Securities risk	850,628
FX risk	268,319
Commodity Risk	1,172
Option based on simple method	(4,755)
Total	6,398,647

NOTE: 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 \ Year	December 31,2022		December 31,2021	
	Market value	Risk Equivalent	Market value	Risk Equivalent
General positions				
Interest Rate risk	729,569	43,836	562,102	31,548
Equity Securities risk	968,866	178,358	1,002,902	161,367
FX risk	858,113	68,649	725,115	58,009
Total	2,556,548	290,843	2,290,119	250,924

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, the subsidiaries 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, the subsidiaries 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

2022.12.31 Unit: NT\$ thousand

TWD Maturity Term Structure Analysis							
	Total	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	2,726,192,283	317,482,179	229,500,954	207,455,209	203,531,616	190,159,795	1,578,062,530
money outflow	3,298,469,370	109,836,752	149,376,568	486,431,657	475,960,154	695,157,049	1,381,707,190
term gap	(572,277,087)	207,645,427	80,124,386	(278,976,448)	(272,428,538)	(504,997,254)	196,355,340

2022.12.31 Unit: USD\$ thousand

USD Maturity Term Structure Analysis						
	Total	Time to maturity				
		0~30 Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
money inflow	57,185,714	10,895,428	15,274,868	10,254,830	6,565,450	14,195,138
money outflow	67,000,317	13,606,724	19,308,780	13,626,898	16,611,864	3,846,051
term gap	(9,814,603)	(2,711,296)	(4,033,912)	(3,372,068)	(10,046,414)	10,349,087

2022.12.31 Unit: USD\$ thousand

USD Maturity Term Structure Analysis (Overseas branches)						
	Total	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	12,812,061	3,637,169	2,228,383	1,196,458	866,649	4,883,402
Main capital outflow on maturity	13,487,386	4,244,741	4,248,157	2,066,312	2,283,391	644,785
Gap	(675,325)	(607,572)	(2,019,774)	(869,854)	(1,416,742)	4,238,617

(II) E.SUN Securities

2022.12.31 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	17,776,460	8,864,873	535,908	1,231,685	1,951,000	5,192,994
Liabilities	17,776,460	6,935,873	130,532	70,453	428,002	10,211,600
Gap	-	1,929,000	405,376	1,161,232	1,522,998	(5,018,606)
Cumulative gap	-	1,929,000	2,334,376	3,495,608	5,018,606	-

IV. Operational risk

(I) E.SUN Bank

2022.12.31 Unit: NT\$ thousand

Year	Gross Income	Capital Charged
2020	50,167,827	
2021	50,797,065	
2022	50,300,409	
Total	151,265,302	9,721,204

(II) E.SUN Securities

2022.12.31 Unit: NT\$ thousand

Year	Gross Income	Capital Charged
2020	2,251,474	
2021	3,719,552	
2022	2,576,899	
Total	8,547,924	512,875

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

(1) 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. Subsidiary E.SUN Bank had 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, the LIBOR transfer response team, in 2021, 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. 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. In 2022 the transposition response team adjusts the schedule in a timely manner based on the requirements of the competent authorities at home and abroad and the actual business operation status of E.SUN Bank, monitor the status of fallback language conversion and the LIBOR position adjustment and reports on the relevant progress to the board of directors to master the relevant LIBOR transition issues and ensure the successful progress of the overall transposition plan.

(2) Margin Requirement

In response of the 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, Subsidiary E.SUN Bank has implemented the initial margin model in September 2022. The implementation of the initial margin model enables E.SUN Bank to reduce the exposure to potential counterparty risk and could provide more security to enter into derivative transactions.

(3) Green Finance Action Plan 3.0

In 2022, the Financial Supervisory Commission (FSC) announced the Green Finance Action Plan 3.0, upgrading from the 2.0 plan initially slated to run until 2023. The new 3.0 plan contains five key points:

- (i) Promoting carbon footprint verification and climate risk management among financial institutions.
- (ii) Developing guidelines for the recognition of sustainable economic activities.
- (iii) Promoting the integration of ESG and climate-related information.
- (iv) Strengthening professional training in sustainable finance.
- (v) Collaborating to build a net-zero consensus, with the ambition of intensifying the goal of sustainable development and moving towards net-zero transformation in Taiwan.

The company has been endorsed by the FSC and was chosen to be a member of the "Coalition of Movers and Shakers on Sustainable Finance" and responsible for the Policy and Guidelines taskforce, providing experience and professionalism to assist the authorities in planning finance-related policies and hoping to promote sustainable development along with all financial institutions.

The company has long been committed to promoting sustainable finance. We are the first company in Taiwan to sign the Climate-related Financial Disclosure (TCFD). According to the TCFD framework, a working team was set up to assist in forming strategies for climate change, and management mechanisms were established for the board. In 2021 we joined the Science Based Targets initiatives (SBTi) to become the first financial institution in Asia to set a carbon reduction target based on the 1.5°C climate transition plan. In 2022, we became a member of the RE100. To reach our goal of achieving Net-Zero emissions by 2050, the company has declared phasing out coal-related finance by 2035. In addition to active management financed emissions, we are reducing the amount of grey financial assets and increasing green assets. Leverage finance influence to promote a sustainable society transition.

(4) Accountability System

In order to implement the accountability system of senior managers, the Financial Supervisory Commission has requested the banks who apply for the "Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers" (Financial Management 2.0) should establish a responsibility map and an accountability committee to take accountability of the business.

To promote the corporate culture of ethical management in banking industry, construct a responsibility-based corporate governance structure, and strengthen the accountability of senior managers, the competent authority has reviewed further comprehensively introducing an accountability system.

The company has been approved to commence the financial management 2.0 business, and the establishment of an accountability system will continue to be implemented in accordance with the instructions of the competent authority and the supervision tendency.

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

Under the rapid growth of virtual currency, competent authorities in various countries have successively announced relevant regulations. FATF also prioritizes exploring digitalization challenges in combating money laundering as well as financing of terrorism, and amended its guidance regarding Virtual Asset Service Providers (VASP) in 2021. Meanwhile, Taiwan has included virtual currency platforms and transaction services in scope of "Money Laundering Control Act". The Financial Supervisory Commission R.O.C. (Taiwan) has amended the policy principles of financial institutions' acceptance on virtual currency platforms as customers in 2021, and in 2022, implemented regulations on acquiring institutions of credit cards. For E.SUN, subsidiary E.SUN Bank has formulated its policy and principle of on-boarding customer acceptance regarding virtual currency business. Also, it is unacceptable to establish business relationship and conduct transactions of legal customers whose main business involves virtual currency, nor is it acceptable for VASPs to become merchants in credit card business. E.SUN will continuously pay attention to the trend of domestic as well as international supervisory and regulations, and adjust internal controls as well as monitor typologies timely to ensure up-to-date AML/CFT mechanism.

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 we strive to create a better environment for preventing money laundering and combating terrorism.

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 2022, E.SUN FHC was included as a constituent stock in the Dow Jones Sustainability Index (DJSI), and won its 15th consecutive Taiwan's Excellence in Corporate Social Responsibility. Additionally, E.SUN FHC also won the Best Customer Recommendation Award and the Best Customer Service Award from Wealth Magazine. Both E.SUN Bank and E.SUN Securities received 7th consecutive after Wealth Magazine's newly-added Financial Technology Applications Innovation Award. Also, E.SUN Bank was awarded the Asia's Best Managed Companies from FinanceAsia Magazine. 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 customers 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 customers fairly, the group has developed "E.SUN Bank Plan and implement principle of treating customers 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.

In addition to internal control and audit system, the regulations also lay out treating customer fairly related employee education and training while making sure that these educations and trainings are conducted on a regular basis.

In 2022, E.SUN planned to collaborate with professional institutions to hold board of director courses and customer service educational training for employees which focus on consumer protection and financial friendliness. With the assistance of outside auditor, we are able to review the overall service implementation and customer satisfaction. E.SUN continuously improve customer service and promote the principles of treating customers fairly through each and every link, integrating this principle into E.SUN's service-oriented corporate culture.

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 2022, 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 2022, there is no significant change in ownership.

7.6.9 Litigious or non-litigious incidents: None.

7.6.10 Other major risks and countermeasures:

According to "Information Security Standards for Financial Institutions", when a bank's system goes online or goes through a change that might significantly impact the original operations, the Information Security Management Division must participate in the preparation work before deployment, and the Chief Information Security Officer (CISO) must play a role in security policy promotion and resource coordination. In 2022, the company had established relevant review mechanisms for core businesses (deposits, lending, and remittance), first-class systems and systems that store customer information; when it comes to system conversion, architecture modification, or system upgrade, the Information Security Management Division will participate in architecture review, pre-deployment review, risk assessment, and deployment resource coordination so to ensure that our information service can operate smoothly.

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



LEE MING-JONG

8.1 Information of affiliated companies

8.1.1 Operation reports of affiliated enterprises

(1) Profiles of affiliated enterprises

2022.12.31 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	103,637,000	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	4,500,000	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:

1. The capital of Union Commercial Bank Public Limited Corporation, US\$80,000,000, converted to NTD at the applicable exchange rate at the time.
2. The capital of URE Land Holding Co., Ltd., US\$1,000, converted to NTD at the applicable exchange rate at the time of acquisition.
3. E.SUN Insurance Brokers, formerly a subsidiary of E.SUN FHC, merged with E.SUN Bank on March 25, 2016.
4. 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.
5. E.SUN Commercial Bank (China) opened on March 11, 2016.

(2) Business overview of affiliated enterprises

2022.12.31 Unit: NT\$ thousand

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Profit after tax	EPS (NT\$)
E.SUN Commercial Bank, Ltd.	103,637,000	3,380,278,480	3,188,908,830	191,369,650	14,809,136	1.43
E.SUN Securities Co., Ltd.	4,000,000	17,776,460	11,027,878	6,748,582	1,004,320	2.51
E.SUN Venture Capital Co., Ltd.	4,500,000	4,978,623	101,272	4,877,351	82,099	0.18
E.SUN Securities Investment Consulting Co., Ltd.	50,000	83,974	24,480	59,494	249	0.05
Union Commercial Bank Public Limited Corporation	2,408,026	28,414,309	23,274,678	5,139,631	484,376	6,055
URE Land Holding Co., Ltd.	30	483,107	429,970	53,137	2,143	2,143
BankPro E-Service Technology Co., Ltd.	180,000	854,903	345,654	509,249	61,589	3.42
E.SUN Bank (China), Ltd.	10,038,248	77,594,077	68,063,923	9,530,154	306,749	Note 6

Note:

1. Assets and liabilities of Union Commercial Bank Public Limited Corporation converted to NTD at the applicable exchange rates on December 31, 2022. Assets and liabilities of Union Commercial Bank Public Limited Corporation converted to NTD at the average exchange rates over 2022.
2. 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.
3. E.SUN Insurance Brokers, formerly a subsidiary of E.SUN FHC, merged with E.SUN Bank on March 25, 2016.
4. 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.
5. E.SUN Commercial Bank (China) opened on March 11, 2016.
6. 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

2023.03.20 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	10,363,700,000	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. Shiuan-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	E.SUN Financial Holding Co. Ltd. L.C. Lin	450,000,000	100
	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	Shih-Chun Chang	0	0
	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. Chevy Lin		
	Director	E.SUN Commercial Bank, Ltd. Shih-Chen Huang		
	Director	E.SUN Commercial Bank, Ltd. Bright Wen		
	Director	E.SUN Commercial Bank, Ltd. Sammy Yen	2,400,000	13.33
	Director	Financial Information Service Co.,Ltd. Chun Hsun Lee		
	Director	Financial Information Service Co., td. Chang-Hsiu Chen	0	0
	Supervisor	Yin-Ying Chien		
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.

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 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.

(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 2022 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



LIN JIUNN-HUEY

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

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 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, 2022 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



YUNG-JEN HUANG
Chairman

February 20, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 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, 2022, the net amount of discounts and loans of the Company represented approximately 56% 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, 2022 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 Chen-Hsiu Yang and Kuan-Hao Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 76,217,644	2	\$ 85,237,301	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7 and 41)	152,916,314	4	125,370,528	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 41)	360,749,273	10	411,389,536	13
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 41 and 44)	347,716,866	10	333,399,699	10
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 41 and 44)	401,405,743	12	308,219,235	10
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	7,881,831	-	-	-
RECEIVABLES, NET (Notes 4, 12 and 40)	125,988,674	4	124,412,124	4
CURRENT TAX ASSETS (Notes 4 and 37)	15,510	-	80,677	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 40 and 41)	1,934,791,917	56	1,768,641,241	55
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	4,920,274	-	9,090,476	-
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	1,830,028	-	1,855,043	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	34,708,732	1	33,881,468	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 18)	7,143,707	-	6,933,260	-
INTANGIBLE ASSETS, NET (Notes 4 and 19)	6,109,490	-	6,176,279	-
DEFERRED TAX ASSETS (Notes 4 and 37)	3,418,268	-	2,329,213	-
OTHER ASSETS, NET (Notes 4, 18, 20 and 30)	<u>13,746,203</u>	<u>1</u>	<u>13,892,197</u>	<u>-</u>
TOTAL	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,230,908,277</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	\$ 72,514,434	2	\$ 83,481,158	3
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	-	-	14,021,010	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 27)	89,569,651	3	61,199,462	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10 and 23)	18,495,295	1	16,648,639	1
COMMERCIAL PAPER ISSUED, NET (Note 24)	1,739,403	-	4,788,871	-
PAYABLES (Notes 25 and 40)	37,486,918	1	32,756,248	1
CURRENT TAX LIABILITIES (Notes 4 and 37)	1,895,233	-	2,122,898	-
DEPOSITS AND REMITTANCES (Notes 26 and 40)	2,902,599,406	83	2,695,062,791	83
BOND PAYABLES (Note 27)	43,850,000	1	41,370,000	1
OTHER BORROWINGS (Note 28)	3,500,491	-	958,817	-
PROVISIONS (Notes 4, 29 and 30)	1,114,461	-	1,089,345	-
OTHER FINANCIAL LIABILITIES (Notes 16 and 31)	99,337,181	3	66,130,391	2
LEASE LIABILITIES (Notes 4 and 18)	4,303,812	-	3,998,061	-
DEFERRED TAX LIABILITIES (Notes 4 and 37)	1,895,421	-	1,348,359	-
OTHER LIABILITIES (Note 32)	<u>4,167,814</u>	<u>-</u>	<u>11,547,585</u>	<u>-</u>
Total liabilities	<u>3,282,469,520</u>	<u>94</u>	<u>3,036,523,635</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC				
Capital stock				
Common stock	<u>142,751,000</u>	<u>4</u>	<u>133,546,000</u>	<u>4</u>
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	22,687,680	1	22,279,730	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>26,070,164</u>	<u>1</u>	<u>25,662,214</u>	<u>1</u>
Retained earnings				
Legal reserve	16,897,898	1	14,784,546	-
Special reserve	1,238,321	-	164,235	-
Unappropriated earnings	<u>15,336,000</u>	<u>-</u>	<u>21,142,980</u>	<u>1</u>
Total retained earnings	<u>33,472,219</u>	<u>1</u>	<u>36,091,761</u>	<u>1</u>
Other equity	<u>(5,367,107)</u>	<u>-</u>	<u>(1,074,086)</u>	<u>-</u>
Total equity attributable to owners of ESFHC	196,926,276	6	194,225,889	6
NON-CONTROLLING INTERESTS	<u>164,678</u>	<u>-</u>	<u>158,753</u>	<u>-</u>
Total equity	<u>197,090,954</u>	<u>6</u>	<u>194,384,642</u>	<u>6</u>
TOTAL	<u>\$ 3,479,560,474</u>	<u>100</u>	<u>\$ 3,230,908,277</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 33 and 40)	\$ 53,853,990	98	\$ 35,482,114	61	52
INTEREST EXPENSE (Notes 4, 33 and 40)	<u>(24,235,627)</u>	<u>(44)</u>	<u>(9,497,790)</u>	<u>(16)</u>	155
NET INTEREST	<u>29,618,363</u>	<u>54</u>	<u>25,984,324</u>	<u>45</u>	14
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 34 and 40)	19,279,510	35	21,323,578	37	(10)
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 35)	3,355,794	6	7,921,241	14	(58)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,484,231	3	1,637,885	3	(9)
Foreign exchange gains, net (Note 4)	903,319	2	807,018	1	12
Impairment losses on assets (Notes 4 and 16)	(26,897)	-	(43,029)	-	(37)
Other noninterest gains, net (Note 4)	<u>191,599</u>	<u>-</u>	<u>266,423</u>	<u>-</u>	(28)
Total net revenues and gains other than interest	<u>25,187,556</u>	<u>46</u>	<u>31,913,116</u>	<u>55</u>	(21)
TOTAL NET REVENUES	<u>54,805,919</u>	<u>100</u>	<u>57,897,440</u>	<u>100</u>	(5)
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 13)	<u>(2,076,541)</u>	<u>(4)</u>	<u>(2,129,603)</u>	<u>(4)</u>	(2)
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 30, 36 and 40)					
Employee benefits	(14,310,631)	(26)	(14,730,709)	(26)	(3)
Depreciation and amortization	(3,769,340)	(7)	(3,592,324)	(6)	5
General and administrative	<u>(14,746,209)</u>	<u>(27)</u>	<u>(13,485,365)</u>	<u>(23)</u>	9
Total operating expenses	<u>(32,826,180)</u>	<u>(60)</u>	<u>(31,808,398)</u>	<u>(55)</u>	3

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 19,903,198	36	\$ 23,959,439	41	(17)
INCOME TAX EXPENSE (Notes 4 and 37)	<u>(4,121,857)</u>	<u>(7)</u>	<u>(3,373,936)</u>	<u>(6)</u>	22
NET INCOME FOR THE YEAR	<u>15,781,341</u>	<u>29</u>	<u>20,585,503</u>	<u>35</u>	(23)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 30 and 37):					
Remeasurement of defined benefit plans	145,707	-	268,338	-	(46)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	6,445,728	12	(357)	-	1,805,626
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(3,080,932)	(6)	1,563,137	3	(297)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>66,565</u>	<u>-</u>	<u>20,978</u>	<u>-</u>	217
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>3,577,068</u>	<u>6</u>	<u>1,852,096</u>	<u>3</u>	93
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	2,899,399	5	(785,553)	(1)	469

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	\$ (12,025,992)	(22)	\$ (2,056,617)	(4)	485
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>827,235</u>	<u>2</u>	<u>347,567</u>	<u>1</u>	138
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(8,299,358)</u>	<u>(15)</u>	<u>(2,494,603)</u>	<u>(4)</u>	233
Other comprehensive loss for the year, net of income tax	<u>(4,722,290)</u>	<u>(9)</u>	<u>(642,507)</u>	<u>(1)</u>	635
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 11,059,051</u>	<u>20</u>	<u>\$ 19,942,996</u>	<u>34</u>	(45)
NET INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 15,759,000	29	\$ 20,558,988	35	(23)
Non-controlling interests	<u>22,341</u>	<u>-</u>	<u>26,515</u>	<u>-</u>	(16)
	<u>\$ 15,781,341</u>	<u>29</u>	<u>\$ 20,585,503</u>	<u>35</u>	(23)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 11,035,019	20	\$ 19,916,428	34	(45)
Non-controlling interests	<u>24,032</u>	<u>-</u>	<u>26,568</u>	<u>-</u>	(10)
	<u>\$ 11,059,051</u>	<u>20</u>	<u>\$ 19,942,996</u>	<u>34</u>	(45)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 38)					
Basic	<u>\$ 1.10</u>		<u>\$ 1.44</u>		
Diluted	<u>\$ 1.10</u>		<u>\$ 1.44</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of ESFHC						Other Equity				
	Capital Stock (Note 39)		Capital Surplus (Notes 4 and 39)	Retained Earnings (Notes 4, 9, 37 and 39)			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 37)	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)	Non-controlling Interests (Notes 4 and 39)	Total Equity
	Shares	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
	(In Thousands)										
BALANCE AT JANUARY 1, 2021	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
Appropriation of 2021 earnings											
Legal reserve	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-	-
Special reserve	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(8,947,582)	-	-	-	-	(8,947,582)
Stock dividends	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	-	612,950
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(18,107)	(18,107)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(574,662)	-	574,662	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	15,759,000	-	-	-	22,341	15,781,341
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	143,702	2,335,809	(13,649,220)	6,445,728	1,691	(4,722,290)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	15,902,702	2,335,809	(13,649,220)	6,445,728	24,032	11,059,051
BALANCE AT DECEMBER 31, 2022	14,275,100	\$ 142,751,000	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 15,336,000	\$ (385,903)	\$ (10,775,505)	\$ 5,794,301	\$ 164,678	\$ 197,090,954

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,903,198	\$ 23,959,439
Adjustments for:		
Depreciation expenses	3,038,701	2,866,864
Amortization expenses	730,639	725,460
Expected credit losses/bad-debt expenses	2,107,950	2,140,010
Gains on financial assets and liabilities at fair value through profit or loss	(3,355,794)	(7,921,241)
Interest expense	24,235,627	9,497,790
Interest revenue	(53,853,990)	(35,482,114)
Dividend income	(1,423,492)	(958,164)
Provision for losses on guarantees	(20,149)	32,837
Salary expenses on share-based payments	455,528	606,146
Gains on disposal of properties and equipment	(4,858)	(22,065)
Gains on disposal of investments	(60,739)	(679,721)
Others	(6,140)	(4,137)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(15,370,086)	2,060,398
Financial assets at fair value through profit or loss	126,013,160	302,076,226
Financial assets at fair value through other comprehensive income	(18,548,934)	(74,079,140)
Investments in debt instruments at amortized cost	(90,997,141)	(291,929,995)
Receivables	2,871,697	(6,633,334)
Discounts and loans	(168,556,221)	(150,145,033)
Other financial assets	4,170,212	(2,860,668)
Other assets	7,588,645	(7,302,919)
Deposits from the Central Bank and other banks	(10,966,724)	28,512,172
Financial liabilities at fair value through profit or loss	(39,325,777)	(3,094,117)
Securities sold under repurchase agreements	1,846,656	5,343,391
Payables	899,877	(742,513)
Deposits and remittances	207,536,615	203,595,538
Provision for employee benefits	23	(285,365)
Other financial liabilities	27,957,603	4,808,545
Other liabilities	(7,393,569)	7,209,990
Cash generated from operations	19,472,517	11,294,280
Interest received	52,625,546	39,658,466
Dividends received	1,522,753	1,080,885
Interest paid	(21,551,022)	(10,802,942)
Income tax paid	(3,956,370)	(2,269,695)
Net cash generated from operating activities	<u>48,113,424</u>	<u>38,960,994</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	(2,759,121)	(4,275,085)
Proceeds from disposal of properties and equipment	36,320	72,524
Increase in operating deposits	-	(10,000)

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Increase in settlement fund	\$ (28,082)	\$ (130,169)
Decrease in settlement fund	14,327	114,287
Increase in refundable deposits	(7,282,532)	-
Decrease in refundable deposits	-	1,551,495
Payments for intangible assets	(316,624)	(403,142)
Payments for right-of-use assets	(102)	(1,529,564)
Increase in other assets	(1,627)	-
Decrease in other assets	<u>-</u>	<u>58</u>
Net cash used in investing activities	<u>(10,337,441)</u>	<u>(4,609,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,382,393	-
Decrease in short-term borrowings	-	(244,591)
Increase in due to the Central Bank and other banks	-	5,976,670
Decrease in due to the Central Bank and other banks	(14,021,010)	-
Increase in commercial paper issued	-	1,532,000
Decrease in commercial paper issued	(3,050,000)	-
Proceeds from issue of corporate bonds	-	2,000,000
Repayments of corporate bonds	(1,100,000)	(900,000)
Proceeds from issue of bank debentures	13,400,000	1,600,000
Repayments of bank debentures	(9,820,000)	(1,300,000)
Repayments of long-term borrowings	(11,495)	-
Increase in guarantee deposits received	5,249,187	-
Decrease in guarantee deposits received	-	(3,261,921)
Repayments of the principal portion of lease liabilities	(1,125,426)	(1,122,866)
Cash dividends paid	(8,947,582)	(7,665,931)
Cash dividends paid to non-controlling interests	<u>(18,107)</u>	<u>-</u>
Net cash used in financing activities	<u>(17,062,040)</u>	<u>(3,386,639)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(9,676,069)</u>	<u>3,681,766</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,037,874	34,646,525
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>104,712,225</u>	<u>70,065,700</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 115,750,099</u>	<u>\$ 104,712,225</u>

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	December 31	
	2022	2021
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, 2022 AND 2021		
Cash and cash equivalents in the consolidated balance sheets	\$ 76,217,644	\$ 85,237,301
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”	31,650,624	19,474,924
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>7,881,831</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>\$ 115,750,099</u>	<u>\$ 104,712,225</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) was established by E.SUN Commercial Bank, Ltd. (E.SUN Bank), E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. (E.SUN Securities) through a share swap on January 28, 2002 based on the Financial Holding 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, 2022, 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, 2022 and 2021, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,106 and 9,348, respectively. For the years ended December 31, 2022 and 2021, the average number of employees of ESBC, UCB and BankPro was 943 and 957, 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 February 20, 2023, 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

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.

- b. Not yet applied new IFRSs endorsed by the FSC for application starting from 2023

The New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after 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

The New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 included in the initially recognized amounts of the financial assets or financial liabilities.

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 44.

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, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. 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 assets 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 assets 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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 on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the 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

	December 31	
	2022	2021
Cash on hand	\$ 21,310,770	\$ 17,692,744
Checks for clearing	8,558,300	7,259,513
Due from banks	46,109,059	60,156,212
Cash in transit	<u>275,192</u>	<u>146,713</u>
	76,253,321	85,255,182
Less: Allowance for possible losses	<u>(35,677)</u>	<u>(17,881)</u>
	<u>\$ 76,217,644</u>	<u>\$ 85,237,301</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2022 and 2021 are shown in the consolidated statements of cash flows.

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

	December 31	
	2022	2021
Deposit reserves - account A	\$ 36,803,658	\$ 29,641,472
Deposit reserves - account B	63,704,247	56,784,785
Reserves for deposits - foreign currency deposits	777,317	733,759
Due from the Central Bank - other	21,298,772	16,141,834
Deposit in the Central Bank - deposits of government agencies	5,458	7,217
Call loans to banks	<u>30,360,654</u>	<u>22,107,264</u>
	152,950,106	125,416,331
Less: Allowance for possible losses	<u>(33,792)</u>	<u>(45,803)</u>
	<u>\$ 152,916,314</u>	<u>\$ 125,370,528</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 41 for information relating to deposit reserves pledged as security.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>		
Negotiable certificates of deposit	\$ 76,508,885	\$ 150,682,911
Commercial paper	94,737,469	102,968,285
Treasury bills	1,933,379	16,974,413
Corporate bonds	63,547,802	69,377,840
Bank debentures	48,509,761	49,211,752
Government bonds	-	49,413
Overseas bonds	8,477,240	-
Stocks	4,243,038	5,442,178
Mutual funds	627,988	579,729
Operating securities - dealing department	169,995	400,507
Operating securities - underwriting department	85,656	88,941
Currency swap contracts	33,337,361	6,795,858
Interest rate swap contracts	24,699,752	6,854,657
Currency option contracts	1,884,884	862,308
Forward contracts	721,165	191,105
Futures exchange margins	279,127	219,486
Non-deliverable forward contracts	829,893	436,564
Cross-currency swap contracts	155,242	250,343
Metal commodity swap contracts	-	3,246
Credit default swap contracts	636	-
	<u>\$ 360,749,273</u>	<u>\$ 411,389,536</u>
<u>Held-for-trading financial liabilities</u>		
Currency swap contracts	\$ 25,884,719	\$ 8,704,446
Interest rate swap contracts	22,058,694	3,343,434
Currency option contracts	2,579,681	1,012,080
Forward contracts	530,768	237,722
Cross-currency swap contracts	330,854	118,998
Non-deliverable forward contracts	296,913	332,445
Metal commodity swap contracts	1,044	622
Credit default swap contracts	22,468	-
Interest rate option contracts	59,421	-
	<u>51,764,562</u>	<u>13,749,747</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>		
Bank debentures (Note 27)	<u>37,805,089</u>	<u>47,449,715</u>
	<u>\$ 89,569,651</u>	<u>\$ 61,199,462</u>

Refer to Note 41 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, 2022 and 2021 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, 2022 and 2021, respectively, were as follows:

	December 31	
	2022	2021
Currency swap contracts	\$ 1,626,401,629	\$ 1,726,383,860
Interest rate swap contracts	883,116,053	556,286,337
Currency option contracts	276,153,216	203,125,623
Interest rate option contracts	14,000,000	-
Forward contracts	38,615,247	28,730,324
Non-deliverable forward contracts	26,896,489	70,101,658
Cross-currency swap contracts	14,622,702	25,804,441
Metal commodity swap contracts	13,613	74,842
Credit default swap contracts	3,177,860	-

The open positions of futures transactions of E.SUN Bank as of December 31, 2022 and 2021, respectively, were as follows:

December 31, 2022					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Commodity futures	Buy	7	\$ 20,228	\$ 20,239
	Commodity futures	Sell	9	19,175	20,675
	Interest rate futures	Sell	13	49,158	53,426
December 31, 2021					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Commodity futures	Buy	10	\$ 39,230	\$ 41,550
	Commodity futures	Sell	32	77,430	82,379

As of December 31, 2022 and 2021, the amounts of futures exchange margins receivable held by E.SUN Securities were \$193,056 thousand and \$162,523 thousand, respectively.

The open position of futures and option transactions of E.SUN Securities as of December 31, 2022 and 2021 were as follows:

December 31, 2022					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Stock Index Futures	Buy	1	\$ 375	\$ 374
	Stock Index Futures	Sell	3	1,735	1,735
December 31, 2021					
Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures contracts	Single Stock Futures	Buy	250	\$ 9,589	\$ 9,800
	Single Stock Futures	Sell	699	32,013	32,014

The gains or losses resulting from the futures and option contracts for the years ended December 31, 2022 and 2021 of E.SUN Securities were as follows:

	2022		2021	
	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions
Realized - non-hedge	\$ 36,311	\$ -	\$ (7,884)	\$ -
Unrealized - non-hedge	<u>(204)</u>	<u>-</u>	<u>101</u>	<u>-</u>
	<u>\$ 36,107</u>	<u>\$ -</u>	<u>\$ (7,783)</u>	<u>\$ -</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Investments in equity instruments at FVTOCI	\$ 14,546,562	\$ 21,054,970
Investments in debt instruments at FVTOCI	<u>333,170,304</u>	<u>312,344,729</u>
	<u>\$ 347,716,866</u>	<u>\$ 333,399,699</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
Listed shares and emerging stocks	\$ 13,152,115	\$ 19,621,701
Unlisted shares	<u>1,394,447</u>	<u>1,433,269</u>
	<u>\$ 14,546,562</u>	<u>\$ 21,054,970</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 2022 and 2021, the Company sold shares of stocks for \$12,572,443 thousand and \$8,947,295 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized losses of \$574,662 thousand and unrealized gains of \$306,597 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividend income of \$1,423,492 thousand and \$958,164 thousand were recognized in profit or loss for the years ended December 31, 2022 and 2021, respectively. The dividends related to investments held at the end of the reporting period were \$921,542 thousand and \$671,793 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
Bank debentures	\$ 165,856,290	\$ 146,330,146
Government bonds	53,132,650	59,836,806
Corporate bonds	103,810,275	98,257,668
Overseas bonds	10,042,713	7,632,511
Negotiable certificates of deposit	307,871	278,728
Discounted note	<u>20,505</u>	<u>8,870</u>
	<u>\$ 333,170,304</u>	<u>\$ 312,344,729</u>

1) As of December 31, 2022 and 2021, the investments in debt instruments at FVTOCI, which amounted to \$19,335,552 thousand and \$17,043,122 thousand, respectively, had been sold under repurchase agreements.

2) Refer to Note 44 for information relating to their credit risk management and impairment.

3) Refer to Note 41 for information relating to investments in debt instruments at FVTOCI pledged as security.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2022	2021
Overseas bonds	\$ 33,694,068	\$ 12,518,061
Bank debentures	46,605,479	29,132,322
Corporate bonds	14,951,609	10,459,485
Negotiable certificates of deposit	286,077,350	256,124,601
Government bonds	19,929,604	-
Securitization products	<u>178,794</u>	<u>-</u>
	401,436,904	308,234,469
Less: Allowance for impairment loss	<u>(31,161)</u>	<u>(15,234)</u>
	<u>\$ 401,405,743</u>	<u>\$ 308,219,235</u>

- a. As of December 31, 2022 and 2021, the investments in debt instruments at amortized cost, which amounted to \$946,453 thousand and \$911,582 thousand, respectively, had been sold under repurchase agreements.
- b. Refer to Note 44 for information relating to their credit risk management and impairment.
- c. Refer to Note 41 for information relating to investments in debt instruments at amortized cost pledged as security.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$7,881,831 thousand under resell agreements as of December 31, 2022 would subsequently be sold for \$7,899,935 thousand.

12. RECEIVABLES, NET

	December 31	
	2022	2021
Receivables on credit cards	\$ 93,047,186	\$ 83,514,302
Accounts receivable factored without recourse	10,412,770	12,904,407
Margin loans receivable	5,937,843	8,852,106
Accrued interest	8,888,775	4,898,335
Accounts receivable	1,973,788	1,864,600
Settlements receivable	2,399,213	4,475,801
Acceptances	1,381,774	1,342,125
Securities business money lending	1,629,361	1,388,096
Settlement consideration	-	798,287
Receivables on digital stimulus vouchers redemption	-	4,159,925
Others	<u>2,211,991</u>	<u>2,295,663</u>
	127,882,701	126,493,647
Less: Allowance for possible losses	<u>(1,894,027)</u>	<u>(2,081,523)</u>
	<u>\$ 125,988,674</u>	<u>\$ 124,412,124</u>

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

For the year ended December 31, 2022

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, 2022	\$ 53,702	\$ 6,430	\$ 354,738	\$ 414,870	\$ 1,666,653	\$ 2,081,523
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(129)	330	(201)	-	-	-
Credit-impaired financial assets	(435)	(3,557)	3,992	-	-	-
12-month ECL	5,898	(1,755)	(4,143)	-	-	-
Derecognition of financial assets in the reporting period	(3,155)	(714)	(31,593)	(35,462)	-	(35,462)
New financial assets purchased or originated	9,475	7,668	32,323	49,466	-	49,466
Difference of impairment loss under regulations	-	-	-	-	(380,644)	(380,644)
Write-offs	-	-	(480,934)	(480,934)	-	(480,934)
Recovery of written-off receivables	-	-	443,452	443,452	-	443,452
Change in model or risk parameters	59,319	30,231	109,843	199,393	-	199,393
Change in exchange rates or others	74	4	(98)	(20)	17,253	17,233
Balance at December 31, 2022	<u>\$ 124,749</u>	<u>\$ 38,637</u>	<u>\$ 427,379</u>	<u>\$ 590,765</u>	<u>\$ 1,303,262</u>	<u>\$ 1,894,027</u>

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	\$ 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	(20)	(1)	(140)	(161)	(41,011)	(41,172)
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>

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

For the year ended December 31, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 123,745,609	\$ 133,734	\$ 2,614,304	\$ 126,493,647
Transfers to				
Lifetime ECL	(185,514)	186,261	(747)	-
Credit-impaired financial				
assets	(656,614)	(70,471)	727,085	-
12-month ECL	56,100	(37,685)	(18,415)	-
Derecognition of financial				
assets in the reporting				
period	(26,615,567)	(9,466)	(467,303)	(27,092,336)
New financial assets				
purchased or originated	28,625,529	89,046	211,441	28,926,016
Write-offs	-	-	(480,934)	(480,934)
Change in exchange rates or				
others	<u>35,876</u>	<u>74</u>	<u>358</u>	<u>36,308</u>
Balance at December 31, 2022	<u>\$ 125,005,419</u>	<u>\$ 291,493</u>	<u>\$ 2,585,789</u>	<u>\$ 127,882,701</u>

For the year ended December 31, 2021

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Total
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	<u>(13,516)</u>	<u>(24)</u>	<u>(39)</u>	<u>(13,579)</u>
Balance at December 31, 2021	<u>\$ 123,745,609</u>	<u>\$ 133,734</u>	<u>\$ 2,614,304</u>	<u>\$ 126,493,647</u>

13. DISCOUNTS AND LOANS, NET

	December 31	
	2022	2021
Loans		
Short-term	\$ 298,077,932	\$ 309,127,045
Medium-term	520,695,187	436,923,515
Long-term	1,135,959,195	1,040,601,661
Overdue loans	2,594,751	2,189,227
Bills negotiated and discounts	<u>1,940,308</u>	<u>1,857,307</u>
	1,959,267,373	1,790,698,755
Less: Allowance for possible losses	(24,457,810)	(22,123,971)
Adjustment of premium or discount	<u>(17,646)</u>	<u>66,457</u>
	<u>\$ 1,934,791,917</u>	<u>\$ 1,768,641,241</u>

Refer to Note 41 for information relating to discounts and loans pledged as security.

As of December 31, 2022 and 2021, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$2,575,008 thousand and \$2,134,217 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$46,789 thousand and \$34,691 thousand for the years ended December 31, 2022 and 2021, respectively.

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

For the year ended December 31, 2022

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, 2022	\$ 1,107,559	\$ 1,159,549	\$ 2,685,341	\$ 4,952,449	\$ 17,171,522	\$ 22,123,971
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(4,370)	25,568	(21,198)	-	-	-
Credit-impaired financial assets	(23,936)	(79,931)	103,867	-	-	-
12-month ECL	82,490	(43,804)	(38,686)	-	-	-
Derecognition of financial assets in the reporting period	(455,272)	(50,352)	(248,764)	(754,388)	-	(754,388)
New financial assets purchased or originated	720,906	330,487	325,837	1,377,230	-	1,377,230
Difference of impairment loss under regulations	-	-	-	-	799,836	799,836
Write-offs	-	-	(805,955)	(805,955)	-	(805,955)
Recovery of written-off credits	-	-	631,249	631,249	-	631,249
Change in model or risk parameters	137,784	165,214	498,606	801,604	-	801,604
Change in exchange rates or others	<u>29,737</u>	<u>653</u>	<u>672</u>	<u>31,062</u>	<u>253,201</u>	<u>284,263</u>
Balance at December 31, 2022	<u>\$ 1,594,898</u>	<u>\$ 1,507,384</u>	<u>\$ 3,130,969</u>	<u>\$ 6,233,251</u>	<u>\$ 18,224,559</u>	<u>\$ 24,457,810</u>

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>

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

For the year ended December 31, 2022

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Total
Balance at January 1, 2022	\$ 1,776,479,581	\$ 6,530,761	\$ 7,688,413	\$ 1,790,698,755
Transfers to				
Lifetime ECL	(1,814,698)	2,077,312	(262,614)	-
Credit-impaired financial assets	(3,388,667)	(345,198)	3,733,865	-
12-month ECL	729,036	(294,661)	(434,375)	-
Derecognition of financial assets in the reporting period	(630,663,892)	(1,333,185)	(1,862,160)	(633,859,237)
New financial assets purchased or originated	799,120,216	1,222,068	621,948	800,964,232
Write-offs	-	-	(805,955)	(805,955)
Change in exchange rates or others	<u>2,255,353</u>	<u>10,864</u>	<u>3,361</u>	<u>2,269,578</u>
Balance at December 31, 2022	<u>\$ 1,942,716,929</u>	<u>\$ 7,867,961</u>	<u>\$ 8,682,483</u>	<u>\$ 1,959,267,373</u>

For the year ended December 31, 2021

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired Financial Assets)	Total
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>

The bad-debt expenses and provision for losses on commitments and guarantees for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Provision (reversal of provision) for possible losses on due from banks	\$ 15,637	\$ (215)
Reversal of provision for possible losses on call loans to other banks	(15,722)	(50,954)
Provision (reversal of provision) for possible losses on receivables	(167,247)	315,836
Provision for possible losses on discounts and loans	2,224,282	1,773,330
Provision (reversal of provision) for possible losses on overdue receivables	3,273	(4,412)
Provision (reversal of provision) for possible losses on remittance	(10)	10
Provision (reversal of provision) for possible losses on guarantees	(20,149)	32,837
Provision for possible losses on financing commitments	<u>36,477</u>	<u>63,171</u>
	<u>\$ 2,076,541</u>	<u>\$ 2,129,603</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 advances for trade finance) and loans for house purchases, renovations and constructions. As of December 31, 2022 and 2021, E.SUN Bank was in compliance with the FSC's provision requirement for both types of credit assets.

14. UNCONSOLIDATED STRUCTURED ENTITIES

- a. E.SUN Bank holds the following unconsolidated structured entities. The fund is from E.SUN Bank and an external third-party.

Type of Structured Entity	Characteristic and Purpose	Equity Owned by E.SUN Bank
Assets securitization products and asset-based loan	Investment in assets securitization product and asset-based loan to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities and principal of loans

- b. As of December 31, 2022, the carrying amounts of the unconsolidated structured entities recognized by E.SUN Bank were as below:

	December 31, 2022
<u>Assets securitization products and asset-based loan</u>	
Investments in debt instruments at amortized cost	\$ 177,156
Discounts and loans	<u>780,184</u>
	<u>\$ 957,340</u>

The maximum exposure to possible loss is the carrying amount of the assets held.

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2022	2021
Overdue receivable	\$ 185,641	\$ 199,102
Less: Allowance for possible losses	<u>(185,641)</u>	<u>(199,102)</u>
Overdue receivable, net	-	-
Due from banks	3,118,088	7,271,791
Guarantee deposits received on futures contracts	1,802,186	1,818,678
Others	<u>-</u>	<u>7</u>
	<u>\$ 4,920,274</u>	<u>\$ 9,090,476</u>

Guarantee deposits received on futures contracts were as follows:

	December 31	
	2022	2021
Deposits in bank	\$ 868,442	\$ 859,884
Deposits held by futures commission merchants as a clearing member	<u>933,744</u>	<u>958,794</u>
	<u>\$ 1,802,186</u>	<u>\$ 1,818,678</u>
Guarantee deposits received on futures contracts	\$ 1,802,186	\$ 1,818,678
Less: Commission revenue	(648)	(410)
Futures transaction tax	(256)	(162)
Temporary receipts	<u>(1,783)</u>	<u>(952)</u>
Customers' equity accounts - futures (Note 31)	<u>\$ 1,799,499</u>	<u>\$ 1,817,154</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.

16. INVESTMENT PROPERTIES, NET

	December 31	
	2022	2021
Land	\$ 208,875	\$ 203,085
Buildings	1,573,931	1,603,689
Right-of-use assets	<u>47,222</u>	<u>48,269</u>
	<u>\$ 1,830,028</u>	<u>\$ 1,855,043</u>

	Land	Buildings	Right-of-use Assets	Total
<u>Cost</u>				
Balance, January 1, 2022	\$ 203,110	\$ 1,871,588	\$ 48,788	\$ 2,123,486
Net exchange difference	-	23,707	-	23,707
Reclassification	<u>5,790</u>	<u>4,332</u>	<u>-</u>	<u>10,122</u>
Balance, December 31, 2022	<u>\$ 208,900</u>	<u>\$ 1,899,627</u>	<u>\$ 48,788</u>	<u>\$ 2,157,315</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>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2022	\$ (25)	\$ (267,899)	\$ (519)	\$ (268,443)
Depreciation expenses	-	(51,144)	(1,047)	(52,191)
Net exchange difference	-	(3,204)	-	(3,204)
Reclassification	<u>-</u>	<u>(3,449)</u>	<u>-</u>	<u>(3,449)</u>
Balance, December 31, 2022	<u>\$ (25)</u>	<u>\$ (325,696)</u>	<u>\$ (1,566)</u>	<u>\$ (327,287)</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>

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, 2022 and 2021, the fair values of investment properties were \$2,591,680 thousand and \$2,847,699 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:

	For the Year Ended December 31	
	2022	2021
Rental income from investment properties	\$ 39,125	\$ 31,203
Direct operating expenses of investment properties that generate rental income	(52,836)	(50,105)
Direct operating expenses of investment properties that do not generate rental income	<u>(554)</u>	<u>(554)</u>
	<u>\$ (14,265)</u>	<u>\$ (19,456)</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, 2022 and 2021, refundable deposits on these leases totaled \$12,579 thousand and \$12,344 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2022	2021
Year 1	\$ 43,314	\$ 49,064
Year 2	37,516	41,311
Year 3	9,811	35,835
Year 4	1,836	8,609
Year 5	<u>1,110</u>	<u>720</u>
	<u>\$ 93,587</u>	<u>\$ 135,539</u>

17. PROPERTIES AND EQUIPMENT, NET

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 14,706,278	\$ 14,693,991
Buildings	12,920,775	12,994,887
Computers	2,813,881	2,994,141
Transportation equipment	444,029	402,706
Miscellaneous equipment	1,539,979	1,401,468
Prepayments for properties and equipment	<u>2,283,790</u>	<u>1,394,275</u>
	<u>\$ 34,708,732</u>	<u>\$ 33,881,468</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
<u>Cost</u>							
Balance, January 1, 2022	\$ 14,693,991	\$ 18,804,234	\$ 7,243,409	\$ 972,460	\$ 4,164,905	\$ 1,394,275	\$ 47,273,274
Addition	-	301,731	539,080	96,468	254,242	1,571,390	2,762,911
Disposal	(14,027)	(889,675)	(209,397)	(77,423)	(422,423)	-	(1,612,945)
Net exchange difference	32,104	96,391	19,915	4,978	64,494	1,082	218,964
Reclassification and others	(5,790)	217,562	97,846	25,968	103,569	(682,957)	(243,802)
Balance, December 31, 2022	<u>\$ 14,706,278</u>	<u>\$ 18,530,243</u>	<u>\$ 7,690,853</u>	<u>\$ 1,022,451</u>	<u>\$ 4,164,787</u>	<u>\$ 2,283,790</u>	<u>\$ 48,398,402</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	-	1,693,514	177,420	1,195	20,365	(3,779,214)	(1,886,720)
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>
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2022	\$ -	\$ (5,809,347)	\$ (4,249,268)	\$ (569,754)	\$ (2,763,437)	\$ (2,763,437)	\$ (13,391,806)
Disposal	-	881,390	209,226	77,187	413,680	413,680	1,581,483
Depreciation expenses	-	(666,596)	(822,804)	(82,378)	(236,276)	(236,276)	(1,808,054)
Net exchange difference	-	(18,364)	(14,126)	(3,477)	(38,775)	(38,775)	(74,742)
Reclassification and others	-	3,449	-	-	-	-	3,449
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ (5,609,468)</u>	<u>\$ (4,876,972)</u>	<u>\$ (578,422)</u>	<u>\$ (2,624,808)</u>	<u>\$ (2,624,808)</u>	<u>\$ (13,689,670)</u>
Balance, January 1, 2021	\$ -	\$ (5,223,468)	\$ (3,750,897)	\$ (534,880)	\$ (2,590,961)	\$ (2,590,961)	\$ (12,100,206)
Disposal	-	22,326	264,826	40,954	42,519	42,519	370,625
Depreciation expenses	-	(613,079)	(768,357)	(77,616)	(228,065)	(228,065)	(1,687,117)
Net exchange difference	-	4,522	5,160	1,788	13,070	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>\$ (2,763,437)</u>	<u>\$ (13,391,806)</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 18.

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	
Computers	3 to 8 years
Transportation equipment	
Transportation equipment	4 to 10 years
Miscellaneous equipment	
Miscellaneous equipment	1 to 20 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land and superficies royalties	\$ 3,772,244	\$ 3,825,350
Buildings	3,359,786	3,092,691
Office equipment	6,412	10,166
Transportation equipment	<u>5,265</u>	<u>5,053</u>
	<u>\$ 7,143,707</u>	<u>\$ 6,933,260</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 1,409,057</u>	<u>\$ 3,512,081</u>
Depreciation charge for right-of-use assets		
Land and superficies royalties	\$ 79,995	\$ 41,796
Buildings	1,089,915	1,079,339
Office equipment	4,473	4,189
Transportation equipment	<u>4,073</u>	<u>4,941</u>
	<u>\$ 1,178,456</u>	<u>\$ 1,130,265</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 16. 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, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts	<u>\$ 4,303,812</u>	<u>\$ 3,998,061</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.09%	1.09%
Buildings	0.37%-7.50%	0.37%-7.50%
Office equipment	0.70%-2.98%	0.37%-2.98%
Transportation equipment	0.73%-2.98%	0.35%-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, 2022 and 2021, refundable deposits on these leases totaled \$774,327 thousand and \$764,082 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 16.

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 36,509	\$ 39,335
Expenses relating to low-value asset leases	\$ 405	\$ 313
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 5,087	\$ 63
Total cash outflow for leases	\$ (1,167,430)	\$ (1,162,568)

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.

19. INTANGIBLE ASSETS, NET

	December 31	
	2022	2021
Goodwill	\$ 4,487,263	\$ 4,426,370
Computer software	1,084,592	1,249,795
Banking licenses	490,109	441,695
Core deposits	13,733	16,445
Developed technology	21,891	27,364
Customer relationship	11,902	14,610
	<u>\$ 6,109,490</u>	<u>\$ 6,176,279</u>

	Goodwill	Computer Software	Banking Licenses	Core Deposits	Developed Technology	Customer Relationship	Total
Balance, January 1, 2022	\$ 4,426,370	\$ 1,249,795	\$ 441,695	\$ 16,445	\$ 27,364	\$ 14,610	\$ 6,176,279
Separate acquisition	-	316,566	-	-	-	-	316,566
Amortization expenses	-	(718,955)	-	(2,712)	(5,473)	(2,708)	(729,848)
Reclassification	-	233,677	-	-	-	-	233,677
Net exchange difference	60,893	3,509	48,414	-	-	-	112,816
Balance, December 31, 2022	<u>\$ 4,487,263</u>	<u>\$ 1,084,592</u>	<u>\$ 490,109</u>	<u>\$ 13,733</u>	<u>\$ 21,891</u>	<u>\$ 11,902</u>	<u>\$ 6,109,490</u>
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	(16,473)	(2,037)	(13,096)	-	-	-	(31,606)
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>

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.

20. OTHER ASSETS, NET

	December 31	
	2022	2021
Refundable deposits, net	\$ 11,387,043	\$ 4,104,511
Operating deposits and settlement funds	583,701	569,946
Prepayments	489,187	459,218
Defined benefit assets (Note 30)	689,543	407,809
Collections for underwriting stock value	443,866	7,968,291
Others	<u>152,863</u>	<u>382,422</u>
	<u>\$ 13,746,203</u>	<u>\$ 13,892,197</u>

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2022	2021
Call loans from banks	\$ 43,812,095	\$ 78,059,351
Deposits from Chunghwa Post Co., Ltd.	22,276,985	2,276,985
Call loans from the Central Bank	3,379,640	1,384,450
Banks overdrafts	1,217,016	213,519
Deposits from banks	1,801,904	1,520,217
Deposits from the Central Bank	<u>26,794</u>	<u>26,636</u>
	<u>\$ 72,514,434</u>	<u>\$ 83,481,158</u>

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2022	2021
Due to the Central Bank	<u>\$ -</u>	<u>\$ 14,021,010</u>

23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$18,495,295 thousand and \$16,648,639 thousand under repurchase agreements as of December 31, 2022 and 2021, respectively, would subsequently be purchased for \$18,555,769 thousand and \$16,686,012 thousand, respectively.

24. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$1,740,000 thousand and \$4,790,000 thousand, and the annual discount rates were from 1.31%-1.38% and 0.30%-0.88%, as of December 31, 2022 and 2021, respectively. These financial instruments were accepted and guaranteed by financial institutions.

25. PAYABLES

	December 31	
	2022	2021
Checks for clearing	\$ 8,558,300	\$ 7,259,513
Accrued interest	5,665,301	1,997,454
Accrued expenses	5,361,454	6,092,178
Accounts payable	924,173	1,345,301
Factored accounts payable	3,211,212	1,590,393
Settlements payable	2,171,613	5,705,230
Acceptances	1,410,606	1,356,990
Payable on credit cards	938,983	877,542
Payables for short-sale transactions	1,704,602	945,623
Deposits on short-sale transactions	1,863,556	849,623
Tax payable	474,923	342,306
Collections payable	852,666	719,346
Others	4,349,529	3,674,749
	<u>\$ 37,486,918</u>	<u>\$ 32,756,248</u>

26. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Deposits		
Checking	\$ 19,642,986	\$ 18,633,621
Demand	746,940,194	801,742,311
Savings - demand	715,721,562	700,429,954
Time	1,006,834,922	829,792,461
Negotiable certificates of deposit	9,398,169	28,801,536
Savings - time	386,458,484	300,717,348
Treasury deposits	15,918,036	13,225,790
Remittances	1,685,053	1,719,770
	<u>\$ 2,902,599,406</u>	<u>\$ 2,695,062,791</u>

27. BONDS PAYABLE

	December 31	
	2022	2021
Bank debentures	\$ 37,850,000	\$ 34,270,000
ESFHC's unsecured corporate bonds - second issue in 2016	-	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>2,000,000</u>
	<u>\$ 43,850,000</u>	<u>\$ 41,370,000</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:

	December 31	
	2022	2021
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
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
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	2,200,000
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).	4,500,000	5,000,000
		(Continued)

	December 31	
	2022	2021
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).	\$ 3,650,000	\$ 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
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).	1,600,000	1,600,000
Bonds issued on March 18, 2022; interest rate at 0.71%; interest payable annually; principal repayable on maturity (5 years after the issue date).	1,100,000	-
Two types of subordinated bonds issued on June 15, 2022; interest rate at (a) 1.90% 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).	2,700,000	-
Bonds issued on July 27, 2022; interest rate at 1.60%; interest payable annually; principal repayable on maturity (3 years after the issue date).	7,300,000	-
Subordinated bonds issued on December 27, 2022; interest rate at 2.30%; interest payable annually; principal repayable on maturity.	<u>2,300,000</u>	<u>-</u>
	<u>\$ 37,850,000</u>	<u>\$ 34,270,000</u>

E.SUN Bank designated the bank debentures as at fair value through profit or loss, which are summarized below:

	December 31	
	2022	2021
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 2,983,976	\$ 3,260,716
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	1,553,813	2,267,118
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,173,492	2,419,752
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	805,369	1,193,531
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	8,330,092	9,194,851
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	5,360,604	7,186,673
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	2,656,420	3,283,492
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	2,145,343	2,943,007
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	2,062,697	2,808,747
Unsecured USD-denominated bonds issued on May 19, 2017	1,598,987	2,019,482
Unsecured USD-denominated bonds issued on November 21, 2017	3,482,836	4,459,863
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	<u>4,651,460</u>	<u>6,412,483</u>
	<u>\$ 37,805,089</u>	<u>\$ 47,449,715</u>

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 sustainable business development and the government's green finance policy, on September 20, 2022, the FSC approved the issuance of unsecured bank debentures amounting to NT\$30 billion (or foreign currency equivalent) with no more than 40 years to maturity and can be issued in installments.

To strengthen operating capital and capital structure, on November 11, 2022, E.SUN Bank's board of directors approved the issuance of unsecured foreign currency bank debentures and offshore structured products amounting to US\$50,000 thousand (or foreign currency equivalent) with no more than 30 years of maturity and can be issued in installments within 10 years. On January 19, 2023, the FSC approved the issuance of US\$50,000 thousand (or foreign currency equivalent) of unsecured foreign currency bank debentures and E.SUN Bank's application for offshore structured products is subject to approval by the FSC.

As of the date the consolidated financial statements were authorized for issue, bank debentures amounting to NT\$30 billion and US\$50,000 thousand (or foreign currency equivalent) has not yet been issued.

28. OTHER BORROWINGS

	December 31			
	2022		2021	
	Amount	%	Amount	%
Short-term borrowings	\$ 3,140,581	1.94-6.15	\$ 623,780	1.15-1.38
Long-term borrowings	<u>359,910</u>	4.31-4.95	<u>335,037</u>	1.71-3.00
	<u>\$ 3,500,491</u>		<u>\$ 958,817</u>	

29. PROVISIONS

	December 31	
	2022	2021
Provision for losses on financing commitment	\$ 611,342	\$ 568,384
Provision for employee benefits	3,493	3,722
Provision for losses on guarantees	331,511	349,586
Others	<u>168,115</u>	<u>167,653</u>
	<u>\$ 1,114,461</u>	<u>\$ 1,089,345</u>

The changes in provision for losses on guarantees and financing commitments are summarized below:

For the year ended December 31, 2022

	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, 2022	\$ 95,148	\$ 99,444	\$ 4,171	\$ 198,763	\$ 719,207	\$ 917,970
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(57)	57	-	-	-	-
Credit-impaired financial instruments	-	(1)	1	-	-	-
12-month ECL	2,078	(796)	(1,282)	-	-	-
Derecognition of financial instruments in the reporting period	(33,393)	(8,462)	(74)	(41,929)	-	(41,929)
New financial instruments purchased or originated	33,027	255	186	33,468	-	33,468
Difference of impairment loss under regulations	-	-	-	-	53,469	53,469
Change in model or risk parameters	13,836	(42,742)	226	(28,680)	-	(28,680)
Change in exchange rates or others	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>	<u>8,487</u>	<u>8,555</u>
Balance at December 31, 2022	<u>\$ 110,707</u>	<u>\$ 47,755</u>	<u>\$ 3,228</u>	<u>\$ 161,690</u>	<u>\$ 781,163</u>	<u>\$ 942,853</u>

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>

30. 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 \$435,158 thousand and \$419,530 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, 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 2023 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:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 2,094,973	\$ 2,334,336
Fair value of plan assets	<u>(2,781,023)</u>	<u>(2,738,423)</u>
Deficit	<u>\$ (686,050)</u>	<u>\$ (404,087)</u>
Net defined benefit asset (part of other assets)	<u>\$ 689,543</u>	<u>\$ 407,809</u>
Net defined benefit liability (part of provision for employee benefits)	<u>\$ 3,493</u>	<u>\$ 3,722</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2021	<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>
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>
Service cost			
Current service cost	16,441	-	16,441
Net interest expense (income)	<u>13,829</u>	<u>(16,380)</u>	<u>(2,551)</u>
Recognized in profit or loss	<u>30,270</u>	<u>(16,380)</u>	<u>13,890</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(236)	(236)
Actuarial loss - changes in population assumptions	351	-	351
Actuarial gain - changes in financial assumptions	(231,771)	-	(231,771)
Actuarial gain - experience adjustments	<u>85,949</u>	<u>-</u>	<u>85,949</u>
Recognized in other comprehensive income	<u>(145,471)</u>	<u>(236)</u>	<u>(145,707)</u>
Contributions from the employer	<u>-</u>	<u>(150,146)</u>	<u>(150,146)</u>
Benefits paid	<u>(124,162)</u>	<u>124,162</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 2,094,973</u>	<u>\$ (2,781,023)</u>	<u>\$ (686,050)</u>

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:

	December 31	
	2022	2021
Discount rate	1.25%-1.65%	0.60%-0.70%
Expected rates of return on plan assets	1.55%-1.65%	0.60%
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 occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (55,835)</u>	<u>\$ (67,263)</u>
0.25% decrease	<u>\$ 57,900</u>	<u>\$ 69,930</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 55,595</u>	<u>\$ 66,581</u>
0.25% decrease	<u>\$ (53,937)</u>	<u>\$ (64,455)</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, 2022 and 2021, the expected contributions to the plan for the next year were \$146,605 thousand and \$154,926 thousand, respectively; the average durations of the defined benefit obligation were 7 to 13.38 years and 8 to 14.63 years, respectively.

31. OTHER FINANCIAL LIABILITIES

	December 31	
	2022	2021
Principal of structured products	\$ 90,349,763	\$ 62,374,505
Guarantee deposits received	7,187,919	1,938,732
Customers' equity accounts - futures	<u>1,799,499</u>	<u>1,817,154</u>
	<u>\$ 99,337,181</u>	<u>\$ 66,130,391</u>

32. OTHER LIABILITIES

	December 31	
	2022	2021
Advance receipts	\$ 3,033,789	\$ 2,915,495
Deferred revenue	677,997	649,316
Collections for underwriting stock value	443,726	7,968,073
Others	<u>12,302</u>	<u>14,701</u>
	<u>\$ 4,167,814</u>	<u>\$ 11,547,585</u>

33. NET INTEREST

	For the Year Ended December 31	
	2022	2021
Interest revenue		
From discounts and loans	\$ 39,863,397	\$ 28,408,713
From investments	9,909,606	4,570,462
From revolving interests of credit cards	1,947,228	1,932,041
From due from banks and call loans to other banks	1,631,347	428,756
Others	<u>502,412</u>	<u>142,142</u>
	<u>53,853,990</u>	<u>35,482,114</u>
Interest expense		
From deposits	(20,807,897)	(7,858,736)
From due to the Central Bank and other banks	(1,180,160)	(431,999)
From issuing bonds payable	(586,612)	(567,193)
From lease liabilities	(42,493)	(41,349)
Others	<u>(1,618,465)</u>	<u>(598,513)</u>
	<u>(24,235,627)</u>	<u>(9,497,790)</u>
	<u>\$ 29,618,363</u>	<u>\$ 25,984,324</u>

34. SERVICE FEE AND COMMISSION INCOME, NET

	For the Year Ended December 31	
	2022	2021
Service fee and commission income		
From credit cards	\$ 9,153,534	\$ 8,450,314
From insurance	3,426,058	2,525,265
From trust business	4,371,689	7,069,346
From loans	1,956,932	1,649,500
From brokerage	2,355,375	3,295,020
Others	<u>2,102,732</u>	<u>2,455,691</u>
	<u>23,366,320</u>	<u>25,445,136</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
Service charge and commission expenses		
From agency	\$ (1,983,696)	\$ (1,781,493)
From credit cards	(627,462)	(795,646)
From cross - bank transactions	(328,767)	(312,131)
From computer processing	(275,349)	(276,025)
Others	<u>(871,536)</u>	<u>(956,263)</u>
	<u>(4,086,810)</u>	<u>(4,121,558)</u>
	<u>\$ 19,279,510</u>	<u>\$ 21,323,578</u>
		(Concluded)

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

	For the Year Ended December 31, 2022				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	\$ 101,123	\$ 2,429,349	\$ 24,578,259	\$ 50,806,603	\$ 77,915,334
Held-for-trading financial liabilities	-	-	(18,038,947)	(63,643,397)	(81,682,344)
Financial liabilities designated as at fair value through profit or loss	-	(2,279,114)	-	9,401,918	7,122,804
	<u>\$ 101,123</u>	<u>\$ 150,235</u>	<u>\$ 6,539,312</u>	<u>\$ (3,434,876)</u>	<u>\$ 3,355,794</u>

	For the Year Ended December 31, 2021				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
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>

36. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2022	2021
Employee benefits		
Salaries	\$ 12,133,400	\$ 12,549,543
Insurance	882,537	868,127
Excessive interest from preferential rates	26,744	196,197
Post-employment benefits	449,139	442,263
Others	818,811	674,579
Depreciation expenses	3,038,701	2,866,864
Amortization expenses	730,639	725,460

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, 2022 and 2021, the employees' compensation were \$455,765 thousand and \$616,101 thousand, respectively; and the remuneration of directors were \$73,000 thousand and \$106,000 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, 2022 and 2021 that have been approved by ESFHC's board of directors on February 20, 2023 and March 11, 2022, respectively, were as follows:

	2022	2021
Employees' compensation - cash	\$ 1,105	\$ 2,915
Employees' compensation - stock	454,660	612,950
Remuneration of directors - cash	65,000	81,800

ESFHC announced the distribution of 17,900 thousand shares and 20,500 thousand shares as employees' compensation for 2022 and 2021, respectively, which were determined by the closing price (NT\$25.40 and NT\$29.90) 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, 2021 and 2020, respectively, were resulted from a change in the accounting estimate. The differences recognized in profit or loss for 2022 and 2021, respectively, were as follows:

	2021		2020	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved by ESFHC's board of directors	<u>\$ 615,865</u>	<u>\$ 81,800</u>	<u>\$ 509,522</u>	<u>\$ 73,000</u>
Amounts recognized in the consolidated financial statements	<u>\$ 616,101</u>	<u>\$ 106,000</u>	<u>\$ 519,477</u>	<u>\$ 132,000</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>).

37. 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:

	For the Year Ended December 31	
	2022	2021
Current tax		
Current year	\$ 3,943,924	\$ 3,689,602
Additional income tax on unappropriated earnings	11,683	1,000
Prior year's adjustments	<u>(162,925)</u>	<u>(94,668)</u>
	<u>3,792,682</u>	<u>3,595,934</u>
Deferred tax		
Current year	<u>329,175</u>	<u>(221,998)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,121,857</u>	<u>\$ 3,373,936</u>

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 19,903,198</u>	<u>\$ 23,959,439</u>
Income tax expense calculated at the statutory rate (20%)	\$ 3,980,640	\$ 4,791,888
Nondeductible expenses in determining taxable income	14,845	55,182
Tax-exempt income	(73,687)	(1,635,718)
Additional income tax on unappropriated earnings	11,683	1,000
Land value increment tax	-	(150)
Unrecognized deductible temporary differences	218,063	191,870
Effect of different tax rate of overseas branches operating in other jurisdictions	137,650	70,445
Adjustments for prior year's income tax	(162,925)	(94,668)
Others	<u>(4,412)</u>	<u>(5,913)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,121,857</u>	<u>\$ 3,373,936</u>

b. Income tax expense recognized in equity

	For the Year Ended December 31	
	2022	2021
Current tax		
Disposals of investment in equity instruments at fair value through other comprehensive income	\$ (33,170)	\$ (26,351)
Deferred tax		
Disposals of investment in equity instruments at fair value through other comprehensive income	<u>33,170</u>	<u>26,351</u>
Income tax expense recognized in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<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	\$ (67,388)	\$ (21,200)
Remeasurement of defined benefit plans	823	222
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	563,081	(153,116)
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>(1,390,316)</u>	<u>(194,451)</u>
Income tax benefit recognized in other comprehensive income	<u>\$ (893,800)</u>	<u>\$ (368,545)</u>

d. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Prepaid taxes	<u>\$ 15,510</u>	<u>\$ 80,677</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,895,233</u>	<u>\$ 2,122,898</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, 2022

	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	\$ 1,151,545	\$ 237,031	\$ -	\$ -	\$ -	\$ 1,388,576
Financial instruments at fair value through other comprehensive income	45,574	1,728	1,400,237	(33,170)	(20)	1,414,349
Allowance for possible losses	172,178	20,794	-	-	4,038	197,010
Payable for annual leave	126,244	10,720	-	-	-	136,964
Other liabilities	44,961	11,743	-	-	-	56,704
Exchange differences on foreign operations	667,942	-	(563,081)	-	-	104,861
Payable for long-term compensation of employees	44,000	(11,165)	-	-	-	32,835
Government grant revenues	19,030	(612)	-	-	255	18,673
Unearned revenues	21,095	(4,053)	-	-	5,271	22,313
Others	36,644	8,099	(823)	-	2,063	45,983
	<u>\$ 2,329,213</u>	<u>\$ 274,285</u>	<u>\$ 836,333</u>	<u>\$ (33,170)</u>	<u>\$ 11,607</u>	<u>\$ 3,418,268</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	\$ 509,988	\$ 444,087	\$ -	\$ -	\$ (32)	\$ 954,043
Financial instruments at fair value through other comprehensive income	59,810	-	(57,467)	-	943	3,286
Intangible assets	603,148	-	-	-	-	603,148
Unrealized foreign exchange gains	111,162	153,053	-	-	190	264,405
Others	64,251	6,320	-	-	(32)	70,539
	<u>\$ 1,348,359</u>	<u>\$ 603,460</u>	<u>\$ (57,467)</u>	<u>\$ -</u>	<u>\$ 1,069</u>	<u>\$ 1,895,421</u>
(Concluded)						

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>
<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>

f. Unrecognized deferred tax assets:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary difference	<u>\$ 5,165,902</u>	<u>\$ 4,875,002</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>ESVC</u>
2017	2017	2017	2017

38. EARNINGS PER SHARE

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

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
<u>For the year ended December 31, 2022</u>			
Basic earnings per share	\$ 15,759,000	14,271,225	<u>\$ 1.10</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>22,826</u>	
Diluted earnings per share	<u>\$ 15,759,000</u>	<u>14,294,051</u>	<u>\$ 1.10</u>
<u>For the year ended December 31, 2021</u>			
Basic earnings per share	\$ 20,558,988	14,250,666	<u>\$ 1.44</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>25,898</u>	
Diluted earnings per share	<u>\$ 20,558,988</u>	<u>14,276,564</u>	<u>\$ 1.44</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

	<u>For the Year Ended December 31, 2021</u>	
	<u>Before Retrospective Adjustment</u>	<u>After Retrospective Adjustment</u>
Basic earnings per share	<u>\$ 1.54</u>	<u>\$ 1.44</u>
Diluted earnings per share	<u>\$ 1.54</u>	<u>\$ 1.44</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.

39. EQUITY

a. Capital stock

Common stock

	December 31	
	2022	2021
Authorized number of shares (in thousands)	<u>20,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 200,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued (in thousands)	<u>14,275,100</u>	<u>13,354,600</u>
Common stock issued	<u>\$ 142,751,000</u>	<u>\$ 133,546,000</u>

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

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.

In 2022, the stockholders of ESFHC resolved to use \$9,000,000 thousand from the 2021 unappropriated earnings as stock bonus to stockholders and \$612,950 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 920,500 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, 2022, ESFHC issued 507 thousand units (equal to 12,684 thousand shares) because of capital increase, the deposit agents reissued 5,525 thousand units (equal to 138,126 thousand shares), and the GDS holders had canceled 20,825 thousand units (equal to 520,621 thousand shares). Therefore, the outstanding GDSs were 7 thousand units, which were equal to 189 thousand shares, or 0.001324% 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, 2022, 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
The difference between par value and issue price for the issuance of common stock from compensation to employees	1,861,748
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>
	31,119,053

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>\$ 26,070,164</u>

c. Special reserve

	December 31	
	2022	2021
Reclassification of the trading loss reserve and default loss reserve	\$ 164,235	\$ 164,235
The debit balance of other equity	<u>1,074,086</u>	<u>-</u>
	<u>\$ 1,238,321</u>	<u>\$ 164,235</u>

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.

According to Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserve," ESFHC should appropriate to or reverse from its special reserve certain specified amounts. If a contra equity account is reversed, the reversed portion of reserve could be distributed as dividends.

d. Appropriation of earnings

Under ESFHC's Articles of Incorporation, in order to continue to strengthen the financial structure and enhance profitability while maintaining an adequate level of own capital, a residual dividend policy is adopted whereby stock dividends are distributed to preserve the required capital, and the remaining surplus is distributed in the form of cash dividends.

If made a profit in annual accounts, the profit shall be first utilized for paying all taxes, offsetting the 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 the 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. ESFHC may distribute cash dividends and (or) stock dividends in accordance with its operating strategy and future capital planning to determine the most appropriate dividend policy. 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 2021 and 2020 that were approved in the stockholders' meetings on June 17, 2022 and July 23, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 2,113,352	\$ 1,705,818		
Special reserve	1,074,086	-		
Cash dividends	8,947,582	7,665,931	\$0.67	\$0.61
Stock dividends	9,000,000	7,680,000	0.67	0.61

The appropriation of earnings for 2022 had been proposed by ESFHC's board of directors on February 20, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,532,804	
Special reserve	4,293,021	
Cash dividends	2,855,020	\$0.20
Stock dividends	5,710,000	0.40

The appropriation of earnings for 2022 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

	For the Year Ended December 31	
	2022	2021
Balance, January 1	\$ 158,753	\$ 132,185
Cash dividends distributed by subsidiary	(18,107)	-
Attributable to non-controlling interests:		
Net income	22,341	26,515
Exchange differences on the translation of financial statements of foreign operations	509	(123)
Remeasurement of defined benefit plans	<u>1,182</u>	<u>176</u>
Balance, December 31	<u>\$ 164,678</u>	<u>\$ 158,753</u>

40. 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

<u>Related Party</u>	<u>Relationship with the Company</u>
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

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
<u>For the year ended December 31, 2022</u>				
Key management	\$ 394,315	\$ 336,563	\$ 4,905	
Others	<u>3,834,659</u>	<u>3,362,023</u>	<u>45,098</u>	
	<u>\$ 4,228,974</u>	<u>\$ 3,698,586</u>	<u>\$ 50,003</u>	1.66-2.35
<u>For the year ended 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

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
<u>For the year ended December 31, 2022</u>				
Key management	\$ 1,372,064	\$ 827,463	\$ 1,584	
Others	<u>2,681,261</u>	<u>1,597,861</u>	<u>10,030</u>	
	<u>\$ 4,053,325</u>	<u>\$ 2,425,324</u>	<u>\$ 11,614</u>	0-5.10 (Continued)

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
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 (Concluded)

Note: The sum of the respective highest balances of each account for the years ended December 31, 2022 and 2021.

- 2) There were no directors as credit guarantors as of December 31, 2022 and 2021.

	December 31	
	2022	2021
3) Interest receivable (part of receivables)		
Key management	\$ 307	\$ 250
Others	<u>2,653</u>	<u>1,630</u>
	<u>\$ 2,960</u>	<u>\$ 1,880</u>
4) Interest payable (part of payables)		
Key management	\$ 300	\$ 158
Others	<u>2,192</u>	<u>1,194</u>
	<u>\$ 2,492</u>	<u>\$ 1,352</u>
	For the Year Ended December 31	For the Year Ended December 31
	2022	2021

- 5) Donation (part of general and administrative expenses)

Related parties in substance - E.SUN Volunteer & Social Welfare Foundation	<u>\$ 43,650</u>	<u>\$ 37,331</u>
--	------------------	------------------

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 \$437 thousand and \$372 thousand (part of service fee and commission income, net) accordingly for the years ended December 31, 2022 and 2021, 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

	Highest Balance (Note)	Ending Balance	Interest Revenue	Ending Interest Rate (%)
<u>For the year ended December 31, 2022</u>				
Subsidiaries	\$ 4,977,288	\$ 4,823,668	\$ 119,635	
Sister companies	40,000	-	2	
Key management	355,415	297,663	4,377	
Others	<u>3,755,122</u>	<u>3,290,850</u>	<u>44,060</u>	
	<u>\$ 9,127,825</u>	<u>\$ 8,412,181</u>	<u>\$ 168,074</u>	1.66-6.20
<u>For the year ended 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

b) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
<u>For the year ended December 31, 2022</u>				
ESFHC	\$ 9,296,614	\$ 457,256	\$ 3,653	
Subsidiaries	88,041	49,677	24	
Sister companies	10,089,525	2,958,733	11,148	
Key management	949,707	764,121	1,398	
Others	<u>2,652,576</u>	<u>1,581,858</u>	<u>9,926</u>	
	<u>\$ 23,076,463</u>	<u>\$ 5,811,645</u>	<u>\$ 26,149</u>	0-5.10 (Continued)

	Highest Balance (Note)	Ending Balance	Interest Expense	Ending Interest Rate (%)
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 (Concluded)

Note: The sum of the respective highest balances of each account for the years ended December 31, 2022 and 2021.

	December 31	
	2022	2021
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)		
ESBC	<u>\$ 8,274,660</u>	<u>\$ 8,146,620</u>
d) Consolidated tax return receivables (part of current tax assets)		
ESFHC	<u>\$ -</u>	<u>\$ 157,875</u>
e) Call loans from banks (part of deposits from the Central Bank and other banks)		
ESBC	<u>\$ 553,032</u>	<u>\$ -</u>
f) Deposits from banks (part of deposits from the Central Bank and other banks)		
Subsidiaries	<u>\$ 515,509</u>	<u>\$ 47,552</u>
g) Accounts payable (part of payables)		
Sister companies	<u>\$ 630</u>	<u>\$ 351,699</u>
h) Consolidated tax return payables (part of current tax liabilities)		
ESFHC	<u>\$ 1,247,468</u>	<u>\$ 1,255,368</u>

For the Year Ended December 31	
2022	2021

i) Interest revenue from call loans to banks

ESBC	\$ <u>164,090</u>	\$ <u>191,659</u>
------	-------------------	-------------------

The consolidated tax return receivable and payable refer to ESFHC's filed consolidated corporate tax returns from 2003.

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates 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, 2022 and 2021, respectively, were as follows:

	December 31	
	2022	2021
Deposits	\$ <u>621,480</u>	\$ <u>324,633</u>
Financial asset at amortized cost - current	\$ <u>297,896</u>	\$ <u>75,000</u>
Deposits - futures exchange margins	\$ <u>357,260</u>	\$ <u>200,298</u>
Restricted assets - current	\$ <u>214,000</u>	\$ <u>214,000</u>
Operating deposits	\$ <u>445,000</u>	\$ <u>445,000</u>
Deposits - settlements	\$ <u>138,973</u>	\$ <u>367,701</u>
Deposits - collections for underwriting stock value	\$ <u>443,866</u>	\$ <u>7,968,291</u>

b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to both \$4,500,000 thousand as of December 31, 2022 and 2021. 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, 2022 and 2021, 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.

	December 31	
	2022	2021
d) Accounts receivable for settlement (part of receivables)		
Sister companies	\$ <u>630</u>	\$ <u>351,699</u>
e) Consolidated tax return payables (part of current tax liabilities)		
ESFHC	\$ <u>50,650</u>	\$ <u>295,521</u>

3) ESVC

Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of December 31, 2022 and 2021, respectively, were as follows:

	December 31	
	2022	2021
Deposits - E.SUN Bank	<u>\$ 371,766</u>	<u>\$ 421,309</u>

d. Remuneration of key management

The remuneration of the directors and other key management for the years ended December 31, 2022 and 2021 are summarized as follows:

	For the Year Ended December 31	
	2022	2021
Salaries and other short-term employment benefits	\$ 301,740	\$ 267,763
Post-employment benefits	2,790	2,782
Interest arising from the employees' preferential rates in excess of normal rates	<u>86</u>	<u>433</u>
	<u>\$ 304,616</u>	<u>\$ 270,978</u>

41. PLEDGED ASSETS

a. In addition to those mentioned in other notes, pledged securities were as follows:

	December 31	
	2022	2021
Financial assets at fair value through profit or loss (face value)	\$ 25,305,000	\$ 25,200,000
Investments in debt instruments at amortized cost (face value)	5,169,139	4,505,711
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>8,345,679</u>	<u>3,619,098</u>
	<u>\$ 38,819,818</u>	<u>\$ 33,324,809</u>

As of December 31, 2022 and 2021, the foregoing bonds and securities, with aggregate face value of \$20,305,000 thousand and \$20,200,000 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, 2022 and 2021. 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:

(In Thousands of U.S. Dollars)

Date	Pledged Amount	Collateral Value
December 31, 2022	<u>\$ 250,800</u>	<u>\$ 227,365</u>
December 31, 2021	<u>\$ 103,000</u>	<u>\$ 97,912</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, up to \$15,000,000 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, 2022 and 2021, UCB has provided US\$2,774 thousand and US\$4,805 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.

42. 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, 2022, 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 \$4,712,745 thousand, and the remaining unpaid amount was approximately \$2,218,493 thousand.

- b. Union Commercial Bank (UCB)

As of December 31, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately \$6,645 thousand, and the remaining unpaid amount was approximately \$45 thousand.

- c. E.SUN Bank (China), Ltd. (ESBC)

As of December 31, 2022, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$148,795 thousand, and the remaining unpaid amount was approximately \$47,407 thousand.

43. 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.

	For the Year Ended December 31			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash and cash equivalents and other financial assets - due from banks	\$ 45,014,621	1.27	\$ 43,349,195	0.28
Call loans to banks	47,350,892	1.80	28,773,106	0.82
Due from the Central Bank	60,517,315	0.41	55,440,043	0.20
Financial assets mandatorily classified as at fair value through profit or loss - bonds	126,660,929	1.02	127,297,813	2.40
Financial assets mandatorily classified as at fair value through profit or loss - bills	213,260,609	0.53	464,453,272	0.31
Securities purchased under resell agreements	2,291,348	1.07	2,193,045	0.23
Accounts receivable factored without recourse	8,126,742	2.28	7,391,750	0.89
Discounts and loans	1,844,609,746	1.99	1,647,745,684	1.56
Receivables on credit cards	30,927,089	6.27	30,156,493	6.38
Debt instruments at fair value through other comprehensive income	317,348,190	1.75	283,467,195	1.22
Investments in debt instruments at amortized cost	344,180,396	1.11	52,266,395	1.07
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	79,141,597	1.44	76,016,925	0.45
Due to the Central Bank and other banks	7,047,955	0.10	11,214,007	0.10
Financial liabilities at fair value through profit or loss	48,980,418	4.72	44,950,688	4.72
Securities sold under repurchase agreements	13,168,310	0.50	11,054,201	0.13
Demand deposits	762,733,498	0.24	722,903,924	0.04
Savings - demand deposits	726,262,484	0.20	680,340,748	0.07
Time deposits	899,464,091	1.44	732,113,312	0.56
Savings - time deposits	338,935,143	1.06	301,658,871	0.80
Negotiable certificates of deposit	17,256,631	0.86	26,848,997	0.28
Bank debentures	35,718,658	1.51	33,190,000	1.53
Principal of structured products	74,907,030	0.96	51,402,663	0.52
Lease liabilities	3,542,333	0.73	3,092,025	0.78

44. 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.

	December 31			
	2022		2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 401,405,743	\$ 395,017,074	\$ 308,219,235	\$ 308,865,486

Financial liabilities

Bonds payable	43,850,000	43,052,564	41,370,000	44,087,402
---------------	------------	------------	------------	------------

Fair value hierarchy as of December 31, 2022

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 395,017,074	\$ 42,828,785	\$ 352,188,289	\$ -

Financial liabilities

Bonds payable	43,052,564	-	43,052,564	-
---------------	------------	---	------------	---

Fair value hierarchy as of December 31, 2021

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 308,865,486	\$ 21,111,533	\$ 287,753,953	\$ -

Financial liabilities

Bonds payable	44,087,402	-	44,087,402	-
---------------	------------	---	------------	---

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 Refinitiv on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method. 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, 2022 and 2021, the discount rates used ranged from 1.011% to 1.750% and from 0.174% to 1.150%, respectively, for the New Taiwan dollar and from 3.454% to 5.285% and from 0.135% to 1.803%, 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, 2022 and 2021, were as follows:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 61,908,060	\$ 279,127	\$ 61,628,933	\$ -
Equity instruments	4,936,592	2,607,439	-	2,329,153
Debt instruments	120,599,359	8,624,036	111,975,323	-
Others	173,305,262	125,529	173,179,733	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	14,546,562	13,152,115	-	1,394,447
Debt instruments	333,170,304	149,175,333	183,994,971	-

(Continued)

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ 51,764,562	\$ -	\$ 51,764,562	\$ -
Financial liabilities designated as at fair value through profit or loss	37,805,089	-	37,805,089	-
				(Concluded)

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<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	-

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, 2022 and 2021.

d. Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2022

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 2,131,302	\$ 1,433,269
Valuation recognized in profit or loss	464,825	-
Valuation recognized in other comprehensive income	-	(20,339)
Acquisitions	555,308	25,898
Transfers in of Level 3	4,219	-
Disposal	(150,953)	(16,153)
Transfers out of Level 3 (Note)	(675,548)	(30,229)
Change in exchange rates	-	2,001
Balance at December 31, 2022	<u>\$ 2,329,153</u>	<u>\$ 1,394,447</u>
		(Continued)

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
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>(14,845)</u>	(Concluded)

For the year ended December 31, 2021

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
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>	

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, 2022

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 1,062,625	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	1,266,528	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	731,724	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	108,021	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; -%-10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	554,702	Income approach	Lack of liquidity discount; allowance of minority interest	10%-30%; -%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is

December 31, 2021

	Fair Value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
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

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, 2022

	Changes in Fair Value Reflected in Profit or Loss for the Current Year		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 232,915	\$ (232,915)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	139,445	(139,445)

December 31, 2021

	Changes in Fair Value Reflected in Profit or Loss for the Current Year		Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year	
	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
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)

h. Information on financial liabilities designated as at fair value through profit or loss was as follows:

	December 31	
	2022	2021
Difference between carrying amounts and the amounts due on maturity		
Fair value	\$ 37,805,089	\$ 47,449,715
Amounts due on maturity	<u>51,650,659</u>	<u>45,447,639</u>
	<u>\$ (13,845,570)</u>	<u>\$ 2,002,076</u>

**Change in Fair
Values
Resulting from
Credit Risk
Variations**

Accumulated amount of change	
As of December 31, 2022	<u>\$ (5,794,301)</u>
As of December 31, 2021	<u>\$ 651,427</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, 2022 and 2021, 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 is 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 tests 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, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 344,957,546	\$ 401,436,904	\$ 746,394,450
Less: Allowance for impairment loss	<u>(113,585)</u>	<u>(31,161)</u>	<u>(144,746)</u>
Amortized cost	344,843,961	<u>\$ 401,405,743</u>	746,249,704
Adjustment to fair value	<u>(12,232,382)</u>		<u>(12,232,382)</u>
	<u>\$ 332,611,579</u>		<u>\$ 734,017,322</u>

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
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>

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, 2022

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-1.00%	\$ 746,379,987
Credit risk has increased significantly	The credit risk has increased significantly since initial recognition	Lifetime ECL (unimpaired)	6.90%	14,463

December 31, 2021

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
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

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, 2022

Allowance for Impairment Loss	Credit Rating		Total
	Performing (12-month ECL)	Credit Risk Has Increased Significantly (Expected Credit Loss and No Credit Loss During the Duration)	
Balance at January 1, 2022	\$ 115,437	\$ -	\$ 115,437
New financial assets purchased	28,971	999	29,970
Derecognition	(12,597)	-	(12,597)
Change in model or risk parameters	9,516	-	9,516
Change in exchange rates or others	<u>2,420</u>	<u>-</u>	<u>2,420</u>
Balance at December 31, 2022	<u>\$ 143,747</u>	<u>\$ 999</u>	<u>\$ 144,746</u>

For the year ended December 31, 2021

Allowance for Impairment Loss	Credit Rating Performing (12-month ECL)
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>

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, 2022

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,323,790,657	\$ 1,221,986	\$ 66,892	\$ -	\$ 1,325,079,535
Allowance for possible losses	(110,707)	(47,755)	(3,228)	-	(161,690)
Difference of impairment loss under regulations	-	-	-	(781,163)	(781,163)
	<u>\$ 1,323,679,950</u>	<u>\$ 1,174,231</u>	<u>\$ 63,664</u>	<u>\$ (781,163)</u>	<u>\$ 1,324,136,682</u>

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>

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, 2022

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<u>Credit-impaired financial assets</u>					
Receivables					
Credit cards	\$ 2,494,404	\$ -	\$ -	\$ -	\$ -
Other	90,392	-	-	-	-
Discounts and loans	8,682,483	4,272,344	-	-	4,272,344

December 31, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
<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

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			
	2022		2021	
	Amount	%	Amount	%
Natural person	\$ 966,057,987	50	\$ 897,620,361	50
Manufacturing	357,043,714	18	347,834,553	19
Finance, insurance and real estate	243,595,587	13	189,689,679	11
Credit Risk Profile by Regions	December 31			
	2022		2021	
	Amount	%	Amount	%
Domestic	\$ 1,648,022,853	85	\$ 1,558,897,685	87

Credit Risk Profile by Collaterals	December 31			
	2022		2021	
	Amount	%	Amount	%
Unsecured	\$ 500,572,589	26	\$ 451,367,628	25
Secured				
Real estate	1,261,661,428	65	1,161,610,355	65

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:

	December 31	
	2022	2021
Credit rating		
Strong	\$ 1,429,042,829	\$ 1,258,199,636
Medium	492,073,699	492,556,246
Weak	<u>21,600,401</u>	<u>25,723,699</u>
Carrying amount	1,942,716,929	1,776,479,581
Allowance for possible losses	<u>(1,594,898)</u>	<u>(1,107,559)</u>
	<u>\$ 1,941,122,031</u>	<u>\$ 1,775,372,022</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.

E.SUN Bank and its subsidiaries established a LIBOR transition project plan. The transition project considers the 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 the transition project will be implemented by the corresponding LIBOR transition response team. As of December 31, 2022, E.SUN Bank and its subsidiaries are finalizing the amendments to the related systems. E.SUN Bank and its subsidiaries are continuously discussing with the clients and counterparties how to revise the contracts which are expected to be impacted. In terms of credit business, E.SUN Bank and its subsidiaries have already completed the conversion of credit contracts whose rates ceased at the end of December 2021. The remaining USD credit contracts are subject to ongoing amendment negotiations. In terms of investments in debt instruments, E.SUN Bank and its subsidiaries are continuously negotiating with the counterparties about the contracts that have been identified.

E.SUN Bank and its subsidiaries are ceasing to sell financial instruments connected to LIBOR that are not authorized by authorities but will sell those that connect to alternative benchmark interest rates, TAIFX3 or local USD rates, to make sure the rights of clients and the Company will not be negatively impacted.

The following table contains the details of non-derivative financial instruments held by the Company on December 31, 2022, which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Financial assets that reference the USD LIBOR	
Financial assets at FVTPL	\$ 24,034,287
Financial assets at FVTOCI	16,105,069
Investments in debt instruments at amortized cost	2,150,522
Discounts and loans	<u>80,535,002</u>
Non-derivative financial assets affected by the interest rate benchmark reform	<u>\$ 122,824,880</u>

The following table contains details of derivative financial instruments held by the Company at December 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate.

		Carrying Amount	
	Nominal Amount	Financial Assets	Financial Liabilities
Derivative financial instruments that reference the USD LIBOR			
Interest rate swaps	\$ 390,380,110	\$ 16,463,316	\$ 15,015,058
Cross-currency swaps	307,240	40,944	-

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, 2022

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2022
<u>By risk type</u>				
Currency	\$ 3,071,900	\$ 2,156,029	\$ 4,562,202	\$ 3,280,214
Interest	11,251,012	5,702,952	15,185,073	13,486,178
Equity	976,594	684,604	1,311,178	814,411
Risk diversification	<u>(8,318,495)</u>	-	-	<u>(9,409,144)</u>
Total risk exposure	<u>\$ 6,981,011</u>			<u>\$ 8,171,659</u>

For the year ended December 31, 2021

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2021
<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>

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 2022 and 2021 were 32.69% and 33.81%, 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, 2022	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	\$ 36,100,630	\$ 12,536,682	\$ 2,319,318	\$ 20,506,455	\$ 1,051,349	\$ 72,514,434
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	563,970	51,086,689	51,650,659
Securities sold under repurchase agreements	7,017,134	1,686,572	893,711	3,791,737	5,166,615	18,555,769
Payables	25,355,286	1,903,153	978,906	1,202,633	99,617	29,539,595
Deposits and remittances	1,103,188,963	248,975,620	241,709,886	478,805,828	831,701,057	2,904,381,354
Bank debentures	-	-	1,500,000	-	36,350,000	37,850,000
Lease liabilities	120,510	162,118	259,028	519,949	3,406,422	4,468,027
Other items of cash outflow on maturity	69,467,603	14,526,405	520,580	4,147,740	12,379,558	101,041,886

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

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, 2022	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	\$ 53,252	\$ 154,586	\$ 67,248	\$ 30,606	\$ -	\$ 305,692
Interest derivatives	2,023	2,309	24	-	-	4,356

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

ii. Derivative financial liabilities to be settled at gross amounts

December 31, 2022	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	\$ 164,583,466	\$ 321,200,960	\$ 202,826,981	\$ 154,841,611	\$ 311,766,355	\$ 1,155,219,373
Cash inflow	158,082,611	310,568,594	197,128,511	152,999,296	298,893,531	1,117,672,543
Interest derivatives						
Cash outflow	833,737	1,114,348	1,806,581	3,715,871	22,096,164	29,566,701
Cash inflow	3,877,367	156,222	144,611	132,772	7,160,284	11,471,256
Total cash outflow	165,417,203	322,315,308	204,633,562	158,557,482	333,862,519	1,184,786,074
Total cash inflow	161,959,978	310,724,816	197,273,122	153,132,068	306,053,815	1,129,143,799
Net cash outflow	\$ 3,457,225	\$ 11,590,492	\$ 7,360,440	\$ 5,425,414	\$ 27,808,704	\$ 55,642,275

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

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, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 1,190,229	\$ 989,097	\$ 3,933,361	\$ 10,788,710	\$ 40,392,202	\$ 57,293,599
Credit card commitments	3,875,042	1,481,556	5,797,131	16,760,772	461,717,325	489,631,826
Letters of credit issued and yet unused	2,989,408	4,754,014	1,011,988	1,874,069	120,811	10,750,290
Other guarantees	5,252,286	3,253,641	8,655,128	5,988,083	6,164,624	29,313,762

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

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, 2022					
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	\$ 19,335,552	\$ 17,569,699	\$ 19,335,552	\$ 17,569,699	\$ 1,765,853
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	946,453	925,596	964,224	925,596	38,628

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

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, 2022

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	\$ 61,908,060	\$ -	\$ 61,908,060	\$ (35,552,553)	\$ (7,849,094)	\$ 18,506,413
Resell agreements	7,892,518	-	7,892,518	(7,892,518)	-	-
Settlements	11,964	-	11,964	-	-	11,964
	<u>\$ 69,812,542</u>	<u>\$ -</u>	<u>\$ 69,812,542</u>	<u>\$ (43,445,071)</u>	<u>\$ (7,849,094)</u>	<u>\$ 18,518,377</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	\$ 51,764,562	\$ -	\$ 51,764,562	\$ (35,552,553)	\$ (9,847,389)	\$ 6,364,620
Repurchase agreements	18,535,596	-	18,535,596	(18,535,596)	-	-
Settlements	384	-	384	-	-	384
	<u>\$ 70,300,542</u>	<u>\$ -</u>	<u>\$ 70,300,542</u>	<u>\$ (54,088,149)</u>	<u>\$ (9,847,389)</u>	<u>\$ 6,365,004</u>

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	52,454	(2,527)	49,927	(49,467)	-	460
	<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	\$ -	\$ 13,749,747	\$ (7,529,927)	\$ (2,567,492)	\$ 3,652,328
Repurchase agreements	16,664,444	-	16,664,444	(12,579,906)	-	4,084,538
Settlements	159,173	(16,054)	143,119	(49,467)	-	93,652
	<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>

45. 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, 2022</u>				
Others	<u>\$ 288</u>	<u>\$ 276</u>	<u>\$ 564</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied
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

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue	<u>\$ 3,880</u>	<u>\$ 4,604</u>
Expense	<u>\$ 158,089</u>	<u>\$ 138,326</u>

46. 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 680% and 463% as of December 31, 2022 and 2021, respectively.

Please refer to related information in Table 13 (attached).

47. 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, 2022				December 31, 2021		
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	\$ 10,296,581	5.38	Group A Manufacture of other electronic parts and components not elsewhere classified	\$ 13,372,939	7.12
2	Group B Real estate development	7,995,400	4.18	Group D Other activities auxiliary to financial service activities not elsewhere classified	9,743,425	5.18
3	Group C Manufacture of computers	7,253,938	3.79	Group B Real estate development	7,405,626	3.94
4	Group D Other activities auxiliary to financial service activities not elsewhere classified	7,129,762	3.73	Group G Activities of head offices	6,731,996	3.58
5	Group E Manufacture of computers	7,014,283	3.67	Group K Wholesale of computers, computer peripheral equipment and software	6,271,694	3.34
6	Group F Real estate activities for sale and rental with own or leased property	6,926,973	3.62	Group L Electricity supply	6,122,645	3.26
7	Group G Activities of head offices	6,712,415	3.51	Group C Manufacture of computers	5,749,770	3.06
8	Group H Manufacture of computers	6,373,779	3.33	Group M Manufacture of electronic passive devices	5,667,575	3.02
9	Group I Manufacture of integrated circuits	6,351,758	3.32	Group N Retail sale of computers, computer peripheral equipment and software	5,619,141	2.99
10	Group J Financial leasing	5,658,649	2.96	Group O Wired telecommunications activities	5,387,450	2.87

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, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,951,218,767	\$ 89,346,333	\$ 67,828,253	\$ 146,549,718	\$ 2,254,943,071
Interest rate-sensitive liabilities	1,616,976,852	49,446,176	103,568,222	116,807,570	1,886,798,820
Interest rate sensitivity gap	334,241,915	39,900,157	(35,739,969)	29,742,148	368,144,251
Net worth					176,296,030
Ratio of interest rate-sensitive assets to liabilities					119.51
Ratio of interest rate sensitivity gap to net worth					208.82

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

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, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 17,382,486	\$ 409,195	\$ 507,857	\$ 3,169,214	\$ 21,468,752
Interest rate-sensitive liabilities	25,374,945	3,296,903	4,114,641	1,451,788	34,238,277
Interest rate sensitivity gap	(7,992,459)	(2,887,708)	(3,606,784)	1,717,426	(12,769,525)
Net worth					99,048
Ratio of interest rate-sensitive assets to liabilities					62.70
Ratio of interest rate sensitivity gap to net worth					(12,892.26)

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)

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, 2022	December 31, 2021
Return on total assets	Before income tax	0.59	0.77
	After income tax	0.47	0.66
Return on equity	Before income tax	10.17	12.74
	After income tax	8.06	10.95
Net income ratio		28.79	35.56

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	7.61	10.38
	After income tax	7.70	10.46
Return on equity	Before income tax	7.96	10.87
	After income tax	8.06	10.94
Net income ratio		99.08	99.46

3) E.SUN Bank

Unit: %

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	0.57	0.68
	After income tax	0.45	0.58
Return on equity	Before income tax	9.79	11.21
	After income tax	7.81	9.61
Net income ratio		29.50	34.43

4) E.SUN Securities

Unit: %

Items		December 31, 2022	December 31, 2021
Return on total assets	Before income tax	5.06	7.86
	After income tax	4.14	6.43
Return on equity	Before income tax	17.90	32.34
	After income tax	14.62	26.46
Net income ratio		36.26	43.41

Note 1: $\text{Return on total assets} = \text{Income before (after) income tax} \div \text{Average total assets}$.

Note 2: $\text{Return on equity} = \text{Income before (after) income tax} \div \text{Average equity}$.

Note 3: $\text{Net income ratio} = \text{Income after income tax} \div \text{Total net revenues}$.

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, 2022

	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	\$ 2,726,192,283	\$ 317,482,179	\$ 229,500,954	\$ 207,455,209	\$ 203,531,616	\$ 190,159,795	\$ 1,578,062,530
Main capital outflow on maturity	3,298,469,370	109,836,752	149,376,568	486,431,657	475,960,154	695,157,049	1,381,707,190
Gap	(572,277,087)	207,645,427	80,124,386	(278,976,448)	(272,428,538)	(504,997,254)	196,355,340

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

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, 2022

	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	\$ 57,185,714	\$ 10,895,428	\$ 15,274,868	\$ 10,254,830	\$ 6,565,450	\$ 14,195,138
Main capital outflow on maturity	67,000,317	13,606,724	19,308,780	13,626,898	16,611,864	3,846,051
Gap	(9,814,603)	(2,711,296)	(4,033,912)	(3,372,068)	(10,046,414)	10,349,087

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

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, 2022

	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	\$ 12,812,061	\$ 3,637,169	\$ 2,228,383	\$ 1,196,458	\$ 866,649	\$ 4,883,402
Main capital outflow on maturity	13,487,386	4,244,741	4,248,157	2,066,312	2,283,391	644,785
Gap	(675,325)	(607,572)	(2,019,774)	(869,854)	(1,416,742)	4,238,617

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

48. 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, 2022 and 2021					
Trust Assets	2022	2021	Trust Liabilities	2022	2021
Cash in banks	\$ 9,431,296	\$ 5,399,931	Accounts payable on administrative expense	\$ 4	\$ 4
Investments	311,318,781	293,835,419	Accounts payable on securities under custody	712,069,347	619,710,798
Receivables	276	275	Trust capital		
Real estate	7,144,272	4,864,484	Cash	316,148,363	294,987,173
Securities under custody	<u>712,069,347</u>	<u>619,710,798</u>	Securities	5,583,576	4,482,833
			Real estate	7,262,073	4,542,789
			Reserves and accumulated deficit	960,828	(15,128,998)
			Net income	<u>(2,060,219)</u>	<u>15,216,308</u>
Total assets	<u>\$ 1,039,963,972</u>	<u>\$ 923,810,907</u>	Total liabilities	<u>\$ 1,039,963,972</u>	<u>\$ 923,810,907</u>

Note: Investments of the OBU are included in total trust-related assets. As of December 31, 2022 and 2021, the amounts of the OBU's investments were \$25,468,930 thousand and \$24,857,118 thousand, respectively.

Trust Property List December 31, 2022 and 2021

	December 31	
	2022	2021
Cash in E.SUN Bank	\$ 9,421,860	\$ 5,395,438
Cash in other banks	9,436	4,493
Stocks	22,764,400	13,605,755
Mutual funds	232,504,986	237,275,855
Bonds	49,032,754	23,056,184
Structured products	6,886,924	19,890,149
Beneficial certificates pending settlement	129,717	7,476
Receivables	276	275
Real estate	7,144,272	4,864,484
Securities under custody	<u>712,069,347</u>	<u>619,710,798</u>
	<u>\$ 1,039,963,972</u>	<u>\$ 923,810,907</u>

Statements of Income on Trust Accounts
For the Years Ended December 31, 2022 and 2021

	For the Year Ended December 31	
	2022	2021
<u>Revenues</u>		
Interest	\$ 27,746	\$ 10,866
Cash dividend	11,916,870	11,723,137
Realized capital gain - common stocks	1,270	7,938
Property gain	2,494,245	8,206,688
Realized capital gain - bonds	2,834,393	2,713,134
Realized capital gain - mutual funds	306,362	923,827
Other revenues	11,550	2,133
Revenues from beneficial certificates	54,880	42,302
Revenues from rent for stocks	-	49
Total revenues	<u>17,647,316</u>	<u>23,630,074</u>
<u>Expenses</u>		
Management fees	379,960	682,178
Supervisor fees	5	-
Service fees	2,264	1,122
Property loss	19,051,756	7,583,668
Income tax	849	603
Tax expenditures	11,011	11,371
Other expenses	20,662	28,954
Realized capital loss - common stocks	84	52
Realized capital loss - mutual funds	221,921	71,879
Unrealized capital loss - common stocks	<u>19,023</u>	<u>33,939</u>
Total expenses	<u>19,707,535</u>	<u>8,413,766</u>
Net income (loss)	<u>\$ (2,060,219)</u>	<u>\$ 15,216,308</u>

- b. Nature of trust business operations under the Trust Enterprise Act: Note 1.

49. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the year ended December 31, 2022

				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	\$ 14,021,010	\$ (14,021,010)	\$ -	\$ -	\$ -	\$ -
Short-term borrowings	623,780	2,382,393	-	-	134,408	3,140,581
Commercial paper issued	4,788,871	(3,050,000)	-	-	532	1,739,403
Bonds payable	41,370,000	2,480,000	-	-	-	43,850,000
Long-term borrowings	335,037	(11,495)	-	-	36,368	359,910
Financial liabilities designated as at fair value through profit or loss-bank debentures	47,449,715	-	-	(15,847,645)	6,203,019	37,805,089
Guarantee deposits received	1,938,732	5,249,187	-	-	-	7,187,919
Lease liabilities	<u>3,998,061</u>	<u>(1,125,426)</u>	<u>1,408,953</u>	<u>-</u>	<u>22,224</u>	<u>4,303,812</u>
	<u>\$ 114,525,206</u>	<u>\$ (8,096,351)</u>	<u>\$ 1,408,953</u>	<u>\$ (15,847,645)</u>	<u>\$ 6,396,551</u>	<u>\$ 98,386,714</u>

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>

50. ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES

Please refer to Table 5 (attached).

51. BUSINESS SEGMENT FINANCIAL INFORMATION

Please refer to Table 6 (attached).

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

Please refer to Table 15 (attached).

53. E.SUN SECURITIES' FINANCIAL RATIOS OF FUTURES BUSINESS

The financial ratios of E.SUN Securities were in compliance with the requirements of the Regulations Governing Futures Commission Merchants. Please refer to Table 17 (attached).

54. 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.

55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 20, 2023, the board of directors of ESFHC resolved to issue 800,000 common shares, for tentative consideration of NT\$20 per share. ESFHC is going to apply for the approval of this issuance to the FSC.

56. 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: Table 8 (attached).
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
- 6) Disposal of individual real estate at 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 10 (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 11 (attached).
- 11) Related information and proportionate share in investees: Table 16 (attached).
- 12) Derivative transactions: Notes 8 and 44 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 12 (attached).

- d. Business relationship and significant transactions among the parent company and subsidiaries: Table 13 (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 18 (attached).

57. 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)

	For the Year Ended December 31, 2022				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	<u>\$ 18,440</u>	<u>\$ 22,830</u>	<u>\$ 7,508</u>	<u>\$ (19,160)</u>	<u>\$ 29,618</u>
Total net revenues (expenses)	\$ 20,992	\$ 37,628	\$ 8,232	\$ (12,046)	\$ 54,806
Bad-debt expenses and provision for losses on commitments and guarantees	(590)	(845)	(286)	(356)	(2,077)
Operating expenses	<u>(5,057)</u>	<u>(21,347)</u>	<u>(2,823)</u>	<u>(3,599)</u>	<u>(32,826)</u>
Income (loss) before income tax	<u>\$ 15,345</u>	<u>\$ 15,436</u>	<u>\$ 5,123</u>	<u>\$ (16,001)</u>	<u>\$ 19,903</u>

	For the Year Ended December 31, 2021				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
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>

TABLE 1

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**CONSOLIDATED ENTITIES
DECEMBER 31, 2022 AND 2021**

Entities Included in the Consolidated Financial Statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2022	December 31, 2021	
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	Note
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	
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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Loans

December 31, 2022

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2022 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	108	\$ 36,056	\$ 21,122	\$ 21,122	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	444	3,291,568	2,606,936	2,606,936	-	Land and buildings	None
Other loans	Others	1,495,046	1,070,528	1,070,528	-	Land, buildings and plant	None

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

Note: The sum of the respective highest balances of each account for the years ended December 31, 2022 and 2021.

TABLE 3**E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES****INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
DECEMBER 31, 2022 AND 2021
(In Thousands)**

	December 31					
	2022			2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 24,446,839	30.7240	\$ 751,104,681	\$ 21,380,903	27.6890	\$ 592,015,823
CNY	24,748,728	4.4076	109,082,494	24,287,793	4.3497	105,644,613
AUD	6,552,826	20.8330	136,515,024	5,583,714	20.0990	112,227,068
Non-monetary items						
USD	1,116,306	30.7240	34,297,386	283,991	27.6890	7,863,427
CNY	78,701	4.4076	346,883	118,403	4.3497	515,018
AUD	976	20.8330	20,333	1,866	20.0990	37,505
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 38,164,566	30.7240	\$ 1,172,568,126	\$ 36,791,140	27.6890	\$ 1,018,709,875
CNY	23,148,601	4.4076	102,029,774	25,204,268	4.3497	109,631,005
AUD	3,007,740	20.8330	62,660,247	2,963,613	20.0990	59,565,658
Non-monetary items						
USD	821,086	30.7240	25,227,046	186,255	27.6890	5,157,215
CNY	106,458	4.4076	469,224	41,375	4.3497	179,969
AUD	8,431	20.8330	175,643	422	20.0990	8,482

TABLE 4

E.SUN COMMERCIAL BANK, LTD.**ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2022					December 31, 2021				
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		\$ 989,892	\$ 470,140,548	0.21	\$ 5,401,859	545.70	\$ 1,048,194	\$ 431,358,368	0.24	\$ 4,917,890	469.18
	Unsecured		813,207	466,303,686	0.17	5,521,184	678.94	599,974	414,472,104	0.14	4,834,825	805.84
Consumer banking	Residential mortgage (Note 4)		284,936	529,737,002	0.05	7,792,646	2,734.88	289,183	490,971,422	0.06	7,164,836	2,477.61
	Cash card		-	693	-	12	-	206	905	22.76	220	106.80
	Small-scale credit loans (Note 5)		857,823	131,060,791	0.65	1,658,356	193.32	531,990	137,669,562	0.39	1,632,397	306.85
	Other (Note 6)	Secured	180,421	302,447,048	0.06	3,123,121	1,731.02	249,105	264,897,964	0.09	2,730,503	1,096.13
		Unsecured	-	2,746,278	-	30,089	-	214	2,862,131	0.01	30,928	14,452.34
Loan			3,126,279	1,902,436,046	0.16	23,527,267	752.56	2,718,866	1,742,232,456	0.16	21,311,599	783.84
			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			112,922	92,438,671	0.12	855,952	758.00	78,017	83,118,497	0.09	1,102,670	1,413.37
Accounts receivable factored without recourse (Note 7)			-	10,000,667	-	171,809	-	-	12,539,839	-	162,536	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			3,923					5,405				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			14,154					19,172				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,236,514					1,178,631				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,572,591					1,660,823				

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, 2022 AND 2021**

1. ESFHC's financial statements

E.SUN Financial Holding Company, Ltd.

**Balance Sheets
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)**

Assets	2022	2021	Liabilities and Equity	2022	2021
Cash and cash equivalents	\$ 441,727	\$ 1,031,222	Payables	\$ 661,396	\$ 851,277
Financial assets at fair value through other comprehensive income	126,149	162,827	Current tax liabilities	1,451,027	1,846,705
Receivables	80,203	112,664	Corporate bonds payable	6,000,000	7,100,000
Current tax assets	1,351,872	1,584,333	Lease liabilities	150,813	154,520
Investments under the equity method	203,005,975	200,001,380	Other financial liabilities	<u>62</u>	<u>-</u>
Other financial assets, net	-	1,100,000	Total liabilities	<u>8,263,298</u>	<u>9,952,502</u>
Property and equipment, net	2,680	4,796	Equity		
Right-of-use assets	146,277	151,033	Capital stock	142,751,000	133,546,000
Intangible assets	2,492	3,792	Capital surplus	26,070,164	25,662,214
Deferred tax assets	7,202	5,176	Retained earnings	33,472,219	36,091,761
Other assets	<u>24,997</u>	<u>21,168</u>	Other equity	<u>(5,367,107)</u>	<u>(1,074,086)</u>
			Total equity	<u>196,926,276</u>	<u>194,225,889</u>
Total	<u>\$ 205,189,574</u>	<u>\$ 204,178,391</u>	Total	<u>\$ 205,189,574</u>	<u>\$ 204,178,391</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022	2021
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 15,897,544	\$ 20,653,594
Other revenues and gains	<u>65,893</u>	<u>81,175</u>
Total revenues and gains	<u>15,963,437</u>	<u>20,734,769</u>
Expenses and losses		
Operating expenses	332,846	252,587
Other expenses and losses	<u>57,497</u>	<u>63,672</u>
Total expenses and losses	<u>390,343</u>	<u>316,259</u>
Income before income tax	15,573,094	20,418,510
Income tax benefit	<u>185,906</u>	<u>140,478</u>
Net income for the year	15,759,000	20,558,988
Other comprehensive loss	<u>(4,723,981)</u>	<u>(642,560)</u>
Total comprehensive income for the year	<u>\$ 11,035,019</u>	<u>\$ 19,916,428</u>
Earnings per share (New Taiwan dollars)		
Basic	<u>\$ 1.10</u>	<u>\$ 1.44</u>
Diluted	<u>\$ 1.10</u>	<u>\$ 1.44</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	Capital Stock		Capital Surplus	Retained Earnings			Other Equity			Total Equity
	Shares (In Thousands)	Common Stock		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, 2021	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	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)	194,225,889
Appropriation of 2021 earnings										
Legal reserve	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-
Special reserve	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-
Cash dividends	-	-	-	-	-	(8,947,582)	-	-	-	(8,947,582)
Stock dividends	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	612,950
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(574,662)	-	574,662	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	15,759,000	-	-	-	15,759,000
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	143,702	2,335,809	(13,649,220)	6,445,728	(4,723,981)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	15,902,702	2,335,809	(13,649,220)	6,445,728	11,035,019
BALANCE AT DECEMBER 31, 2022	<u>14,275,100</u>	<u>\$ 142,751,000</u>	<u>\$ 26,070,164</u>	<u>\$ 16,897,898</u>	<u>\$ 1,238,321</u>	<u>\$ 15,336,000</u>	<u>\$ (385,903)</u>	<u>\$ (10,775,505)</u>	<u>\$ 5,794,301</u>	<u>\$ 196,926,276</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 15,573,094	\$ 20,418,510
Adjustments for:		
Depreciation and amortization expenses	8,620	7,890
Interest expense	51,202	63,672
Interest revenue	(3,607)	(1,580)
Dividend income	(3,038)	(2,906)
Salary expenses on share-based payments	17,084	4,877
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(15,897,544)	(20,653,594)
Net changes in operating assets and liabilities		
Receivables	32,449	(4,660)
Other financial assets	1,100,000	(1,100,000)
Other assets	(311)	(5,668)
Payables	<u>(20,988)</u>	<u>(30,565)</u>
Cash generated from (used in) operating activities	856,961	(1,304,024)
Interest received	3,619	1,568
Dividend received	8,643,610	8,056,532
Interest paid	(60,101)	(56,849)
Income tax refunded	<u>20,663</u>	<u>142,740</u>
Net cash generated from operating activities	<u>9,464,752</u>	<u>6,839,967</u>
Cash flows from investing activities		
Payments for properties and equipment	(448)	(3)
Payments for intangible assets	<u>-</u>	<u>(2,985)</u>
Net cash used in investing activities	<u>(448)</u>	<u>(2,988)</u>
Cash flows from financing activities		
Proceeds from issue of corporate bonds	-	2,000,000
Repayment of corporate bonds	(1,100,000)	(900,000)
Increase in guarantee deposits received	62	-
Repayments of the principal portion of lease liabilities	(6,279)	(6,279)
Cash dividends paid to owners of ESFHC	<u>(8,947,582)</u>	<u>(7,665,931)</u>
Net cash used in financing activities	<u>(10,053,799)</u>	<u>(6,572,210)</u>
Net (decrease) increase in cash and cash equivalents	(589,495)	264,769
Cash and cash equivalents at the beginning of the year	<u>1,031,222</u>	<u>766,453</u>
Cash and cash equivalents at the end of the year	<u>\$ 441,727</u>	<u>\$ 1,031,222</u>

(Continued)

2. Subsidiaries' condensed balance sheets

E.SUN Commercial Bank, Ltd.

**Condensed Balance Sheets
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)**

Assets	2022	2021	Liabilities and Equity	2022	2021
Cash and cash equivalents	\$ 73,479,227	\$ 79,737,222	<u>Liabilities</u>		
Due from the Central Bank and call loans to other banks	149,959,697	125,681,496	Deposits from the Central Bank and other banks	\$ 67,133,658	\$ 75,911,287
Financial assets at fair value through profit or loss	355,620,362	405,870,183	Due to the Central Bank and other banks	-	14,021,010
Financial assets at fair value through other comprehensive income	326,925,713	314,853,034	Financial liabilities at fair value through profit or loss	89,101,408	61,021,909
Financial assets at amortized cost	398,051,472	307,138,136	Securities sold under repurchase agreements	12,280,579	12,568,620
Securities purchased under resell agreements	7,881,831	-	Payables	28,492,271	22,440,661
Receivables, net	114,100,019	107,138,143	Current tax liabilities	1,436,013	1,467,901
Current tax assets	9,544	232,322	Deposits and remittances	2,851,621,558	2,651,792,392
Discounts and loans, net	1,878,924,693	1,721,019,982	Bank debentures	37,850,000	34,270,000
Investments under the equity method, net	15,008,986	13,735,097	Other financial liabilities	90,837,889	60,518,541
Other financial assets, net	1,372,280	6,139,587	Provisions	1,083,412	1,063,682
Properties and equipment, net	31,648,604	30,935,024	Lease liabilities	3,720,012	3,408,697
Right-of-use assets, net	6,585,747	6,363,802	Deferred tax liabilities	1,851,346	1,291,482
Investment properties, net	572,777	569,018	Other liabilities	<u>3,500,684</u>	<u>3,352,228</u>
Intangible assets, net	4,779,939	4,937,319	Total liabilities	<u>3,188,908,830</u>	<u>2,943,128,410</u>
Deferred tax assets	3,125,750	2,078,690			
Other assets, net	<u>12,231,839</u>	<u>4,646,557</u>	<u>Equity</u>		
			Capital stock	103,637,000	98,937,000
			Capital surplus	27,412,151	26,978,796
			Retained earnings	65,422,036	62,861,565
			Other equity	<u>(5,101,537)</u>	<u>(830,159)</u>
			Total equity	<u>191,369,650</u>	<u>187,947,202</u>
Total	<u>\$ 3,380,278,480</u>	<u>\$ 3,131,075,612</u>	Total	<u>\$ 3,380,278,480</u>	<u>\$ 3,131,075,612</u>

(Continued)

E.SUN Securities Co., Ltd.

**Condensed Balance Sheets
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)**

Assets	2022	2021	Liabilities and Equity	2022	2021
Current assets	\$ 13,628,049	\$ 27,094,470	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	448,707	651,971			
Financial assets at fair value through other comprehensive income	1,643,797	1,158,580	Current liabilities	\$ 10,928,187	\$ 23,686,914
Investments in debt instruments at amortized cost	759,186	616,290	Noncurrent liabilities	<u>99,691</u>	<u>112,694</u>
Investments under the equity method	59,494	58,748	Total liabilities	<u>11,027,878</u>	<u>23,799,608</u>
Properties and equipment	354,316	351,396			
Right-of-use assets	154,290	164,844	<u>Equity</u>		
Investment properties	19,218	12,876			
Intangible assets	27,357	33,699	Capital stock	4,000,000	4,000,000
Deferred tax assets	30,273	28,845	Capital surplus	125,386	120,512
Other noncurrent assets	<u>651,773</u>	<u>614,385</u>	Retained earnings	2,684,290	2,876,656
			Other equity	<u>(61,094)</u>	<u>(10,672)</u>
			Total equity	<u>6,748,582</u>	<u>6,986,496</u>
Total	<u>\$ 17,776,460</u>	<u>\$ 30,786,104</u>	Total	<u>\$ 17,776,460</u>	<u>\$ 30,786,104</u>

E.SUN Venture Capital Co., Ltd.

**Condensed Balance Sheets
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)**

Assets	2022	2021	Liabilities and Equity	2022	2021
Current assets	\$ 464,656	\$ 457,727	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	4,353,344	4,616,770			
Financial assets at fair value through other comprehensive income	134,972	139,002	Current liabilities	\$ 63,529	\$ 148,455
Other financial assets	-	8,002	Noncurrent liabilities	<u>37,743</u>	<u>40,386</u>
Properties and equipment	1,940	156	Total liabilities	<u>101,272</u>	<u>188,841</u>
Right-of-use assets	21,621	22,315			
Intangible assets	1,500	3,000	<u>Equity</u>		
Deferred tax assets	358	551			
Other noncurrent assets	<u>232</u>	<u>232</u>	Capital stock	4,500,000	3,700,000
			Capital surplus	81,719	81,504
			Retained earnings	608,771	1,656,450
			Other equity	<u>(313,139)</u>	<u>(379,040)</u>
			Total equity	<u>4,877,351</u>	<u>5,058,914</u>
Total	<u>\$ 4,978,623</u>	<u>\$ 5,247,755</u>	Total	<u>\$ 4,978,623</u>	<u>\$ 5,247,755</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, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2022	2021
Interest revenue	\$ 50,116,958	\$ 32,332,590
Less: Interest expense	<u>(22,904,846)</u>	<u>(8,513,041)</u>
Net interest	27,212,112	23,819,549
Net revenues and gains other than interest	<u>22,983,788</u>	<u>27,185,317</u>
Total net revenues	50,195,900	51,004,866
Bad-debt expenses and provision for losses on commitments and guarantees	(2,041,228)	(2,025,549)
Operating expenses	<u>(29,588,290)</u>	<u>(28,492,948)</u>
Income before income tax	18,566,382	20,486,369
Income tax expense	<u>(3,757,246)</u>	<u>(2,927,792)</u>
Net income for the year	14,809,136	17,558,577
Other comprehensive loss	<u>(4,647,110)</u>	<u>(710,114)</u>
Total comprehensive income for the year	<u>\$ 10,162,026</u>	<u>\$ 16,848,463</u>
Earnings per share		
Basic	<u>\$ 1.43</u>	<u>\$ 1.69</u>

E.SUN Securities Co., Ltd.

**Condensed Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2022	2021
Income	\$ 2,851,930	\$ 4,045,856
Service charge	(206,996)	(291,499)
Employee benefit expenses	(884,402)	(1,112,848)
Share of profit of subsidiaries accounted for using equity method	249	87
Operating expenses	(673,102)	(714,653)
Other profits and losses	<u>141,310</u>	<u>132,960</u>
Income before income tax	1,228,989	2,059,903
Income tax expense	<u>(224,669)</u>	<u>(374,348)</u>
Net income for the year	1,004,320	1,685,555
Other comprehensive income (loss)	<u>(39,468)</u>	<u>25,273</u>
Total comprehensive income for the year	<u>\$ 964,852</u>	<u>\$ 1,710,828</u>
Earnings per share		
Basic	<u>\$ 2.51</u>	<u>\$ 4.21</u>

(Continued)

E.SUN Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	2022	2021
Operating revenue	\$ 138,783	\$ 1,479,867
Operating expenses	<u>(21,348)</u>	<u>(32,330)</u>
Operating income	117,435	1,447,537
Non-operating income and expenses	<u>15,960</u>	<u>(3,275)</u>
Income before income tax	133,395	1,444,262
Income tax expense	<u>(51,296)</u>	<u>(38,409)</u>
Net income for the year	82,099	1,405,853
Other comprehensive loss	<u>(3,877)</u>	<u>(8,587)</u>
Total comprehensive income for the year	<u>\$ 78,222</u>	<u>\$ 1,397,266</u>
Earnings per share		
Basic	<u>\$ 0.18</u>	<u>\$ 3.12</u>

(Concluded)

TABLE 6**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2022

Business Segment Items	Banking	Securities	Others	Consolidated
Net interest revenues (expenses)	\$ 29,252,432	\$ 414,632	\$ (48,701)	\$ 29,618,363
Net revenues and gains other than interest	22,849,652	2,188,321	149,583	25,187,556
Total net revenues	52,102,084	2,602,953	100,882	54,805,919
Reversal of (provision for) bad-debt expenses and reversal of (provision for) losses on commitments and guarantees	(2,080,656)	4,115	-	(2,076,541)
Operating expenses	(30,937,404)	(1,523,501)	(365,275)	(32,826,180)
Income (loss) before income tax	19,084,024	1,083,567	(264,393)	19,903,198
Income tax benefit (expense)	(4,031,787)	(224,669)	134,599	(4,121,857)
Net income (loss)	15,052,237	858,898	(129,794)	15,781,341

For the year ended December 31, 2021

Business Segment Items	Banking	Securities	Others	Consolidated
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

TABLE 7

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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, 2022				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	\$ 32,636	0.30	\$ 32,636	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	51,587	4.26	51,587	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	90	16,785	0.37	16,785	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	88	5,905	0.38	5,905	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	108	7,437	0.05	7,437	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	195	7,026	0.13	7,026	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	540	54,540	0.90	54,540	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,303	31,663	0.71	31,663	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	570	21,631	0.65	21,631	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	348	3,164	0.22	3,164	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	2,255	79,156	0.85	79,156	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210	3,129	0.38	3,129	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	17,889	1.33	17,889	
	Msscorks Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	122,346	2.69	122,346	
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	29,977	0.17	29,977	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,070	0.19	2,070	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	169	41,583	0.04	41,583	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	354	12,903	0.38	12,903	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	345	72,623	0.26	72,623	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	3,183	0.11	3,183	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	1,324	0.36	1,324	
	Apex Dynamics, Inc.	-	Financial assets at fair value through profit or loss	258	47,730	0.32	47,730	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	183	24,335	0.15	24,335	
	VisEra Technologies Company Ltd.	-	Financial assets at fair value through profit or loss	200	38,700	0.06	38,700	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	700	36,120	0.17	36,120	
	Chenfull Precision Co., Ltd	-	Financial assets at fair value through profit or loss	150	11,010	0.25	11,010	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	10	3,974	0.06	3,974	
	Gogoro Inc.	-	Financial assets at fair value through profit or loss	1,250	118,709	0.51	118,709	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	13,308	1.56	13,308	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,889	79,718	5.55	79,718	
	Perfect Medical Industry Co., Ltd.	-	Financial assets at fair value through profit or loss	516	8,416	1.13	8,416	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	445	5,322	0.67	5,322	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	5,946	0.73	5,946	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	1,668	\$ 43,701	3.00	\$ 43,701	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	972	56,638	3.22	56,638	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	463,120	6.73	463,120	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	775	103,982	0.42	103,982	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	1,040	39,697	1.12	39,697	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	1,652	152,715	2.78	152,715	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	784	72,393	1.31	72,393	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	600	6,936	0.74	6,936	
	Alliance Material Co., Ltd.	-	Financial assets at fair value through profit or loss	300	6,426	1.10	6,426	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	28,304	2.36	28,304	
	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	9,744	3.13	9,744	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	27,876	6.15	27,876	
	Amaryllo Inc.	-	Financial assets at fair value through profit or loss	290	1,116	1.98	1,116	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	25,355	1.56	25,355	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	5,050	162,155	4.17	162,155	
	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	21,712	0.18	21,712	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	788	38,252	5.02	38,252	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	12,611	0.81	12,611	
	Xrex Inc.	-	Financial assets at fair value through profit or loss	353	11,731	1.33	11,731	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	19,714	13.07	19,714	
	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	-	
	King Point Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	900	29,889	2.28	29,889	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	1,650	2.35	1,650	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	733	51,756	7.82	51,756	
	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	3,590	0.73	3,590	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	13,766	4.55	13,766	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	10,888	2.35	10,888	
	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	20	2,087	5.00	2,087	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	8,128	160,798	2.86	160,798	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	6,038	0.41	6,038	
	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	6,478	4.00	6,478	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	6,886	3.69	6,886	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,564	39,243	4.64	39,243	
	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	53	363	0.39	363	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	8,002	1.93	8,002	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	\$ 4,182	8.97	\$ 4,182	
	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	12,146	1.21	12,146	
	Shih Hsiang Auto Parts Co., Ltd.	-	Financial assets at fair value through profit or loss	500	24,446	2.03	24,446	
	Enterex International Limited	-	Financial assets at fair value through profit or loss	453	-	0.41	-	
	21st Financial Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	417	120,400	0.82	120,400	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	6,263	62,145	4.76	62,145	
	Batom Co., Ltd.	-	Financial assets at fair value through profit or loss	391	17,595	1.24	17,595	
	Kee Fresh & Safe Foodtech Co., Ltd.	-	Financial assets at fair value through profit or loss	950	29,420	2.85	29,420	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	6,304	9.84	6,304	
	Vetnostrum Animal Health Co., Ltd.	-	Financial assets at fair value through profit or loss	2,000	52,000	3.17	52,000	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	1,500	71,235	2.32	71,235	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	618	0.33	618	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	4,977	82,228	5.95	82,228	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	92,600	71,303	2.15	71,303	
	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	210	16,380	0.96	16,380	
	Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,336	62,980	2.42	62,980	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	1,500	41,305	1.97	41,305	
	Rock BioMedical, Inc.	-	Financial assets at fair value through profit or loss	11,000	110,000	18.87	110,000	
	AmTrust Capital II Corp.	-	Financial assets at fair value through profit or loss	8,000	80,000	8.00	80,000	
	Innotech Logistics Co., Ltd.	-	Financial assets at fair value through profit or loss	3,000	34,900	6.00	34,900	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	56,932	6.69	56,932	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	22,104	2.84	22,104	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	41,039	12.18	41,039	
	Asia Carbons & Technology Inc.	-	Investments in equity instruments at FVTOCI	-	-	0.00	-	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,657	8,892	3.01	8,892	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	365	1,396	9.12	1,396	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	17,286	14.72	17,286	
	OME Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,457	30,422	2.30	30,422	
	Danotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,500	-	3.22	-	
	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	-	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	3,570	1.24	3,570	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	854	3,581	6.85	3,581	
	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	1,262	5.26	1,262	
	WeForce Co., Ltd.	-	Investments in equity instruments at FVTOCI	182	1,333	0.77	1,333	
	Topray Mems Inc.	-	Investments in equity instruments at FVTOCI	975	1,821	2.36	1,821	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	6,960	1.53	6,960	
	Shanghai Vpon Ltd.	-	Investments in equity instruments at FVTOCI	38,615	-	8.93	-	
	O'Pay Electronic Payment Co., Ltd.	-	Investments in equity instruments at FVTOCI	242	9,365	0.33	9,365	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Fund							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	7,947	\$ 207,820	7.63	\$ 207,820	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	8,259	366,814	7.46	366,814	
	Delos Capital Fund 3	-	Financial assets at fair value through profit or loss	540	16,347	3.32	16,347	
	Taishan Buffalo No. 3 Biotech Venture Capital	-	Financial assets at fair value through profit or loss	37,500	32,643	4.57	32,643	
	Rui Zhan Fund L.P.	-	Financial assets at fair value through profit or loss	4,364	4,364	9.09	4,364	

(Concluded)

TABLE 8

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling price	Carrying Amount	Gain on Disposal	Number of Shares	Amount
E.SUN Venture Capital Co., Ltd.	<u>Stocks</u> Tekho Marine Biotech Co., Ltd.	Financial assets at fair value through profit or loss	-	-	5,228	\$ 439,792	-	\$ -	4,453	\$ 800,579	\$ 123,691	\$ 676,888	775	\$ 103,982

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(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			
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation in Kaohsiung Qingpu branch in Taoyuan Xiaokuaishi branch in Taoyuan	2018.11.09	\$ 745,300 (Note)	\$650,544 has been paid as of December 31, 2022	Chun Yuan Construction Co., Ltd.	-	-	-	-	\$ -	Tender	For the operation of the branch of E.SUN Bank	None
		2019.11.28		\$100,000 has been paid as of December 31, 2022	Eight Point International Corp.	-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None
		2022.08.19				-	-	-	-	-	-	-	-
		2022.09.15		\$61,600 has been paid as of December 31, 2022	Yang, Yang and Yang	-	-	-	-	-	Appraisal	For the operation of the branch of E.SUN Bank	None

Note: The initial transaction amount was \$707,000 thousand and additional amount of \$38,300 thousand.

TABLE 10

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, 2022
(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	\$ 4,365,562	\$ 2,018,090	\$ 36,265	\$ 21,195	0.83	1.05

TABLE 11

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(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	\$ 1,319,468 (Notes 1 and 2)	-	\$ -	-	\$ -	\$ -

Note 1: The receivables come from remuneration of directors and receivables related to consolidated tax returns from E.SUN Commercial Bank, Ltd.

Note 2: When preparing the consolidated financial statements, the receivables have been eliminated.

TABLE 12

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					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	\$ 306,749	\$ 9,530,154	\$ -

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$9,758,742 (Note 1)	\$9,758,742 (Note 1)	\$114,927,004

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 228,967	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	205,093	Direct	38,615	-	-	38,615	(Note 4)	8.93	-	-	-
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	441,647	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	24,996	Invest in mainland China through the third-party company (Note 3)	10,989	-	-	10,989	(Note 4)	0.51	-	(Note 5)	-

(Continued)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 7)
\$152,350	\$155,131	\$2,926,410

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 Shanghai Winking Entertainment Ltd. through Winking Entertainment Ltd.
- c. 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)

TABLE 13**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, 2022****(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	\$ 441,727	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	441,727	Note 4	0.01
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	1,247,468	Note 4	0.04
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	1,247,468	Note 4	0.04
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	919,376	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	919,376	Note 4	0.03
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	371,766	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	371,766	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Other noninterest gains, net	158,089	Note 4	0.29
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	General and administrative expenses	158,089	Note 4	0.29
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Due from the Central Bank and call loans to other banks	8,274,660	Note 4	0.24
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	8,274,660	Note 4	0.24
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Discounts and loans	4,823,668	Note 4	0.14
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	4,823,668	Note 4	0.14
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Due from the Central Bank and call loans to other banks	553,032	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Deposits from the Central Bank and other banks	553,032	Note 4	0.02
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	493,030	Note 4	0.01

(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.	Union Commercial Bank PLC.	c	Deposits from the Central Bank and other banks	\$ 493,030	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	c	Interest revenue	164,090	Note 4	0.30
4	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	c	Interest expense	164,090	Note 4	0.30
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	c	Interest revenue	119,635	Note 4	0.22
5	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	c	Interest expense	119,635	Note 4	0.22

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)

TABLE 14**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****CAPITAL ADEQUACY RATIO
DECEMBER 31, 2022 AND 2021**

1. E.SUN Financial Holding Company, Ltd.'s capital adequacy ratio

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2022			December 31, 2021		
	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.		\$ 196,916,582	\$ 203,386,281		\$ 194,216,921	\$ 201,553,868
E.SUN Commercial Bank, Ltd.	100	254,905,870	186,763,021	100	239,225,579	179,839,564
E.SUN Securities Co., Ltd.	100	5,816,619	1,283,282	100	6,133,563	1,987,938
E.SUN Venture Capital Co., Ltd.	100	4,877,351	2,489,312	100	5,058,914	2,623,810
Deduction		(219,189,103)	(203,132,124)		(215,153,251)	(200,164,207)
Total		243,327,319	190,789,772		229,481,726	185,840,973
Group capital adequacy ratio		127.54			123.48	

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, 2022	December 31, 2021
Common stock	\$ 142,751,000	\$ 133,546,000
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	26,070,164	25,662,214
Legal reserve	16,897,898	14,784,546
Special reserve	1,238,321	164,235
Cumulative earnings	15,336,000	21,142,980
Equity adjustments	(5,367,107)	(1,074,086)
Less: Capital deduction	9,694	8,968
Total eligible capital	196,916,582	194,216,921

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, 2022	
				Standalone	Consolidated
Eligible capital	Common equity		\$ 179,150,743	\$ 177,847,945	
	Other Tier 1 capital		27,972,199	27,972,199	
	Tier 2 capital		47,782,928	48,437,242	
	Eligible capital		254,905,870	254,257,386	
Risk-weighted assets	Credit risk	Standardized approach	1,574,982,859	1,627,327,924	
		Internal ratings-based approach	-	-	
		Securitization	2,214,444	2,214,444	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/alternative standardized approach	121,515,048	126,897,558	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	79,983,088	84,941,150	
		Internal model approach	-	-	
	Risk-weighted assets		1,778,695,439	1,841,381,076	
	Capital adequacy ratio (%)			14.33	13.81
Ratio of common equity capital to risk-weighted assets (%)			10.07	9.66	
Ratio of Tier 1 capital to risk-weighted assets (%)			11.64	11.18	
Ratio of leverage (%)			5.86	5.69	

(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	
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

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) $\text{Eligible capital} = \text{Common equity} + \text{Other Tier 1 capital} + \text{Tier 2 capital}.$
- b) $\text{Risk-weighted assets} = \text{Risk-weighted asset for credit risk} + \text{Capital requirements for operational risk and market risk} \times 12.5.$
- c) $\text{Capital adequacy ratio} = \text{Eligible capital} \div \text{Risk-weighted assets}.$
- d) $\text{Ratio of the common equity to risk-weighted assets} = \text{Common equity} \div \text{Risk-weighted assets}.$
- e) $\text{Ratio of Tier 1 capital to risk-weighted assets} = (\text{Common equity} + \text{Other Tier 1 capital}) \div \text{Risk-weighted assets}.$
- f) $\text{Leverage ratio} = \text{Tier 1 capital} \div \text{Exposure measurement}.$

(Concluded)

TABLE 15**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT
DECEMBER 31, 2022 AND 2021****(In Thousands of New Taiwan Dollars, %)**December 31, 2022

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)	\$ 362,516,842	184.09
Ministry of Finance, ROC	71,080,096	36.09
Citi Bank	26,509,894	13.46
TREASURY USA	26,002,916	13.20
Morgan Stanley And Co. INT. PLC	20,717,953	10.52
Tai Power Co., Ltd.	19,173,699	9.74
Societe Generale	19,038,054	9.67
Credit Agricole	16,877,081	8.57
CPC Corporation, Taiwan	16,756,328	8.51
BPCE SA	16,616,071	8.44
Goldman Sachs International	15,353,305	7.80
BNP Paribas S.A	13,026,745	6.62
Barclays PLC	12,497,544	6.35
Nomura Securities Co., Ltd.	12,175,362	6.18
Taiwan Railways Administration, MOTC	11,558,744	5.87
Corsair Finance Jersey International Ltd.	10,714,306	5.44
JP Morgan Chase Bank N.A.	10,079,135	5.12
Taiwan Semiconductor Manufacturing Co., Ltd.	10,032,623	5.09
NATWEST Group Plc.	9,736,717	4.94
HSBC Bank Plc.	9,191,351	4.67
JP Morgan Structured Products B.V.	9,069,607	4.61
Hon Hai Precision Co., Ltd.	8,898,435	4.52
Credit Suisse	8,856,700	4.50
United Bank of Switzerland	8,583,285	4.36
Commonwealth Bank of Australia	8,379,794	4.26
Pegatron Corporation	7,014,283	3.56
YFG Shopping Centres Pty Ltd.	6,926,973	3.52
Chong Hong Construction Co., Ltd.	6,875,000	3.49
Deutsche Bank AG	6,758,484	3.43
Cathay Financial Holdings Co., Ltd.	6,546,322	3.32
Nan Ya Plastic Co., Ltd.	6,482,923	3.29
Westpac Banking	6,350,907	3.23

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Malayan Banking Berhad	\$ 6,264,567	3.18
Formosa Chemicals & Fiber Corporation	6,142,069	3.12
Wells Fargo Capital Finance	6,141,931	3.12
Quanta Computer Inc.	5,706,341	2.90
Standard Chartered Group	5,681,925	2.89
Anshin Real Estate Management Company	5,613,962	2.85
Formosa Plastics Corporation	5,454,933	2.77
Chailease Finance Co., Ltd.	5,402,998	2.74
KEB Hana Bank	5,331,398	2.71
Mizuho Financial Group	5,281,606	2.68
Internationale Nederlanden Groep N.V.	5,149,554	2.61
Taiwan Water Corporation	4,997,518	2.54
Monetary Authority of Singapore	4,979,710	2.53
Taiwan Mobile Co., Ltd.	4,904,018	2.49
Uni-President Enterprises Corp.	4,761,056	2.42
Shayher Properties Pty Ltd. ATF Lin Brothers Trust	4,357,951	2.21
FORMOSA HA TINH (CAYMAN)	4,301,360	2.18
Nan Shan Life Insurance Company, Ltd.	4,279,474	2.17
IRIS SPV Plc.	4,152,343	2.11
Powertech Technology Inc.	3,944,219	2.00
Government of Singapore	3,906,799	1.98
Far Eastern New Century Corporation	3,851,092	1.96
Hong Kong Monetary Authority	3,847,269	1.95
Luminis Limited	3,786,117	1.92
MTR Corporation Limited	3,738,609	1.90
National Australia Bank	3,673,279	1.87
Yunneng Wind Power Co., Ltd.	3,673,023	1.87
HSBC Bank (Taiwan)	3,550,179	1.80
Fubon Financial Holdings Co., Ltd.	3,443,681	1.75
China Development Bank	3,422,767	1.74
Namchow Holdings Co., Ltd.	3,382,733	1.72
Kaohsiung City Government	3,334,381	1.69
Synnex Technology International Corporation	3,330,930	1.69
Huaku Development Co., Ltd.	3,311,641	1.68
Wealth Media Co., Ltd.	3,290,128	1.67
Sumitomo Mitsui Banking Corporation	3,189,410	1.62
LANI Finance Limited	3,146,397	1.60
Bank of America	3,125,513	1.59
Hotai Finance Co., Ltd.	3,108,156	1.58
Emerald Bay S. A.	3,083,926	1.57
Kingston Technology International Limited	3,072,400	1.56
The Export-Import Bank of the Republic of China	3,070,059	1.56
Export-Import Bank of Korea	3,013,252	1.53

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
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	\$ 16,857,265	8.56
Zhang	10,093,057	5.13
Chen	10,090,623	5.12
Zhu	8,339,850	4.24
Zhang	5,619,043	2.85
Lin	4,793,692	2.43
Zhang	4,302,946	2.19
Ai	4,288,736	2.18
Wang	4,282,109	2.17
Duan	4,279,474	2.17
Chen	3,398,983	1.73
3. Same affiliate		
Citi Bank Group	26,684,345	13.55
Societe Generale Group	19,511,215	9.91
Credit Agricole Group	18,433,448	9.36
Groupe BPCE and related parties	17,965,761	9.12
Fubon Group	15,913,497	8.08
The Goldman Sachs Group	15,446,193	7.84
Nomura Holdings Inc. and related parties	15,321,759	7.78
BNP Paribas S.A. Group	14,684,296	7.46
HSBC Group	14,427,062	7.33
Hon Hai Group	13,748,326	6.98
TSMC Group	12,840,653	6.52
Formosa Plastics Group	12,396,843	6.30
Formosa Chemicals & Fibre Group	10,893,003	5.53
Chailease Holding Group	10,885,029	5.53
JPMorgan Chase & Co.	10,654,802	5.41
Ruentex Industries Group	10,578,635	5.37
Far Eastern New Century Group	9,783,558	4.97
UBS AG Group	8,900,679	4.52
Walsin Lihwa Group	8,350,708	4.24
Chicony Technology Group	8,328,055	4.23
Cathay Group	8,197,891	4.16
Sinyi Realty Inc. Group	8,042,200	4.08
Chong Hong Construction Group	7,995,400	4.06
Wells Fargo & Company Group	7,689,973	3.91
Deutsche Bank AG Group	7,437,636	3.78
Standard Chartered Group	6,875,881	3.49
Industrial and Commercial Bank of China Limited and related parties	6,677,182	3.39
Nan Ya Plastic Group	6,483,150	3.29

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Quanta Computer Group	\$ 6,427,282	3.26
Uni-President Group	6,124,859	3.11
Internationale Nederlanden Group	5,746,673	2.92
Mizuho Financial Group	5,653,928	2.87
PTI Group	5,624,219	2.86
Evergreen Group	5,059,411	2.57
WPG Group	4,721,890	2.40
Kinpo Group	4,646,931	2.36
CITIC Group	4,484,753	2.28
Mitac-synnex Group	4,372,470	2.22
Oisda Group	4,169,999	2.12
Sumitomo Mitsui Banking Group	4,128,545	2.10
MTR Corporation Limited Group	4,094,669	2.08
Asia Vital Component Group	4,030,979	2.05
Eternal Materials Group	3,869,577	1.96
First Financial Holding Group	3,822,489	1.94
Hotai Group	3,744,212	1.90
China State Development Group	3,643,147	1.85
Namchow Group	3,532,363	1.79
Cooler Master Group	3,500,000	1.78
Tachien Baoyou Group	3,378,800	1.72
Inventec Group	3,374,198	1.71
LCY Group	3,255,201	1.65
Wpd Group	3,197,881	1.62
Bank of America Group	3,187,243	1.62
China Development Financial Holding Group	3,184,591	1.62
Bank of Communications Group	3,059,257	1.55

(Continued)

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 Capital Finance	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
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

(Concluded)

TABLE 16

E.SUN FINANCIAL HOLDING COMPANY, LTD.

THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES
DECEMBER 31, 2022
(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	\$ 191,377,565	\$ 14,810,856	10,363,700	-	10,363,700	100.00	3
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	6,748,582	1,004,320	400,000	-	400,000	100.00	3
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	4,879,828	82,368	450,000	-	450,000	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.

TABLE 17

E.SUN SECURITIES CO., LTD.

**FINANCIAL RATIOS OF FUTURES BUSINESS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

Requirement: The Rules Governing Futures Commission Merchants.

Rule No.	Formula	December 31, 2022		December 31, 2021		Standard	Status of Compliance with Standard (Met/Unmet)
		Formula	Ratio	Formula	Ratio		
17	Equities	1,207,687	124.23	1,128,719	193.14	≥ 1	Met
	Total liabilities minus customers' equity accounts - Futures	(1,809,220-1,799,499)		(1,822,998-1,817,154)			
17	Current assets	2,744,957	1.52	2,672,613	1.47	≥ 1	Met
	Current liabilities	1,809,220		1,822,998			
22	Equities	1,207,687	129.16%	1,128,719	120.72%	$\geq 60\%$	Met
	Capital stock	935,000		935,000		$\geq 40\%$	
22	Adjusted net capital	1,170,820	234.64%	1,083,153	181.939%	$\geq 20\%$	Met
	Client and proprietary account	498,982		595,339		$\geq 15\%$	

TABLE 18**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Stockholder	Shareholding	
	Number of Shares	Percentage of Ownership (%)
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.

SCHEDULE 1**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Cash on hand	\$ 21,310,770
Checks for clearing	8,558,300
Due from banks	46,109,059
Cash in transit	<u>275,192</u>
	76,253,321
Less: Allowance for possible losses	<u>(35,677)</u>
	<u>\$ 76,217,644</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2022

(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	
Financial assets mandatorily classified as at fair value through profit or loss								
Negotiable certificates of deposits (Note)	Expire on 2023.02.20-2023.11.15		\$ 76,500,000	0.1780-0.4100	\$ 76,500,000		\$ 76,508,885	\$ -
Commercial paper	Expire on 2023.01.03-2023.08.17		94,979,200	0.5700-2.4310	94,509,175		94,737,469	-
Treasury bills	Expire on 2023.12.28		1,957,000	1.1500	1,934,557		1,933,379	-
Corporate bonds	Expire on 2023.03.23-2031.07.20		71,273,689	0.0000-4.3420	71,275,704		63,547,802	-
Bank debentures	Expire on 2022.02.03-2037.06.30		53,702,541	0.0000-5.7000	53,702,496		48,509,761	-
Overseas bonds	Expire on 2022.08.15-2025.08.15		8,415,194	1.3750-3.1250	8,415,194		8,477,240	-
Stock		293,905			3,890,228		4,243,038	-
Mutual funds					550,480		627,988	-
Operating securities - dealing department					177,624		169,995	-
Operating securities - underwriting department					86,673		85,656	-
Currency swap contracts					-		33,337,361	-
Interest rate swap contracts					-		24,699,752	-
Currency option contracts					2,422,085		1,884,884	-
Forward contracts					-		721,165	-
Futures exchange margins					280,125		279,127	-
Non-deliverable forward contracts					-		829,893	-
Cross-currency swap contracts					-		155,242	-
Credit default swap contracts					-		636	-
					<u>\$ 313,744,341</u>		<u>\$ 360,749,273</u>	

Note: The negotiable certificates of deposits, with aggregate face value of \$20,305,000 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, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Short-term loans	
Short-term loans	\$ 139,839,613
Short-term secured loans	156,196,468
Accounts receivable financing	898,403
Overdrafts	<u>1,143,448</u>
	<u>298,077,932</u>
Medium-term loans	
Medium-term loans	367,166,350
Medium-term secured loans	<u>153,528,837</u>
	<u>520,695,187</u>
Long-term loans	
Long-term loans	115,180,687
Long-term secured loans	<u>1,020,778,508</u>
	<u>1,135,959,195</u>
Overdue loans	<u>2,594,751</u>
Bills negotiated and discounts	
Export bills negotiated	1,671,037
Import bills negotiated	<u>269,271</u>
	<u>1,940,308</u>
	1,959,267,373
Less: Allowance for possible losses	(24,457,810)
Adjustment of premium or discount	<u>(17,646)</u>
Net amount	<u>\$ 1,934,791,917</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2022
(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		384,055			\$ 14,459,737	\$ -		\$ 14,546,562	
Negotiable certificates of deposit	Expire on 2023.08.16		307,233	1.3086	307,093	(12,698)		307,871	
Bank debentures (Note 2)	Expire on 2023.01.13-2037.05.27		170,827,732	0.0100-10.7622	171,056,410	(51,700)		165,856,290	
Government bonds (Note 3)	Expire on 2023.01.12-2042.01.18		54,250,000	0.1250-3.0000	54,809,700	-		53,132,650	
Corporate bonds	Expire on 2023.07.03-2050.04.03		108,388,583	0.0000-8.7000	108,798,034	(48,129)		103,810,275	
Discounted notes	Expire on 2023.02.04-2023.03.23			4.0000	20,422	(210)		20,505	
Overseas bonds	Expire on 2023.03.02-2033.03.08		9,970,221	0.0000-5.2084	<u>10,572,747</u>	<u>(1,041)</u>		<u>10,042,713</u>	
					<u>\$ 360,024,143</u>	<u>\$ (113,778)</u>		<u>\$ 347,716,866</u>	

Note 1: The book value that amounted to \$19,335,552 thousand had been sold under repurchase agreements.

Note 2: Among the bank debentures, face value of \$7,705,579 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 \$370,000 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 \$45,600 thousand had been lodged with the courts.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**DETAILED SCHEDULE OF INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Bond Items	Summary	Unit	Face Value	Interest Rate (%)	Allowance for Impairment Losses	Unamortized Premium (Discount)	Book Value (Note 1)
Overseas bonds (Note 2)	Expire on 2023.01.06-2041.11.15		\$ 34,559,343	0.0000-5.3750	\$ (6,508)	\$ (865,275)	\$ 33,687,560
Overseas certificates of deposits (Note 3)	Expire on 2023.01.19-2023.02.27		527,620	2.4776-4.0000	(5)	(270)	527,345
Negotiable certificates of deposit	Expire on 2023.01.03-2024.11.14		285,550,000	0.3940-1.5000	-	-	285,550,000
Bank debentures	Expire on 2023.05.15-2057.01.27		46,642,466	0.5500-10.1000	(15,592)	(36,987)	46,589,887
Corporate bonds	Expire on 2023.07.16-2041.05.11		15,040,251	0.5600-10.0000	(7,418)	(88,642)	14,944,191
Government bonds	Expire on 2023.01.12-2052.11.11		19,348,700	0.1250-2.5000	-	580,904	19,929,604
Securitized commodity	Expire on 2027.02.18		<u>178,794</u>	1.5173	<u>(1,638)</u>	<u>-</u>	<u>177,156</u>
			<u>\$ 401,847,174</u>		<u>\$ (31,161)</u>	<u>\$ (410,270)</u>	<u>\$ 401,405,743</u>

Note 1: The book value that amounted to \$946,453 thousand had been sold under repurchase agreements.

Note 2: Among the overseas bonds, face value of \$4,861,899 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, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount	Note
Overdue receivable	\$ 185,641	
Less: Allowance for possible losses	<u>(185,641)</u>	
Overdue receivable, net	-	
Due from banks (Note)	3,118,088	
Guarantee deposits received on futures contracts	<u>1,802,186</u>	
	<u>\$ 4,920,274</u>	

Note: The amount of \$2,853,776 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.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**DETAILED SCHEDULE OF PROPERTIES AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 14,693,991	\$ -	\$ 14,027	\$ (5,790)	\$ 32,104	\$ 14,706,278
Buildings	18,804,234	301,731	889,675	217,562	96,391	18,530,243
Computers	7,243,409	539,080	209,397	97,846	19,915	7,690,853
Transportation equipment	972,460	96,468	77,423	25,968	4,978	1,022,451
Miscellaneous equipment	<u>4,164,905</u>	<u>254,242</u>	<u>422,423</u>	<u>103,569</u>	<u>64,494</u>	<u>4,164,787</u>
Total cost	<u>45,878,999</u>	<u>\$ 1,191,521</u>	<u>\$ 1,612,945</u>	<u>\$ 439,155</u>	<u>\$ 217,882</u>	<u>46,114,612</u>
Less: Accumulated depreciation and impairment						
Buildings	5,809,347	\$ 666,596	\$ 881,390	\$ (3,449)	\$ 18,364	5,609,468
Computers	4,249,268	822,804	209,226	-	14,126	4,876,972
Transportation equipment	569,754	82,378	77,187	-	3,477	578,422
Miscellaneous equipment	<u>2,763,437</u>	<u>236,276</u>	<u>413,680</u>	<u>-</u>	<u>38,775</u>	<u>2,624,808</u>
Total accumulated depreciation and impairment	<u>13,391,806</u>	<u>\$ 1,808,054</u>	<u>\$ 1,581,483</u>	<u>\$ (3,449)</u>	<u>\$ 74,742</u>	<u>13,689,670</u>
Prepayments for properties and equipment	<u>1,394,275</u>	<u>\$ 1,571,390</u>	<u>\$ -</u>	<u>\$ (682,957)</u>	<u>\$ 1,082</u>	<u>2,283,790</u>
Property and equipment, net	<u>\$ 33,881,468</u>					<u>\$ 34,708,732</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**DETAIL SCHEDULE OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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 superfices royalties	\$ 3,866,710	\$ 26,889	\$ -	\$ -	\$ -	\$ 3,893,599
Buildings	5,634,286	1,377,358	561,920	2,002	112,134	6,563,860
Office equipment	13,437	624	511	-	236	13,786
Transportation equipment	<u>12,080</u>	<u>4,186</u>	<u>4,342</u>	<u>-</u>	<u>292</u>	<u>12,216</u>
Total cost	<u>9,526,513</u>	<u>\$ 1,409,057</u>	<u>\$ 566,773</u>	<u>\$ 2,002</u>	<u>\$ 112,662</u>	<u>10,483,461</u>
Accumulated depreciation						
Land and superfices royalties	41,360	\$ 79,995	\$ -	\$ -	\$ -	121,355
Buildings	2,541,595	1,089,915	481,321	-	53,885	3,204,074
Office equipment	3,271	4,473	417	-	47	7,374
Transportation equipment	<u>7,027</u>	<u>4,073</u>	<u>4,342</u>	<u>-</u>	<u>193</u>	<u>6,951</u>
Total accumulated depreciation	<u>2,593,253</u>	<u>\$ 1,178,456</u>	<u>\$ 486,080</u>	<u>\$ -</u>	<u>\$ 54,125</u>	<u>3,339,754</u>
	<u>\$ 6,933,260</u>					<u>\$ 7,143,707</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF COMMERCIAL PAPER ISSUED

DECEMBER 31, 2022

(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.	China Bills Finance	2023.01.05	1.32	\$ 200,000	\$ 31	\$ 199,969
	China Bills Finance	2023.01.06	1.32	100,000	19	99,981
	Ta Ching Bills Finance	2023.01.11	1.33	200,000	78	199,922
	Sunny Bank	2023.01.10	1.33	200,000	70	199,930
	Sunny Bank	2023.01.12	1.33	250,000	107	249,893
	Sunny Bank	2023.01.13	1.34	170,000	80	169,920
	Union Bank of Taiwan - Taipei	2023.01.06	1.34	50,000	10	49,990
	Union Bank of Taiwan - Taipei	2023.01.06	1.34	100,000	19	99,981
	Yuanta Commercial Bank	2023.01.16	1.38	120,000	73	119,927
	China Trust Commercial Bank	2023.01.09	1.31	<u>350,000</u>	<u>110</u>	<u>349,890</u>
				<u>\$ 1,740,000</u>	<u>\$ 597</u>	<u>\$ 1,739,403</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2022

(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					\$ 25,884,719	
Interest rate swap contracts					22,058,694	
Currency option contracts					2,579,681	
Forward contracts					530,768	
Non-deliverable forward contracts					296,913	
Currency Swap Contracts					330,854	
Metal commodity swap contracts					1,044	
Interest rate option contracts					59,421	
Credit default swap contract					<u>22,468</u>	
					<u>51,764,562</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.	\$ 2,611,540	-	\$ 114.2612	2,983,976	\$ (535,528)
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.	2,611,540	4.97	59.4980	1,553,813	(201,921)
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.	1,935,612	-	112.2897	2,173,492	(407,894)
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.	1,321,132	5.10	60.9606	805,369	(113,948)
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.	7,373,760	-	112.9694	8,330,092	(1,484,014)

(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.	\$ 7,373,760	5.10	\$ 72.6984	\$ 5,360,604	\$ (631,802)
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.	2,918,780	-	91.0113	2,656,420	(565,600)
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.	2,918,780	4.41	73.5013	2,145,343	(323,506)
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.	2,765,160	4.85	74.5960	2,062,697	(341,353)
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.	1,843,440	-	86.7393	1,598,987	(341,457)
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.	4,147,740	-	83.9695	3,482,836	(731,213)
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.	6,144,800	4.75	75.6975	<u>4,651,460</u>	(767,492)
					<u>37,805,089</u>	
					<u>\$ 89,569,651</u>	

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF DEPOSITS AND REMITTANCES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Checking deposits	
Cashier's checks	\$ 5,072,219
Checking deposits	<u>14,570,767</u>
	<u>19,642,986</u>
Demand deposits	
Demand deposits	357,643,002
Foreign currency demand deposits	389,287,274
Others (Note)	<u>9,918</u>
	<u>746,940,194</u>
Savings - demand deposits	<u>715,721,562</u>
Time deposits	
Time deposits	266,140,353
Foreign currency time deposits	<u>740,694,569</u>
	<u>1,006,834,922</u>
Negotiable certificates of deposits	<u>9,398,169</u>
Savings - time deposits	
Withdrawals of interest savings	252,534,696
Round-amount savings	133,781,778
Others (Note)	<u>142,010</u>
	<u>386,458,484</u>
Treasury deposits	<u>15,918,036</u>
Remittances	
Remittances outstanding	3,449
Outward remittances	<u>1,681,604</u>
	<u>1,685,053</u>
	<u>\$ 2,902,599,406</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, 2022
(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 - 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>6,000,000</u>	<u>-</u>	<u>6,000,000</u>			
Bank debentures										
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	500,000	4,500,000	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	100,000	3,650,000	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	
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).	1,600,000	-	1,600,000	Repay on the maturity date	Unsecured	
Bonds - first issue in 2022	None	2022.03.18	March 18 in each year	Fixed interest rate 0.71%	1,100,000	-	1,100,000	Repay on the maturity date	Unsecured	
Subordinated bonds - second issue in 2022	None	2022.06.15	June 15 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.90% 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).	2,700,000	-	2,700,000	Repay on the maturity date	Unsecured	
Bonds - third issue in 2022	None	2022.07.27	July 27 in each year	Fixed interest rate 1.60%	7,300,000	-	7,300,000	Repay on the maturity date	Unsecured	
Subordinated bonds - fourth issue in 2022	None	2022.12.27	December 27 in each year	Fixed interest rate 2.30%	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>	Repay on the maturity date	Unsecured	
					<u>40,550,000</u>	<u>2,700,000</u>	<u>37,850,000</u>			
					<u>\$ 46,550,000</u>	<u>\$ 2,700,000</u>	<u>\$ 43,850,000</u>			

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF LEASE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Description	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Land		2021.06.25-2067.10.23	1.09%	\$ 831,506	
Buildings		2009.07.16-2033.07.15	0.37%-7.50%	3,461,484	
Office equipment		2021.04.15-2027.04.30	0.70%-2.98%	5,852	
Transportation equipment		2019.12.06-2025.10.24	0.73%-2.98%	<u>4,970</u>	
				<u>\$ 4,303,812</u>	

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF INTEREST REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Interest revenue from discounts and loans	
From long-term loan interest	\$ 18,859,583
From medium-term loan interest	13,414,721
From short-term loan interest	7,105,476
Others (Note)	483,617
	<u>39,863,397</u>
Interest revenue from investments	
From financial assets at fair value through other comprehensive income	6,031,767
From investments in debt instruments at amortized cost	3,877,839
	<u>9,909,606</u>
Interest revenue from due from banks and call loans to other banks	
Interest revenue due from banks	571,525
Interest revenue due from the Central Bank	282,684
From call loans to other banks	777,138
	<u>1,631,347</u>
Interest revenue from revolving interests of credit cards	1,947,228
Others (Note)	<u>502,412</u>
	<u>\$ 53,853,990</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, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Interest expense from deposits	
From time deposits	\$ 13,619,494
From withdrawals of interest savings	2,337,473
From savings - demand deposits	1,447,470
From round-amount savings	1,169,507
From demand deposits	2,135,904
Others (Note)	<u>98,049</u>
	<u>20,807,897</u>
Interest expense from issuing bonds payable	
From bank debentures	537,982
From corporate bonds	<u>48,630</u>
	<u>586,612</u>
Interest expense from due to the Central Bank and other banks	
From call loans from Central Bank and other banks	1,173,051
From others due to the Central Bank	7,048
From banks overdrafts	<u>61</u>
	<u>1,180,160</u>
Interest expense from securities sold under repurchase agreements	<u>159,636</u>
Interest expense from deposits due to the Central Bank and other banks	
From deposits from Chunghwa Post Co., Ltd.	132,974
Others (Note)	<u>34,370</u>
	<u>167,344</u>
Lease liabilities interest expense	<u>42,493</u>
Others (Note)	<u>1,291,485</u>
	<u>\$ 24,235,627</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, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Service fee and commission income	
From credit cards	\$ 9,153,534
From insurance	3,426,058
From trust business	4,371,689
From loans	1,956,932
From brokerage	2,355,375
Others (Note)	<u>2,102,732</u>
	<u>23,366,320</u>
Service charge and commission expenses	
From agency	(1,983,696)
From credit cards	(627,462)
From cross - bank transactions	(328,767)
From computer processing	(275,349)
Others (Note)	<u>(871,536)</u>
	<u>(4,086,810)</u>
Service fee and commission income, net	<u>\$ 19,279,510</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, 2022
(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)	\$ 693,849	\$ (813,989)	\$ (120,140)
Negotiable certificates of deposits (including interest income)	273,963	(157,512)	116,451
Funds	9,749	26,651	36,400
Commercial paper (including interest income)	784,889	64,562	849,451
Type B treasury bill (including interest income)	61,596	(6,506)	55,090
Government bonds (including interest income)	(31,368)	23	(31,345)
Foreign institutions issue bonds (including interest income)	28,022	21,008	49,030
Bank debentures (including interest income)	654,395	(4,695,692)	(4,041,297)
Corporate bonds (including interest income)	(6,378)	(7,166,179)	(7,172,557)
Metal commodity swap contracts	44,869	(3,570)	41,299
Currency swap contracts	7,147,365	45,422,602	52,569,967
Forward contracts	3,313,043	497,806	3,810,849
Interest rate swap contracts	8,671,353	17,303,228	25,974,581
Currency option contracts	653,922	(76,965)	576,957
Currency swap contracts	159,786	141,520	301,306
Non-deliverable forward contracts	4,659,523	269,883	4,929,406
Credit default swap contracts	34,561	1,478	36,039
Selling securities - dealing department	(57,649)	(13,248)	(70,897)
Others	13,241	(8,497)	4,744
	<u>27,108,731</u>	<u>50,806,603</u>	<u>77,915,334</u>
Financial liabilities at fair value through profit or loss			
Bank debentures (including interest expense)	(2,279,114)	9,401,918	7,122,804
Currency swap contracts	(4,306,880)	(44,482,847)	(48,789,727)
Interest rate swap contracts	(5,110,331)	(18,485,736)	(23,596,067)
Currency option contracts	(1,381,922)	(420,761)	(1,802,683)
Forward contracts	(3,356,246)	(251,258)	(3,607,504)
Currency swap contracts	(243,248)	(126,481)	(369,729)
Non-deliverable forward contracts	(3,612,370)	104,301	(3,508,069)
Interest rate option contracts	-	41,729	41,729
Others	(27,950)	(22,344)	(50,294)
	<u>(20,318,061)</u>	<u>(54,241,479)</u>	<u>(74,559,540)</u>
	<u>\$ 6,790,670</u>	<u>\$ (3,434,876)</u>	<u>\$ 3,355,794</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, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount
Dividend income	\$ 1,423,492
Bank debentures	402,921
Government bonds	(16,727)
Corporate bonds	(195,776)
Overseas bonds	<u>(129,679)</u>
	<u>\$ 1,484,231</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF OTHER NONINTEREST GAINS, NET
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Net sales revenue	\$ 159,882
Rental revenue	50,457
Net gains on disposal of property	5,809
Others	<u>(24,549)</u>
	<u>\$ 191,599</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, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Provision for provision for possible losses on due from banks	\$ 15,637
Reversal of provision for possible losses on call loans to other banks	(15,722)
Reversal of possible losses on receivables	(167,247)
Provision for possible losses on discounts and loans	2,224,282
Provision for provision for possible losses on overdue receivables	3,273
Reversal of possible losses on remittance	(10)
Reversal of possible losses on guarantees	(20,149)
Provision for possible losses on financing commitments	<u>36,477</u>
	<u><u>\$ 2,076,541</u></u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

**DETAILED SCHEDULE OF EMPLOYEE BENEFITS EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount			Total	Note
	Employee Benefits Expenses	Other Noninterest Gains, Net	Other Operating and Administrative Expenses		
Salaries	\$ 12,038,537	\$ 260,693	\$ -	\$ 12,299,230	
Insurance	882,537	21,666	-	904,203	
Remuneration of directors	97,233	-	-	97,233	
Excessive interest from preferential rates	26,744	-	-	26,744	
Post-employment benefits	449,139	11,011	-	460,150	
Others (Note 1)	<u>816,441</u>	<u>7,811</u>	<u>56,927</u>	<u>881,179</u>	
	<u>\$ 14,310,631</u>	<u>\$ 301,181</u>	<u>\$ 56,927</u>	<u>\$ 14,668,739</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, 2022 and 2021, the average number of employees of the Company (ESBC, UCB and BankPro excluded) were 9,106 and 9,348, respectively, of which the average number of directors who did not concurrently act as an employee were 11 and 12, respectively. For the years ended December 31, 2022 and 2021, the average number of employees of ESBC, UCB and BankPro were 943 and 957, respectively, of which the average number of directors who did not concurrently act as an employee were both 9.

Note 3: For the years ended December 31, 2022 and 2021, the average amount of employee benefits expenses of the Company were \$1,453 thousand and \$1,455 thousand, respectively; and the average amount of salary expenses of the Company was \$1,226 thousand and \$1,235 thousand, respectively.

Note 4: The percentage of change in annual average amount of salary expenses of the Company was 0.73%.

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, 2022 and 2021, the amount of remuneration of the supervisor were \$260 thousand and \$1,608 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

	ESFHC and Banking Subsidiaries	Securities, Venture and Other Subsidiaries
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

	Union Commercial Bank PLC.	E.SUN Bank (China), Ltd.
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, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Depreciation expense	
Property and equipment	\$ 1,808,054
Investment properties	52,191
Right-of-use assets	<u>1,178,456</u>
	3,038,701
Amortization expense	<u>730,639</u>
	<u>\$ 3,769,340</u>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Amount
Business marketing expenses	\$ 4,715,598
Tax expenditures	2,304,609
Others (Note)	<u>7,726,002</u>
	<u>\$ 14,746,209</u>

Note: The amount of each individual item does not exceed 5% of the account balance.



Thanks for your long-term support

We are devoted to sustainable development
for a beautiful and better society.



DJSI

Listed in DJSI
since 2014



MCSI

MCSI ESG
Rating AAA

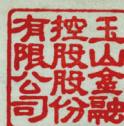


Best Bank

《Asiamoney》《Finance Asia》
《Forbes》《The Asset》



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	Shuanghe Branch	+886 2 2923 1313	Yuanlin Branch	+886 4 836 1313
Customer Services Division	+886 2 2175 1313	Xinzhuang Branch	+886 2 2202 1313	Caotun Branch	+886 4 9238 1313
International Banking Department/ OBU	+886 2 2175 1313	North Xinzhuang Branch	+886 2 2997 1313	Douliu Branch	+886 5 532 1313
Trust Department	+886 2 2562 1313	Xinshu Branch	+886 2 2203 1313	East Chiayi Branch	+886 5 216 1313
Insurance Agency Department	+886 2 2562 1313	Xindian Branch	+886 2 2916 1313	Chiayi Branch	+886 5 223 1313
Nanjing East Road Branch	+886 2 2760 1313	Beixin Branch	+886 2 8911 1313	Puzi Branch	+886 5 379 1313
Zhonglun Branch	+886 2 2731 1313	Shulin Branch	+886 2 8675 1313	Xinying Branch	+886 6 656 8813
Xinyi Branch	+886 2 8789 1313	Huilong Branch	+886 2 2689 1313	Jiali Branch	+886 6 721 1313
Nan Shan Plaza Branch	+886 2 2722 8913	Sanxia Branch	+886 2 8970 6613	Rende Branch	+886 6 270 6613
Keelung Road Branch	+886 2 2378 1313	Xizhi Branch	+886 2 2647 6613	Yanhang Branch	+886 6 253 1313
Songshan Branch	+886 2 3765 1313	Tucheng Branch	+886 2 2274 1313	Yongkang Branch	+886 6 201 1313
NTU Branch	+886 2 2368 1313	South Tucheng Branch	+886 2 2267 1313	South Yongkang Branch	+886 6 313 1313
Dunnan Branch	+886 2 2754 1313	Luzhou Branch	+886 2 2848 1313	East Tainan Branch	+886 6 289 1313
Heping Branch	+886 2 2362 1313	Jixian Branch	+886 2 8283 1313	Jinhua Branch	+886 6 291 1313
Daan Branch	+886 2 2755 1313	Wugu Branch	+886 2 2290 1313	Annan Branch	+886 6 357 1313
Zhongxiao Branch	+886 2 8772 1313	Xinzhuaugfuduxin Branch	+886 2 2297 1313	Tainan Branch	+886 6 241 1313
Dongmen Branch	+886 2 2321 1313	East Linkou Branch	+886 2 2606 9813	Zuoying Branch	+886 7 348 8813
Renai Branch	+886 2 2708 1313	Taoyuan Branch	+886 3 332 1313	Nanzi Branch	+886 7 364 1313
Fuxing Branch	+886 2 2771 1313	Zhonglutequ Branch	+886 3 337 1313	North Kaohsiung Branch	+886 7 350 1313
Minsheng Branch	+886 2 2509 1313	Taoying Branch	+886 3 375 1313	Dachang Branch	+886 7 341 1313
Xinsheng Branch	+886 2 2740 1313	Yiwen Branch	+886 3 357 1313	Chengqing Branch	+886 7 386 1313
Changchun Branch	+886 2 2546 1313	Zhongli Branch	+886 3 427 1313	Qixian Branch	+886 7 235 1313
Zhongshan Branch	+886 2 2537 1313	Zhongyuan Branch	+886 3 428 1313	Kaohsiung Branch	+886 7 336 1313
Chengdong Branch	+886 2 2504 1313	Yangmei Branch	+886 3 488 1313	Lingya Branch	+886 7 716 1313
Minquan Branch	+886 2 2568 1313	Nankan Branch	+886 3 352 1313	Qianzhen Branch	+886 7 761 1313
Taipei Branch	+886 2 2507 1313	Linkou Branch	+886 3 396 1313	Xiaogang Branch	+886 7 807 1313
Chengzhong Branch	+886 2 2389 1313	Bade Branch	+886 3 367 1313	Fengshan Branch	+886 7 743 1313
Guting Branch	+886 2 2364 1313	Lixin Branch	+886 3 492 1313	Linyuan Branch	+886 7 643 1313
Jiancheng Branch	+886 2 2556 1313	Hsinchu Branch	+886 3 523 1313	Houzhuaug Branch	+886 7 702 1313
Muzha Branch	+886 2 2936 1313	Zhuke Branch	+886 3 564 1313	Gangshan Branch	+886 7 621 1313
Nangang Branch	+886 2 2789 1313	Guanghua Branch	+886 3 533 1313	Pingtung Branch	+886 8 733 1313
Neihu Branch	+886 2 2659 1313	Zhubei Branch	+886 3 554 1313	Donggang Branch	+886 8 835 1313
Chenggong Branch	+886 2 2791 8813	Liujia Branch	+886 3 658 9013	Keelung Branch	+886 2 2427 1313
Donghu Branch	+886 2 2632 1313	Xinfeng Branch	+886 3 557 1313	Luodong Branch	+886 3 957 1313
Xinhu Branch	+886 2 8791 6613	Zhunan Branch	+886 3 746 1313	Hualien Branch	+886 3 831 1313
Shilin Branch	+886 2 2834 1313	Toufen Branch	+886 3 768 3313	Taitung Branch	+886 89 36 1313
Tianmu Branch	+886 2 2835 1313	Houlong Branch	+886 3 773 1313	Penghu Branch	+886 6 927 1313
Beitou Branch	+886 2 2895 1313	Wuri Branch	+886 4 2260 8813	Los Angeles Branch	+1 626 810 2400
Credit Card and Payment Division	+886 2 2182 1313	Wuquan Branch	+886 4 2377 1313	Hong Kong Branch	+852 3405 6168
Sanhe Branch	+886 2 2280 1313	Taichung Branch	+886 4 2254 1313	Singapore Branch	+65 6533 1313
Sanchong Branch	+886 2 2984 1313	Taichung Metropolitan Branch	+886 4 2327 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	Ho Chi Minh Representative Office	+84 28 3551 1313
Guangfu Branch	+886 2 2957 1313	Fengyuan Branch	+886 4 2512 1313	Bangkok Representative Office	+66 2 286 1313
Zhonghe Branch	+886 2 2222 1313	Shalu Branch	+886 4 2662 1813	E.SUN Bank (China) Co., Ltd.	+86 755 8898 1313
Liancheng Branch	+886 2 8228 1313	Daya Branch	+886 4 2568 1313	Shenzhen Branch	+86 755 8360 1313
Nanshijiao Branch	+886 2 2942 8813	Taiping Branch	+886 4 2270 8813	Guangzhou Branch	+86 20 6199 1313
Taihe Branch	+886 2 2242 1313	Dali Branch	+886 4 2418 1313	Dongguan Branch	+86 769 2868 1313
Yongan Branch	+886 2 8921 1313	Changhua Branch	+886 4 728 1313	Dongguan Changan Sub-branch	+86 769 2330 8813
				Union Commercial Bank Plc.	+855 2391 1313

E.SUN Securities Co., Ltd.

Headquarters	+886 2 5556 1313	Banqiao Branch	+886 2 2951 9913
Brokerage Division	+886 2 2713 1313	Taoyuan Branch	+886 3 336 6813
Digital Service Branch	+886 2 2370 0013	Hsinchu Branch	+886 3 666 9913
Nanjing East Road Branch	+886 2 2765 1313	Taichung Branch	+886 4 2258 9913
Jingmei 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

E.SUN Venture Capital Co., Ltd.

+886 2 2175 1313

E.SUN Culture and Education Foundation

+886 2 2175 1313

E.SUN Volunteer Foundation

+886 2 2175 1313



玉山金控 E.SUN FHC

14F., No. 117 and 1F., No. 115, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 10546, Taiwan

TEL:+886 2715-1313

<https://www.esunfhc.com>