



CHENG LEIGH WEN

## ANNUAL REPORT 2020

E.SUN FHC 2884



玉山金控 E.SUN FHC

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

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### Information of Overseas Depositary Receipt

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



E.SUN FHC 19th

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Possession of E.SUN

# 1. Letter to Shareholders

Dear shareholders,

Due to the impact of COVID-19 on the global economy and financial markets in 2020, central banks around the world have one after another introduced larger interest-reducing and quantitative easing policies. Amid the transfer, competition, and cooperation among supply chains in different countries, Taiwan has kept the pandemic well under control, overseas Taiwanese businesses are continuing to make investments in Taiwan, and investments in semiconductors, ICT, and electronic components are increasing. All of these activities have driven a stable economic growth for Taiwan. The pandemic has prompted companies to speed up their digital transformation, and the increase in the prevalent use of digital services has to an extent promoted a lifestyle change in society.

Environmental, social, and governance (ESG) factors are a key global trend and important indicators of corporate sustainable development. The impact of climate change is spreading across the globe, prompting international leading companies to successively announce their commitment to carbon neutrality and request suppliers to take actions against carbon emission. As a result, energy conservation and carbon reduction have become a crucial issue in sustainable development. For this reason, financial institutions should work on their main business activities in the areas of responsible lending, responsible investment, and ESG products, and join forces with like-minded individuals, including clients and stakeholders, to work together for the benefit of the society and environment.

### Strengthening capability for robust development

E.SUN FHC has continued to strengthen its capabilities in 2020, delivering robust performance. E.SUN FHC reported net earnings of NT\$56.2 billion, with an annual growth rate of 3.17%, after-tax earnings amount of NT\$18.0 billion, with an annual reduction of 10.34%, EPS at NT\$1.43, ROA at 0.66%, ROE at 10.17%, and capital adequacy ratio at 136.54%. E.SUN has been keeping asset quality sound with an NPL ratio of 0.19% and an NPL coverage ratio of 656.29%.

E.SUN FHC has total assets at NT\$2.97 trillion, total deposits at NT\$2.48 trillion, total loans at NT\$1.64 trillion. Due to the cross-border platform and digital banking, foreign currency deposits are equivalent to NT\$888.3 billion, a growth of 15.3%. Fee revenues have registered record-high growth for 12 consecutive years. Fee revenues



and net commissions reached NT\$19.83 billion, with an annual growth rate of 5.9%, out of which 9.3% came from Wealth Management.

With respect to ESG and sustainable development, we actively improve corporate governance and information disclosure. E.SUN is the only financial institution in the industry to be ranked top 5% by TWSE Corporate Governance Evaluation for 6 consecutive years and obtain the "Excellent" rating in the Corporate Governance Assessment. In response to climate change, E.SUN has been a long-term participant of financing and investments in green energy industries that involve wind power and solar energy. We continue to issue green bonds. In total, E.SUN has approved the financing of 26 Equator Principles projects, as part of our effort to maximize the influence of green finance. Apart from setting ourselves as example, E.SUN also cooperates with various outstanding companies in Taiwan to launch ESG sustainability campaigns and commit to the fight against climate change. Regarding social inclusion, E.SUN

continues to invest in education, social participation, arts and culture, and sports development. We have built 158 E.SUN libraries and rewarded Outstanding Management Talent Scholarship to experts in the fields of management, science and technology, humanities, ASEAN, and nursing.

E.SUN has been included as a constituent of the DJSI for 7 consecutive years and ranked 1st in the banking sector of Taiwan, setting another record for the financial institutions. For 4 years in a row, E.SUN has obtained the highest MSCI ESG rating of AA in the banking sector of Taiwan. We were also rated as the Best Bank in Taiwan by Global Finance and the Best Performing Bank in Taiwan by The Banker.

### A focus on cross-border, digital, and risk management

For our future development strategy, E.SUN will focus on cross-border, digital, and risk management. Concerning cross-border expansion, we will continue to build financial platforms in Taiwan and overseas, link up locations in the Asia Pacific, Greater China, and ASEAN countries, cultivate the Asian market, and provide customers with complete banking solutions. Given the growing demand for business succession and family inheritance, we will further integrate corporate and private banking services and provide the best family inheritance advisory services for business owners so that we may hope to become a strong supporter of business success and a reliable partner for sustainable succession.

With respect to digital development, E.SUN has completed switching its banking core system, becoming the first financial institution in Taiwan to independently develop and design a new banking core system. Using an open platform and micro service structure, the system is able to process large volumes of transactions in the current digital era and launch financial products more efficiently, thereby strengthening the key basic engineering for FinTech development and digital transformation. Integrating digital banking services, E.SUN introduces the digital brand e.Fingo that offers membership and reward points to create memorable digital experiences for customers.

"Honesty, integrity, professionalism, and accountability" are the core values of E.SUN. We are deeply regrettable for the events that occurred in 2020 involving our financial consultants, We conducted self-inspection with a responsible attitude and actively made improvements.

We will continue to improve our operating procedures, risk management, internal audit and control, and disciplinary culture, while exerting a firm resolve and taking disciplinary actions to prevent similar occurrences in the future.

### Marching toward sustainable development

Named after the tallest mountain in Taiwan, E.SUN vows to be the best bank in Taiwan when it was established in 1992. E.SUN is committed to advancing and achieving our three aims: overall performance, corporate social responsibility, and sustainable development. In a rapidly changing environment, companies must firmly uphold their core values, possess the ability to identify trends and quickly respond to changes, and have the courage and resilience to face all kinds of challenges, in order to realize their vision and strive toward sustainable development. We will continue to focus on improvements that will make E.SUN better and the world a better place. Thank you for continuous support and valuable advices.

Yung-Jen Huang

Chairman

Maqi Chen

President

Summary of E.SUN FHC

Unit: NT\$ million

Indicator	Item	2020/12	2019/12
Total Assets	E.SUN FHC	2,971,745	2,498,358
	E.SUN Bank (consolidated)	2,946,979	2,481,011
	E.SUN Securities (consolidated)	21,645	14,991
	E.SUN Venture Capital	4,143	3,462
Key Financial Ratios	E.SUN FHC Book Value Per Share (NT\$)	14.44	14.89
	Double Leverage Ratio	103.38%	103.88%
	E.SUN FHC CAR	136.20%	126.10%
Physical Channels	E.SUN Bank's Domestic Branches	139	139
	E.SUN Bank's Overseas Outlets	<div>- Subsidiaries: E.SUN(China), UCB, Cambodian</div> <div>- Branches: Los Angles(US), Hong Kong, Singapore, Tokyo(Japan), Sydney(Australia) , Brisbane(Australia) , Dong Nai(Vietnam), Yangon(Myanmar)</div> <div>- Representative Office: Hanoi(Vietnam)</div> <div>- A total of 28 sites</div>	
	E.SUN Securities' Branches	16	17
Earnings	Net Income (Attributable to owners of the parent company)	18,027	20,105
	EPS (NT\$)	1.43	1.73
	ROE	10.17%	12.07%
	ROA	0.66%	0.84%

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	2020.12
	S&P	BBB	A-2	Stable	2020.06
Domestic Ratings	Taiwan Ratings	twAA-	twA-1+	Stable	2020.06

E.SUN Bank

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody's	A2	P-1	Stable	2020.12
	S&P	A-	A-2	Stable	2020.06
Domestic Ratings	Taiwan Ratings	twAA+	twA-1+	Stable	2020.06

## 2. Company profile



LI MEI SHU

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

### 2.2.2 Core subsidiary: E.SUN Bank

In 1992, Mr.Yung-Jen Huang, the founder and current chairman of E.SUN FHC, called on a group of financial elites, to build E.SUN Bank. Keeping a shared faith: "to build the best bank in Taiwan" in mind, they are determined to overcome 3 peaks: "being illustrious in general performance, being responsible to the society, building the business to the last."

Responding to the surging Asia market and trend of financial innovation, E.SUN proactively develops service platform in Asia and Fintech. Regarding deployment in Asia, E.SUN Bank has established 139 domestic branches, while owning 28 overseas branches in 9 countries and regions, including the USA, Japan, Australia, Singapore, Hong Kong, China, Vietnam, Cambodia, and Myanmar. Through collaboration of overseas and domestic operation channels, E.SUN Bank keeps utilizing its distinctive Asia platform to satisfy customers' diverse needs.

On Fintech development side, digitalization has been applied to deposit, loan, wealth management, and payment business. Artificial Intelligence is also gradually incorporated into each aspect of its business, including credit card fraud detection, product recommendation, and automatic loan and conversation. E.SUN Bank will continue to optimize customer experience and improve operation efficiency and risk management, so as to build a leading customer-oriented brand of digital banking.

E.SUN Bank's acquisitions, mergers, and investments are stated 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 ratio increased to 61.67%.

### 2.2.3 Subsidiary: E.SUN Securities

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

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

### 2.2.4 Subsidiary: E.SUN Venture Capital

Established in 2002, E.SUN Venture Capital has built on its business foundation by increasing capital from NT\$1 billion to NT\$ 3.3 billion. E.SUN Venture Capital invests in various domains, including electronics, optical communications, energy conservation, cultural creativity, biotech pharmaceutical, and medical devices, and it is also actively expanding to various innovative emerging industries. By the trend of 5G, AI, self-driving car, etc., we hope to draw on E.SUN FHC's resources to support startups and promote Taiwan's industrial transformation, and are making a contribution to Taiwan's industrial upgrading and development.

### 2.2.5 In the latest reporting year, as of printing date of the annual report, condition of merger and acquisition, investment in affiliates and restructuring mass transfer of shareholding form board members, supervisors or qualified persons who should report their shareholdings in accordance with Paragraph 7 and 8, Article 16 of Taiwan Financial Holding Company Act ; Change of ownership; Significant change of business operation or business contents, and any other event and its impacts which would affect shareholders' rights:

- (1) Subsidiary E.SUN Bank on March 18, 2011 signed an agreement with Chu Nan Credit-Cooperative Association to acquire the latter. The record date for the transaction was July 9, 2011, upon which E.SUN Bank acquired Chu Nan's assets, liabilities and operations.
- (2) Subsidiary E.SUN Bank on March 16, 2012 signed an agreement with Chiayi Fourth Credit Cooperation to acquire the latter. E.SUN Bank acquired Chiayi Fourth's assets, liabilities and operations with the record date for the transaction of November 3, 2012.
- (3) Subsidiary E.SUN Bank on Mar. 22, 2013, has approved by its board to acquire 70% shares of Union Commercial Bank PLC. in Cambodia, and the record date for the transaction was Aug. 28, 2013. Furthermore, on Aug. 25, 2017, E.SUN increased shareholding of UCB to 100%. Our Cambodia subsidiary now has 14 branches, providing financial service including deposits, loans and credit card etc.
- (4) On January 24, 2014, the subsidiary E.SUN Bank received approval from the Board of Directors to establish a subsidiary in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen of China. On January 12, 2016, the Beijing Banking Regulatory Commission officially approved the opening of E.SUN Bank (China), E.SUN Bank (China) Shenzhen Branch, E.SUN Bank (China) Dongguan Branch, and E.SUN Bank (China) Dongguan Chang'an Subbranch.
- (5) On November 13, 2015, the subsidiary E.SUN Bank received approval from the Board of Directors to transfer its investment to BankPro e-Service Technology Co. Ltd., acquiring a total of 7,875,000 shares (accounting for 58.34% of the paid-in capital), which were transferred on January 11, 2016.
- (6) The consolidation by merger of two subsidiaries, E.SUN Bank and E.SUN Insurance Brokers, was passed on August 21, 2015. E.SUN Bank would be the continuing company. The effective date was set on March 25, 2016.
- (7) Other matters of importance that can impact shareholder's right and the financial holding company: None

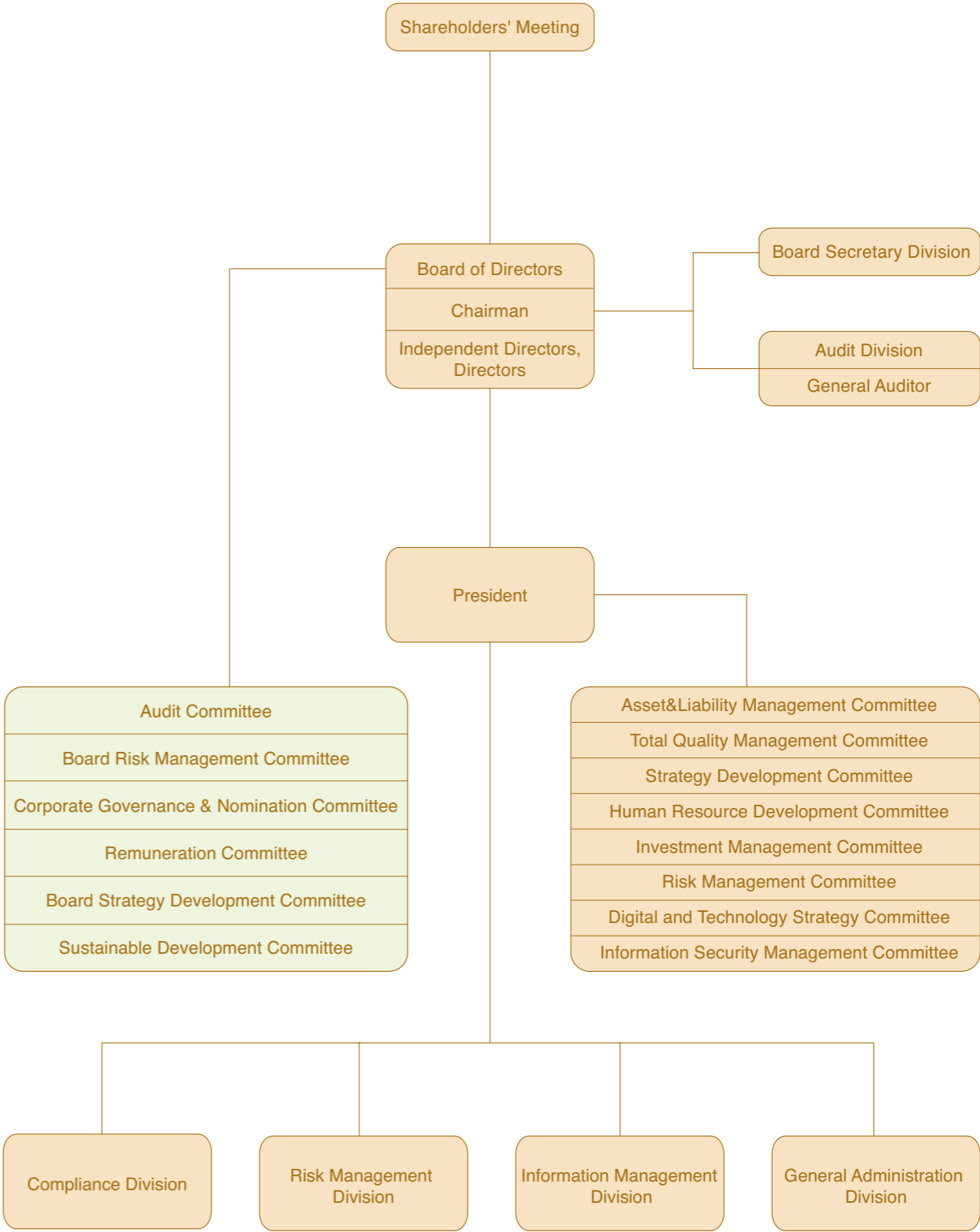
### 3. Corporate Governance



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### 3.1 Organization

#### 3.1.1 Organization Chart



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

#### (1) Audit Committee

- I. Stipulation and amendment of internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assessment of internal control system effectiveness.
- III. Stipulation or amendment of the handling procedure for acquisition or disposal of assets or derivative trading in accordance with Article 36-1 of the Securities and Exchange Act.
- IV. Matters involving the personal interests of the directors.
- V. Major asset or derivative trading.
- VI. Public offering, issuance, or private offering of equity securities.
- VII. Appointment, discharge and remuneration of the 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. 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. 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 corporate social responsibility (CSR).
- II. Establishment of CSR projects and activity plans.
- III. Follow up and review the implementation outcomes of annual plans, strategic directions, projects and activities.
- IV. Other decisions related to CSR.

### 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; devising information security plans; 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 and analysis and application.

#### (6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

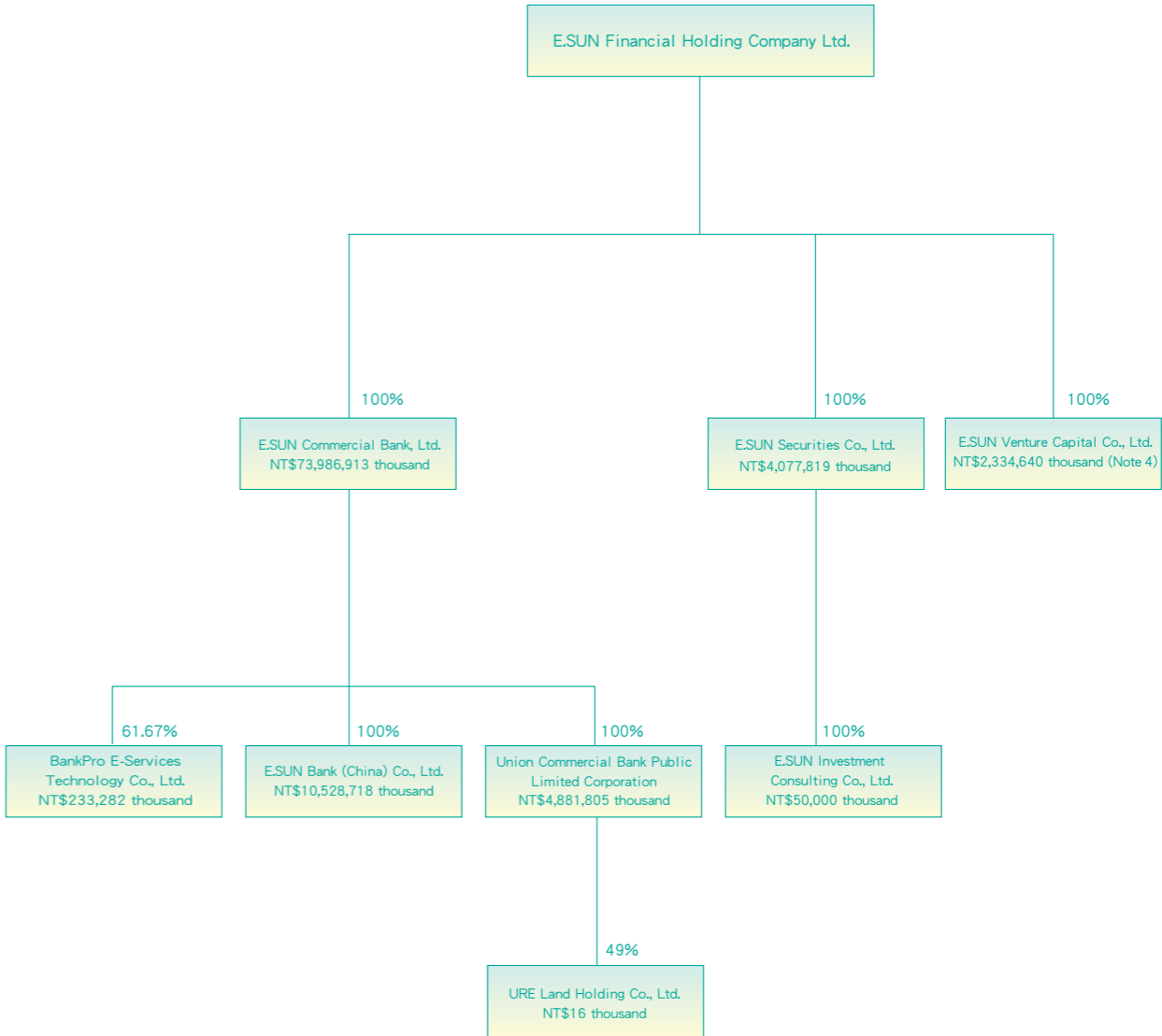
(13) Digital and Technology Strategy Committee

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.

(14) Information Security Management Committee

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

3.1.4 Organization chart of E.SUN FHC and its subsidiaries



Note:

1. Actual investment as of the record date, December 31, 2020
2. Union Commercial Bank (UCB) Public Limited Corporation (PLC) holds 49% of shares for URE Land Holding Co., Ltd. However, according to the Company Charter of URE Land Holding Co., Ltd., UCB is entitled to control the composition of the Board of Directors of URE Land Holding Co., Ltd., and UCB holds at least of 90% of economic benefits of URE Land Holding Co., Ltd. Thus, it has been listed as a subsidiary.
3. The initial investment made by Union Commercial Bank Public Limited Corporation in URE Land Holding Co., Ltd. was US\$490.
4. Subsidiary E.SUN Ventures holds a 2.4% stake, or NT\$3,250,000, in BankPro E-Service Technology Co. Ltd. The group holds in total a 64.07% stake in BankPro E-Service Technology Co. Ltd.

3.2 Directors, independent directors and senior managers

3.2.1 Board of director information-1

2020.12.31 Unit: thousand shares; %

Position	Nationality	Representative	Gender	Date of Election	Term	Date of First Elected	Shareholding when elected (Note1)		Current Shares (Note1)		Shareholdings of the spouses and minors (Note2)		Shareholding under other's name			Education and experience	Current position within the company or other companies	Division chiefs, directors or supervisors are spouse or within 2nd degree of consanguinity of each other		
							Shares	%	Shares	%	Shares	%	Position					Position	Name	Relationship
Chairman	R.O.C.	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	Male	2020.06.12	3 years	2005.06.10	36,698	0.316	39,623	0.315	8,002	0.064	0	0		- Bachelor of Department of Cooperative Economics at National Chung Hsing University	None	None	None	None
					2001.12.10															
Director	R.O.C.	Representative of E.SUN Culture and Education Foundation Joseph N.C. Huang	Male	2020.06.12	3 years	2001.12.10	18,804	0.162	20,303	0.162	13,803	0.110	0	0		- MBA of the City University of New York  - 28 years in financial industry	- Chairperson of E.SUN Bank - Chairman of E.SUN Bank(China) - Director of <b>CHO PHARMA INC.</b>	None	None	None
					2008.06.13															
Director	R.O.C.	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	Male	2020.06.12	3 years	2001.12.10	64,481	0.555	69,619	0.554	32,960	0.262	0	0		- Kai-Nan Commercial & Technical High School	- Chairman of Hsin Tung Yang Co., Ltd., Shang Yang InvestmentCo., Ltd., Ding Yang Investment Co., Ltd., Cheng Yang Investment Co., Ltd., Hsin Tung Yang Real Estate Broker Co., Ltd., Yuan Sheng Co., Ltd., <b>Sheng Yang Construction Co., Ltd.</b> , Sin Yang Investment Co., Ltd., and Mai's Hsin Tung Yang foundation.  - Director of Hsin Tung Yang Construction Co., Ltd., Hua Yang Logistics Co., Ltd., Tao Garden Hotel Co., Ltd., and Great Harbor Limited.  - Managing Director of E.SUN Bank	None	None	None
					2001.12.10															
Independent Director	R.O.C.	Ryh-Yan Chang	Male	2020.06.12	3 years	2020.06.12	0	0	0	0	0	0	0	0		- Master of Finance, EMBA, National Taiwan University  - Bachelor of Accounting, National Taipei University	- Independent Director and member of remuneration committee of <b>PANION &amp; BF BIOTECH INC., CTCI ADVANCED SYSTEMS INC., Savior Lifetec Corporation.</b> - Chairperson of Chin Jheng Financial Advisory Co., Ltd. - Director of Foundation of Taiwan Radiological Medicine for Cancer - Member of remuneration committee of SUPER DRAGON TECHNOLOGY CO., LTD., JOINSOON ELECTRONICS MFG. CO., LTD., <b>E.SUN FHC</b> , and E.SUN Bank - Independent Director of E.SUN Bank(Managing Director) and E.SUN Bank(China)	None	None	None
Independent Director	R.O.C.	Chun-Yao Huang	Male	2020.06.12	3 years	2017.06.16	0	0	0	0	0	0	0	0		- PhD of Department of Marketing at London Business School	- Professor of Department of Business Administration at National Taiwan University - Independent Director of E.SUN Bank - Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank - Director of 91APP, Inc.	None	None	None
Independent Director	R.O.C.	Ying-Hsin Tsai	Female	2020.06.12	3 years	2020.06.12	0	0	0	0	0	0	0	0		-LLM and Ph.D. in Law, University of Tokyo  -LLB and LLM, National Taiwan University	- Independent Director and member of remuneration committee of <b>CHO PHARMA INC.</b> - Member of remuneration committee of E.SUN FHC and E.SUN Bank - Independent Director of E.SUN Bank	None	None	None
Independent Director	R.O.C.	Hung-Chang Chiu	Male	2020.06.12	3 years	2020.06.12	0	0	0	0	0	0	0	0		- PhD of Business and Administration, National Taiwan University  - Bachelor and Master of Industrial Engineering, National Tsing Hua University	- -Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank - -Independent Director of E.SUN Bank	None	None	None

Position	Nationality	Representative	Gender	Date of Election	Term	Date of First Elected	Shareholding when elected (Note1)		Current Shares (Note1)		Shareholdings of the spouses and minors (Note2)		Shareholding under other's name			Education and experience	Current position within the company or other companies	Division chiefs, directors or supervisors are spouse or within 2nd degree of consanguinity of each other		
							Shares	%	Shares	%	Shares	%	Position					Position	Name	Relationship
Independent Director	R.O.C.	Ruey-Lin Hsiao	Male	2020.06.12	3 years	2020.06.12	0	0	0	0	13	0.0001	0	0		- Ph.D. of Industrial and Business Studies, Department of Information Systems & Management, Warwick Business School, University of Warwick  - Master of Science, Engineering Business Management, Warwick Manufacturing Group, University of Warwick  - M.Phil, Information Systems School of Management Cranfield University	- Member of remuneration committee of <b>E.SUN FHC</b> and E.SUN Bank  - Independent Director of E.SUN Bank	None	None	None
Director	R.O.C.	Representative of Fu-Yuan Investment Co., Ltd. Ron-Chu Chen	Male	2020.06.12	3 years	2014.06.20	47,076	0.405	50,827	0.404	551	0.004	0	0		- Chu Nan Junior High School	- Chairman of Ron Yuan Investment Co., Ltd., Fu Yuan Investment Co., Ltd., and Jia Tien Sia Investment Co., Ltd.  - Director of E.SUN Bank	None	None	None
						2004.06.11														
Director	R.O.C.	Representative of Shang Li Car Co., Ltd. Chien-Li Wu	Male	2020.06.12	3 years	2005.06.10	52,192	0.449	56,352	0.448	0	0	0	0		- Chung Jung High School	- Chairperson of Shang Li Car Co., Ltd., Shen Li Investment Co., Ltd., Shang Li Transportation Co., Ltd., Shan Ben Intl. Investment Co., Ltd., Sunlit Investment Pty., Ltd., Shen Li Transportation Co., Ltd., and Sin Yi Li Investment and Development Co., Ltd.  - Director of Ruen Li Transportation Co., Ltd., 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, and Yung Feng Shun Construction Co., Ltd.	None	None	None
						2005.06.10														
Director	R.O.C.	Magi Chen	Female	2020.06.12	3 years	2014.06.20	2,178	0.019	2,351	0.019	0	0	0	0		- MBA at University of Tennessee, Knoxville  - 43 years in financial industry	- President of <b>E.SUN FHC</b>  - Director of E.SUN Bank  - Director of E.SUN Bank(China)	None	None	None
Director	R.O.C.	Mao-Chin Chen	Male	2020.06.12	3 years	2017.06.16	1,729	0.015	1,867	0.015	1,348	0.011	0	0		- Master of Department of Economics at National Taiwan University  - 29 years in financial industry	- Chief Strategy Officer and Deputy President of <b>E.SUN FHC</b>  - President of E.SUN Bank  - Chairperson of Union Commercial Bank Plc.	None	None	None

Note:

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

2. For institutional director, the term 'shareholdings of the spouse and minors' refer to the representative of the institution and the information of their spousesand minor children.

3. Company's' names underlined are listed companies or OTC-listed companies.

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

Table 1: Main shareholders of institutional shareholders

2020.12.31

Institutional shareholder	Large shareholders of institutional shareholder
E.SUN Volunteer & Social welfare Foundation	Yun-Ren Huang (22.48%)/ Xin Gao Shan Investment Co., Ltd. (6.38%)/ E.SUNCommercial Bank, Ltd. (5.62%)/ Shan Tai Investment Co., Ltd. (3.62%)/ E. SUNBills Finance Co., Ltd. (3.21%)/ Xiao Shan Intl. (2.78%)/ HUNG-MEI YEH (1.99%)/ YONG-XIONG HOU (0.56%)/ WU-LIN DU (0.37%)/ JIAO-HUANG SHI (0.37%)
E.SUN Culture and Education Foundation	E.SUN Commercial Bank, Ltd. (8.92%)/ ZU-SHOU LI (11.07%)/ Xiao Shan Intl. (0.76%)/ E.SUN Bills Finance Co., Ltd. (7.38%)/ E.SUN Venture Capital Co., Ltd. (4.06%)
Hsin Tung Yang Co., Ltd.	Jackson Mai (20.21%)/ MAI,SHIH-LAI (19.87%)/ Sin Yang Investment Co., Ltd (8.86%)/ Ding Yang Investment Co., Ltd (8.75%)/ MAI, SHENG- YANG (8.21%)/ Hua Yang Logistics Co., Ltd. (7.46%)/ HUEY YANG Department Store Co., Ltd. (4.80%)/ MAI, CHEN-TSANG (4.43%)/ MAI,KAI-YEN (2.42%)/ LI,SHU-WAN (2.20%)
Fu-Yuan Investment Co., Ltd.	Ming Yuan Investment Co., Ltd. (99.982%)/ CHEN,HUNG-YUN (0.006%)/ LI-HSIN WANG (0.006%)/ I-SHAN CHUNG (0.006%)
Shang Li Car Co., Ltd.	Sunlit Investment Pty., Ltd. (46.7%)/ Ying Yu Investment Co., Ltd. (5.3%)/ Chien-Li Wu (2.1%)/ YU-HUA LIAO (1.5%)/ LIN OH YANG, TSUI-CHIN (0.9%)/ LO LIAO, LAI-YU (0.9%)/ Shen Li Investment Co., Ltd. (15.2%)/ Shan Ben Intl. Investment Co., Ltd. (27.4%)

Table 2: Main shareholders of institutional shareholders in table 1

2020.12.31

Institutional shareholder	Large shareholders of institutional shareholder
Sin Yang Investment Co., Ltd	Jackson Mai(68.74%)/Hsin Tung Yang Real Estate Broker Co., Ltd. (18%)/ Ding Yang Investment Co., Ltd.(9.18%)/MAI,HSIU-WEI(4.08%)
Ding Yang Investment Co., Ltd	Jackson Mai (54.81%)/ Shiyang Construction Co., Ltd. (19.70%)/ HSIU-YING LIN (19.08%)/ HSIU-JEN MAI (3.72%)/ Sin Yang Investment Co., Ltd (2.69%)
Ming Yuan Investment Co., Ltd.	CHEN, HUNG-YUN(34%)/WANG,LI-HSIN(33%)/ CHUNG,I-SHAN(33%)
Sunlit Investment Pty., Ltd.	Chien- Li Wu (49.25%)/ LIAO,YU-HUA(31.48%)/ SUNLIT&SUNNY COMPANY LIMITED (12.50%)/ WU,PEI-CHEN (3.42%)/ WU,PEI-JU(3.35%)
Ying Yu Investment Co., Ltd.	YANG, WEI-YUN(38%)/ YANG,WEI-HSIN(41%)/ CHEN,SHU-HUI(21%)
Shen Li Investment Co., Ltd.	Chien- Li Wu(45%)/ SUNLIT&SUNNY COMPANY LIMITED (30%)/ LIAO,YU-HUA (24.96%)
Shan Ben Intl. Investment Co., Ltd.	Chien- Li Wu (63%)/ LIAO,YU-HUA (13.80%)/ WU,PEI-CHEN (11.60%)/ WU,PEI-JU (11.60%)

3.2.2 Board of director information-2

Name \ Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience				Independence Criteria (Note)												Number of Other public companies in which the individual is concurrently serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	Being a judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Having work experience in commerce, law, finance, or accounting, or other areas necessary for the business of the Company		1	2	3	4	5	6	7	8	9	10	11	12	
Chairman Yung-Jen Huang		v	v		v		v		v	v	v	v	v	v	v		0
Director Joseph N.C. Huang			v				v	v	v	v	v	v	v	v	v		0
Independent Director Ryh-Yan Chang	v	v	v		v	v	v	v	v	v	v	v	v	v	v	v	3
Independent Director Chun-Yao Huang	v		v		v	v	v	v	v	v	v	v	v	v	v	v	0
Independent Director Ying-Hsin Tsai	v	v	v		v	v	v	v	v	v	v	v	v	v	v	v	1
Independent Director Hung-Chang Chiu	v		v		v	v	v	v	v	v	v	v	v	v	v	v	0
Independent Director Ruey-Lin Hsiao	v		v		v	v	v	v	v	v	v	v	v	v	v	v	0
Director Jackson Mai			v		v		v	v	v	v	v	v	v	v	v		0
Director Rong-Chu Chen			v		v		v	v	v	v	v	v	v	v	v		0
Director Chien-Li Wu			v		v		v	v	v	v	v	v	v	v	v		0
Director Magi Chen			v				v	v	v	v	v	v	v	v	v	v	0
Director Mao-Chin Chen			v				v	v	v	v	v	v	v	v	v	v	0

Note: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders.
- (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2) or (3).
- (5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 of the Securities and Exchange Act (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)
- (6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)
- (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)
- (8) Not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution that has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)
- (9) Not a professional who provides audit or receives no more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a public tender review committee, or a special committee for merger, consolidation and acquisition exercising their authority pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Law.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.3 Executive Officers

2021.3.27 Unit: thousand shares; %

Title	Nationality	Name	Gender	Date of Appointment	Personal Shareholding (Note)		Shareholding of spouse and minor children (Note)		Shareholding of nominees		Experience (Education)	Positions taken concurrently at E.SUN FHC and other companies	Spouse or a relative within the second degree of kinship serving as an E.SUN manager		
					Number held	%	Number held	%	Number held	%			Position	Name	Relation
President	ROC	Magi Chen	F	2020.08.17	2,351	0.019	0	0	0	0	- EMBA, The University of Tennessee, Knoxville - 43 years in financial services	- Director, ESUN FHC - Director, ESB - Chairman, ESB (China)	None	None	None
Deputy President	ROC	Ben Chen	M	2014.01.24	4,789	0.038	1,466	0.012	0	0	- Department of Business Administration, Soochow University - 31 years in financial services	- Director, ESB - CEO, Consumer Banking Division, ESB	None	None	None
CSO	ROC	Mao-Chin Chen	M	2020.07.30	1,867	0.015	1,348	0.011	0	0	- Master, Department of Economics, National Taiwan University - 29 years in financial services	- Director, E.SUN FHC - Director, ESB - CSO/Corporate Banking CEO, ESB - Chairman, Union Commercial Bank(Cambodia)	None	None	None
CHRO	ROC	J. C. Wang	M	2002.01.28	2,496	0.020	1,722	0.014	0	0	- Master, Department of Agricultural Economics, National Chung Hsing University - 32 years in financial services	- CHRO/SEVP, ESB	SVP	Pei-Hua Wang	Younger Sister
CFO	ROC	Cheng-Chou Hsu	M	2020.08.14	995	0.008	0	0	0	0	- Master of Business Management, National Sun Yat-sen University - 29 years in financial services	- CFO/SEVP, ESB - Director, ESB (China)	None	None	None
CRO	ROC	Oliver Hsieh	M	2011.03.18	1,651	0.013	0	0	0	0	- Master, Applied Finance Center, Macquarie University - 26 years in financial services	- CRO/SEVP, ESB	None	None	None
CIO	ROC	Wan-Li Hsieh	M	2020.01.15	1,312	0.010	26	0.0002	0	0	- Department of Information & Computer Engineering, Chung Yuan Christian University - 27 years in financial services	- CIO/SEVP, ESB	None	None	None
SEVP	ROC	L. C. Lin	M	2018.01.31	763	0.006	910	0.007	0	0	- Department of Public Administration, National Chung Hsing University - 32 years in financial services	- Corporate Banking CEO/SEVP, ESB - Chairman, E.SUN Venture Capital	None	None	None
SEVP	ROC	Wu-Ming Hsieh	M	2018.01.31	926	0.007	1,026	0.008	0	0	- Department of Business Administration, Ming Chuan University - 29 years in financial services	- SEVP, ESB	None	None	None
SEVP	ROC	Louis Chang	M	2018.01.31	2,443	0.019	462	0.004	0	0	- Institute of Business and Management, National Chiao Tung University - 25 years in financial services	- SEVP, ESB	None	None	None
SEVP	ROC	Jung-Hua Lin	M	2020.01.15	1,116	0.009	401	0.003	0	0	- Graduate School of Business Administration, National Chung Hsing University - 29 years in financial services	- SEVP, ESB - Director, EasyCard Investment Holdings Corp. - Director, EasyCard Corp.	None	None	None
CTO	ROC	Jyh-Shing Roger Jang	M	2020.08.18	0	0	0	0	0	0	- Ph.D..., EECS Dept., UC Berkeley - 24 years working experience as a professor at National Tsing Hua University and National Taiwan University	- SEVP, ESB	None	None	None
SEVP	ROC	Cathy Kuo	F	2017.01.20	1,874	0.015	0	0	0	0	- Master, Department of Economics, National Taiwan University - 28 years in financial services	- SEVP, ESB - Director, Union Commercial Bank (Cambodia)	None	None	None
SEVP	ROC	Yi-Hsin Tseng	M	2020.01.15	1,266	0.010	3	0.00002	0	0	- Department of Applied Mathematics, National Chung Hsing University - 34 years in financial services	- Chairman, E.SUN Securities	None	None	None
SEVP	ROC	Te-Ming Chung	M	2019.01.24	591	0.005	835	0.007	0	0	- Master of Business Management, National Sun Yat-sen University - 27 years in financial services	- SEVP, ESB - Director, E.SUN Venture Capital	None	None	None
SEVP	ROC	Mei-Ling Liu	F	2019.01.24	947	0.008	179	0.001	0	0	- Department of Finance and Taxation, National Chengchi University - 29 years in financial services	- SEVP/Deputy CDO, ESB - Director, GAMA PAY Co., Ltd.	None	None	None
General Auditor	ROC	Yao-Pin Lin	M	2020.05.04	1,042	0.008	453	0.004	0	0	- Department of Economics, National Chengchi University - 27 years in financial services	None	None	None	None
CCO	ROC	Fion Ouyang	F	2016.01.22	432	0.003	0	0	0	0	- Department of Law, National Chengchi University - 23 years in financial services	- CCO, ESB/head of the compliance unit at headquarters	None	None	None
CBO	ROC	Daniel Tsai	M	2014.06.26	801	0.006	604	0.005	0	0	- Master, Graduate Institute of International Business, National Taiwan University - 18 years in financial services	- Director, E.SUN Investment Consulting	None	None	None
CMO	ROC	Chun-Yu Lin	M	2018.08.10	1,486	0.012	0	0	0	0	- Graduate School of Business Administration, National Chung Hsing University - 19 years in financial services	- CMO/SVP/Special Assistant, President Office, ESB - Director, ESB (China)	None	None	None
CAO	ROC	Jhy-Hung Ke	M	2017.07.31	117	0.001	0	0	0	0	- Master, Department of Accounting, National Taiwan University - 18 years in financial services	- CAO/SVP, ESB	None	None	None
Corporate Governance Officer	ROC	Mei-Cheng Chu	F	2020.01.20	399	0.003	0	0	0	0	- Department of Law, National Chengchi University - 27 years in financial services	- Corporate Governance Officer /SVP, ESB	None	None	None

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

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

(1) Remuneration of Non-Independent/Independent Directors

2020.12.31 Unit: NT\$ thousand

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)			Remuneration of Directors Concurrently Serving as Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration collected from the parent company or invested companies other than the Company's subsidiaries
		Base Remuneration(A)		Severance Pay (B)		Bonus(C)		Allowance (D)					Salary, Bonus, and Allowance(E)		Severance Pay (F)		Employee Profit Sharing Plan (G)						
		The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements		The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company		Companies in consolidated financial statements		The Company	Companies in consolidated financial statements	
																	Cash	Stock	Cash	Stock			
Directors	(Names listed below)	9,467	18,725	0	0	40,052	55,611	180	660	0.28%	0.42%		47,099	82,312	14,422	26,869	2,500	0	5,950	0	0.63%	1.05%	None
Independent Directors	(Names listed below)	0	0	0	0	32,948	32,948	1,645	2,365	0.19%	0.2%		0	0	0	0	0	0	0	0	0.19%	0.2%	None

- ※ List of Directors: Chairman Yung-Jen Huang (Representative of E.SUN Volunteer & Social Welfare Foundation); Directors E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang, leaving office 2020.6.12); E.SUN Culture and Education Foundation (Representative Gary K.L. Tseng, leaving office 2020.6.12; Representative Joseph N.C. Huang, assuming office 2020.6.12); 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); Shan Meng Investment Co., Ltd. (Representative Magi Chen, leaving office 2020.6.12); Sunlit Transportation Co., Ltd. (Representative Mao-Chin Chen, leaving office 2020.6.12); Magi Chen (assuming office 2020.6.12); Mao-Chin Chen (assuming office 2020.6.12).
- ※ List of Independent Directors: Chen-En Ko (leaving office 2020.6.12), Ji-Ren Lee (leaving office 2020.6.12), Chen-Chen Chang Lin (leaving office 2020.6.12), Hsin-I Lin (leaving office 2020.6.12), Chun-Yao Huang, Ray Chang (assuming office 2020.6.12), Ying-Hsin Tsai (assuming office 2020.6.12), Hung-Chang Chiu (assuming office 2020.6.12), Ruey-Lin Hsiao (assuming office 2020.6.12).
- ※ Joseph N.C. Huang stepped down as president and succeeded as chairman of E.SUN Bank on June 12, 2020. His remuneration given above includes that incurred during his January 1-June11, 2020 tenure as president of both E.SUN FHC and E.SUN Bank and payoff of his pension thereof. In light of risk considerations and to tie executive remuneration to the Company's business performance, his long-term incentive in the capacity as president of both E.SUN FHC and E.SUN Bank shall be disbursed in stages over the next three years 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 2020.
- ※ On top of the items disclosed above, remuneration collected by directors for rendering services to companies in the Company's consolidated financial statements (such as acting as non-employee advisors) during the most recent year: None.
- ※ The policy, system, criteria, and structure concerning remuneration of independent directors, and correlation with their powers and duties, risk assumed, and time devoted:
- (1).Set in accordance with the Company's Rules 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 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 Remuneration Committee and Board of Directors shall consider and determine the weighting of such remuneration each director is entitled to. On top of the fundamental weighting, independent directors shall be assigned a weighting different from that given to non-independent directors commensurate with their powers and duties, risk assumed, and time devoted. Also taken into account shall be each director's attendance rate and concrete contribution to the operations of the Company (results from evaluation of director performance). Ultimately the Board of Directors shall adopt a resolution on assigning an exclusive remuneration weighting commensurate with performance individually.
- (3).With remuneration granted by industry peers also taken into account, the Company's director remuneration is closely tied to the performance of both directors and the Company and the risk that may emerge in the future. The Company shall refrain from inducing directors to act in excess of its risk appetite simply to pursue higher remuneration. In the event of a major decline in the Company's net income, the growth rate of director remuneration for the year in question shall not exceed that posted a year earlier. If any director violates the Company's Code of Ethical Conduct for Directors or commits an offense that undermines the Company's public image and reputation, future risk shall be incorporated into the deliberations of director remuneration and the Board of Directors may also resolve on slashing or recovering director remuneration.

Remuneration Bracket

2020.12.31

Bracket	Name of Directors			Name of Directors	
	Total of (A+B+C+D)			Total of (A+B+C+D+E+F+G)	
	The Company	Companies in consolidated financial statements (H)		The Company	Companies in consolidated financial statements (I)
Under NT\$1,000,000	Chairman of E.SUN Bank Joseph N.C. Huang, Chairman of E.SUN Bank Gary K.L. Tseng			Chairman of E.SUN Bank Gary K.L. Tseng,	
NT\$1,000,000 (inclusive)- NT\$2,000,000 (not inclusive)	Shan Meng Investment Co., Ltd.(Representative Magi Chen), Sunlit Transportation Co., Ltd. (Representative Mao-Chin Chen)	Shan Meng Investment Co., Ltd. (Representative Magi Chen), Sunlit Transportation Co., Ltd. (Representative Mao-Chin Chen)		Sunlit Transportation Co., Ltd. (Representative Mao-Chin Chen)	
NT\$2,000,000 (inclusive)- NT\$3,500,000(not inclusive)	E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), E.SUN Culture and Education Foundation (Representative Gary K.L. Tseng), Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Chen-Chen Chang Lin, Independent Director Hsin-I Lin	E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), E.SUN Culture and Education Foundation (Representative Gary K.L. Tseng), Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Chen-Chen Chang Lin, Independent Director Hsin-I Lin		E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), E.SUN Culture and Education Foundation (Representative Gary K.L. Tseng), Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Chen-Chen Chang Lin, Independent Director Hsin-I Lin	E.SUN Volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), E.SUN Culture and Education Foundation (Representative Gary K.L. Tseng), Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Chen-Chen Chang Lin, Independent Director Hsin-I Lin
NT\$3,500,000(inclusive)- NT\$5,000,000(not inclusive)	E.SUN Culture and Education Foundation (Representative Joseph N.C. Huang), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ray Chang 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), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ray Chang 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), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ray Chang 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), Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Independent Director Ray Chang Independent Director Ying-Hsin Tsai Independent Director Hung-Chang Chiu Independent Director Ruey-Lin Hsiao
NT\$5,000,000(inclusive)- NT\$10,000,000(not inclusive)	Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Chun-Yao Huang	Chairman of E.SUN Bank Gary K.L. Tseng, Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Chun-Yao Huang		Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Shan Meng Investment Co., Ltd. (Representative Magi Chen), Independent Director Chun-Yao Huang,	Chairman of E.SUN Bank Gary K.L. Tseng, Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Chun-Yao Huang
NT\$10,000,000(inclusive)- NT\$15,000,000(not inclusive)		Chairman of E.SUN Bank Joseph N.C. Huang			
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)		E.SUN Volunteer & Social Welfare Foundation(Representative Yung-Jen Huang)	E.SUN Volunteer & Social Welfare Foundation(Representative Yung-Jen Huang), Shan Meng Investment Co., Ltd. (Representative Magi Chen), Sunlit Transportation Co., Ltd. (Representative Mao-Chin Chen)
NT\$30,000,000(inclusive)- NT\$50,000,000(not inclusive)					
NT\$50,000,000(inclusive)- NT\$100,000,000(not inclusive)				Chairman of E.SUN Bank Joseph N.C. Huang	Chairman of E.SUN Bank Joseph N.C. Huang
Over NT\$100,000,000					
Total	20	20		20	20

✕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 is authorized to determine the level of such remuneration based on proposals by the Remuneration Committee.

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

2020.12.31 Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance (C)			Employee Profit Sharing Plan (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration collected from the parent company or invested companies other than the Company's subsidiaries
		The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements		The Company		Companies in consolidated financial statements		The Company	Companies in consolidated financial statements	
									Cash	Stock	Cash	Stock			
President	Magi Chen	13,433	78,703	17,903	49,778	57,778	142,995		7,580	0	20,025	0	0.54%	1.62%	None
President (leaving office 2020.6.12)	Joseph N. C. Huang														
Deputy President	Ben Chen														
CSO	Mao-Chin Chen														
CHRO	J. C. Wang														
CFO (assuming office 2020.8.14)	Cheng-Chou Hsu														
CRO	Oliver Hsieh														
CIO	Wan-Li Hsieh														
SEVP	L. C. Lin														
SEVP	Wu-Ming Hsieh														
SEVP	Louis Chang														
SEVP	Jung-Hua Lin														
CTO (assuming office 2020.8.18)	Jyh-Shing Roger Jang														
CTO (leaving office 2020.4.13)	Sheng-Wei Chen														
SEVP (retiring 2020.2.15)	Shui-Chin Shen														
SEVP	Cathy Kuo														
SEVP	Bruce Lee														
SEVP (retiring 2020.9.10)	Po-Hsuan Hsu														
SEVP	Yi-Hsin Tseng														
SEVP	Te-Ming Chung														
SEVP	Mei-Ling Liu														
General Auditor (assuming office 2020.5.4)	Yao-Pin Lin														
General Auditor (retiring 2020.5.4)	Chih-Kuang Huang														
CCO	Fion Ouyang														

※Joseph N.C. Huang stepped down as president and succeeded as chairman of E.SUN Bank on June 12, 2020. His remuneration given above includes that incurred during his January 1-June11, 2020 tenure as president of both E.SUN FHC and E.SUN Bank and payoff of his pension thereof. In light of risk considerations and to tie executive remuneration to the Company's business performance, his long-term incentive in the capacity as president of both E.SUN FHC and E.SUN Bank shall be disbursed in stages over the next three years 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 Bracket

2020.12.31

Bracket	Names of President, Deputy President, and SEVPs	
	The Company	Companies in consolidated financial statements (E)
Under NT\$ 1,000,000	Ben Chen, Mao-Chin Chen, J. C. Wang, Cheng-Chou Hsu, Oliver Hsieh, Wan-Li Hsieh, L.C. Lin, Wu-Ming Hsieh, Louis Chang, Jung-Hua Lin, Cathy Kuo, Bruce Lee, Po-Hsuan Hsu, Te-Ming Chung, Mei-Ling Liu, Fion Ouyang	
NT\$1,000,000 (inclusive)- NT\$2,000,000 (not inclusive)	Yao-Pin Lin	
NT\$2,000,000 (inclusive)- NT\$3,500,000 (not inclusive)	Yi-Hsin Tseng	
NT\$3,500,000(inclusive)- NT\$5,000,000 (not inclusive)	Shui-Chin Shen	Yao-Pin Lin
NT\$5,000,000(inclusive)- NT\$10,000,000 (not inclusive)	Magi Chen, Jyh-Shing Roger Jang, Chih-Kuang Huang	J. C. Wang, Cheng-Chou Hsu, Oliver Hsieh, L.C. Lin, Wu-Ming Hsieh, Jung-Hua Lin, Jyh-Shing Roger Jang, Cathy Kuo, Bruce Lee, Yi-Hsin Tseng, Te-Ming Chung, Mei-Ling Liu, Fion Ouyang
NT\$10,000,000(inclusive)- NT\$15,000,000 (not inclusive)	Sheng-Wei Chen	Ben Chen, Wan-Li Hsieh, Louis Chang, Sheng-Wei Chen, Shui-Chin Shen, Po-Hsuan Hsu, Chih-Kuang Huang
NT\$15,000,000(inclusive)- NT\$30,000,000 (not inclusive)		Magi Chen, Mao-Chin Chen
NT\$30,000,000(inclusive)- NT\$50,000,000 (not inclusive)		
NT\$50,000,000(inclusive)- NT\$100,000,000 (not inclusive)	Joseph N.C. Huang	Joseph N.C. Huang
Over NT\$100,000,000		
Total	24	24

(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	2020						2019					
	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	20	148,313	0.82%	20	225,440	1.25%	13	153,084	0.76%	13	210,990	1.05%
President and SEVPs	24	96,694	0.54%	24	291,501	1.62%	21	47,188	0.23%	21	163,112	0.81%

Note: 2020 net income NT\$18,026,592,000; 2019 net income NT\$20,105,129,000.

※The increment of remuneration of president and SEVPs in 2020 is mainly due to the pension and the long term incentive payments(granted under the Long-Term Incentive plan in its first settlement).

(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.on which the Risk Management Committee will submit a quarterly risk exposure report to the Board of Directors.

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

2020.12.31 Unit: NT\$ thousand

Position	Name	Stock Amount	Cash Amount	Total	Ratio of Total to Net Income (%)
President	Magi Chen	0	21,387	21,387	0.12%
Deputy President	Ben Chen				
CSO	Mao-Chin Chen				
CHRO	J. C. Wang				
CFO	Cheng-Chou Hsu				
CRO	Oliver Hsieh				
CIO	Wan-Li Hsieh				
SEVP	L. C. Lin				
SEVP	Wu-Ming Hsieh				
SEVP	Louis Chang				
SEVP	Jung-Hua Lin				
CTO	Jyh-Shing Roger Jang				
SEVP	Cathy Kuo				
SEVP	Bruce Lee				
SEVP	Yi-Hsin Tseng				
SEVP	Te-Ming Chung				
SEVP	Mei-Ling Liu				
General Auditor	Yao-Pin Lin				
CCO	Fion Ouyang				
CBO	Daniel Tsai				
CMO	Chun-Yu Lin				
CAO	Jhy-Hung Ke				
Corporate Governance Officer	Mei-Cheng Chu				

Note: The amount above is estimation made for 2021 based on the actual distribution in 2020.

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

2020.12.31 Unit: NT\$ thousand

Position	Name	Stock Amount	Cash Amount
President	Magi Chen	834	16,650
President (leaving office 2020.6.12)	Joseph N. C. Huang		
Deputy President	Ben Chen		
CSO	Mao-Chin Chen		
CIO	Wan-Li Hsieh		
SEVP	L. C. Lin		
SEVP	Jung-Hua Lin		
SEVP	Po-Hsuan Hsu		
SEVP	Mei-Ling Liu		
CBO	Daniel Tsai		

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

Title	Nationality	Name	Gender	Position upon Retirement		Date of Appointment	Purpose of Appointment	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

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

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) [B/A]	Remarks
Chairman	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	12	0	100	Re-elected
Director	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	3	0	100	Formerly elected
Director	Representative of E.SUN Culture and Education Foundation Gary K.L. Tseng	3	0	100	Formerly 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	12	0	100	Re-elected
Independent Director	Chen –En Ko	3	0	100	Formerly elected
Independent Director	Ji-Ren Lee	3	0	100	Formerly elected
Independent Director	Chen-Chen Chang Lin	3	0	100	Formerly elected
Independent Director	Hsin-I Lin	3	0	100	Formerly elected
Independent Director	Ryh-Yan Chang	9	0	100	Newly elected
Independent Director	Chun-Yao Huang	12	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	12	0	100	Re-elected
Director	Representative of Shang Li Car Co., Ltd. Chien-Li Wu	12	0	100	Re-elected
Director	Representative of Shan Meng Investment Co., Ltd. Magi Chen	3	0	100	Formerly elected
Director	Magi Chen	9	0	100	Re-elected
Director	Representative of Sunlit Transportation Co., Ltd. Mao-Chin Chen	3	0	100	Formerly elected
Director	Mao-Chin Chen	9	0	100	Re-elected

- Note:
- Members of the Company's 7th term board of directors were elected in annual general meeting on June 12th, 2020.
  - All independent directors attended the board meetings in person.

Other mentionable items:

- (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 set Audit Committee.
  - II. In addition to matters above, other objections or qualified opinions from the independent directors to resolutions made by the Board of Directors on-record or in writing: None.

(2) Recusals of Directors due to conflicts of interests

Directors	Motion	Reason for recusal	Voting participation situation
Joseph N.C. Huang Magi Chen Mao-Chin Chen	Salary adjustments for managers of the Company and presidents of its non-banking subsidiaries	The agenda contained matters involving personal interests of the directors	Joseph N.C. Huang recused himself from discussions after the proposed remuneration adjustments of senior managers on the levels below senior executive vice presidents. Magi Chen and Mao-Chin Chen recused themselves from discussions and voting.
Joseph N.C. Huang Magi Chen Mao-Chin Chen	Proposal for 2019 year-end bonus and long term incentive distribution to managers of the company and presidents of its non-banking subsidiaries	The agenda contained matters involving personal interests of the directors	Joseph N.C. Huang recused himself from discussions after the proposed year-end bonus and long term incentive distribution to senior managers on the levels below senior executive vice presidents. Magi Chen and Mao-Chin Chen recused themselves from discussions and voting.
Yung-Jen Huang Gary K.L. Tseng Joseph N.C. Huang Jackson Mai Chen –En Ko Ji-Ren Lee Chen-Chen Chang Lin Hsin-I Lin Chun-Yao Huang Rong-Chu Chen Chien-Li Wu Magi Chen Mao-Chin Chen	Proposal for the Company's 2019 remuneration of directors	The agenda contained matters involving personal interests of the directors	The proposal was discussed in stages: 1. Independent directors did not participate in discussions or voting when directors discussed the independent director compensation distribution plan. 2. Non-independent directors did not participate in discussions or voting when independent directors discussed the director compensation distribution plan.
Yung-Jen Huang Joseph N.C. Huang Jackson Mai Rong-Chu Chen Chien-Li Wu Magi Chen Mao-Chin Chen	Nomination for directors of 7th board of directors	The agenda contained matters involving personal interests of the directors	Those directors recused themselves from discussions and voting.
Chun-Yao Huang	Nomination for independent directors of 7th board of directors	The agenda contained matters involving personal interests of the directors	The director recused himself from discussions and voting.
Joseph N.C. Huang Jackson Mai Rong-Chu Chen Chien-Li Wu Magi Chen Mao-Chin Chen Ryh-Yan Chang Chun-Yao Huang Ying-Hsin Tsai Hung-Chang Chiu Ruey-Lin Hsiao	Appointment of directors, independent directors, and supervisors of the Company's subsidiaries, E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital	The agenda contained matters involving personal interests of the directors	This proposal was discussed in stages. Matters involving the personal interests of the directors and requiring disassociation from discussion and voting: I. Discussion on the appointment of E.SUN Bank director representatives. Except for the following stakeholders: directors Joseph N.C.Huang, Jackson Mai, Rong-Chiu Chen, Chien-Li Wu, Magi Chen, and Mao-Ching Chen, all of whom recused themselves, the rest of the directors present at the meeting approved the proposal as proposed. II. Discussion on the appointment of E.SUN Bank independent director representatives: Except for the five independent directors who recused themselves, the rest of the directors present at the meeting approved the proposal as proposed.

Directors	Motion	Reason for recusal	Voting participation situation
Magi Chen	Nomination of the Company's President	The agenda contained matters involving personal interests of the directors	The director recused herself from discussion and voting.
Magi Chen	Nomination of the Company's new spokesperson and deputy spokesperson	The agenda contained matters involving personal interests of the directors	The director recused herself from discussion and voting.
Magi Chen	Proposal on 2019 remuneration of managers of the Company and presidents of its non-bank subsidiaries	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed remuneration adjustments of senior managers on the levels below senior executive vice presidents.
Magi Chen	Proposal on the remuneration of the new president of E.SUN FHC	The agenda contained matters involving personal interests of the directors	The director recused herself from discussion and voting.
Yung-Jen Huang	Proposal on the remuneration of the chairman of E.SUN FHC	The agenda contained matters involving personal interests of the directors	The director recused himself from discussion and voting.
Magi Chen Mao-Chin Chen	Amendment to the Director Remuneration Policy for the Company	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Amendment to E.SUN FHC Guidelines on the Health Check Subsidies for Managers	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Proposal on remuneration adjustment of the Company's managers and presidents of non-bank subsidiaries.	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussion and voting.
Magi Chen Mao-Chin Chen	Proposal on the distribution of 2020 long-term incentive bonus of the Company's managers and presidents of non-bank subsidiaries.	The agenda contained matters involving personal interests of the directors	Magi Chen recused herself from discussion after the proposed distribution of senior managers on the levels below senior executive vice presidents. Mao-Chin Chen recused himself from discussion and voting.
Yung-Jen Huang Joseph N.C. Huang Jackson Mai Ryh-Yan Chang Chun-Yao Huang Ying-Hsin Tsai Hung-Chang Chiu Ruey-Lin Hsiao Rong-Chu Chen Chien-Li Wu Magi Chen Mao-Chin Chen	Proposal on the Company's 2020 remuneration of directors along with evaluation of rationality of remuneration and assessment standard of board performance	The agenda contained matters involving personal interests of the directors	The proposal was discussed in stages and directors recused themselves from discussion and voting if matters involving personal interests: 1. Independent directors did not participate in discussions or voting when directors discussed the independent director compensation distribution plan. Non-independent directors approved the proposal. 2. Non-independent directors did not participate in discussions or voting when independent directors discussed the director compensation distribution plan. Independent Director Ryh-Yan Chang was appointed as Acting chairman by Chairman Yung-Jen Huang and independent directors approved the proposal.
Magi Chen Mao-Chin Chen	Amendment of E.SUN FHC Rules for Senior Manager Selection	The agenda contained matters involving personal interests of the directors	The directors recused themselves from discussions and voting.

(3) Board evaluation status

I. The 4th board of directors passed the "Board of Directors Performance Evaluation Policy" in its 15th meeting on February 1, 2013. The evaluation procedure is 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 2021, the company evaluated performance of the board of directors and the functional committees for the period between January 1, 2020 and December 31, 2020. 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 2021.	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 covers 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 and 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. 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 2020 was completed on January 22, 2021 and January 20, 2021, 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. 45 items were rated "excellent" and 2 "good". The score is 99.14%
- (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 18 items rated "excellent", 1 "good", and 5 not applicable. Overall result: Excellent.
  - The results of the Corporate Governance and Nomination Committee evaluation had 16 items rated "excellent", 1 "good", and 7 not applicable. Overall result: Excellent.
  - The results of the Board Strategy Development Committee evaluation had 16 items rated "excellent", 1 "good", and 7 not applicable. Overall result: Excellent.
  - he results of the CSR Committee evaluation had 16 items rated "excellent", 1 "good", and 7 not applicable. Overall result: Excellent.
- (III) In addition, on March 11, 2021, the company presented the results of the 2020 director performance evaluation based on self-assessments by the directors and peer reviews.
- Self-assessment score: 98.53%
  - Overall self-evaluation score: 99.47%
- III. Regarding the performance evaluation of the Company's board by the Corporate Governance Association in Taiwan, the general evaluation concluded that the Company recruits a wide range of independent director candidates, follows a prudent and comprehensive selection process, regularly selects reserve talents to build leadership teams for the company, implements the principle of management by professional managers, sets an example of succession and inheritance, invites independent directors to participate in the discussion and teaching of strategy-specific issues so that strategies can be more comprehensively and thoroughly considered, and assists newly elected directors to better understand the company, which facilitates the performance of their duties as a member of the board. The Association recommends the company to regularly review board performance indicators, incorporate qualitative indicators that are visionary and strategically meaningful, increase self-evaluation criteria as needed, and use the "Corporate Governance 3.0 - Sustainable Development Blueprint" issued by the Financial Supervisory Commission in 2020/8 to establish the company's progressive development strategy, classify items, and develop an action plan for further strengthening of corporate governance with advanced deployment, which will then be presented to the Board of Directors for discussion, thereby completely demonstrating the company's ambition to strengthen corporate governance. The general evaluation was submitted to the 7th meeting of the 7th Board of Directors on 2021.01.22. The Company will list relevant recommendations as priority areas for improvement in corporate governance and continue making improvements accordingly.
- (4) Evaluation of the goals (e.g., set up an audit committee, enhance information transparency) and implementation status of strengthening the duties and functions of the Board of Directors during the most recent year:
- I. To improve the corporate governance system, improve monitoring functions, and reinforce management functions, the Company has officially adopted the auditing committee system as of June 2008 following the reelection of directors in the shareholders' meeting.
- II. In 2006, a Remuneration Committee was established and the criteria for committee members were adjusted in advance in 2011 in accordance with the provisions specified in Article 6, Paragraph 1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a

Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, Since 2012, a CSR Committee was established to implement the CSR of the Company and its subsidiaries. The Company's Board of Directors will cooperate with all functional committee members and actively strength the responsibilities of the Board of Directors to implement corporate governance.

- III. In 2016, the item, "regular inspections of sustainability practices of company", was made one of the indicators in the board of directors performance evaluation process in the interest of creating short-, medium- and long-term value for the company and achieving sustainability.
- IV. E.SUN assigns an appropriate number of suitable corporate governance staff to be responsible for corporate governance practices. On January 18, 2019, E.SUN appointed Senior Manager Mei-Cheng Chu, who had more than 10 years of experience in legal affairs and business meetings, to be the corporate governance officer. The establishment of the Board Secretary Division under the board of directors was approved by the board of directors on January 10, 2020. The Board Secretary Division reports directly to the board of directors and handles general meeting administration for the board of directors.
- V. 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.
- VI. In 2020, the Corporate Governance Association in Taiwan was commissioned to conduct board performance evaluation. 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.
- VII. 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.
- VIII. 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.
- IX. 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.
- X. 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.
- XI. In 2020, the Company organized two director training courses for a total of 6 hours, on Management of Anti-Money Laundering and Combating Terrorism Financing: Challenges and Trends, and Information Security Governance and Business Continuity. 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.
- XII. 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 2020, and passed the TIPS (2016 Edition) A-Level Verification on December 4, 2020. The certificate is valid till 2021/12/31.
- XIII. 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.

3.3.2 Audit Committee

A total of 9 Audit Committee meetings (A) were held in the previous period. Independent director attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) [(B)/(A)]	Remarks
Independent Director	Chen-En Ko	3	0	100	Formerly elected
Independent Director	Ji-Ren Lee	3	0	100	Formerly elected
Independent Director	Chen-Chen Chang Lin	3	0	100	Formerly elected
Independent Director	Hsin-I Lin	3	0	100	Formerly elected
Independent Director	Chun-Yao Huang	9	0	100	Re-elected
Independent Director	Ryh-Yan Chang	6	0	100	Newly elected
Independent Director	Ying-Hsin Tsai	6	0	100	Newly elected
Independent Director	Hung-Chang Chiu	6	0	100	Newly elected
Independent Director	Ruey-Lin Hsiao	6	0	100	Newly elected

Note: The Company's independent directors were elected on June 12, 2020.

Other details that warrant inclusion:

**(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 board meeting, 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
2020.01.10	19th session of 6th Board of Directors	Nomination of new chief auditor for the Company	Audit Committee: The proposal was passed by a unanimous vote and submitted to the board of directors. Board of Directors: The proposal was passed by a unanimous vote.
2020.03.12	20th session of 6th Board of Directors	2019 consolidated financial statements	
		Capitalized earnings and employee compensation	
		Change/Replacement of CPA	
		2019 Statement on the Internal Control System	
2020.04.24	21st session of 6th Board of Directors	Amendment of the Company's Shareholder Services Guidelines	
2020.08.14	4th session of 7th Board of Directors	The Company and subsidiaries' 2020 Q2 consolidated financial statements	
		Nomination of new CFO for the Company	
2020.11.13	5th session of 7th Board of Directors	Amendment of the Company's accounting policy	
		Submission of the Company's 2021 audit plan	
2021.03.03	8th session of 7th Board of Directors	Renewal of contract with accounting firm	
2021.03.11	9th session of 7th Board of Directors	2020 consolidated financial statements	
		Capitalized earnings and employee compensation	
		2020 Statement on the Internal Control System	

II. In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed 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
2020.01.08	Audit Committee	The Company's CPA	Report on the 2019 financial statement audit plan.	1.Questions raised by the independent directors were answered and opinions exchanged. 2.Duly noted without further recommendations
		The Company's General Auditor	Submission of the 2019 Q4 audit working papers and the immediate reports from the bank's subsidiaries to the directors in 2019 Q4.	Duly noted and no other recommendation.
2020.03.11	Audit Committee	The Company's CPA	Report on the 2019 financial statement audit results.	1.Questions raised by the independent directors were answered and opinions exchanged. 2.Duly noted and no other recommendation.
2020.04.22	Audit Committee	The Company's General Auditor	Submission of the 2020 Q1 audit working papers.	1.Questions raised by the independent directors were answered and opinions exchanged. 2.Duly noted and information of measures for preventing the spread of the disease was provided to independent directors after the meeting.
2020.07.21	Audit Committee	The Company's CPA	Submission of the 2020 Audit Plan, 2020 Key Audit Matters, and CPA response.	1.Questions raised by the independent directors were answered and opinions exchanged. 2.Duly noted and no other recommendation.
		The Company's General Auditor	Submission of the 2020 Q2 audit working papers.	Duly noted and no other recommendation.
2020.08.12	Audit Committee	The Company's CPA	Report on the 2020 Q2 financial statement audit results.	1.Questions raised by the independent directors were answered and opinions exchanged. 2.Duly noted and no other recommendation.
2020.11.11	Audit Committee	The Company's General Auditor	Submission of the 2020 Q3 audit working papers and the immediate reports from the bank's subsidiaries to the directors in 2020 Q3.	Duly noted and no other recommendation.
			Submission of the 2021 audit plan.	1.Questions raised by the independent directors were answered. 2.The plan was approved and submitted to the Board of Directors for review.
2020.11.11	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.
2021.01.20	Audit Committee	The Company's General Auditor	Submission of the 2020 Q4 audit working papers.	1.Questions raised by the independent directors were answered and opinions exchanged. 2.Proceed as recommended.
2021.03.09	Audit Committee	The Company's CPA	Report on the 2020 financial statement audit results.	1.Questions raised by the independent directors were answered. 2.Duly noted and no other recommendation.

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 semi-annual and annual financial reports, to explain the method and scope of financial statement auditing as well as relevant statutory updates 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 2020 include mainly the following:
- Financial statement audit and accounting policies and procedures.
  - Internal control system and policies and procedures related to it.
  - Policies and procedures relevant to the acquisition or disposal of major assets or to derivative trading.
  - Annual audit plan.
  - Evaluation of CPA qualifications and their independence and performance.
  - Appointment, discharge, or remuneration of CPA.
  - Appointment or removal of chief officers of finance, accounting and internal audit.
  - General auditor performance evaluation.
  - Evaluation of Audit Committee performance.
  - Plans of anti-money laundering and combating the financing of terrorism
  - Organizational Regulations of Audit Committee

3.3.3 Items of disclosure according to corporate governance code for FHCs

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

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

Item	Status of implementation				Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No		Summary	
1. Shareholding structure and shareholders' equity of the financial holding company (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? (2) Does the Company have access to the identity of major shareholders who have actual control over the Company as well as that of their ultimate control persons? (3) Has the financial holding company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations? (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?	V			(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. (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. (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. (4) The Company has established the E.SUN Financial Holding Co., Ltd. and Subsidiaries Material Insider Information Management Procedures, which states that insiders shall refrain from inquiring or gathering material non-public information irrelevant to their duties from other personnel within the Company. Any material non-public information obtained through means unrelated to one's own duties cannot be revealed to others. Insiders shall also be prohibited from trading shares or equity securities of relevant companies before information is made public. Furthermore, the abovementioned personnel are not allowed to trade non-equity instruments, such as corporate bonds, if the material insider information concerns the Company's principal and interest servicing capabilities.	None
2.Composition and Duties/ Responsibilities of the Board of Directors (1) Besides setting up the Remuneration Committee and Audit Committee according to law, does the Company voluntarily set up other functional committees? (2) Does the Company evaluate the independence of its CPA on a regular basis? (3) Has the Board of Directors devised and implemented a plan for a more diverse composition of the Board? (4) 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?	V			(1) The Company has also set up the Corporate Governance and Nomination Committee, Strategy Committee, Board Risk Management Committee, and Sustainable Development Committee. (2) Pursuant to Article 29 of the Corporate Governance Best Practice Principles for TWSE/GTSM 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. (3) 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, professional knowledge/skills, and overall capabilities required of directors and encourage referral of excellent outsider candidates in order to ensure corporate sustainability. In addition, the Company also evaluates and reviews the structure and composition of every newly elected director. (4) 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 2020 director performance evaluation was presented to the 9th Meeting of the 7th term Board of Directors on 2021.03.11. The results are included as the basis for the next director election. The Company's director remuneration distribution is also linked to the evaluation results, taking into consideration the individual performance of the directors and the company's future risks to assign the weightage of exclusive remuneration for each director.	None

Item	Status of implementation				Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No		Summary	
3.Has E.SUN FHC established adequate number of competent corporate governance personnel and officer who are in charge of corporate governance-related matters (including but not limited to providing directors and supervisor's information needed for the implementation of their duties, matters related to compliance of directors, implementation of corporate registration and registration changes, and production of board and shareholders meeting minutes, etc.)?	V			<p>The Company assigns an appropriate number of suitable corporate governance staff to be responsible for corporate governance practices. On January 18, 2019, the Company appointed Senior VP Mei-Cheng Chu, who has more than 10 years of experience in legal affairs and business meetings, as the corporate governance officer. As approved by the Board of Directors on 2020.01.10, a Board Secretary Division directly under the Board of Directors was established to organize meeting agendas and related matters.</p> <p>Following are matters related to corporate governance:</p> <p>(1) Preparing for matters for board and shareholders meetings in accordance with law.</p> <p>(2) Preparing for board and shareholders meeting minutes.</p> <p>(3) To provide assistance for the directors to assume office and complete continuing education.</p> <p>(4) To provide directors and independent directors with information needed for the performance of their duties.</p> <p>(5) To assist the directors and independent directors in legal compliance.</p> <p>(6) Other matters determined in the Company's articles of incorporation or in contract.</p> <p>Proceedings of 2020 are as follows.</p> <p>(1) Assist directors in performing their respective duties, providing necessary information and arranging continuing education for directors:</p> <p>I. Compile a director handbook, which is provided to newly elected directors and is updated on a regular basis. Inform other newly elected independent directors of their legal rights and obligations to facilitate their duty performance.</p> <p>II. Organize 6 hours of "on-site training" as part of directors' continuing education. Assist directors with course arrangements according to the company's industry characteristics and directors' education and experience.</p> <p>III. Arrange two sessions of business exchange meetings for 5 independent directors. Presentations include but are not limited to an intro to the company's internal organization, market position, business strategy, and innovative development, etc.</p> <p>IV. Assist directors with complying with laws, provide appropriate and timely responses to directors' requests, and support directors in performing their duties.</p> <p>(2) Assist with board and shareholders' meeting agendas and compliance related matters:</p> <p>I. Draft the agendas of the Board of Directors meetings and provide directors with meeting information and notify them seven days prior to the date of meetings; and complete meeting minutes within twenty days after the date of meetings.</p> <p>II. Prepare shareholders' meeting agenda handbook and meeting minutes within the prescribed period; and be in charge of announcing material information after the meeting.</p> <p>III. Handle matters relating to change of registration with the competent authority in the event of director re-election.</p> <p>(3) Adopt and enforce business integrity policy.</p> <p>(4) Purchase suitable liability insurance for directors and key employees.</p> <p>(5) Commission the Corporate Governance Association in Taiwan to conduct CG6012(2019) Corporate Governance Assessment and Board Performance Evaluation. E.SUN was rated "Excellent" in the Corporate Governance Assessment.</p>	None
4.Has the financial holding company established any communication channels with stakeholders (including but not limited to shareholders, employees, and clients) or stakeholders' area on official website to respond to important CSR issues?	V			<p>The Company has appointed a spokesperson and set up an investor relations department for communicating with stakeholders. Shareholders and customers can fully express their opinions through the Company's stock affairs and customer service departments respectively. For their part, employees can take their complaints, if any, to the Company's human resources department. All problems can be solved properly and communication can proceed smoothly. Separately, the Company's website includes a special section for corporate social responsibility and stakeholders that not only makes public the Company's CSR report but also responds to issues cared by stakeholders and provides a channel for communicating with stakeholders.</p>	None

Item	Status of implementation			Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No	Summary	
5.Information Disclosure (1)Does the Company install a website for disclosing information on finances, operations, and corporate governance? (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.)? (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?	V		(1) a.The Company has installed a website ( <a href="https://www.esunfhc.com/en/investor-relations/company-overview/company-profile">https://www.esunfhc.com/en/investor-relations/company-overview/company-profile</a> ) to disclose information on finances, operations, and corporate governance. 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. (2) a.The Company has an English website and designated personnel for information collection and disclosure. b.The Company has faith fully implemented a mechanism under which the position of spokesperson is taken by someone who has a thorough understanding of the financial holding company's finances and operations and is able to coordinate with all department. The spokesperson's contact information is fully disclosed on the Company's website: - Spokesperson Name: Magi Chen Title: President, E.SUN FHC Telephone: (+886) 02-2175-1313 - Deputy Spokesperson Name: Daniel Tsai Title: Chief Brand Officer 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 c.Investor conference presentations, along with audio files, are uploaded onto the Company's website. A dedicated unit is in charge of material maintenance. (3) The Company prepared documents in advance and completed quarterly reports as well as relevant processes before deadlines.	None
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)?	V		(1) To boost the capacity of the Board of Directors for supervision and management, the Company has adopted the Rules of Procedure for Board Meetings that regulate the main agenda items, operational procedures, and mandatory contents of meeting minutes. Board meetings shall be held in accordance with these rules. (2) Board directors are asked to attend relevant training programs from time to time. (3) The Company has established the Risk Management Committee that is called upon to effectively implement risk control and management policy. A summary of the scope and characteristics of the Company's compile risk management reports and risk measurement system is as follows: A.Credit Risk Establish a systematic approach to managing credit risk associated with borrowers, counterparties in transactions, or asset portfolios: setting up a proper credit risk control environment; placing the credit risk of trading counterparties under control and management as well as producing credit ratings for the counterparties; setting conditions for the control and management of risk exposure and risk concentration associated with any individual product, industry, or business conglomerate. B.Market Risk For their on- and off-balance sheet items, the Company and its subsidiaries shall establish mechanisms for assessing and controlling risk deriving from price, exchange rate, and interest rate fluctuations. C.Liquidity Risk Assess the composition of major assets and the liquidity risk they facing. Manage the risk based on the features of each industry and pertinent regulations set by the competent authority. Put in place a liquidity risk emergency response plan. D.Operational Risk Establish a full range of operational processes, limits of authority for various operations, and processes for the control and management as well as audit of documents and certificates. E.Legal and Other Risk Manage legal and other risk by means of risk scenario stress testing as well as risk tolerance and capital adequacy evaluation. (4) The Company has always given priority to making sure that its subsidiaries offer quality customer service and implement a sound consumer protection policy. Their websites provide consumers with various channels of communication, including 24 hours customer service hotlines and sections reserved for online messages. (5) As part of its effort to establish a well-rounded corporate governance mechanism, the Company has provided board directors and key employees with comprehensive liability insurance so as to minimize the risk exposure of both itself and the personnel in question. The insured parties include the directors, supervisors, and managerial/ supervisory employees of E.SUN FHC and its subsidiaries. The coverage extends to damage compensation and litigation expenses deriving from damage claims filed against E.SUN FHC and its subsidiaries for charges in relation to securities or employment practices; against directors or outside directors for alleged management or employment malpractices; against directors and outside directors for charges in relation to labor safety and health.	None

Item	Status of implementation				Any difference from the Corporate Governance Best Practice Principles for Financial Holding Companies, and the reason for any such difference
	Yes	No		Summary	
				(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. (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. (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. (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 Procedure for Derivative Transactions and Rules of Procedure for Shareholders Meetings 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. Regarding election matters, the re-election of members for the 7th Board of Directors was completed, and the removal of the non-competition obligation for the Company's board members was approved. (10) Development plans for executive managers To build a team of leaders in sustainable operations and establish a professional leadership system for E.SUN, selection of management associates and discussion on plans to cultivate and develop top managers are regularly conducted by the management team, according to the functional duties of the Human Resource Development Committee. Job promotions must be reviewed by the Corporate Governance and Nomination Committee and approved by the Board of Directors. The Company's top managers are not only highly committed to E.SUN but also demonstrate a strong ambition and sense of responsibility, integrity, and willingness to selflessly cultivate talent. In addition to having a forwardthinking perspective on long-term development and providing a specific direction of development, these top managers also value the importance of corporate social responsibility and persist in the core values of E.SUN, making them a true representative of E.SUN's brand image. Vice Presidents De-Ming Chung and Mei-Ling Liu, who were elected for the first time in 2019, participated in training programs that cultivate and rotate employees across different roles. They also attended top-level management cultivation courses offered by prestigious universities in Taiwan and overseas such as National Taiwan University. The purpose of these courses is to foster abilities to communicate, coordinate, and integrate macro-level perspectives, different departments, and product lines. The expectation is to effectively establish consensus among E.SUN employees and develop strategies for E.SUN Group, thereby realizing the visions of E.SUN and building a bank run by professional bankers. The Company reported the "implementation status of the 2020 Senior Manager Successor Plan" during the board meeting in 2020. In 2020, 73 people participated in the talent pool program of the Senior Manager Successor Plan. Specifically, 28 of them completed job rotation across different business areas/ regions/headquarters; 12 completed the "Outstanding Talent Development Program", Harvard leadership course, and NTU Global Executive Program; 67 (92%) completed the 3-Phase LEAD Leadership Program, which was a collaboration between E.SUN and NTU; and 10 participated in the Taiwan Academy of Banking and Finance Leading Executive Apex Program (LEAP) and the International Talent Development Program (ITDP).	

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

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

The Company keeps close attention to and upholds the quality of its information disclosure. In 2018, it became Taiwan's first bank to disclose personal remuneration for the president and vice presidents of the company on a voluntary basis. Provided the financial statement and audit quality requirements are met, annual financial statements are released as soon as possible. Furthermore, E.SUN has received Taiwan Intellectual Property Management System (TIPS) A-grade certificate (2016 version), and set up Board Risk Management Committee. To enhance the disclosure quality of non-financial information, E.SUN will continue to improve the transparency of its English official website. 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 7th Corporate Governance Evaluation are announced.

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

8.The corporate governance officer completed the following training in 2020:

Date	Organizer	Course name	Hours
2020.03.06	Taiwan Corporate Governance Association	Shareholders' Meeting Planning and Case Analysis	3
2020.03.17		The Fight for Management Right Based on Corporate Governance	3
2020.06.19		A Case Study of Frauds in Corporate Financial Reporting	3
2020.07.10		Data - To Give or Not to Give? On the Right to Director Information	3
2020.08.21	Taiwan Financial Services Roundtable	2020 National Financial Industry Corporate Integrity and Compliance Seminar	5
2020.08.28	Taiwan Academy of Banking and Finance	Seminar on the Development of a Comprehensive Compliance System for Financial Institutions (1st)	3.5
2020.10.20		Corporate Governance Seminar: FinTech	3
2020.12.15		Advanced Foreign Currency Options and Market Practices - Trading in Practice	6
2020.12.22		Financial Derivative Regulations and Product Analysis Workshop	6

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	Whether individual possesses for at least five years' work experience and the following professional qualifications	Complies with the requirement of independence (Note)													Number of compensation committees at other listed companies of which the individual is a member on a concurrent basis	Notes
		At least a lecturer in the business, law, finance, or accounting department or other department connected with corporate business needs of a public or private university	A judge, prosecutor, lawyer, CPA, or other professional or technical worker who has received national certification in an area needed by the Company	Possesses business, law, finances , accounting, or other work experience needed by the company	1	2	3	4	5	6	7	8	9	10			
Independent director	Chen-En Ko	V		V	V	V	V	V	V	V	V	V	V	V	V	4	Complying with the requirements of Paragraph 1, Article 6 of the Regulations Governing the Establishment of Compensation Committees and Exercise of their Powers at Companies Listed on a Securities Exchange or Traded at a Securities Dealer's Office
Independent director	Ji-Ren Lee	V		V	V	V	V	V	V	V	V	V	V	V	V	5	
Independent director	Chen-Chen Chang Lin			V	V	V	V	V	V	V	V	V	V	V	V	0	
Independent director	Hsin-I Lin			V	V	V	V	V	V	V	V	V	V	V	V	2	
Independent director	Chun-Yao Huang	V		V	V	V	V	V	V	V	V	V	V	V	V	0	
Independent director	Ryh-Yan Chang	V	V		V	V	V	V	V	V	V	V	V	V	V	5	
Independent director	Ying-Hsin Tsai	V	V		V	V	V	V	V	V	V	V	V	V	V	1	
Independent director	Hung-Chang Chiu	V			V	V	V	V	V	V	V	V	V	V	V	0	
Independent director	Ruey-Lin Hsiao	V			V	V	V	V	V	V	V	V	V	V	V	0	

✕The company has formed the 4th Remuneration Committee by the resolution of the board of directors on June 12, 2020.(former Committee members:Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin. Re-elected Committee member:Chun-Yao Huang. Newly elected Committee member:Ryh-Yan Chang, Ying-Hsin Tsai, Hung-Chang Chiu, Ruey-Lin Hsiao)

- Note:  
Please mark "V" in the space below relevant criteria met by members during the two years prior to appointment and during their period of appointment.
- A. Not an employee of the Company or an affiliate.
  - B. Not a director or supervisor of the company or any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the Securities and Exchange Act or local regulations).
  - C. 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% or more of the shares of the Company or ranks as one of its top ten shareholders.
  - D. Not a manager listed in (A) or a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in (B) and (C).
  - E. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a corporate shareholder that appoints a representative, as provided in Paragraphs 1 or 2, Article 27 of the Company Act, to act as a director or supervisor of the company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the Securities and Exchange Act or local regulations).
  - F. Not a director, supervisor, or employee of other companies controlled by the same person with more than half of the company's director seats or voting shares (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the Securities and Exchange Act or local regulations).
  - G. Not a director, supervisor, or employee of another company or institution of the same person or spouse who is the company's chairman, president, or persons with equivalent position (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the Securities and Exchange Act or local regulations).
  - H. Not a director, supervisor, manager or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company (the same does not apply, however, in cases where the specified company or institution holds 20 percent or more but 50 percent or less of the company's shares and the person is an independent director of the company, its parent company, subsidiary or any subsidiary of the same parent company established pursuant to the Securities and Exchange Act or local regulations).
  - I. Not a professional who provides auditing service or provides commercial, legal, financial, accounting services, for which a cumulative compensation of less than NT\$500,000 is obtained in the past two years, to the Company or its affiliates, nor 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; however, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
  - J. Not contain one of the requirements listed in the various subparagraphs of Article 30 of the Company Act.

(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) (Note)	Notes
Convener	Chen-Chen Chang Lin	2	0	100	formerly elected
Member	Chen-En Ko	2	0	100	formerly elected
Member	Ji-Ren Lee	2	0	100	formerly elected
Member	Hsin-I Lin	2	0	100	formerly elected
Member	Chun-Yao Huang	5	0	100	Re-elected
Convener	Ryh-Yan Chang	3	0	100	Newly 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

Note: The company has formed the 4th Remuneration Committee by the resolution of the board of directors on June 12, 2020.

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
2020.01.08	9th session of 3rd board of directors	2019 Performance evaluation of the committee	Remuneration Committee: All proposals were passed by a unanimous vote and submitted to the board of directors. Proposals regarding committee performance evaluation were submitted to the board of directors.
		Salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Proposal for 2019 year-end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2020.03.11	10th session of 3rd board of directors	Amendment of the Company's Remuneration Committee Charter	
		2019 employee and director compensation distribution plans	
		Proposal for the Company's 2019 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards	
2020.08.12	1st session of 4th board of directors	Remuneration for Dr. Jyh-Shing Roger Jang, new CTO and SEVP for the Company and its banking subsidiary	
		Proposal for 2019 employee compensation distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Proposal for the remuneration of the Company's new president.	
		Amendment of the remuneration of the Company's chairperson.	
2021.01.20	2nd session of 4th board of directors	2020 Performance evaluation of the committee	Board of Directors: The proposal was passed by a unanimous vote.
		Amendment of the Company's Director Remuneration Policy	
		Amendment of the Company's Subsidy Policy for Managers' Health Examination	
		Salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
2021.03.09	3rd session of 4th board of directors	Proposal for 2020 year-end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries	
		Amendment of the Company's Policy of Long-term Incentive Plan	
		Amendment of the Company's Policy of Performance Evaluation for Managers	
		2020 employee and director compensation distribution plans	
		Proposal for the Company's 2020 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards	

(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 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 8 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	Ji-Ren Lee	3	0	100	Formerly elected
Member	Chen-En Ko	3	0	100	Formerly elected
Member	Chen-Chen Chang Lin	3	0	100	Formerly elected
Member	Hsin-I Lin	3	0	100	Formerly elected
Member	Chun-Yao Huang	8	0	100	Re-elected
Member	Yung-Jen Huang	8	0	100	Re-elected
Member	Gary K.L. Tseng	3	0	100	Formerly elected
Convener	Ying-Hsin Tsai	5	0	100	Newly elected
Member	Ryh-Yan Chang	5	0	100	Newly elected
Member	Hung-Chang Chiu	5	0	100	Newly elected
Member	Ruey-Lin Hsiao	5	0	100	Newly elected
Member	Joseph N.C. Huang	5	0	100	Newly elected

Note: The company has formed the 7th Corporate Governance and Nomination Committee by the resolution of the board of directors on June 12, 2020.

(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 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	Gary K.L. Tseng	1	0	100	Formerly elected
Member	Jackson Mai	4	0	100	Re-elected
Member	Chen-En Ko	1	0	100	Formerly elected
Member	Ji-Ren Lee	1	0	100	Formerly elected
Member	Chen-Chen Chang Lin	1	0	100	Formerly elected
Member	Hsin-I Lin	1	0	100	Formerly elected
Member	Chun-Yao Huang	4	0	100	Re-elected
Member	Ron-Chu Chen	4	0	100	Re-elected
Member	Chien-Li Wu	4	0	100	Re-elected
Member	Ryh-Yan Chang	3	0	100	Newly 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

Note:The company has formed the 7th Board Strategy Development Committee by the resolution of the board of directors on June 12, 2020.

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

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

Title	Name	Actual attendance (B)	Attendance by a representative	Actual attendance rate(%)(B/A)	Note
Convener	Yung-Jen Huang	3	0	100	Re-elected
Member	Joseph N.C. Huang	3	0	100	Re-elected
Member	Gary K.L. Tseng	1	0	100	Formerly elected
Member	Ji-Ren Lee	1	0	100	Formerly elected
Member	Chun-Yao Huang	3	0	100	Re-elected
Member	Hung-Chang Chiu	2	0	100	Newly elected
Member	Ruey-Lin Hsiao	2	0	100	Newly elected

Note:  
1.The company has renamed the CSR Committee to the Sustainable Development Committee by the resolution of the board of directors on June 12, 2020.  
2.The company has formed the 7th Board Strategy Development Committee by the resolution of the board of directors on January 22, 2021.

(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 1 time 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	1	0	100	Newly elected
Member	Ryh-Yan Chang	1	0	100	Newly elected
Member	Ying-Hsin Tsai	-	-	-	Newly elected
Member	Ruey-Lin Hsiao	-	-	-	Newly elected
Member	Magi Chen	1	0	100	Newly elected
Member	Mao-Chin Chen	1	0	100	Newly elected

Note:  
1.The company has established the Board Risk Management Committee by the resolution of the board of directors on January 22, 2021.  
2.Regarding the qualification of independent director Ruey-Lin Hsiao, it has been approved by the National Cheng Chi University; the term of independent director Ying-Hsin Tsai as committee member starts from 2021.04.01 in accordance with the supplementary agreement of the academic remuneration contract signed between the Company and National Taiwan University.

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

Item	Status of implementation				Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No		Summary	
1. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies based on the principle of materiality?	V			The Company has risk management policies and guidelines in place that require the subsidiaries, while conducting business activities, evaluate adequately environmental, social, and corporate governance issues by taking risk management measures such as identification, measurement, monitoring and management. For example, the bank will assess the impact on the bank's profit in terms of environmental, social, and corporate governance risks.	No difference
2.Does the company have a unit that supports CSR practices on a full-time or part-time basis? Is the CSR unit operated by senior managers as authorized by the board of directors, and does the CSR unit report to the board of directors?	V			<p>(1) E.SUN Financial Holdings established in 2011 a Corporate Social Responsibility Committee that was renamed the Sustainable Development Committee in January 2020 as the company's dedicated unit for implementing sustainable development. With the chairman as convener, the six working groups under the committee including corporate governance, social welfare, environmental sustainability, climate change, sustainable finance and human rights protection effectively integrate resources and improve corporate governance efficiency. A total of 42 work meetings were held in 2020, and at least once every six months the committee reports ESG-related strategies and implementation results to the board of directors (twice in 2020). By integrating sustainable development into the company's strategies for its core financial businesses, in a purposeful, systematic and organized manner, the committee enables E.SUN to engage in long-term deep cultivation of and progressive advancements toward sustainable development. E.SUN integrates sustainable development into the company's business strategies. All members of this committee are directors of the company (including 2 independent directors), and the committee members all engage in full discussion of related issues while offering their expert opinions.</p> <p>(2) To implement corporate social responsibility, E.SUN take long term commitment and systematically methods to involve in economic, social and environmental aspects. Action plans of 2021 are listed below</p> <p>I. Governance aspect</p> <p>(I) Compliance</p> <p>We establish a consensus and culture of legal compliance for all employees, strengthen cooperation and continuous communication between the various lines of defense, and take specific actions through the 3Cs of success-- Coordination, Collaboration, Communication, which enable continuous improvement in personnel management, system specifications and level of implementation. With a three-stage mechanism consisting of early warning (confirming that operating activities comply with laws and regulations), in-process calibration (inspecting the effectiveness of control measures), and post-verification (law compliance testing to improve control measures), we optimize the legal compliance management mechanism.</p> <p>(II) Information security</p> <p>Improve overall information security maturity, protect customer assets and ensure continuity of operations. Based on the ISO 27001 international standards, expand the scope of implementation of the Information Security Management System (ISMS), and continue to improve information security governance through the PDCA cycle mechanism. Build a proprietary Information Security Operation Center (SOC) to monitor incidents and analyze threats in real time, and share intelligence with the financial industry through the Financial Information Security Operation Center (F-SOC) to fully exert E.SUN's social responsibility of information security and joint defense.</p> <p>external professional evaluation agencies we commissioned are listed as projects for strengthening corporate governance we will undertake as a priority as we continue to improve our performance in this aspect.</p> <p>(III) Anti-money laundering</p> <p>We integrate and promote the establishment and operation of various risk management mechanisms, maintain alignment with international standards, and refine internal specifications and operating procedures. At the same time, the AML/CFT system is improved and supplemented by the use of intelligent technology as we remain committed to preventing financial crimes while personnel professionalism and risk awareness are enhanced through diversified education training and the AML certification system.</p>	No difference

Item	Status of implementation				Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No		Summary	
				<p>(IV) Corporate governance In line with international standards, we promote the establishment of risk management committees; In order to improve the disclosure quality of non-financial information, we continue to strengthen the transparency of the company's English website information; We formulate intellectual property management plans, and actively obtain intellectual property rights management system certificates. The unscored indicators in the TWSE corporate governance evaluation and the recommendations of external professional evaluation agencies we commissioned are listed as projects for strengthening corporate governance we will undertake as a priority as we continue to improve our performance in this aspect.</p> <p>II. Social aspect</p> <p>(I) Employee care We seek to create a friendly workplace environment, optimize employee health and workplace safety measures, and continue to promote the E.SUN Baby Development Fund as we remain committed to workplace maternal care. In response to business needs, we implement flexible working hours to help employees balance work and family life, create a high-quality working environment and offer access to diverse and unimpeded communication channels.</p> <p>(II) Inclusive financing We harness the power of science and technology to establish a pre-review mechanism to optimize customer experience, and at the same time improve the competitiveness of digital native products which, combined with digital brand promotion for e.Fingo, provide customers with a comprehensive range of digital services. Based on customer needs and experience, we have developed a financial ecosystem and created financial services that are as accessible as water and electricity.</p> <p>(III) Customer protection and fair customer treatment To ensure the protection of financial consumers' rights and interests, we hold regular education and training courses, and plan to add a dedicated section for fair customer treatment on to the bank's official website to continue strengthening the disclosure of information on our principles for treating customers fairly. We also seek to expand the scope of customer satisfaction surveys, improve service quality management, and enhance financial service experience.</p> <p>(IV) Talent cultivation We recruit talents with diverse backgrounds and expertise, push forward a talent training structure that integrates financial and technological proficiency, and combine various professional certification mechanisms through the e-Learning platform to create an environment for learning anytime, anywhere. By continuing to improve the talent management system, we provide employees with diverse learning opportunities and broad career development through diversified development plans such as cultivation rotation.</p> <p>(V) Social welfare</p> <p>- Academic education Through the E.SUN Golden Seed Project, we have built 12 E.SUN libraries and carried out the "English Hand in Hand" after-school English tutoring program in Hsinchu County, Yunlin County, Chiayi County and Tainan City. We offer outstanding talent cultivation scholarships in the three fields of management, science and technology and humanities, ASEAN talent scholarships, and nursing talent scholarships to help more outstanding young students grow and excel. Establishing financial industry-university cooperation with 36 schools, we work closely with academia in developing artificial intelligence and financial technology.</p> <p>- Community involvement We are committed to our Concern for Schoolchildren Program through which we aid disadvantaged children or children who face sudden changes in their circumstances, bring love and care into the community by caring for orphaned children and work with top-choice partners to engage in charity activities such as blood drives, free clinics in rural regions and other forms of social welfare. We also provide customized financing projects for Taiwan's industries with special local traits, social enterprises, and programs that offer critical or elderly care to help black horse customers develop ESG, thereby co-creating maximum value with our customers.</p>	

Item	Status of implementation				Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No		Summary	
				<div>- Sports development To show our long-term support for the development of Taiwan's baseball, we hold the E.SUN Cup International AAA Baseball Tournament and organize junior baseball camps, junior baseball protection camps as well as supply teams in remote areas with sports equipment. We sponsored the Taiwanese team to participate in international competitions such as the U18 World Cup and Asian Championships to create a stage on which young people can bravely pursue their dreams.</div> <div>- Humanities and arts By supporting quality arts and cultural events at home and abroad, E.SUN seeks to expose the wider community to cultural sophistication and show care for the less fortunate. The Company sponsors performances such as Music Concert for Mothers, the Vienna Boys' Choir, the Play ARTs workshop, Standing on E.SUN: Witness the Art of Taiwan, the Climbing a Story Mountain reading project, Relaxed Performance, Let's Go to the Theater and other activities.</div> <div>III. Environmental aspect</div> <div>(I) Energy conservation We obtained Taiwan green building and international green building certification for new and existing office buildings, developed renewable energy through green energy certificates and installing rooftop solar at branches where viable, continued to replace old energy-consuming air-conditioning and lighting equipment, and gradually replaced R22 refrigerant air-conditioning equipment with newer models that utilize environmentally friendly refrigerants. For the first time, we also obtained smart building certification for our newly completed building, creating a green and sustainable environment through the power of technology and real action.</div> <div>(II) Low-carbon operations We continued to introduce the ISO50001 energy management system and ISO14001 environmental management system to ensure the bank's energy consumption and environmental conservation are in line with international standards; we also introduced ISO14064 greenhouse gas inventory and ISO14046 water footprint inventory to review the achievement of various operational management indicators.</div> <div>(III) Climate change risks In response to the Green Finance Action Plan 2.0 policy, we will continue to deepen the analysis of TCFD climate scenarios and refine our disclosure content in all aspects. We list climate change as one of our criteria for lending approval, implement the concept of sustainable operation and strengthen climate change management.</div> <div>(IV) Sustainable finance In accordance with the new version of the Equator Principles (EP4), we include factors such as climate-related risks in the case evaluation process and actively support the financing of large-scale domestic renewable energy projects. We will do our utmost to approve loans, plan to jointly respond to the UN SDGs with important corporate customers, and encourage the setting of targets for energy conservation and carbon reduction. Combining the ESG spirit with our core financial expertise, we will continue to issue sustainable financial products such as green finance, sustainable development bonds, carbon neutral credit cards, and green building loans.</div>	

Item	Status of implementation				Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No		Summary	
3.Environmental issues (1) Does the company have in place a suitable environmental management system based on the characteristics of the industry? (2) Does the company work to improve resource utilization efficiency and use recycled materials that have a low impact on the environment? (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? (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?	V			<p>(1) The Taipei headquarters building, Boai Building, Technology Building, Dengfeng Building, Hope Building, and all domestic branches have adopted the ISO 14001 environmental management system and ISO50001 energy management system, and has established an environmental/energy management framework in accordance with the "E.SUN White Paper on Environmental Protection and Energy Conservation" in order to effectively implement carbon reduction, energy conservation, water conservation, and industrial waste management.</p> <p>(2) The Company prioritizes the purchase and use of building materials, equipment, and tools bearing the Green Building Materials Label or Green Label, and also complying with relevant legal requirements. The Company makes extensive use of recycled materials and recyclable, low-pollution, energy-saving products, and avoids mechanical equipment with high energy consumption and products that are excessively packaged, harmful to the living environment, and not spontaneously decomposing.</p> <p>(3) E.SUN signed up to TCFD in 2017. In addition to reporting regularly to the board of directors and the E.SUN FHC Risk Management Committee to help the board of directors and the executive management understand the impact of climate change on the company, E.SUN follows the Recommendations of the Task Force on Climate-related Financial Disclosures and provides information on governance, strategy, risk management, and metrics and targets that is consistent with investors' and other stakeholders' needs. E.SUN also works with suppliers and partners to support environmental sustainability. Since 2019, E.SUN has started taking inventory of their business operations and identifying risks regarding climate change. E.SUN assessed direct and indirect physical effects of extreme weather events and the impact of transformation necessitated by regulations, technologies, or market demand. In 2020, E.SUN analyzed risks and opportunities of climate change, and selected the most relevant factors. Corresponding risk prevention measures were taken in advance according the scenario analysis of financial impact in order to strengthen climate change governance in the Company. This systematic assessment is used to reduce risks and exploit opportunities. For more details, please visit the Climate Change Risks and Opportunities section of the company website. <a href="https://www.esunfhc.com/en/csr/overview/climate">https://www.esunfhc.com/en/csr/overview/climate</a></p> <p>(4) The Company conducted the ISO14064-1: 2018 greenhouse gases inventory and ISO14046: 2014 organization water inventory for the Taipei headquarters building, Boai Building, Technology Building, Dengfeng Building, E.SUN Securities headquarters building, and all offices in and outside Taiwan. The results showed that 24,475.971 tons and 35,515.847 tons of CO2 were emitted in 2018 and 2019, respectively. 228,699.79m3 and 244,804.06m3 of water were used in 2018 and 2019, respectively. Verifications were completed by SGS Taiwan Ltd. (SGS). A total inventory of weight of waste from the Taipei headquarters building, E.SUN Securities headquarters building, and all offices together counted 634,803kg of general waste in 2018, including 190,525kg of recyclable waste, and 444,278kg of unrecyclable waste; and 619,759kg of general waste in 2019, including 185,054kg of recyclable waste, and 434,705kg of unrecyclable waste. Inventories of greenhouse gas emissions, water consumption, and wastes facilitate action plans for reduction. The Company sets the following policy, goals and action plans for environmental sustainability:</p> <p>I. Policy Since the release and implementation of the E.SUN Energy Efficiency White Paper - E.SUN Green Policy, E.SUN has been dedicating itself to environmental conservation, which encompasses environmentally friendly and energy efficient policies, support for environmental education, building an environmentally friendly and energy efficient culture and implementing environmentally friendly and energy efficient measures. In addition, the environmental/energy management policy was established with green finance, saving the earth, and environmental sustainability at the core. E.SUN also took the initiative to implement international management systems.</p> <p>II. Goals With 2016 as the base year, water consumption per unit revenue, carbon emission per unit revenue, and waste per unit revenue will be reduced by 20%, 25%, and 40%, respectively, by 2025.</p>	The Company seeks to promote environmentally sustainable development through a progressive approach, and complies with "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM-Listed Companies." There are no substantive discrepancies in the promotion of environmentally sustainable development.

Item	Status of implementation				Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No		Summary	
				<p>III. Action plans</p> <p>The electricity consumption of E.SUN is the main source of GHG emissions. To promote a low-carbon environment, the Bank adopts carbon expenses and water and electricity bills as the performance indicator of each business units. Units must submit monthly reports on energy conservation and carbon reduction, which detail a review of monthly water and electricity bills, telecommunications charges, a comparison of electricity consumption in the previous period and last year, energy conservation and carbon reduction measures adopted by each unit, and description of reasons and improvement measures if an unusual amount of electricity is consumed. The performance of environmental management personnel takes into consideration activities related to environmental sustainability and implementation status so that E.SUN employees could make it their mission to protect the earth and sustain the environment..</p>	
<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 protection policies and grievance procedures?</p> <p>(6) Does the company implement supplier management policies to require suppliers observe certain regulations on environmental protection, occupational health and safety, or labor or human rights? If yes, describe the results.</p>	V			<p>(1) E.SUN endeavors to protect employees' basic human rights, comply with relevant labor laws, and protect employees' legal rights. E.SUN FHC announced the E.SUN Declaration of Human Rights and formulated the E.SUN FHC Human Rights Due Diligence Investigation Procedures in accordance with international human rights conventions, including the UN Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, and UN ILO Convention, as well as local statutory labor laws. E.SUN prohibits any conduct that infringes upon or violates human rights, and regularly monitors and measures issues related to human rights and impacts. For details on human rights protection, please visit the Corporate Governance section on the Company's website at: <a href="https://www.esunfhc.com/en/corporategovernance">https://www.esunfhc.com/en/corporategovernance</a></p> <p>(2) E.SUN offers competitive salaries and bonuses to attract and retain talent. The idea is to set salary based on position and bonus based on performance. A reasonable and competitive remuneration system is based on employees' responsibilities, and combines company and individual business results as well as salary survey results. Since 2016, E.SUN has forged the link between top-level managers and key talents and the long-term performance of the company, with reference to international corporate governance trends. In addition, staggered hours, flexible hours, and work-at-home schemes are available to create a friendly workplace. Various wedding/birth and family care benefits are also available. The terms of maternity leave, maternity leave, and unpaid child care leave are better than those stipulated by the Labor Standards Act. A number of health and recreational programs and an employee stock trust are in place to complete a comprehensive benefit plan that provides a good employee experience and makes E.SUN the second home for its employees.</p> <p>(3) The installation of an exclusive section designed specifically for them signifies the emphasis the Company places on providing employees with a safe and healthy working environment. Every business division is staffed with a responsible person charged with labor safety who organizes training and study sessions on a regular basis. Meanwhile, a set of guidelines on physical examination is laid down as the basis for employees to undergo health checkup regularly. The special section on labor safety and health is intended to keep employees up to date on this front. In addition to sessions intended specifically for novice employees, labor safety training and health examination are undertaken across the Company on a regular basis. On top of emergency care personnel, every place of business is equipped with a security system as well as security personnel so as to uphold the safety of the place, employees and customers.</p>	No difference

Item	Status of implementation				Any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSMListed Companies, and the reasons for any such difference
	Yes	No		Summary	
				<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> <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>(III) 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: Customer disputes are uniformly resolved in accordance with the "E.SUN Commercial Bank Consumer Dispute Resolution Standard Operating Procedures," and we have established 24-hour complaint hotlines in the form of our "Smart Text Customer Service," "Online Phone Service," "Visitor Message Board," and "Telephone Customer Service," which allow consumers to initiate complaint procedures.</p> <p>(6) When selecting suppliers in Taiwan or in other countries, E.SUN gives priority to local suppliers. To build a healthy, safe and sustainable supply chain that protects the environment and human rights, E.SUN follows the E.SUN Bank Supplier Management Guidelines and selects qualified suppliers. E.SUN works only with suppliers that comply with local regulations, have signed the Statement of Commitment to Human Rights and Environmental Sustainability, and adhere to the E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers. The statement clearly specifies E.SUN's requirements and expectations of the supplier regarding environmental health and safety, prohibition of child labor, labor management, elimination of any form of forced labor, absence of damage to basic labor rights, basic human rights, the code of ethics, and ethical management. To enhance supplier management practices, we introduced the Supplier's CSR Self-Assessment Form and, according to the Supplier Visit Questionnaire, occasionally pay visits to key suppliers and record the results. The purpose of the visits was to verify the status of corporate social responsibility practices by suppliers. The assessment covers economic, environmental, and societal dimensions as well as green management practice. Furthermore, 100% of the new suppliers added in 2020 were selected in accordance with these principles. No significant deficiency and changes were discovered.</p>	
5.Does the company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?	V			<p>As part of its CSR commitment, E.SUN has the E.SUN FHC Corporate Social Responsibility Report certified by the British Standards Institution (BSI), a third party certification body. The 2019 CSR Report is certified by both GRI Standards and AA1000 Type 2, and is available also in English. The E.SUN FHC Corporate Social Responsibility Report is available for download at: <a href="https://www.esunfhc.com/en/csr/overview/csr">https://www.esunfhc.com/en/csr/overview/csr</a></p>	No difference

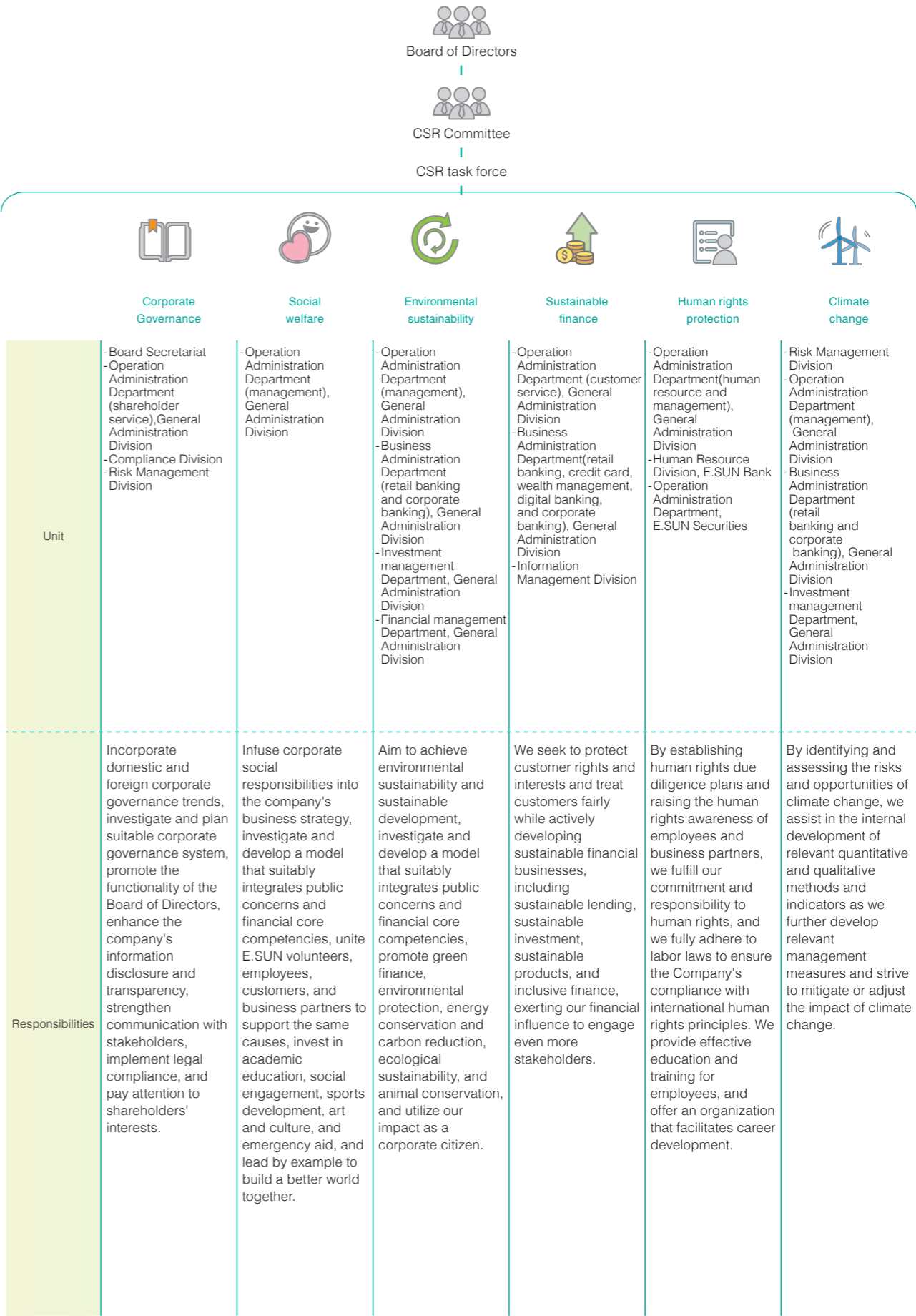
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:

E.SUN has drafted its corporate social responsibility on the basis of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies," upholds the spirit of prudence, pragmatism, and trustworthy operation, relies on its business philosophy, corporate culture, and common vision as its core, fulfills its corporate social responsibility, and strives to promote sound corporate governance, develop environmental sustainability, maintain social welfare, and strengthen its disclosure of corporate social responsibility information. It has no substantive discrepancies connected with fulfillment of corporate social responsibility.

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

The Company has issued corporate social responsibilities reports annually throughout the nine-year period since 2011. The chief content of these reports includes CSR 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 corporate social responsibilities area of the Company website: <https://www.esunfhc.com/en/csr/overview/csr>

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



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

Item	Status of implementation				Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TSE/ GTSM Listed Companies
	Yes	No		Summary	
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices as well as the commitment of the board of directors and the executive management to enforcement of the ethical corporate management policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of the risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least those described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against dishonest conducts, and enforce the programs effectively and perform regular reviews?</p>	V			<p>(1) Based on a board of director's resolution, the Company has established a set of "Ethical Corporate Management Principles, Operational Procedures and Guidelines (hereafter "Ethical Corporate Management Principles," applicable to the Company as well as its subsidiaries). It spells out E.SUN's ethical corporate management policy, which is specified through such channels as the corporate website, external documents and investor briefings. Meanwhile, it also specifies that the board of directors shall exercise the due care of a good administrator to urge the Company to prevent unethical conduct, always review the results of preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policy. All E.SUN directors and executive managers have signed the statement of compliance with ethical corporate management to declare a commitment to uphold ethical corporate management best practice principles while conducting business activities and to actively assist the board of directors in fulfilling its promise of ethical corporate management and overseeing ethical corporate management compliance in internal management practices and other business activities.</p> <p>(2) E.SUN has always been committed to business integrity, and does not engage in business activities with a higher risk of involving unethical conduct in the scope of business. E.SUN also takes step to reinforce related preventive measures, and always take a politically impartial position by not making any political donations. E.SUN has mechanisms in place to assess the risk of unethical conduct. The departments assess business activities with a higher risk of involving unethical conduct in the existing scope of business. Preventive measures and related management mechanisms are added to the compliance self-checklist. The preventive measures are reviewed semiannually to ensure appropriateness and effectiveness. Such reviews cover at least the preventive measures described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies.</p> <p>(3) E.SUN takes an active approach to preventing unethical conduct. The company makes ethical corporate management part of the employee performance evaluation and human resources policies, and implements and follows clear and effective complaints and disciplinary systems. The preventive measures above are reviewed thoroughly every six months.</p>	No difference
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the records of ethical conduct of its business counterparties and include integrity clauses in its contracts with business counterparties?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time basis under the board of directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors and oversees the operations?</p> <p>(3) Does the Company adopt a policy for avoiding conflicts of interest, provide appropriate means for reporting on any such conflict, and implement them without fail?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company offer internal and external training with regard to ethical management on a regular basis?</p>	V			<p>(1) In the Ethical Corporate Management Principles, it is specified that the Company shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance.</p> <p>(2) E.SUN has a Corporate Governance and Nomination Committee to support ethical corporate management and be responsible for devising and overseeing the ethical corporate management policy and unethical conduct prevention programs. The committee is also responsible for revision, execution, and interpretation of the code of conduct as well as related advisory, reporting and filing procedures. Results are submitted to the board of directors at least once a year.</p> <p>(3) The results are reported to the board of directors at least once a year. The Ethical Corporate Management Principles shall specify policies for preventing conflicts of interests and provide a viable communication and complaint system. Employees can file reports through a number of channels to management and the human resources department.</p> <p>(4) E.SUN has implemented effective internal control systems. The company has an internal audit unit that reports to the board of directors and follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct. The unit also reports results to the Audit Committee and the board of directors at least once every quarter.</p> <p>(5) The Company undertakes training with regard to ethnical service principles and behavioral guidelines on a regular basis. All employees are required to take the said training courses and pass tests afterwards</p>	No difference

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

- 5.If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies, please describe the Company's implementation of the principles and any discrepancy therein and explain why: none.
- 6.Other information to understand more about the Company's Ethical Corporate Management practice.
- E.SUN started implementing guidelines and code of conduct in 2011. Amendment of related guidelines will have to be passed by the board of directors and submitted to the annual general meeting. E.SUN's ethical corporate management practices are kept constantly up to date. The practices are reviewed and revised frequently in response to external regulations and the needs of ethical corporate management. E.SUN follows the philosophy of "Pure as Jade, Sturdy as Mountain" and strives to become "the benchmark in banking and service". E.SUN works hard to fulfill the commitment to its ethical corporate management policy and sound business practices.
- The company strives to fulfill corporate social responsibility while pursuing sustainability, and relevant results of implementation in 2020 are stated as below.
- (1) Education and training:
- Courses, such as the E.SUN General Knowledge on Law or the E.SUN EMP and EPCC and Principles for Fair Treatment of Customers, are offered at the training facilities to raise awareness. Self assessment practices and compliance risks are incorporated into entry-level training, mid-level courses, and professional training courses. The concept and practice of three lines of defense are reinforced through case studies. A total of 338 hours were completed. Furthermore, a summary of business activities and general knowledge of financial regulations, and fair customer treatment, are included in orientation sessions to collectively manage and prevent unethical conduct.
- (2) Promotion of compliance:
- The Legal Division promotes compliance training for all employees. In 2020, the theme of the campaigns was "ethical corporate management best practice principles and operating procedures and code of conduct". The Ethical Corporate Management Best Practice Principles and examples of material inside information are available in Chinese and English to educate the employees on things to watch out for when they performed their duties.
- (3) Annual examinations:
- E.SUN FHC and its subsidiaries have all employees complete an online test every year. The test encompasses the E.SUN EMP and EPCC. The test in 2020 focused on important rules on ethical business activities, the prohibition against unethical behavior and infringement of stakeholders' rights, AML awareness, prohibited individual behaviors in duty performance, and regulations of personal data protection.
- (4)E.SUN FHC, E.SUN Bank, and E.SUN Securities established the Procedure For Handling Whistleblowing Reports.
- Whistleblowing hotlines, email addresses, or mailboxes are set up and announced on the corporate websites and on the intranets. These channels are available to any insider or outsider wishing to report criminal, corrupt, or illegal conduct. As of the end of 2020, E.SUN and its subsidiaries received a total of 28 cases through the reporting channels, 26 of which are customer dispute related complaints (which had been resolved by the Customer Service Department). The other cases were assigned by type to be handled by the appropriate units. Where appropriate, the units also informed the whistleblowers of the status of the cases and the results by suitable means.
- (5) 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. The statements are kept in a safe place by the company.
- (6) The Company has approved amendments to its Ethical Corporate Management Best Practice Principles and Ethical Procedures and Code of Conduct. In addition, the amendment to Ethical Corporate Management Best Practice Principles was presented to the 2020 shareholders' meeting.
- (7) The Company has established mechanisms for assessing the risks of unethical behavior. 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 regularly to ensure appropriateness and effectiveness.
- (8) Two-way reporting for events involving financial consultants is announced to all E.SUN employees. "Integrity" is everything to a bank employee. "Honesty, integrity, professionalism, and accountability" are the core values of E.SUN that must be implemented in risks, discipline, and processes. Any team member discovering improper conduct or a potential risk should take upon him/herself to report it. The 4th branch meeting in 2020 was focused on risk management and the three lines of defense. World-class consultants from PwC, McKinsey, and Deloitte were invited to share information on global trends and their experiences in practice with respect to issues concerning fraud risk management, international risk control practices,

and behavioral risk management. Moreover, the Company once again pledged that it shall adhere to the "Zero Trust Policy for Information Security and Operating Procedures" and "Zero Tolerance Policy for Risks and Discipline", using the power of intelligence, organization, and agency to turn crisis into opportunities that propel E.SUN to keep moving forward.

3.3.8 Methods of referencing corporate governance guidelines and related regulations

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

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

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

Diverse board members

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, which require board members to possess at least one of the following professional knowledge and skills in order to achieve the managerial goal of board diversification:

- I. Finance
- II. Accounting and auditing
- III. Marketing management
- IV. Strategic management
- V. Corporate management
- VI. Information technology
- VII. Digital banking
- VIII. Risk management
- IX. Laws relating to finance and corporate governance

Board composition is based on the Company's future business strategy and development and takes diversity into consideration in order to elect the most suitable directors who have integrity and the ability to lead the Company to achieve continuing excellence. The Company also emphasizes gender equality with respect to Board members. According to the aforementioned practices, female directors shall be appropriately appointed. The board consists of a diverse range of trained professionals from the financial service sector, the industries and the academia and include independent directors from different backgrounds. All members of the board must be equipped with the knowledge, skills, and literacy necessary to perform their duties; and the board as a whole must possess decision making, risk management, business management and related competencies in the banking sector. In addition, directors will be provided with a variety of courses that help them gain a better understanding of their fields and fulfill their duties of loyalty and due diligence as business decision makers and leaders.

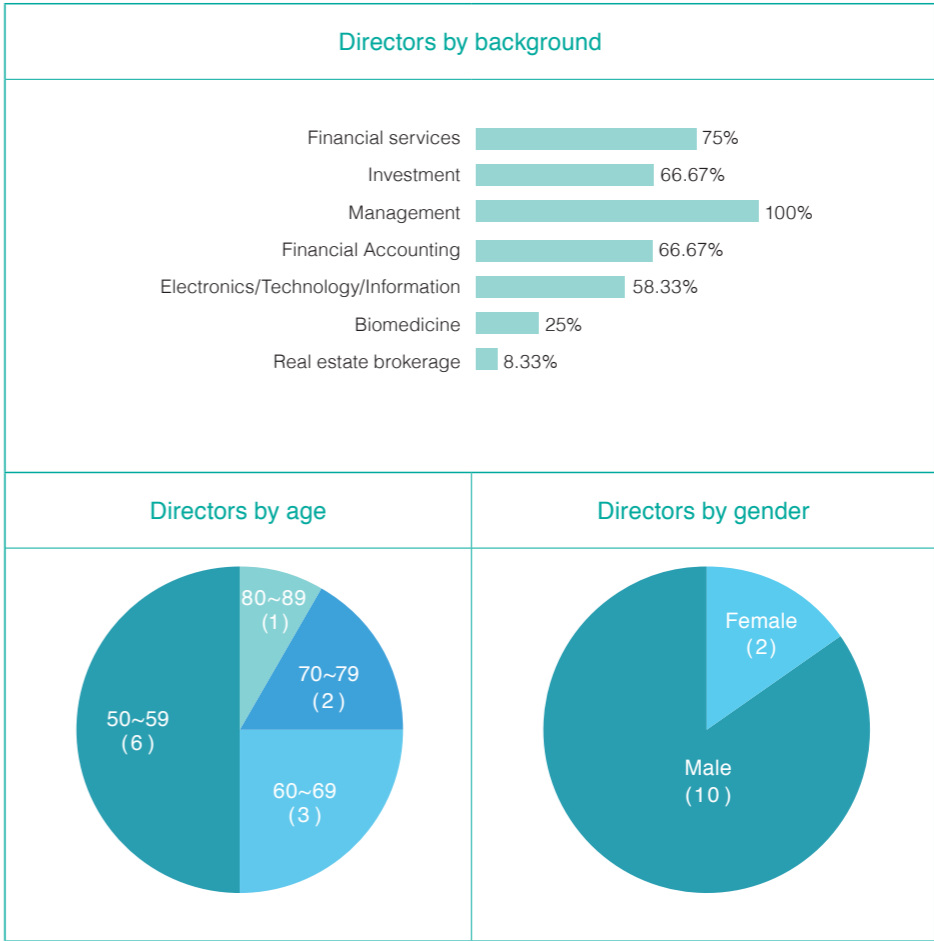
The Company elected members for its 7th Board of Directors at the annual shareholders' meeting on 2020.06.12. Specifically, 16.67% of the directors and 41.67% of the independent directors of the Company are also employees (except for Jiung-Yao Huang who was appointed the independent director of the Company as of 2017.06.16, all other independent directors were elected for the first time); and 16.67% of the directors are female (which tallies with the >1/6 target). The directors, during their terms, meet and discuss extensively the business operations of the Company and future directions, and work together as a whole to make decisions on organizational growth, performance improvement, business development, risk management, corporate governance and other areas of importance. The directors contribute their training to advise the management of the Company and oversee the board of directors.

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. Board diversity is achieved through education and work experience as well as training and related background of individual directors 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	

The five independent directors possess expertise in accounting and audit, Corporate governance, strategic marketing and digital finance:

- (1) Independent Director Ryh-Yan Chang:Financial accounting specialist with years of experience as an accountant and years of service in the finance industry, who has worked as a CPA in charge of reviewing financial statements for financial holding and banking companies
- (2) Independent Director Chun-Yao Huang:Specializes in digital marketing, new product development, and e-commerce applications, with a focus on the research domains of marketing quantity model, customer analysis, sales forecasting, and analysis of browsing behavior, and has years of experience as a market consultant for industries such as retail, finance, technology, and the Internet.
- (3) Independent Director Ying-Hsin Tsai:Specializes in electronic payment laws, company laws, and other relevant financial laws; assists with continuous improvement of regulatory compliance; and introduces international corporate governance practices.
- (4) Independent Director Hung-Chang Chiu:Specializes in the three major marketing areas of technology, strategy, and service, with particular focus on the balance between theory and practice. He is one of the few teachers in Taiwan who have published corporate case studies in the Harvard Business School Cases database.
- (5) Independent Director Ruey-Lin Hsiao:An expert in using qualitative interpretation methods to analyze complex corporate problems; his research is focused on the context of innovation, technological and organizational innovation, innovation under disadvantages, open innovation, and action research methods. He also specializes in conducting multidisciplinary research on science and technologies.



3.3.10 Training of directors

Title	Name	Date appointed	Host organization		Training course	Training hour	Does training meet regulations
Institutional director's representative	Yung-Jen Huang	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Seminars on Information Security Governance	3	
Institutional director's representative	Joseph N.C Huang	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Seminars on Information Security Governance	3	
Institutional director's representative	Jackson Ma	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
			Taiwan Corporate Governance Association		Fight for Management Rights and Case Analysis	3	
					Discussion on Wealth Inheritance Strategy Based on Tax Reform Trends	3	
Independent director	Ryh-Yan Chang	2020.06.12	Taiwan Corporate Governance Association		Analysis of Lower Limb Financial Situation in Response to Stressful Events: A Study of US-China Trade War and the Coronavirus	3	Yes
					Insider Trading Prevention and Response Measures	3	
					The Collapse of Corporate Governance and Impact: A Study of the Datong Case	1	
					The Fight for Management Right: The Perspective of the Supreme Court	1	
					Securities Laws and Global Trend Analysis - Risks and Opportunities	3	
			Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	
					Seminars on Information Security Governance	3	
Independent director	Chun-Yao Huang	2020.06.12	Taiwan Academy of Banking and Finance		Trust Supervisors (Including Current Personnel) Workshop (735th)	3	Yes
					Laws and regulations relating to AML/CFT and risk trends and patterns around the world	3	
					Seminars on Information Security Governance	3	
Independent director	Ying-Hsin Tsai	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Seminars on Information Security Governance	3	
			Taiwan Corporate Governance Association		The Responsibility of Directors and Supervisors with Respect to False Financial Reports	3	
					Case Analysis of Fight for Management Rights	3	

Title	Name	Date appointed	Host organization		Training course	Training hour	Does training meet regulations
Independent director	Hung-Chang Chiu	2020.06.12	Taiwan Corporate Governance Association		Insight into the Key Messages Hidden in Financial Statements	3	Yes
					The Ten Mandatory Courses on Corporate Governance	3	
			Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	
					Seminars on Information Security Governance	3	
Independent director	Ruey-Lin Hsiao	2020.06.12	Taiwan Corporate Governance Association		Summit Forum on "Corporate Governance 3.0 - Sustainable Development Blueprint"	3	Yes
					The 16th International Corporate Governance Summit Forum (morning session)	3	
			Taiwan Academy of Banking and Finance		Seminars on Information Security Governance	3	
			Taiwan Securities Association		Laws and regulations relating to AML/CFT and risk trends and patterns around the world	3	
Institutional director's representative	Rong Chu Chen	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
			Securities and Futures Institute		2020 Seminar on Insider Trading Prevention and Insider Share Transfers	3	
Institutional director's representative	Chien-Li Wu	2020.06.12	Taiwan Corporate Governance Association		Revolutions in a 5G Era: Industry Upgrade, Future Business Applications, and the New Post-COVID Norms	3	Yes
					A Study of Directors' Business Risks and Legal Responsibilities under the Latest Corporate Governance Blueprint	3	
			Taiwan Securities Association		Laws and regulations relating to AML/CFT and risk trends and patterns around the world	3	
Director	Magi Chen	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Trust Supervisors (Including Current Personnel) Workshop (762th)	6	
					Seminars on Information Security Governance	3	
			Taiwan Corporate Governance Association		Summit Forum on "Corporate Governance 3.0 - Sustainable Development Blueprint"	3	
Director	Mao-Chin Chen	2020.06.12	Taiwan Academy of Banking and Finance		Corporate Governance Forum: International Trends on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	3	Yes
					Seminars on Information Security Governance	3	

3.3.11 Training provided to Managers

Title	Name	Date of Appointment	Host Organization		Course	Training Hours
President	Magi Chen	2020.08.17	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3
			Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel in the Trust Industry (762 <sup>nd</sup> )	6
			Taiwan Academy of Banking and Finance		Workshop on Financial Derivative Regulations and Commodities (181 <sup>st</sup> )	12
			Taiwan Corporate Governance Association		Summit Forum: Corporate Governance 3.0—Blueprint for Sustainable Development	3
Deputy President	Ben Chen	2014.01.24	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3
			Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel in the Trust Industry (762 <sup>nd</sup> )	6
CSO	Mao-Chin Chen	2020.07.30	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3
CHRO	J. C. Wang	2002.01.28	E.SUN Bank		Technology Team Officer Training Program	24
			E.SUN Bank		Workshop for Training Instructors	4
			Social Enterprise Insights		Social Innovation Forum—Exploring Ways for Cross-Sector Interchange and Cooperation to Empower the “Power Generation”	3.5
			Department of Labor, Taipei City Government		Labor Forum on the Post-Pandemic Era	3.5
			Taiwan Institute for Sustainable Energy		Global Corporate Sustainability Forum	2
CFO	Cheng-Chou Hsu	2020.08.14	Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel (incumbents included) in the Trust Industry (769 <sup>th</sup> )	3
CRO	Oliver Hsieh	2011.03.18	Taiwan Academy of Banking and Finance		On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering the Financing of Terrorism (309 <sup>th</sup> )	12
			Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel (incumbents included) in the Trust Industry (762 <sup>nd</sup> )	6
			Taiwan Academy of Banking and Finance		Workshop on Financial Derivative Regulations and Commodities (166 <sup>th</sup> )	12
			E.SUN Bank		2020 Workshop on Basel II IRB Regulations	6
CIO	Wan-Li Hsieh	2020.01.15	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3
			E.SUN Bank		Technology Team Officer Training Program	52
SEVP	L. C. Lin	2018.01.31	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3
			Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel (incumbents included) in the Trust Industry (765 <sup>th</sup> )	3
SEVP	Wu-Ming Hsieh	2018.01.31	Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel (incumbents included) in the Trust Industry (769 <sup>th</sup> )	3
			Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
SEVP	Louis Chang	2018.01.31	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
SEVP	Jung-Hua Lin	2020.01.15	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3

Title	Name	Date of Appointment	Host Organization		Course	Training Hours
CTO	Jyh-Shing Roger Jang	2020.08.18	Business Weekly		Business Weekly Roundtable Forum	7
			Taiwanese Association for Artificial Intelligence		TAAI Applications Seminar and Forum	4
			Industrial Development Bureau, Ministry of Economic Affairs		Forum on Trends in Data Innovation	3
			E.SUN Bank		Technology Team Officer Training Program	7
SEVP	Cathy Kuo	2017.01.20	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
SEVP	Yi-Hsin Tseng	2020.01.15	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3
			Taiwan Academy of Banking and Finance		Trends in Fintech Development and Information Security Risks	3
			Taiwan Securities Association		Managing Financial Crimes and Malpractice Risks	3
			Taiwan Academy of Banking and Finance		Strategies for Managing Public Relations Crises and Responding to Emergencies	3
			Taiwan Securities Association		2020 Seminar for Security Company Senior Managers	5.5
			Taiwan Academy of Banking and Finance		Breakfast Meeting for Financial Senior Managers—Learn From Front-runners to Initiate Digital Transformation	3
			Taiwan Stock Exchange		2020 TWSE Seminar for Responsible Persons of Securities Firms	4
			Taipei Exchange		2020 Award Ceremony and Seminar for Intermediary Institutions Assisting in Mainboard, Emerging Stock, and GISA Listing	3
SEVP	Te-Ming Chung	2019.01.24	Taiwan Academy of Banking and Finance		Workshop for Supervisory Personnel (incumbents included) in the Trust Industry (769 <sup>th</sup> )	3
			Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
SEVP	Mei-Ling Liu	2019.01.24	Taiwan Academy of Banking and Finance		Key to Digital Transformation and Product Innovation—the American Experience	2.5
			VISA		VISA Seminar on Trends in the Payment Industry	2.5
			Taiwan Internet and E-Commerce Association		TiEA 3 <sup>rd</sup> Convention's 2 <sup>nd</sup> Member Meeting and Forum	3
			Taiwan Academy of Banking and Finance		2020 FinTech Taipei Forum	2
			Chinese Professional Management Association		2020 Workshop for Senior Managers (Financial Management and Digital Finance) on Digital Finance Development and Applications	3
General Auditor	Yao-Pin Lin	2020.05.04	Taiwan Academy of Banking and Finance		Seminar on Building an Overall Compliance Mechanism at Financial Institutions (1 <sup>st</sup> )	3.5
			Taiwan Academy of Banking and Finance		Workshop on Financial Derivative Regulations and Commodities (165 <sup>th</sup> )	12
			Taiwan Academy of Banking and Finance		Workshop for Auditors (787 <sup>th</sup> )	60
			Financial Supervisory Commission		Seminar on Internal Audit for Financial Holding Companies	2.5
CCO	Fion Ouyang	2016.01.22	Taiwan Academy of Banking and Finance		On-the-Job Workshop for Legal Compliance Personnel (217 <sup>th</sup> )	15
			Taiwan Academy of Banking and Finance		On-the-Job Workshop for Personnel Charged With Preventing Money-Laundering and Countering the Financing of Terrorism (308 <sup>th</sup> )	12
			Taiwan Academy of Banking and Finance		Workshop on Financial Derivative Regulations and Commodities (166 <sup>th</sup> )	12
CBO	Daniel Tsai	2014.06.26	Taiwan Academy of Banking and Finance		Corporate Governance Forum—Challenges and Trends in Preventing Money Laundering and Countering the Financing of Terrorism	3
			Taiwan Academy of Banking and Finance		Information Security Management Lecture—Information Security and Operational Sustainability	3



Item for Improvement	Improvement Measures	Target Date
Subsidiary E.SUN Commercial Bank, Ltd. The misappropriation of client's fund and abnormal financial dealings with customer by a former financial advisor.	<ol style="list-style-type: none"><li>1. The improvement measure of controlling mechanism for private financial dealings between financial advisors and customers.</li><li>2. Reinforced internal management mechanism for financial advisors.</li><li>3. Reaffirmed implementation for Customer identification.</li><li>4. Improved the caring and KYC procedure of foreign currency remittance and intra-bank transfer.</li><li>5. Set a mechanism of calling customer to verify foreign currency remittance transactions and intra-bank transfer transactions.</li><li>6. Designated account procedure for internet banking foreign currency remittance and intra-bank transfer.</li><li>7. Established monitoring measures for the setting process of the account designation.</li></ol>	The improvement measures 1 to 6 was completed while improvement measures 7 will be completed in the end of May 2020.
Subsidiary E.SUN Commercial Bank, Ltd. The Material Contingency that someone stealing money from customers' accounts of Personal Internet Banking had been reported on August 17, 2020.	<ol style="list-style-type: none"><li>1. Stop providing SMS OTP service as identity verification when customer applying for Personal Internet Banking.</li><li>2. Using Voice OTP to enhance identity verification strength on applying for Personal Internet Banking.</li></ol>	Completed.
Subsidiary E.SUN Securities Co., Ltd. Regarding securities brokerage business, the company's staff used customer's accounts to place orders to buy and sell stocks and process fund flow transactions. For customers with total credit line which is equal or greater than NT\$10 million, the company didn't investigate and update credit information annually, and for the loan without restricted using purpose, the company didn't conduct credit evaluation every 6 months.	The company has already required the sales to comply with the regulation of "Personal conduct prohibited in business", and revised the relevant procedure and contract.	Completed.

Item for Improvement	Improvement Measures	Target Date
Subsidiary E.SUN Securities Co., Ltd. Arbitration due to a business relationship is not reported within 5 business days from the date of knowledge or the occurrence of the fact.	The company has reviewed and revised related operation procedures to strengthen internal control measures. In the future, E.SUN Securities will obey the rules and regulations and strengthen internal legal education training.	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: N/A.
- (2) Disclose any fine imposed by the FSC for violation of a law or regulation, any deficiency for which an official reprimand was issued by the FSC, any matters in which sanctions were imposed by the FSC pursuant to Article 54, Paragraph 1 of the Act, any punishments imposed by the Company to internal personnel for violation of the Internet control system. In case the punishment results may pose material impacts on shareholders' equity or share price or violate the regulations prescribed in Article 2 of the Financial Supervisory Commission Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws, the punishment contents, major deficiencies, and status of improvements shall be clearly described.
- I. E.SUN Bank was fined NT\$200,000 by the competent authority for having purchased residential fire and basic earthquake insurance policies on behalf of borrowers but failed to disclose the delegation. E.SUN Bank has revised the internal regulations and modified internal processes to ensure compliance.
- II. E.SUN Bank was fined NT\$12,000,000 by the competent authority for misappropriation of customers' funds committed by a former financial advisor with the bank. E.SUN Bank has conducted a complete review of the processes, and improved transaction monitoring mechanisms and account controls. Telephone confirmation, interview, and system controls have been put in place to strengthen compliance throughout processes including new account, foreign currency purchase and transfer, in-branch withdrawal, and early termination of term deposit.
- III. E.SUN Bank was given a warning by the competent authority for shortcomings in the personal loan system and management measures that might damage the soundness business operations. E.SUN Bank has made improvements to the management measures and added new monthly income calculation rules. E.SUN Bank also conducted random checks on credit card loans and reviewed the application forms, underwriting reports, and approval forms. A proof of income requirement has been added to the calculation of credit card loan customers' monthly income, and approval is performed according to the improved process.
- IV. Subsidiary E.SUN Bank has been fined a NT\$ 20 million administrative penalty by the regulator for the misappropriation made by a former financial consultant at Feng-Shan Branch. A 3-month suspension of duty was exercised to the SEVP of Wealth Management Division and Chief Executive of Individual Banking Division. E.SUN Bank responded to the incidence immediately after the occurrence and has reexamined operational procedures of the transactions involved in the case. E.SUN also mandated consultant to improve on weaknesses, including procedures of followings: account opening, arranged account transfer, debit card application, verification of online banking or mobile banking application, enhancement of over-the-counter cash withdraw or early termination of time-deposit, un-notified mandatory leaves for financial consultants, control of system and transactions. Control mechanisms were also improved to ensure customer's rights intact, including: confirmation by a third person for transactions relating to high-net-worth clients or clients served by a long-serving financial consultant, delivery or return for transaction statements, monitoring list of risk modalities.
- V. Certain employees at Banqiao Branch and Chengzhong Branch of E.SUN Securities were found to have traded stocks and made fund transfers in and out of customers' accounts and made transfers to settle stock trades made by customers. The competent authority imposed a one-month suspension on the salespersons who committed the violation. In addition, the competent authority issued a warning for failure to update credit checks on customers holding a total of NT\$10 million or more in their names every year and failure to perform credit checks every 6 months to extend approval for non-restricted purpose loans. The company has removed the salespersons from their duties, and reassigned them to the head office to strengthen their training. The errors above have been corrected.
- (3) Losses, of any, resulting from events of corruption of personnel, serious accidents or incidents (fraud, theft, embezzlement and misappropriation, false transactions, falsified certificate or negotiable securities, receiving kickbacks, losses from natural disasters, losses from external forces, data hacked or stolen, or leaking business secrets and client data) or the security incidents caused by failure to comply with the Notices for Financial Institution Security Maintenance resulting in actual losses exceeding NT\$50 million individually or in total, the nature of the security incident and the amount of losses shall be disclosed: None.
- (4) Other Disclosures, if any, designated by the Financial Supervisory Commission: According to the letter from the Taoyuan City Government dated September 19, 2018, Subsidiary E.SUN Bank was ruled to be in violation of Article 24 of the Labor Standards Act based on the labor inspection results, and was fined NT\$20,000. Subsidiary E.SUN Bank had promptly made improvement.

3.3.14 Important resolutions made during shareholders and board meetings in recent years and up to the publication date of this annual report

(1) Important resolutions of the 2019 and 2020 shareholders meetings:

Date	Resolutions of shareholders meeting	Status
2019.06.14	1.Acknowledgment of the 2018 business report and financial statements	Implemented as approved.
	2.Acknowledgment of the 2018 earnings distribution	August 2, 2019 had been chosen as the ex-dividend date for earnings distribution and capitalization and the record date for new share issue by transfer of employee remuneration to capital. The distribution process has been completed.(Cash dividends per share: NT\$0.70998595)
	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.Passed amendments to the Company's Rules of Procedure for Shareholders' Meeting.	
	7.Passed amendments to the Company's Rules for Director Election.	
2020.06.12	1.Acknowledgment of the 2019 financial statements and business report.	Implemented as approved.
	2.Acknowledgment of the 2019 earnings distribution.	The date 2020.08.03 had been chosen as the ex-dividend date for earnings distribution and capitalization and the record date for new share issue by transfer of employee remuneration to capital. The distribution process has been completed on 2020.08.26. (Cash dividends per share: NT\$0.791)
	3.Approval of capitalization of earnings and employee remuneration.	
	4.Approval of the amendment of the E.SUN FHC Procedure for Derivative Transactions.	Proceeded according to the amended procedure.
	5.Passed Amendments to the Company's Rules of Procedure for Shareholders' Meeting.	
	6.Election of 12 directors of the 7th Board of Directors.	The term is three years, which actually ends when members of the 8th board of directors are elected.
	7.Removal of the non-competition obligation for the Company's board members.	The non-competition obligation has been removed.

(2) Important resolutions of the 2020 board meeting:

19th meeting of 6th Board of Directors on January 10, 2020:

Reports on "E.SUN FHC 2019 Ethical Management Report", "E.SUN FHC 2019 Q4 Audit Report", and "immediate reports from the bank's subsidiaries to the directors in 2019 Q4"; agreement on approval of "2020 E.SUN FHC and Subsidiaries AML/CFT Programs", "2019 E.SUN FHC director performance evaluation", "amendment of E.SUN FHC Charter", "amendment of E.SUN FHC Rules and Procedures of Board Meetings", "amendment of E.SUN FHC Procedures for Handling Director Requests", "2019 E.SUN FHC chief auditor performance evaluation", "nomination of new chief auditor for E.SUN FHC", "replacement of director representatives of E.SUN FHC's securities subsidiary", "salary adjustments for managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries", "proposal for 2019 year end bonus and long term incentive distribution to managers of the Company and the presidents of subsidiaries other than the bank's subsidiaries", "establishment of E.SUN FHC Rules for Senior Manager Selection", "amendment of the Rules for Director Election", "amendment of E.SUN FHC Corporate Governance and Nomination Committee Charter", and "submission of improvements of the errors (Table B) listed in the special audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2018".

**20th meeting of 6th Board of Directors on March 12, 2020:**

Reports on “2019 Q4 Risk Management Report”, “2019 E.SUN FHC and Subsidiaries Updates on AML Practices and Results”, “E.SUN FHC and Subsidiaries Performance Evaluation Scores for CPAs”, “E.SUN FHC and Subsidiaries (and Sub-subsidiaries) 2019 Tax Governance Report”, “description of E.SUN FHC financial report preparation”, “E.SUN FHC 2019 Information Security Implementation Overview Report”, “punishment imposed by the Financial Supervisory Commission and improvements of subsidiary E.SUN Bank’s handling of deficiencies in the system program testing and inspection of Ministry of Finance’s electronic tax reporting service website, and of E.SUN securities subsidiary’s deficiencies in relation to violations of securities regulations listed by the Financial Supervisory Commission during the special auditing of brokerage operations”, “2020 E.SUN FHC Renewal of Liability and Security Insurance Policies for Directors and Supervisors”, “2019 Summary of E.SUN FHC Director Performance Evaluation”, and “possible measures taken by bank subsidiary in response to a letter received from the competent authority, and punishment to be imposed by the National Bank of Cambodia on bank subsidiary as forwarded by the Union Commercial Bank”; agreement on approval of “2019 E.SUN FHC and Subsidiaries Consolidated Financial Statements and Business Report”, “2019 E.SUN FHC Table of Allocation of Director and Employee Remuneration”, “2019 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 Guidelines for Managing Operational Risks”, “amendment of E.SUN FHC risk management policies and guidelines”, “amendment of E.SUN FHC Procedure for Derivative Transactions”, “establishment of E.Sun Financial Holding Co., Ltd. and Subsidiaries Emergency Response and Crisis Management Procedures”, “amendment of E.Sun FHC Donation Handling Guidelines”, “proposal for the Company’s 2019 director remuneration distribution plan and review of director remuneration reasonableness and director performance evaluation standards”, “E.SUN FHC plans to re-elect the 7th directors at the annual (2020) shareholders’ meeting, with a 3-year term of office beginning from the election date at the shareholders’ meeting”, “nomination of E.SUN FHC 7th directors”, “nomination of E.SUN FHC 7th independent directors”, “ removal of the non-competition restriction for E.SUN FHC’s 7th independent directors”, “amendment of E.SUN FHC Rules Governing the Conduct of Shareholders Meeting”, “amendment of E.SUN FHC Rules and Procedures of Board Meetings”, “amendment of the E.SUN Audit Committee Charter”, “amendment of E.SUN FHC Remuneration Committee Charter”, “amendment of E.SUN FHC Corporate Social Responsibility Code of Conduct”, “amendment of E.SUN FHC Stakeholder Transaction Policy”, “date, location, and agenda of 2020 general shareholders meeting”, “proposal of E.SUN FHC’s nomination of new chief auditor to Board of Directors for full discussion”, and “improvements of the errors (Table B) listed in the special audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2018”.

**21th meeting of 6th Board of Directors on April 24, 2020:**

Reports on “2019 H2 Status Report on Compliance Practices”, “E.SUN FHC 2020 Q1 Risk Management Report”, “E.SUN FHC and Subsidiaries 2020 Q1 Consolidated Financial Statements”, and “E.SUN FHC 2020 Q1 Audit Report”; agreement on approval of “amendment of E.SUN FHC Tax Governance Policy”, “amendment of E.SUN FHC AML Policy”, “amendment of E.SUN FHC Risk Management Policy and Guiding Principles”, “amendment of E.SUN FHC Shareholder Services Guidelines”, “establishment of E.SUN FHC Director Manual”, “amendment of the Rules for Director Election”, “amendment of E.SUN FHC Stakeholder Transaction Policy”, “authorization of board chairman to change date or location” of the 2020 shareholders’ meeting”, and “submission of improvements of the errors (Table B) listed in the special audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2018”.

**1st meeting of 7th Board of Directors on June 12, 2020:**

Agreement on approval of “agreement on E.SUN FHC signing of industry-academic cooperation and academic feedback mechanism contract with NTU, NTHU, and NCCU”.

**2nd meeting of 7th Board of Directors on June 12, 2020:**

Agreement on “E.SUN FHC Composition of Board Functional Committee” and “2019 Earnings Distribution Proposal and new share issue by capitalization of earnings and employee remuneration”.

**3rd meeting of 7th Board of Directors on June 12, 2020:**

Agreement on “appointment of director and independent director (supervisor) representatives for subsidiaries E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital” and “appointment of CFO Magi Chen as the President of E.SUN FHC”.

**4th meeting of 7th Board of Directors on August 14, 2020:**

Reports on “2020 Q2 Risk Management Report”, “2020 H1 Status Report on Compliance Practices”, “2019 Q1 Audit Report”, “2020 H1 Evaluation Report of Information Security Overall Implementation”, “2020 H1 E.SUN FHC and Subsidiaries (and Sub-subsidiaries) Tax Governance Report”, and “2020 Q2 E.SUN FHC Audit Report”, “E.SUN Bank Report on Key Agendas”; agreement on approval of “2020 Q2 E.SUN FHC and Subsidiaries Consolidated Financial Statements”, “amendment of E.SUN FHC Declaration of Money Laundering and Counter Terrorism Risk Appetite”, “amendment of ‘E.SUN FHC and Subsidiaries Procedure for Handling Compensations In Accordance with Article 64 of the Financial Holding Company Act and Paragraph 2, Article 133 of the Banking Act”, “amendment of E.SUN FHC Stakeholder Transaction Policy”, “nomination of Jyh-Shing Roger Jang as the CTO and Vice President of E.SUN FHC”, “remuneration for newly elected CTO and Vice President Jyh-Shing Roger Jang”, “payment of NTU academic remuneration and signing of relevant contracts”, “nomination of new E.SUN FHC CFO”, “assumption of Group Compliance Officer by bank subsidiary’s Group Compliance Officer”, “nomination of new spokesperson and acting spokesperson for E.SUN FHC”, “proposal for 2019 employee compensation distribution to managers of the Company and the presidents of subsidiaries other than the bank’s subsidiaries”, “remuneration of the new president of E.SUN FHC”, “establishment of remuneration for E.SUN FHC chairman”, and “submission of improvements of the errors (Table B) listed in the special audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2018”.

**5th meeting of 7th Board of Directors on November 13, 2020:**

Reports on “2020 Q3 Risk Management Report”, “2020 Q1-3 E.SUN FHC and Subsidiaries Consolidated Financial Statement”, “submission of the report on the misappropriation of customers’ funds committed by a former financial consultant at the Puqian Branch of E.SUN Bank, and status of completion of subsequent system adjustments and process improvement”, “submission of report on the subsequent handling of the fund dispute between a customer and former financial consultant at the Fengshan Branch of E.SUN Bank”, submission of report on the implementation status of the 2020 Senior Manager Successor Plan”, “E.SUN FHC 2020 Q3 audit working papers and the immediate reports from the bank’s and securities’ subsidiaries to the directors in 2020 Q3”, “2020 Performance and Results of Internal Subsidiary Audits by E.SUN FHC”, and “E.SUN Bank Report on Key Agendas”; agreement on approval of “E.SUN FHC 2021CSR campaigns in detail”, “amendment of E.SUN FHC and Subsidiaries Guidelines for Acquisitions and Mergers”, “E.SUN FHC’s application to issue unsecured corporate bonds”, “amendment of the E.SUN FHC Accounting Policy”, “amendment of E.SUN FHC Corporate Governance Best Practice Principles”, “amendment of the E.SUN Audit Committee Charter”, “establishment of Regulations Governing Internal Audit of E.SUN FHC”, and “submission of E.SUN FHC 2021 Audit Plan”.

**6th meeting of 7th Board of Directors on December 18, 2020:**

Reports on “submission of report on punishment imposed by the competent authority and update on improvements of misappropriating of clients’ money by Fengshan Branch financial consultant of Subsidiary E.SUN Bank and irregular transaction with a customer”, “submission of report on punishment imposed by the competent authority on a former financial consultant of Subsidiary E.SUN Bank Fengshan Branch”, “E.SUN Bank Report on Key Agendas”, and “submission of E.SUN Bank’s plan to hire PwC to inspect and provide guidance on system vulnerabilities and improvement plans with respect to punishment imposed on a banking consultant”; agreement on approval of “submission of improvements of the errors (Table B) listed in the special audit by the Financial Examination Bureau of the Financial Supervisory Commission in August and September 2018”.

(3) Important resolutions of the 2021 board meeting:

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

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

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

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

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

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

**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, and Chief Internal Auditor):**

Title	Name	Date of Appointment	Date of Dismissal	Reason for Resignation or Dismissal
President	Joseph N. C. Huang	2008.07.16	2020.06.12	Position change
CFO	Magi Chen	2004.02.13	2020.08.17	Position change
Auditor General	Chih-Kuang Huang	2018.01.31	2020.05.05	Retirement

3.4 Information on fees for CPAs

CPA Firm	CPAs		Period of Audit	Note
Deloitte & Touche	Chen Yin-Chou	Yang Chen-Hsiu	2020	

Range of fees for CPAs

Unit: NT\$ thousand

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

Unit: NT\$ thousand

CPA Firm	CPAs	Audit Fee	Non-Audit Fees					Period of Audit	Note
			System Design	Business Registration	Human Resources	Others	Subtotal		
Deloitte & Touche	Chen Yin-Chou Yang Chen-Hsiu	3,900	-	50	-	925	975	2020	Note

Note: Other non-audit fees include issuing CSR report assurance, going over data in annual reports meant for shareholders’ meetings and reviewing the checklists and basic information tables intended for capital increase applications.

3.5 Information on changing CPAs

Due to internal adjustments by Deloitte & Touche, since the financial statements review for the Three Months Ended March 31, 2020, the CPAs was changed to Chen Yin-Chou and Huang Jui-Chan to Chen Yin-Chou and Yang Chen-Hsiu.

**3.6 The Company’s Chairman, President, and managers in charge of its finance and accounting operations holding any positions within the Company’s CPA firm or the latter’s affiliates during the most recent year:** None.

3.7 In the most recent year to the date this report was printed, directors, managers, and the parties stated in Article 11 of the Regulations Governing the Percentage of Holding of Voting Shares Issued by Particular Bank by Particular Person or Particular Related Party that required the declaration of the holding of equity shares in the transfer of shares or pledge of shares under lien, and any change thereof:

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

2021.03.27 Unit: thousand shares

Title	Name	2020		2021.03.27	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	E.SUN Volunteer & Social welfare Foundation	2,925	0	0	0
Director	E.SUN Cultural and Educational Foundation	1,499	0	0	0
Director	Hsin Tung Yang Co., Ltd.	5,139	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.	3,752	0	0	0
Director	Shang Li Car Co.,Ltd.	4,160	0	0	0
Director	Magi Chen	174	0	0	0
Director	Mao-Chin Chen	138	0	0	0
President	Magi Chen	174	0	0	0
Deputy president	Ben Chen	354	0	0	0
CSO	Mao-Chin Chen	138	0	0	0
CHRO	J. C. Wang	(96)	0	0	0
CFO	Cheng-Chou Hsu	(12)	0	0	0
CRO	Oliver Hsieh	94	0	0	0
CIO	Wan-Li Hsieh	97	0	0	0
SEVP	L.C. Lin	56	0	0	0
SEVP	Wu-Ming Hsieh	68	0	0	0
SEVP	Louis Chang	180	0	0	0
SEVP	Jung-Hua Lin	9	0	0	0
CTO	Jyh-Shing Roger Jang	0	0	0	0
SEVP	Cathy Kuo	138	0	0	0
SEVP	Yi-Hsin Tseng	127	0	0	0
SEVP	Te-Ming Chung	44	0	0	0
SEVP	Mei-Ling Liu	70	0	0	0
General Auditor	Yao-Pin Lin	79	0	0	0
CCO	Fion Ouyang	32	0	0	0
CBO	Daniel Tsai	87	0	0	0
CMO	Chun-Yu Lin	114	0	0	0
CAO	Jhy-Hung Ke	17	0	0	0
Corporate Governance Officer	Mei-Cheng Chu	34	0	0	0

Note: Including shares held under trust with discretion reserved

3.7.2 Shares Transfer with Related Parties

2021.03.27 Unit: thousand shares

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors , managers and Shareholders with more than 10% shareholding	Shares	Transaction Price (NTD)
J. C. Wang	Disposition(Gift)	2020/07/02	Mei-Ching Lo	Manager's spouse	200	28.05
		2020/07/02	Yu-Fei Wang	Manager's children	80	28.05
Jung-Hua Lin	Disposition(Gift)	2020/08/26	Ting-Yu Lin	Manager's children	79	27.35

3.7.3 Shares Pledged with Related Parties: None.

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

2020.12.31 Unit: thousand 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.	554,665	4.41	0	0	0	0	None	None	None
E.SUN Commercial Bank Trust Fiduciary trust account	450,858	3.59	0	0	0	0	None	None	None
Morgan Stanley & Co. International Plc	311,063	2.48	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 Fund	174,520	1.39	0	0	0	0	None	None	None
Bank J. Safra Sarasin Ltd--Singapore Branch - For Clients' account	171,203	1.36	0	0	0	0	None	None	None
Norges Bank	168,589	1.34	0	0	0	0	None	None	None
Government of Singapore	161,241	1.28	0	0	0	0	None	None	None
Fidelity Funds	157,222	1.25	0	0	0	0	None	None	None
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	155,952	1.24	0	0	0	0	None	None	None
Allcan Investment Co.,Ltd.	148,145	1.18	0	0	0	0	None	None	None

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

2020.12.31 Unit: share

Subsidiaries	The Company's investment		Investment of directors, supervisors, managers, and enterprises under direct or indirect control		Investment summary	
	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)
E.SUN Commercial Bank, Ltd.	9,524,100,000	100	0	0	9,524,100,000	100
E.SUN Securities Co., Ltd.	400,000,000	100	0	0	400,000,000	100
E.SUN Venture Capital Co., Ltd.	330,000,000	100	0	0	330,000,000	100
Taiwan Depository & Clearing Corporation	645,731	0.17	0	0	645,731	0.17

4. Capital Overview



LEE MING CHUNG

4.1 Capital and Dividend

4.1.1 Source of capital

2021.03.27 Unit: million shares, NT\$ million

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Others
2002.1.28	10	5,000	50,000	2,290	22,900	Share Conversion	-
2002.10.21(note 1)	10	5,000	50,000	2,470	24,700	Retained Earnings	-
2003.9.16	10	5,000	50,000	2,505	25,054	Share Conversion	-
2004.3.15	10	5,000	50,000	2,506	25,064	ECB Conversion	-
2004.5.20	10	5,000	50,000	2,584	25,842	ECB Conversion	-
2004.9.8	10	5,000	50,000	2,596	25,964	ECB Conversion	-
2004.10.11(note 2)	10	5,000	50,000	2,690	26,897	Retained Earnings	-
2004.11.26	10	5,000	50,000	2,768	27,679	ECB Conversion	-
2005.3.4	10	5,000	50,000	2,931	29,306	ECB Conversion	-
2005.9.14(note 3)	10	5,000	50,000	3,027	30,270	Retained Earnings	-
2006.4.3	10	5,000	50,000	3,230	32,304	ECB Conversion	-
2006.8.18(note 4)	10	5,000	50,000	3,303	33,033	Retained Earnings	-
2008.8.29	10	5,000	50,000	3,311	33,113	ECB Conversion	-
2008.9.4(note 5)	10	5,000	50,000	3,451	34,514	Retained Earnings	-
2008.9.23	10	5,000	50,000	3,544	35,444	ECB Conversion	-
2009.9.7(note 6)	10	5,000	50,000	3,653	36,528	Retained Earnings	-
2010.9.9(note 7)	10	5,000	50,000	3,803	38,033	Retained Earnings	-
2011.9.15(note 8)	10	5,000	50,000	4,075	40,750	Retained Earnings	-
2011.11.11(note 9)	10	5,000	50,000	4,575	45,750	Rights offering	-
2012.9.18(note 10)	10	10,000	100,000	4,811	48,107	Retained Earnings	-
2012.11.6(note 11)	15.5	10,000	100,000	5,011	50,107	Rights offering	-
2013.7.16(note 12)	10	10,000	100,000	5,524	55,243	Retained Earnings	-
2014.2.20(note 13)	10	10,000	100,000	5,763	57,643	ECB Conversion	-
2014.5.19(note 14)	15	10,000	100,000	6,463	64,634	Rights Offering	-
2014.9.12(note 15)	10	10,000	100,000	7,053	70,530	Retained Earnings	-
2015.05.21(note 16)	10	10,000	100,000	7,302	73,017	ECB Conversion	-
2015.08.24(note 17)	10	10,000	100,000	7,952	79,517	Retained Earnings	-
2016.08.16(note 18)	10	10,000	100,000	8,765	87,654	Retained Earnings	-
2017.05.19(note 19)	15	10,000	100,000	9,465	94,654	Rights offering	-
2017.08.28(note 20)	10	15,000	150,000	10,167	101,666	Retained Earnings	-
2017.08.28(note 20)	10	15,000	150,000	10,186	101,855	Employee Compensation	-
2018.08.14(note 21)	10	15,000	150,000	10,809	108,095	Retained Earnings	-
2018.08.14(note 21)	10	15,000	150,000	10,829	108,289	Employee Compensation	-
2019.08.19(note 22)	10	15,000	150,000	11,599	115,989	Retained Earnings	-
2019.08.19(note 22)	10	15,000	150,000	11,620	116,195	Employee Compensation	-
2020.08.17 note 23)	10	15,000	150,000	12,546	125,455	Retained Earnings	-
2020.08.17 note 23)	10	15,000	150,000	12,567	125,671	Employee Compensation	-

Note:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

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

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. The Ministry of Economic Affairs on May. 21, 2015 approved amended registration in its letter Zidi 10401085930.

17. 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.

18. 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.

19. 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.

20. The Ministry of Economic Affairs on Aug 28, 2017 approved amended registration in its letter Zidi 10601122040.

21. The Ministry of Economic Affairs on Aug 14, 2018 approved amended registration in its letter Zidi 10701100450.

22. The Ministry of Economic Affairs on Aug 19, 2019 approved amended registration in its letter Zidi 10801109960.

23. The Ministry of Economic Affairs on Aug 17, 2020 approved amended registration in its letter Zidi 10901150700.

**(2)Types of shares**

2021.03.27

Share Type	Authorized Capital			Note
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	12,567,100,000	2,432,900,000	15,000,000,000	-

Note: The issued shares are listed shares

**(3) State of application for corporate bond: None.****4.1.2 Composition of shareholders**

2020.12.31 Unit: thousand shares;%

Share Type	Government Agencies	Financial Institutions	Other Institutions Investors	Individuals	Foreign Institutions Investors and Foreigners	Total
Number of Shareholders	2	11	850	444,436	1,169	446,468
Shareholdings	35,520	220,553	2,599,178	5,056,650	4,655,199	12,567,100
Ownership (%)	0.28	1.76	20.68	40.24	37.04	100

**4.1.3 Distribution profile of shareholders**

2020.12.31 Unit: thousand shares;%

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding	Percentage
1-999	89,670	22,436	0.18
1,000-5,000	218,583	480,196	3.82
5,001-10,000	55,687	397,613	3.16
10,001-15,000	25,993	315,034	2.51
15,001-20,000	12,925	226,096	1.80
20,001-30,000	14,235	345,773	2.75
30,001-50,000	11,890	459,460	3.66
50,001-100,000	9,059	618,618	4.92
100,001-200,000	4,553	619,653	4.93
200,001-400,000	2,016	558,387	4.44
400,001-600,000	646	313,027	2.49
600,001-800,000	295	204,766	1.63
800,001-1,000,000	161	143,521	1.14
1,000,001-	755	7,862,520	62.57
Total	446,468	12,567,100	100

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

**4.1.4 Major shareholders**

2020.12.31 Unit: thousand shares;%

Name	Shareholding	Percentage
Ron-Yuan Investment Co.,Ltd.	554,665	4.41
E.SUN Commercial Bank Trust Fiduciary trust account	450,858	3.59
Morgan Stanley & Co. International Plc	311,063	2.48
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	174,520	1.39
Bank J. Safra Sarasin Ltd--Singapore Branch - For Clients' account	171,203	1.36
Norges Bank	168,589	1.34
Government of Singapore	161,241	1.28
Fidelity Funds	157,222	1.25
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	155,952	1.24
Allcan Investment Co.,Ltd	148,145	1.18

Note: The list above shows the top 10 shareholders

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

Unit: thousand shares, NT\$

Item		Year	2020	2019	Year to date (as of March 27 2021 (Note 1))
Market Prices Per Share (Note 2)	Highest		30.30	28.30	26.20
	Lowest		20.00	20.00	23.60
	Average		26.69	25.25	25.13
book value Per Share (Note 3)	Before earnings distribution		14.44	14.89	14.65 (Note 11)
	After earnings distribution		-	14.10	-
EPS	Weighted average number of shares (Note 10)		12,562,910	11,615,370	12,567,100(Note 11)
	Original EPS (Note 4)		1.43	1.73	0.26 (Note 11)
	Adjusted EPS		(Note 9)	1.60	-
Dividend Per Share	Cash dividend (Note 8)		0.610	0.7910	-
	Distribution of bonus shares	Stock dividends from retained earnings(Note 9)	0.610	0.7970	-
		Stock dividends from capital reserve	-	-	-
	Accumulated unpaid dividends (Note 5)		-	-	-
Return on Investment	P/E ratio (Note 6)		18.66	14.60	-
	Price to dividend ratio (Note 7)		43.75	31.92	-
	Cash dividend yield % (Note 8)		2.29	3.13	-

Note:

- Numbers as of March,27 2021 calculated by using unaudited data with regard to net worth per share and the weighted average number of shares.
- The highest and lowest market prices in each given year; average market prices calculated by taking into account each year's market turnover value and amount.
- Based on the number of shares already issued as of the end of each given year and on earnings distribution approved by the shareholders' meeting of the following year.
- Where there is need for retroactive adjustment due to distribution of bonus shares, earnings per share shall be reported for both before and after the said distribution.
- If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.
- Price to earnings ratio = average closing price per share divided by earnings per share for a given year.
- Price to dividend ratio = average closing price per share divided by cash dividends per share for a given year.
- Cash dividend yield = cash dividend per share divided by average closing price per share for a given year.
- Earnings distribution for 2020 yet to be approved by the 2021 shareholders' meeting
- Weighted average number of shares in 2019 was due to the retroactive adjustment distribution of bonus shares.
- Preliminary figure of nearly month.

**4.1.6 Dividend policy and implementation status****(1) Dividend policy**

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

To ensure shareholders ' equity, shareholders shall have the right to receive the company's earnings. The Company's stock dividend shall be distributed at least 50% percent of undistributed earnings, and the past five- year stock dividend shall be accounts for 52% of the surplus available for distribution.

**(2) Proposed distribution of Dividend**

It was proposed at the 2021 shareholders' meeting that shareholders would be entitled to a stock dividend of NT\$0.61 per share, totaling NT\$7,680,000,000, as well as a cash dividend of NT\$0.61 per share, or a total of NT\$7,665,931,000. Combined, the Company was to pay out NT\$15,345,931,000, or NT\$ 1.22 per common share in dividends, accounts for 99.94% 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 2021. 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 sulting differences shall be listed as losses for the 2021 fiscal year.

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

- I. Allocation of employee cash compensation, stock compensation, and amount of directors' compensation. Employee cash compensation is NT\$ 2,521,825, employee stock compensation is NT\$ 507,000,000 and directors' cash compensation is NT\$ 73,000,000. Compensation distribute to employees is NT\$ 9,955,002 lower than estimated amount ; Cash remuneration to directors is NT\$ 59,000,000 lower than estimated amount. The difference was due to the change of accounting estimate and will reflect on 2021 profit and loss account.
- II. The proposed allocated amount of employee stock compensation accounts for 2.81% of total net income as specified in the individual financial statement for the current year and 99.51% 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 NT\$ 204,339 in employee cash compensation, NT\$ 600,480,000 in employee stock compensation, and NT\$ 113,300,000 in directors' compensation, or NT\$ 699,098 lower than the estimated amount. This difference was incurred by changes in accounting estimations and has been listed as losses for the 2020 fiscal year.

4.1.9 Buyback of the Company's shares: None.

4.2 Corporate bonds

4.2.1 Issuance of corporate bonds

Corporate bond type	E.SUN FHC 2016-1Senior unsecured corporate bond	E.SUN FHC 2016-2Senior unsecured corporate bond	E.SUN FHC 2019-1Senior unsecured corporate bond
Issue date	2016.9.22	2017.1.20	2019.1.14
Denomination	NT\$10,000	NT\$10,000	NT\$10,000
Issuing and transaction location (Note)	Republic of China Market (TPEX listed)	Republic of China Market (TPEX listed)	Republic of China Market (TPEX listed)
Issue price	Issue by denomination	Issue by denomination	Issue by denomination
Total	NT\$900,000	NT\$1,100,000	NT\$4,000,000
Coupon rate	fixed rate of 0.75% per annum	fixed rate of 1.1% per annum	fixed rate of 0.95% per annum
Tenor	5 years Maturity: 2021.9.22	5 years Maturity: 2022.1.20	5 years Maturity: 2024.1.14
Subordinated/senior ranking	Senior	Senior	Senior
Guarantee agency	N/A	N/A	N/A
Consignee	Hua Nan Commercial Bank	Hua Nan Commercial Bank	Hua Nan Commercial Bank
Underwriting institution	Yuanta Securities	Yuanta Securities	Yuanta Securities
Certified lawyer(s)	GUO, HUI-JI	GUO, HUI-JI	GUO, HUI-JI
CPA	HUANG, RUI-ZHAN LAI, GUAN-ZHONG	CHEN, YING-ZHOU HUANG, RUI-ZHAN	CHEN, YING-ZHOU HUANG, RUI-ZHAN
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal	NT\$900,000	NT\$1,100,000	NT\$4,000,000
Terms of redemption or advance repayment	None	None	None
Restrictive clause	None	None	None
Included as eligible capital	No	No	No
Name of credit rating agency, rating date, rating of corporate bonds	None	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs, or other securities	None	None
	Issuance and conversion (exchange or subscription) method	None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None	None
Transfer agent	None	None	None

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		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: (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. (2)Dividend Distribution, New Shares Subscription & Other Rights: When E.SUN FHC distributes stock dividends or undertakes other forms of stock distribution, the depository may grant additional GDSs to GDS holders in proportion to the comm on shares represented by their GDSs on hand pursuant to provisions of the Deposit Agreements. If it is permitted by law, the depository may also increase the amount of common shares represented by each GDS. The depository may also sell the stock dividends in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after subtracting related expenses and tax payments. When E.SUN FHC undertakes a rights offer or similar exercise, the depository should make available this right to GDS holders pursuant to provisions of the Deposit Agreements. The depository may also sell the right in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after sub- tracting related expenses and tax payments. But if neither option is feasible, the depository may opt to waive its preemptive right pursuant to provisions of the Deposit Agreements.	
Fiduciary		None	
Depository		Citibank	
Custodian		Citibank Taiwan	
Unredeemed Balance (Number of GDSs)		72,093(As of Dec.31,2020)	
Expenses for Duration of GDSs		(1) Cost of GDS Issue: Unless it is separately negotiated among E.SUN FHC, E.SUN Bank, lead underwriters and the depository, all the cost and expenses of the GDS issue (including but not confined to fees for lawyers, CPAs, the listing agent and financial advisors as well as other expenses) shall be shouldered by E.SUN Bank. (2) Expenses Incurred After GDS Issue: Unless it is separately negotiated between E. SUN FHC and the depository, all the expenses incurred over the duration of the GDSs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.	(1) Cost of GDS Issue: Unless it is separately negotiated among E.SUN FHC, lead underwriters and the depository, all the cost and expenses of the GDS issue (including but not confined to fees for lawyers, CPAs, the listing agent and financial advisors as well as other expenses) shall be shouldered by E.SUN FHC. (2) Expenses Incurred After GDS Issue: Unless it is separately negotiated between E. SUN FHC and the depository, all the expenses incurred over the duration of the GDSs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.
Key Provision in Deposit/Custodian Agreements		None	
Market Price Per GDS	Mar.27.2021	Highest	US\$ 23.200
		Lowest	US\$ 21.000
		Avg.	US\$ 22.392
	2020	Highest	US\$ 23.400
		Lowest	US\$ 15.282
		Avg.	US\$ 21.751

4.5 Status of Employee Stock Option Plan and Restricted Stock Awards

- 4.5.1 Status of unexpired employee stock option certificate issued by the Company in existence as of the date of printing of this annual report and the effect of such certificates upon shareholders' equity: None.
- 4.5.2 Names of top-level executives holding employee stock option certificate as of the date of printing of the annual report and the names of the top 10 employees holding employee stocks option certificate and purchasing 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 top 10 employees holding employee stock option 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 rea-sonable share swap ratio for mergers & acquisitions or sale of banking in-stitutions over the past year: Not applicable.
- 4.6.2 M&A or transfer of other financial institutions in past 5 years:
- (1) Subsidiary E.SUN Bank merged with E.SUN Insurance Brokers Co., Ltd. on March 25, 2016, consolidating all of the assets and liabilities of E.SUN Insurance Brokers by exchanging 1 ordinary share of E.SUN Insurance Brokers with 3.91 ordinary shares of E.SUN Bank.
- (2) Subsidiary E.SUN Bank was approved by the Board of Directors on June 29, 2016 to acquire 25% stake in Union Commercial Bank PLC. (UCB). This acquisition was completed on August 25, 2017, thereby increasing E.SUN Bank's share ownership in UCB from 75% to 100%.
- Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.
- 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: Not applicable.

4.7 Fund utilization plans and execution

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

## 5. Business Operation



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### 5.1 Business scope

#### 5.1.1 Scope of operations

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

###### I. Primary operations

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

###### II. Primary subsidiaries

Three main subsidiaries include E.SUN Bank, E.SUN Securities and E.SUN Venture Capital, in which E.SUN Bank holds the sub- subsidiaries, 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	2020		2019	
	Amount	%	Amount	%
Interest Income	36,089,321	48.15	41,263,631	52.55
Fee Income	23,785,531	31.73	21,335,254	27.17
Others	15,079,423	20.12	15,926,415	20.28
Total	74,954,275	100.00	78,525,300	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	2020		2019	
	Amount	%	Amount	%
Interest Income	35,779,038	49.99	40,950,651	53.35
Fee Income	21,824,357	30.49	20,211,001	26.33
Others	13,975,817	19.52	15,599,128	20.32
Total	71,579,212	100.00	76,760,780	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	2020		2019	
	Amount	%	Amount	%
Fee Income	1,965,011	80.01	1,128,299	69.99
Interest Income	311,398	12.68	302,750	18.78
Gains from Securities Trading	168,556	6.86	175,118	10.86
Other Operating Income	11,068	0.45	5,901	0.37
Total	2,456,033	100.00	1,612,068	100.00

(4) E.SUN Venture Capital

I. Primary operations

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

II. Composition of operations

Unit: NT\$ thousand				
Item \ Year	2020		2019	
	Amount	%	Amount	%
Investment Income	944,797	99.94	155,211	99.20
Interest and other operating income	576	0.06	1,255	0.80
Total	945,373	100.00	156,466	100.00

5.1.2 Business Plan

Key business area	Annual business plan
Corporate banking services	To accomplish the goal of “First Choice for Businesses and Premier Cross border Platform”, E.SUN Bank follow government policies, foster SMEs, support Taiwanese businesses to return from overseas and expanding into overseas markets. Also strengthens overseas and domestic risk control mechanisms and maintains asset quality by using information technology, professionalism, as the base as well as team core. E.SUN apply integrated services and innovation to fulfill cross-border enterprise's needs, develop sustainable finance services, fulfill corporate social responsibility and move toward sustainability together with customers.
Consumer banking services	Risk control and operational efficiency are two features of the consumer banking service. We apply the credit rating system, online banking channels and local expert teams to provide financing service to small business, mortgage, startups and regional revitalization businesses, with elasticity and convenience to them.
Wealth Management Services	E.SUN wealth management provides our customers with comprehensive asset planning and management services for NTD and foreign currency deposits, financial management and insurance, etc. The emphasis on the business is to integrate digital financial platforms and financial expert teams in branch, optimize service processes, improve operational efficiency, strengthen operational risk management, provide customers with Online to Offline financial service experience and become the most trusted wealth management brand.
Credit card and payment services	E.SUN Bank specifically focuses on customer orientation, by utilizing data analysis and technologies to discover customer insight and provide innovative products and services. Deepen the relationship with strategic partners to develop a financial scene. Develop autonomous digital services and intelligent risk control models to provide a great customer experience. We believe in this way we could make E.SUN Credit Card become the best payment choice and E.SUN Bank will be customer's favorite brand.
Securities services	Brokerage business will expand customer acquisition sources by strengthening diversified channels, and promoting customer transactions through integration of online to offline. Physical channels will integrate regional resources and establish securities co-sale offices to provide customers with multiple commodity asset allocations to create channel value. Underwriting focuses on operating hidden champions in various industries, assisting in solving the problem of second-generation succession of enterprises, and deepening customer relationships.
Venture Capital services	E.SUN Venture Capital combines resources within E.SUN FHC and invests in emerging stock companies and other unlisted companies with growth potential. E.SUN Venture Capital offers business management and industry consulting services and helps companies which it invests implement sustainability measures and seek academia-industry collaboration. In addition, E.SUN Venture Capital utilizes the resources of E.SUN FHC to help these companies enter the capital market and grow to be more competitive. Meanwhile, following government's policy and international regulation, E.SUN Venture Capital stably expands investment scope and properly manages risks to create higher shareholders' value and better managerial performance.

5.1.3 Industry overview

(1)The global economy recovery is uneven

- I. The global economy is heading toward recovery but in a different pace for each country. Uncertainty regarding vaccinations, debt burdens and trade deals still exists. With monetary easing prevailing comes the risk of asset bubble. As a result, the International Monetary Fund(IMF) revised the global economic growth rate for year 2020 down 0.2% to 5.2% in October 2020.
- II. The U.S. economy was stimulated by consumption and investment in the third quarter of 2020 albeit signs of decese outbreak in the fourth quarter of 2020 weakened the pace of recovery. In 2020 with Democratic party took charge of the White House and congress, vaccinations and new bailouts can help boost economy growth. IMF forecast economic growth rate 3.1% for year 2020 in October 2020. The labor market is improving but still underperforms with long-term unemployment rising.
- III. China was recovering stably under containment of the novel coronavirus (COVID-19) with consumption, investment and export taking effect. IMF forecast economic growth rate 1.9% for year 2020, 8.2% for year 2021 in October 2020. The 14th Five-Year Plan on dual circulation will expand domestic market to compensate for overseas market demand's gap and set future industry to be internet, AI and new energy.
- IV. Joe Biden counts on multilateralism to solve US-China issue. Upon taking office, his first task is to contain the novel coronavirus (COVID-19) and might defer antagonism against China but the long term trade and technology conflict between US and China will not change.

(2)Taiwan economy grows against headwind

- I. Due to proper containment of the novel coronavirus (COVID-19), economy grew beyond expectation in the second half of 2020 driven by boom in consumption, investment and export. The Directorate-General of Budget, Accounting, and Statistics forecast 2.54% growth for the year 2020.
- II. With ICT companies' expansions, returning Taiwanese business investments, offshore wind power and foreign companies' investment in Taiwan, domestic investments remain stable.
- III. With economy booming, the labor market recovered. Unemployment rate in November 2020 reached 3.75% which was an eight-month low.
- IV. Taiwan was listed in the monitoring list of US currency manipulations in December 2020 so market expects New Taiwan Dollar will continue to appreciate and may impact exporters.

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	A. Innovations in green finance: In 2020, E.SUN was the joint mandated lead arranger of syndicated loans, and served as the mandated lead arranger as well as the collateral management bank of one domestic onshore windfarm project. E.SUN will follow government policies (Green Finance Action Plan 2.0), support sustainable development of Taiwan by provide multiple and professional green finance services. Support the green energy and sustainable development of Taiwan. B. Cross-border finance platform: In response to the needs of cross-border customers, E.SUN Corporate Online Banking platform provide customers with cross border capital management and account information integration services. The platform integrates the resources of different product lines, creates special financial services, and offers total solutions. It has received multiple international awards and recognitions. (E.SUN Bank has received the Asset's the Best Trade Finance Solution in Taiwan award, the Asian Banker's the Best Corporate Trade Finance Deal in Taiwan award, the Asset's the Best Cash Management Bank in Taiwan award.)
Consumer banking services	E-Lending service: E.SUN Bank strives to offer an optimized loan service online. The "MyData" API linkage save the customer from repetitious information entering. The Robotic Process Automation (RPA) speeds up the credit reviewing process. And the customer could reserve a specific date for contract signing and disbursement. The whole funding application can be completed online, providing a 24/7 friendly financial service.

Key business activity	R&D results in last two years and future directions
Wealth Management Services	A. Online account opening: The customer can open a deposit account, a security account and apply for a credit card in single application. The process satisfies our customers' needs in an efficient and easy way. B. Flexible and innovative diversified products: In order to meet customers' asset allocation needs and grasp market opportunities, E.SUN provides innovative products, diversified target selection and flexible and stable product structure. At the same time, E.SUN also incorporated ESG into product reviews, taking into account customer's rights and sustainable development. C. Convenient digital wealth management services: E.SUN was the first to build a wealth management AI model with new technology to meet the needs of customer using digital services, and the model was patented.
Credit card and payment services	A. E.SUN Wallet: provide innovative services and develop personalized interfaces and self-management functions. For instance, customers can set single consumption limits and differentiate consumption categories of each card to reduce the risk of card loss. Create a digital platform that integrates payment, life, and finance. It was highly praised by customers and won the award for Best Consumer Finance Award. B. E.SUN Pay Pass: The service is the first one to create a one-click function activates the mobile bank payment function of multiple financial institutions. Customers can pay through the existing mobile bank App without typing the transfer account number and consumption amount and enjoy a convenient payment experience. C. Intelligent fraud prevention system: Use big data, AI, and other elements to create the first intelligent risk control platform improves consumption safety by controlling consumption risk instantly. The service also won the award for Best Risk Management Award. D. Cross-industry digital wallet: Cooperate with Carrefour to develop Carrefour Wallet, integrates services such as member point and instant card linking. Let users have a better payment experience. E.SUN will replicate successful experiences and cooperate with more strategic partners and expand the payment ecosystem in the future.
Securities services	A. With Open Securities Services innovative concept, providing cross-platform securities service " E.SUN Securities FUGLE Account" service in cooperation with FUGLE. This is the industry's first cross-field financial application of securities services, users do not need to leave original usage scenario can open an account and place an order directly, provide a visual and personalized investment platform for customers, and create innovative financial technology services. B. Applying for the establishment of a "digital branch" enables the implementation of innovative mechanisms such as customer management, operation management, and operating procedures, as the cornerstone of E.SUN Securities' digital transformation, and speeds up the transformation of E.SUN Securities.

(2) R&D progress and expenses

I. R&D expenses of recent 2 years

Unit: NT\$ thousand

Year	2021(F)	2020	2019
E.SUN Bank	391,218	471,100	471,693
E.SUN Securities	35,000	35,354	39,205

II. R&D projects and progresses

Projects	Estimated Time of Completion
Collateral management system project	2022
Outbound call management platform project	2022
Rebuilding and upgrade project of foreign exchange system	2022
New AML system improvement project	2022
Update project of front-end interface of customer service center system	2022
New capital management system	2023
New credit card system project	2024

Note:

- 1: Ongoing R&D projects will require further investments of NT\$1,845,049 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	Improve business efficiency through regional integration and "detailed customer classification, and focused operation;"Apply integrated service to manage jumbo's customer; MEs towards ESG integrations for hidden champion companies to fortify stronger customer relations for hidden champion companies to fortify stronger customer relations; focus on improving product processes for SMEs to serve customers efficiently; SME focuses on improving product processes to serve customers efficiently; continue to improve risk management mechanisms and implement internal control; and help businesses to develop sound business practices and achieve success. Strengthen entrepreneur's management, become the partner of corporate succession and sustainability.
Consumer banking services	E.SUN provide diverse banking services to the customers worldwide through the integration of product and platform capacities. The collaboration between the head office in Taiwan and other overseas offices offers localized products meeting the market's demand. In addition, E.SUN leverage the ESG influence for the business and environment sustainability.
Wealth management services	Focusing on customer needs and value, E.SUN will continue to improve the protection of customer rights. E.SUN select high-quality partners, expand products, channels and innovative services, enhance the professionalism of wealth management team, and work with cross-field experts to serve customers together. E.SUN will also strengthen asset allocation capabilities and develop digital platforms which combine big data and construction to provide customer-tailored financial services.
Credit card and payment services	Take customer experience as the core, optimize customer journey experience through technology, data, and integration of cross-domain resources; continue to focus on important strategic partners, expand high-value customer and develop payment ecosystems. Deepen customer segmentation and management, enhance customer interactions and value, and continue to make E.SUN Credit Card be the best payment choice.
Securities services	With the power of Fintech, E.SUN can expand the experimental field of cross-industry cooperation. Continue to optimize various digital engineering and operation automation, establish a data warehouse and use big data to analyze accurate marketing. Complete domestic and foreign trading platforms and services by develop independent trading platforms and customized user interface.The underwriting business integrates E.SUN FHC to help Taiwanese companies improve their competitiveness and move towards sustainable development.
Venture Capital Services	Invest in 5G telecommunications, smart machinery, electric vehicles and related industries; improve time management in investment and risk management; integrate E.SUN FHC resources to facilitate overseas expansion; and work with banks, securities dealers, and accountants to explore opportunities in other countries.

(2) Short-term business development plan

Key business area	Short-term business development plan
Corporate banking services	Improve business efficiency through regional integration and "detailed customer classification, and focused operation;"Apply integrated service to manage jumbo's customer; MEs towards ESG integrations for hidden champion companies to fortify stronger customer relations for hidden champion companies to fortify stronger customer relations; focus on improving product processes for SMEs to serve customers efficiently; SME focuses on improving product processes to serve customers efficiently; continue to improve risk management mechanisms and implement internal control; and help businesses to develop sound business practices and achieve success. Strengthen entrepreneur's management, become the partner of corporate succession and sustainability.
Consumer banking services	Based on the online platform innovation, the cross-industry collaboration, and the realization of the Sustainability Development Goals, we focus on offering a seamless, heart-warming financial service.
Wealth management services	Intensively research market and improve professional competence of RM. E.SUN will keep completing asset allocation advisory services through a cross-disciplinary professional WM team to meet customers' needs. By improving process and innovating digital technology, E.SUN will provide professional and comprehensive wealth management services.
Credit card and payment services	A. To enhance the card-using experience, through segmented and hierarchical management to provide the most suitable products and services. For instance, the VBO platform provides exclusive privileges for VIP customers. Create a digital service and platform, such as e-Click Online Card Application, credit adjustment. E.Sun Wallet provides personalized and autonomous services and we expect E.SUN credit card can be the main credit card for customers. B. Expand important strategic partners and embedded our payment service in strategic partner channels to fulfill our vision of financial scene. Focus on high-value customer and satisfy customer's various financial needs in real-time. Make good use of AI models to strengthen risk control, and improve security to enhance service procedures to improve working operations efficiency and customer experience.
Securities services	A. Focus on customer user experience, optimize procedures of online account applying, increase the amount and proportion of online account applying, and strengthen the professional of colleagues. B. Assist the IPO of the hidden champions, raise funds for listed companies, and extend the services of E.SUN FHC.
Venture Capital Services	Invest in undervalued public or emerging stock companies with growth potential to enhance the efficiency of capital utilization; cultivate existing customers and identify investment opportunities to increase profits and fortify customer relations.

5.2 Cross sector integration and marketing

5.2.1 Going green with strategic partners on the 50th anniversary of Earth Day

E.SUN is a long-time action-taker in environmental sustainability, including the "One Life, One Tree, E.SUN Tree-Planting Program" through which 30,000 trees have been planted cumulatively over the years, the World Cleanup Day for 10 consecutive years, and the Earth Hour movement. In addition, we are actively aligning our financial business with the international trend of sustainable development by issuing zero-carbon credit cards, implementing the EPs, issuing green bonds, completing 13 solar-powered branches (each of which generates 130,000 kWh of electricity per year), signing TCFD, and fulfilling the 17 SDGs.

The year 2020 marks the 50th anniversary of Earth Day. Inviting members of the public to care about environmental sustainability issues, E.SUN and its strategic partners, Carrefour, PChome, Giant Bicycles, and Gogoro, co-launched an Earth Day marketing event that aims to encourage credit cardholders to protect the earth by going green in everyday activities, such as using electronic statements or purchasing energy-saving appliances, bicycles or electric scooters. In response to the International Sustainable Development Goals (SDGs) Forum organized by the CommonWealth Magazine, E.SUN collaborated with Discovery Channel to broadcast the "Start With One Thing" TV show, which addresses climate change, environmental conservation, and sustainable development issues.



5.2.2 Cross-industry cooperation for maximal social influence

To thank healthcare professionals for their services, E.SUN provides 22,700 healthcare professionals from 22 major medical institutions in Taiwan with exclusive financial and e-innovative services to jointly improve the quality of hospital health care services and the welfare of healthcare professionals. In February 2020 when the COVID-19 pandemic was most critical, E.SUN organized a charity activity, "Salute to All Frontliners", donating NT\$15 million yuan to promote the care and related works of healthcare workers. E.SUN supervisors and employees also sent thank-you cards, biscuits, beverages, and other health supplements to frontline hospitals, giving healthcare professionals the most heartfelt blessings and cheers.

Teaming up on a shared value of dedication, professionalism, and philanthropy, E.SUN and trade associations of western and Chinese medical practitioners, dentists, accountants, architects, and lawyers co-organized blood drives and free medical services in rural areas. E.SUN extends the reach of its influence through such co-organized events, encouraging more members of such associations or the public and customers and employees of E.SUN to follow the banner "one simple act of love can inspire others to love". E.SUN Bank began discussing affinity cards with national associations of western and Chinese medical practitioners, dentists, architects, and accountants and provided premium financial services. E.SUN was able to issue over 30,000 cards by the end of 2020, winning the trust and recognition of customers for its charity work and business activities.



5.3 Market and business competitive landscape

5.3.1 Key business area

Business	Key business area
Corporate banking services	E.SUN operates the services primarily in Taiwan. To meet the demand of cross-currency for Taiwanese businesses, E.SUN provides cross border banking services in financial hubs in Asia Pacific, Greater China, and ASEAN countries. The network covers 28 offices in 9 countries and regions offering services for Taiwanese and local customers through the integration of oversea branches.
Wealth management and consumer banking services	E.SUN Bank operates the services primarily in Taiwan. There are 139 domestic branches in total. We also develop wealth management services in Hong Kong and Singapore and develop consumer banking services in Cambodia to satisfy the oversea customers' needs.
Credit card and payment services	E.SUN Bank operates the services primarily in Taiwan. Meanwhile, the UCB subsidiary in Cambodia is developing a local credit card and debit card service. E.SUN has also expanded the electronic payment business and cooperated with strategic partners such as Paypal, Alipay, Tencent(Tenpay), NTT Data, Razer Merchant Services, etc. We proactively develop overseas markets and cross-border financial services.
Securities services	E.SUN Securities operates the services primarily in Taiwan with 16 subsidiaries and 79 offices in bank branches.

5.3.2 Future opportunity of market

(1) Low interest rate environment: With the slowdown of global economy and the impact of the pandemic in 2020, major central banks will maintain a low interest rate environment, which will affect the interest spread of banking business. Risk and cost management capabilities and flexibility will be the key to the business growth.

- (2) Cautious about the economic development: Because the US-China trade tension has been continuing since 2018 and the pandemic happened in 2020, global economy was significantly affected, such as changes in business operations and personal behavior. In Taiwan, the pandemic was controlled properly, but it continues to expand globally, and the second wave of COVID-19 in Europe and the United States has re-emerged. Because the popularization of vaccination still takes time, we need to be cautious about the future development of industry and economy.
- (3) Regional cooperation and competition: the international political and economic environment are complex and changeable. Although U.S. President Biden returned to multilateralism after taking office, the United States will maintain its key position in cutting-edge technology and promote the reorganization of the global supply chain. The deployment of enterprises will be diversified to reduce risks, and enterprises will adopt a more flexible and shorter supply chain. The pandemic has also led to changes in industry landscape. Industries such as aviation, tourism, transportation, accommodation, and catering were greatly affected in 2020. However, e-commerce business and stay-at-home economy are boosted by the pandemic, and the Internet of Things, AI, 5G, robots, big data, and the cloud computing have great potentials to grow. Global major central banks maintain loose monetary policy, and Taiwan's economy performs relatively well. The exchange rate of the New Taiwan dollar has fluctuated greatly recently. As Taiwan is an export-oriented country, performance of export industries such as electronics, information communications, metal products, machinery, and rubber and plastics should be closely watched given the changes in foreign exchange rate.
- (4) Business opportunities from wealth management for high-end customers: With the trend of transparency in overseas income around the world and the needs of family inheritance, second-generation succession, and asset allocation of Taiwanese business owners, the competent authority has launched policies to promote returning investment of overseas Taiwanese companies and upgrade of wealth management service. By meeting the needs of high-end customers, the operational quality and competitiveness of financial institutions can be further enhanced.
- (5) Development of financial technology: With the development of science and technology and the loosening of laws and regulations, pure online banks started operations in Taiwan, and more and more companies have entered the financial service field and established an ecosystem through cross-industry cooperation. As more participants join, financial services will become more diverse, which promotes the digital transformation of financial institutions, accelerates the development of inclusive finance and scenario-based finance, and further enhances customer experience and creates long-term social value.

5.3.3 Objective

Business	Objective
Corporate Banking	Focus on hidden champion companies, develop green finance, and cross boarder business to make E.SUN the most distinctive and exemplary bank in Asia.
Consumer Banking	To be the distinctive and exemplary bank in Asia, E.SUN focuses on supporting hidden champion companies and international business originated in Taiwan and developing green finance for the society.
Wealth Management	Continue to provide customer-centric wealth management services. By strengthening the risk control-oriented asset allocation mechanism, deploying professional wealth management teams and improving digital service channels, E.SUN meets customer needs and increases customer's satisfaction. E.SUN expands positive influence by providing ESG related products and services.
Credit Card and Payment	E.SUN Bank focuses on key customer segments and secures its leading position in premium cards, EasyCard cobranded cards, icash cobranded cards, cards aimed at female customers, and the Citizen Travel Card. E.SUN Bank invests heavily in new payment tools. Backed by its strength in risk management, E.SUN Bank embarks on innovation and utilizes technology to combine channels and create more value for customers under innovative business models. E.SUN Bank credit card aims to the best choice for daily spending and one of the favorites with consumers.
Securities	E.SUN Securities is committed to developing domestic and overseas commodity platforms ,optimize 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, focus on VIP customers and increase value. The underwriting business tailors the most suitable financing plan to assist companies in obtaining working capital and enhancing competitiveness.

5.3.4 Challenges in the future and in the external environment

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

- I. With the development of financial technology, new technologies, and new business models accelerate changes in the boundaries of various industries and promote the development of various ecosystems, facilitating digital transformation of financial industry.
- II. The international situation is turbulent, and major regional economies around the world are competing and developing, affecting the layout of transnational supply chains.
- III. Regulatory changes, such as AML, personal information protection, and global tax reporting standards, increase the cost of compliance with laws and regulations.

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

- I. Talent cultivation: cultivate professional financial and IT talents.
- II. Technology development: develop with technology and flexible teamwork, and deepen the connection between business and technology.
- III. Overseas business development: cultivate long-term foundations of overseas operating sites such as human capital, system and procedure, and create a distinctive cross-border financial service platform.
- IV. Three lines of defense: strengthen information security, AML, and compliance and internal control, improve management quality, and deepen the corporate culture of risk management.

5.4 Human resources



When it comes to gauging corporate and national competitiveness, human resources stand out as a leading indicator and a key barometer. Committed to honesty and integrity as its core values while striving for a fresh, professional brand image, E.SUN has long focused on the cultivation of human resources. Priority is given to building a corporate culture of discipline and fostering dedication to innovation as all employees strive for sustainable development and growth alongside the land they call home. Three game-changing forces—rapid advances in IT, changes in customer demand, and regulatory amendment—combine to increase financial diversity. Moreover, the financial landscape is bound to take on yet another new look in the post-pandemic era. As such, E.SUN will recruit more high-caliber talent of more diverse backgrounds and equip them with innovative thinking and global vision with a view to creating the most satisfying customer experience. Faced with the challenges posed by going digital and doing business overseas, E.SUN seeks to lay a solid foundation for talent development by enhancing its on-campus reputation through competitions, internships, institution visits, and digital promotions. To recruit talent across borders, this initiative aimed at institutions of higher learning has now been extended overseas. Multilateral industry-academia collaborations are formed and domestic and overseas internship are offered. Through such more diverse, cross-border packages, E.SUN seeks to take on board key talent that it expects to need in the future.

E.SUN regards talent cultivation as its foundation of long-term success. The Company makes it a point to develop a sound talent development system and build a well-rounded training framework that covers novice training, professional training, and management training. As corporate vision, customer needs, and business and personnel requirements dictate, E.SUN is ready to innovate and reform training packages to align the Company's talent development with its quest for sustainable development. An internal recruiting program is implemented to seek candidates for rotation among all available positions at headquarters and branches so that they can cultivate strengths outside their original areas of specialization and gain overseas exposure. By offering a full range of training, experiences, and tempering, E.SUN aims to create a comprehensive, diverse talent supply chain that delivers top-notch interdisciplinary people.

A man may go fast, however a team can go farther. E.SUN has formed an extraordinary team consisting of ordinary people to conquer its business milestone. In the days ahead, E.SUN is set to persist with building systems, growing talent, and developing information as three pillars of its bid for a greater pool of strengths. The objective is to create a competitive edge backed by human capital superior in both quality and quantity that goes beyond the reach of competitors. As E.SUN steps into its fourth decade, it aims to draw on the concerted efforts of all employees to become a leading example in Asian banking sector that sets itself apart with precise strategies, efficient execution, and smart teamwork.

5.4.1 Employee statistics of E.SUN's subsidiaries

(1) E.SUN FHC and subsidiaries

Year		Current year to March 27, 2021	2020	2019
Item				
No. of employees		9,606	9,591	9,356
Average age		33.6	33.5	33.1
Average years of service		8.5	8.3	7.9
Educational background %	Master	26.2	26.4	25.7
	Bachelor	69.3	69.1	69.6
	Junior college	3.9	3.9	3.9
	(Vocational) High school	0.6	0.6	0.8
Number of professional licenses held by employees	Banking	29,631	28,874	26,639
	Insurance	10,919	10,852	10,317
	Securities	8,170	8,140	7,973
	Other	1,640	1,556	1,392

(2) E.SUN Bank

Year		Current year to March 27, 2021	2020	2019
Item				
No. of employees		8,964	8,961	8,753
Average age		33.5	33.3	32.9
Average years of service		8.4	8.3	7.9
Educational background %	Master	26.5	26.7	26
	Bachelor	69.0	68.8	69.4
	Junior college	3.9	3.9	3.9
	(Vocational) High school	0.6	0.6	0.8
Number of professional licenses held by employees	Banking	28,921	28,190	25,995
	Insurance	10,659	10,597	10,074
	Securities	6,925	6,927	6,846
	Other	1,531	1,466	1,306

(3) E.SUN Securities

Year		Current year to March 27, 2021	2020	2019
Item				
No. of employees		579	572	543
Average age		35.2	35.1	35
Average years of service		8.3	8.2	8.1
Educational background %	Master	17.3	17.0	16.8
	Bachelor	77.9	78.1	78.3
	Junior college	4.3	4.4	4.2
	(Vocational) High school	0.5	0.5	0.7
Number of professional licenses held by employees	Banking	566	561	524
	Insurance	233	230	219
	Securities	1,200	1,175	1,088
	Other	75	66	63

(4) E.SUN Venture Capital

Year		Current year to March 27, 2021	2020	2019
Item				
No. of employees		8	8	8
Average age		40.3	39.9	38.9
Average years of service		13.8	13.5	12.6
Educational background %	Master	75	75	75
	Bachelor	25	25	25
Number of professional licenses held by employees	Banking	20	19	19
	Insurance	5	5	5
	Securities	6	6	6
	Other	1	1	1

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

- (1) Chartered Financial Analyst (CFA) L1: 34 persons
- (2) Chartered Financial Analyst (CFA) L2: 11 persons
- (3) Chartered Financial Analyst (CFA) L3: 5 persons
- (4) Certified Financial Planner (CFP): 81 persons
- (5) Associate Financial Planner (AFP): 13 persons
- (6) Certified Internal Auditor (CIA): 3 persons
- (7) Financial Risk Manager (FRM): 30 persons
- (8) Certified Information Systems Auditor (CISA):5 persons
- (9) Certified Financial Service Auditor (CFSA): 1 person
- (10) Certified Anti-Money Laundering Specialist (CAMS): 339 persons
- (11) Project Management Professional (PMP): 178 persons
- (12) Registered Financial Consultant (RFC): 2 persons
- (13) Certificate for Documentary Credit Specialist (CDCS): 20 persons
- (14) Certified Business Analysis Professional (CBAP):2 persons
- (15) Personal insurance agent: 9 persons
- (16) Property insurance agent: 6 persons
- (17) Securities investment analyst: 49 persons
- (18) Futures trading analyst: 7 persons
- (19) CPA: 32 persons
- (20) Attorney: 7 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. Since the onslaught of the ongoing pandemic in early 2020, some training programs have been digitized (such as the introduction of online and live video courses and provision of accounts to access external learning platforms), which enables employees to learn continuously without time and space restrictions. The Company has also tapped into software applications designed for online interaction to enrich remote learning and help employees apply what they have learned to work. Meanwhile, the Company encourages employees to enroll in quality training courses offered by external institutions to keep up to date with the latest in international finance, fintech development, and risk management.
- (4) During 2020, the Company and its subsidiaries held 265 internal education and training classes of various types, and sent personnel to participate in 857 training sessions held by external professional organizations. As a result, our colleagues took part in training a total of 132,117 person-times.
- (5) The Company's education and training funding accounted for 0.89% of operating revenue in 2020.

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

	2020	2019	Growth rate
Number of employees serving in non-supervisory positions	8,109	7,556	7.32%
Average salary of employees serving in non-supervisory positions	1,091	1,057	3.22%
Median salary of employees serving in non-supervisory positions	1,015	966	5.07%

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 has over the years been closely following changes and trends in sustainable development across the globe, and has continued to incorporate ESG into all aspects of our business. Through long-term commitments and systematic practices, we have been able to integrate our financial expertise with sustainable development and continuously achieve advancements in the corporate, environmental and social aspects as we strive to improve our economic, environmental and social performance.

5.5.1 Corporate governance aspect

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

5.5.2 Environmental aspect

- (1) E.SUN continues to work on the green building project and build solar-powered branches. As of the end of 2020, E.SUN has 2 server rooms with LEED Gold international certification (Hope Building and Technology Building), 1 green building with LEED Gold international certification (E.SUN HR Development Center - Dengfeng Building), 1 green building with EEWB Gold certification (Hope Building), 8 offices with green building certification (Chiayi, Daya, Yuanlin, Toufen, Changhua, Annan, eastern Tainan, and Shalu Branches), 14 solar-powered branches (Toufen, Daya, Dali, Taiping, Shalu, Changhua, Yuanlin, Douliu, Chiayi, Jen-Teh, eastern Tainan, Annan, Jinhua, and Houzhuang Branches), and 2 solar-powered buildings (Dengfeng Building and Technology Building).
- (2) E.SUN continues to implement the ISO14001 environmental management system and the ISO50001 energy management system and complete taking inventory of ISO14064-1:2018 greenhouse gases, ISO 14046:2014 water footprint assessment, and ISO 14064-3:2006 carbon emission (from employee commuting and business travel as well as waste from operation) for the Taipei headquarter building, Boai Building, Technology Building, Dengfeng Building, E.SUN Securities, and all offices in and outside Taiwan.
- (3) E.SUN is no longer financing coal-fired power generation facilities, nor renewing contracts following their expiration. This is aimed at working together with other parts of the world to maintain the sustainable development of the environment and society

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 370,000 books to 158 E.SUN Libraries by the end of 2020. More than 106,000 students have benefited from the program. This charity project has been certified by the Social Value International (SVI), in compliance with their SROI guidelines and criteria. According to comprehensive calculation analysis, for every NT\$1 to the E.SUN Golden Seed Project, NT\$28.74 social value is generated. This project is the first SVI-certified educational SROI in Taiwan with the highest social value in the Taiwan educational SROI report. E.SUN will be moving on to building its next 100 E.SUN Libraries. E.SUN keeps cultivating excellent students. The E.SUN Outstanding Management Talent Scholarship was rewarded to 19 outstanding students in the field of management, technology, and humanities and arts. The E.SUN ASEAN Scholarship was rewarded to 8 students from ASEAN countries. The E.SUN Nursing Talent Scholarship was rewarded to 9 students in the field of nursing. E.SUN teams 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. 39 teachers have received the award so far. For 6 years in a row, E.SUN has worked with the College of Management of National Taiwan University in running the Hope Seedling Program. The program is designed to train talent in digital banking and help students build up key skills in digital banking.
- (2) In supporting Taiwan's junior baseball as part of our efforts in sports development, E.SUN has systematically established the E.SUN Junior Baseball Fund and planned a series of junior baseball events, including E.SUN National Junior Baseball Tournament, E.SUN Junior Baseball Camp, and E.SUN Junior Baseball Protection Camp, among other seminar and health-related activities for 14 consecutive years. Over 3,000 baseball players have received training. Through the Remote Caring Program, E.SUN has supplied appropriate sports aids to over 30 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 is continuing to hold regular "One simple act of love can inspire others to love" blood donation activities, where 6,979 bags (250 ml per bag) of blood were donated in 2020. Thanks to the commitment of E.SUN personnel and E.SUN volunteers nationwide, we are helping even more people in need and spreading love everywhere it is needed. We will continue to plant the seeds of love and concern throughout the country, and ensure that E.SUN volunteers can achieve even greater results.

5.6 Environmental protection expenditure information

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

5.7 IT Facilities

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

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

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

5.7.2 New core system construction

In response to the new trend of customer-centric intelligent digital finance, the new core system of E.SUN Bank was successfully converted and launched in August 2020. It is the first banking core system to be developed with open Cloud Native technology, micro-service architecture, and self-developed design. Lay an important foundation for the digital transformation of E.SUN.

5.7.3 Future development and procurement plans

In 2021, 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 2021:

- (1) Technology driven Digital Transformation
  - Cloud Service Applications
  - Conversational AI Platform
  - Next Generation Call Center System Development
  - Data Middleware Platform Development
- (2) Global Financial Services
  - Core Banking System Migration for Overseas Branch
  - Overseas Account Opening System Development
  - Global Internet Banking System Development
- (3) Regulation Technology with Risk Discipline
  - New Capital Accrual System
  - AML Monitoring and Detection System Upgrade
  - Customer Due Diligence Platform Development
  - Supervision Report Automation Platform Development
- (4) Operational optimization and System Integration
  - E.SUN Foreign System Reengineering
  - Core Banking System Migration for Credit Card and Payment Division
  - System re-planned for Individual Banking and Wealth Management

5.7.4 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, 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. Practicing the promise of sustainable environmental management with a green Data Center.
- (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.

5.7.5 Security Measures

- (1) With respect to safety protection measures, E.SUN Bank adopt a multi-level defense in depth architecture, deploy firewalls, anti-virus, spam filtering, APT intrusion detection and defense, online behavior management systems, etc., to provide multiple guarantees to reduce information security risks. Also through centralized control of the operating system and vulnerability repairs, regular vulnerability scanning, penetration testing, and multiple scenarios of offensive and defense drills are performed, and information security equipment is integrated for real-time alarms and dynamic joint defenses to check the effectiveness of defenses and event response capabilities
- (2) E.SUN Strengthen the security control mechanism of IoT, including management systems such as access environment restrictions, equipment security updates, verification and authorization, etc., to provide a safer office environment.
- (3) Overview of the information security operations in 2020:
  - I. Information security governance: Improve the maturity level of E.SUN Group's security governance by optimizing existing control systems, expanding the application of information security management system, and implementing information security governance through consistent security standards.
  - II. Information security promotion: Improve security awareness of all employees through information security trainings, secure software development life cycle trainings and social engineering exercises; establish a secure software development consulting channel to enhance employees' security development capabilities.
  - III. Information security risk: Perform information security assessments through independent third parties to verify the effectiveness of existing security measures; purchase information security insurance in 2020 to reduce the risk of business interruption and the risk of losing financial profits due to compensation for damages; cooperate with Financial Information Sharing and Analysis Center (F-ISAC) to gain an overall understanding of financial industry's cyber-risk level and to have rapid risk response by setting monitoring scenarios and sharing cyber incident information.
- (4) Compliance with International Standards on Information Security:

The Bank's Information System Division and Information Security Management Division have consecutively passed ISO 27001 certification and the Bank's Wealth Management Division Insurance Agent had also passed ISO 27001 certification in 2020 Moreover, the Bank's credit card acquisition system have continuously obtained PCI DSS certification.

5.8 Labor-Management Relations

5.8.1 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. Committed to maternal care in the workplace, we have been proactive to organize activities for promoting parent-child relationships. We also have produced a handbook designed specifically for first-time mothers, spelling out healthcare information and benefits available to them. 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 our employees' children for their extraordinary performance 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 prepare 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, and issue notices with regard to employee complaints. Communication channels are easily accessible, employees' views are taken seriously, and labor-management relations are harmonious.

5.8.2 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.

5.8.3 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 employees, the Company and its subsidiaries have drafted labor health and safety management plans and health and safety work rules, organized labor health and safety committee, implemented occupational health and safety policies, and secured occupational health and safety management system certification (ISO 45001). 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.

5.9 Important Contract

Contract type	Parties involved	Contract commencement/ expiration	content	Restrictive clauses
Outsourcing contract	Systex Corporation	2011.12.23	Preparation,printing,and postal handing of forms relateds to stock affairs	None
		2021.01.01	Preparation, printing, and postal handling of forms and notification letters related to stock affairs	None
	Cloudsys Technology,inc	2019.09.25	Insider declaration maintenance system	None
		2019.09.25	Supplementary agreement letter for the contract of insider declaration maintenance system project	None

## 6. Financial Information



HUANG TENG HUI

### 6.1 Condensed Financial Statements from 2016 to 2020

#### 6.1.1 Condensed Balance Sheet(Consolidated)

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years from 2016 to 2020 (Note 1)				
		2020(Note 3)	2019(Note 3)	2018(Note 3)	2017(Note 3)	2016(Note 3)
Cash and cash equivalents, due from the central bank and call loans to other banks		175,721,506	128,578,895	132,443,937	131,175,124	99,544,974
Financial assets at fair value through profit or loss		715,809,282	519,648,673	475,506,677	408,918,355	366,689,364
Available-for-sale financial assets		-	-	-	170,745,924	141,645,924
Financial assets at fair value through other comprehensive income		263,902,860	215,878,199	183,846,186	-	-
Debt Instrument Investments Measured at Amortized Cost		16,465,798	12,599,698	8,165,004	-	-
Derivative financial assets for hedging		-	-	-	-	-
Securities purchased under resell agreements		2,300,196	4,971,085	-	-	173,470
Receivables, net		116,686,211	113,150,366	93,450,521	94,083,377	83,935,869
Current tax assets		106,412	7,200	11,790	5,054	33
Assets held for sale, net		-	158,036	-	-	-
Discounts and loans, net		1,620,374,068	1,444,322,101	1,333,277,269	1,211,071,275	1,118,148,669
Reinsurance assets		-	-	-	-	-
Held-to-maturity financial assets		-	-	-	3,078,813	3,616,960
Investments accounted for using equity method, net		-	-	-	-	-
Restricted assets		-	-	-	-	-
Other financial assets, net		6,235,133	8,039,483	13,694,947	13,571,397	31,009,269
Properties and equipment, net		33,290,884	33,351,444	32,604,520	28,209,309	26,439,666
Investment properties, net		1,827,047	1,853,907	1,948,418	1,960,511	2,033,334
Right-of-use assets, net		3,168,210	3,181,031	-	-	-
Intangible assets, net		6,167,861	6,188,674	6,116,132	6,222,969	6,241,852
Deferred tax assets, net		1,842,000	1,456,489	1,098,436	954,988	438,264
Other assets		7,847,214	4,972,910	5,623,195	4,391,191	4,382,542
Total assets		2,971,744,682	2,498,358,191	2,287,787,032	2,074,388,287	1,884,300,190
Due to the Central Bank and other banks		54,968,986	57,903,786	72,223,020	66,652,215	52,516,006
Funds borrowed from the Central Bank and other banks		8,044,340	-	-	-	-
Financial liabilities at fair value through profit or loss		70,441,442	59,630,516	50,315,163	43,439,501	42,145,098
Derivative financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreements		11,305,248	7,228,239	12,526,789	12,200,468	8,881,723
Commercial paper issued		3,257,632	3,681,576	2,669,356	4,895,219	2,557,414
Payables		33,872,856	29,184,083	28,969,420	31,332,005	27,503,039
Current tax liabilities		830,714	1,899,196	1,523,828	1,948,106	1,636,966
Liabilities directly associates with assets held for sale		-	-	-	-	-
Deposits and remittances		2,491,467,253	2,082,984,629	1,886,693,981	1,712,278,637	1,557,116,388
Bonds payable		39,970,000	38,070,000	42,650,000	42,550,000	48,950,000
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		64,583,767	35,167,492	25,019,142	5,519,631	6,903,561
Lease liabilities		3,275,399	3,177,727	-	-	-
Provisions		1,159,384	656,223	860,739	505,300	442,271
Deferred tax liabilities		1,422,381	1,306,719	1,338,393	697,535	925,546
Other liabilities		5,544,703	4,286,905	2,867,101	3,421,239	5,540,820
Total liabilities	Before distribution	2,790,144,105	2,325,177,091	2,127,656,932	1,925,439,856	1,755,118,832
	After distribution (Note 2)		2,334,368,857	2,135,345,299	1,931,679,331	1,759,764,494
Equity attributable to owners of the Company		181,468,392	173,057,921	160,014,288	148,842,216	128,524,475
Capital stock	Before distribution	125,671,000	116,195,000	108,289,000	101,855,000	87,654,000
	After distribution (Note 2)		125,455,000	115,988,500	108,094,800	94,666,320
Capital surplus		25,350,214	24,965,734	24,710,706	24,529,129	20,658,669
Retained earnings	Before distribution	30,304,168	31,697,756	26,627,780	22,012,117	19,802,447
	After distribution (Note 2)		13,245,990	11,239,913	9,532,842	8,144,465
Other equity		143,010	199,431	386,802	445,970	409,359
Treasury stock		(Note 2)	-	-	-	-
Non-controlling interests		132,185	123,179	115,812	106,215	656,883
Total equity	Before distribution	181,600,577	173,181,100	160,130,100	148,948,431	129,181,358
	After distribution (Note 2)		163,989,334	152,441,733	142,708,956	124,535,696

Note:

1. All financial statements above have been audited and certified by accountants.
2. Earnings distribution of the year (ended December 31) 2020 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 2016-2020 (Note)				
		2020(Note)	2019(Note)	2018(Note)	2017(Note)	2016(Note)
Interest revenue		36,089,321	41,263,631	37,390,417	33,008,486	29,823,991
Less: Interest expense		14,750,803	21,392,562	17,079,102	12,758,870	11,239,320
Net interest		21,338,518	19,871,069	20,311,315	20,249,616	18,584,671
Total net revenues and gains other than interest		34,910,526	34,651,549	29,117,919	25,857,573	22,480,161
Total net revenues		56,249,044	54,522,618	49,429,234	46,107,189	41,064,832
Bad-debt expenses and provision for losses on commitments and guarantees		3,225,752	1,598,078	3,252,472	4,055,371	3,463,088
Net changes in insurance liability reserve		-	-	-	-	-
Operating expenses		32,494,200	29,854,264	25,839,405	25,178,945	22,396,072
Income before tax from continuing operations		20,529,092	23,070,276	20,337,357	16,872,873	15,205,672
Income tax expense		(2,481,236)	(2,949,766)	(3,254,589)	(2,218,434)	(2,222,490)
Net income from continuing operations		18,047,856	20,120,510	17,082,768	14,654,439	12,983,182
Net income (loss) from discontinuing operations		-	-	-	-	-
Net income		18,047,856	20,120,510	17,082,768	14,654,439	12,983,182
Other comprehensive income for the year (net of tax)		(1,024,968)	138,758	(526,762)	(70,657)	(2,476,343)
Total comprehensive income		17,022,888	20,259,268	16,556,006	14,583,782	10,506,839
Net income attributable to owners of the company		18,026,592	20,105,129	17,068,493	14,756,556	13,135,212
Net income attributable to non-controlling interests		21,264	15,381	14,275	(102,117)	(152,030)
Total comprehensive income attributable to owners of the company		17,001,757	20,244,626	16,541,559	14,721,101	10,673,795
Total comprehensive income attributable to non-controlling interests		21,131	14,642	14,447	(137,319)	(166,956)
Earnings per share (NT\$)		1.43	1.73	1.58	1.49	1.5

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 2016 to 2020

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 2016, 2017, 2018 and 2019 ended on December 31, and issued an unqualified opinion report ; Chen Yin Chou, CPA, and Yang Cheng Hsiu, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2020, 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 2016 to 2020				
		2020 (Note 1)	2019 (Note 1)	2018 (Note 1)	2017 (Note 1)	2016 (Note 1)
Operating ratio	Total assets turnover (Times)	0.02	0.02	0.02	0.02	0.02
	Loan to Deposit Ratio (E.SUN Commercial Bank) (%)	66.00	70.19	71.56	71.64	72.69
	NPL ratio (E.SUN Commercial Bank) (%)	0.19	0.19	0.23	0.23	0.19
	Average revenue per employee(NT\$ thousand)	5,468.51	5,640.08	5,227.29	4,898.25	4,583.13
	Average net income per employee(NT\$ thousand)	1,754.60	2,081.36	1,806.55	1,556.83	1,449.02
Profitability ratio	Ratio of return on total assets(%)	0.66	0.84	0.79	0.74	0.72
	Ratio of return on stockholders' equity(%)	10.17	12.07	11.05	10.54	10.35
	Profit margin ratio(%)	32.09	36.90	34.56	31.78	31.62
	Basic Earnings per share(NT\$)	1.43	1.73	1.58	1.49	1.50
Financial structure(%)	Ratio of debt to assets	93.89	93.07	93.00	92.82	93.14
	Ratio of debt to net worth	1,536.42	1,342.63	1,328.71	1,292.69	1,358.65
	Double Leverage Ratio	103.25	103.76	104.00	104.39	104.80
	According to Article 41 of Financial Holding Company Law	None	None	None	None	None
Leverage ratio(%)	Operating leverage ratio	1.16	1.07	1.16	1.24	1.23
	Financial leverage ratio	1.00	1.00	1.01	1.01	1.01
Ratio of growing(%)	Ratio of assets growing	18.95	9.07	10.14	10.09	6.14
	Ratio of income growing (Note 2)	(11.01)	13.44	20.53	10.96	2.84
Cash flow(%)	Cash flow ratio (Note 3)	9.35	5.64	5.95	14.72	0.18
	Cash flow adequacy ratio	116.75	120.58	136.64	127.66	86.80
	Cash flow content ratio	(Note 6)	(Note 6)	(Note 6)	(Note 6)	(Note 6)
Operating Scale(%)	Market share of assets	4.83	4.15	4.11	3.95	3.92
	Market share of equity	4.18	3.89	4.34	4.01	3.85
	Market share of deposit (E.SUN Commercial Bank)	5.30	4.86	4.67	4.37	4.15
	Market share of assets loans(E.SUN Commercial Bank)	4.90	4.60	4.43	4.25	4.00
Capital adequacy Ratio	Subsidiaries' Capital adequacy Ratio calculated by regulation (%)	E.SUN Commercial Bank (consolidated)	15.64	14.62	15.13	15.01
		E.SUN Securities Co., Ltd.	331.18	436.09	540.24	377.76
		E.SUN Venture Capital Co., Ltd.	98.47	98.39	98.88	99.63
	Qualified capital of subsidiaries (NT\$ thousand)	E.SUN Commercial Bank	230,997,435	225,229,332	214,187,113	194,484,051
		E.SUN Securities Co., Ltd.	4,830,373	4,377,258	4,128,876	4,026,967
		E.SUN Venture Capital Co., Ltd.	4,079,086	3,406,096	3,280,563	3,406,334
	Net Group qualified capital(NT\$ thousand)		217,445,424	208,420,469	195,921,649	177,161,990
	Legal requirement of subsidiaries' capital	E.SUN Commercial Bank	155,105,034	161,743,250	139,779,358	119,861,902
		E.SUN Securities Co., Ltd. (Note 4)	2,187,821	1,505,640	1,146,402	1,599,005
		E.SUN Venture Capital Co., Ltd.	2,071,202	1,730,833	1,658,795	1,709,548
	Legal requirement of group capital(NT\$ thousand)		159,651,837	165,280,619	142,714,687	123,297,429
	Group Capital Adequacy Ratio		136.20	126.10	137.28	143.69
	Endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law (Note 5)		1,241,981,509	915,952,505	717,204,176	682,476,469
					610,572,634	

Note:

1. Based on financial statements compiled by accountants for previous years.
2. The YOY growth rate of net profit decreased, mainly due to the increase of operating expenses.
3. The cash flow ratio was higher in 2020 than 2019, mainly due to the increase of deposits and remittances, which caused increase in cash flow of operating activities.
4. The demand for regulatory capital increased, due to trading of Taiwan's stock market was heavy in 2020, which caused the increase of general and financing transaction amount compared to 2019.
5. The total amount was higher in 2020 than in 2019, mainly due to the Company's stable growth of business.
6. The cash flow content ratio is negative, and therefore not included in the analysis herein.
7. 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 of loss+Securities sold under repurchased issued+Current portion of Payables).
    - Cash flow adequacy ratio=Net cash provided by operating activities(from 2015 to 2019)/from 2015 to 2019(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.

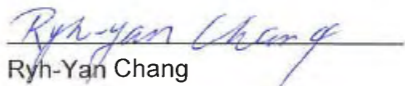
**6.3 Financial holding company and its subsidiaries should disclose the detail of impact when encounter financial difficulties for the latest complete financial year and year to date before the printing of annual report:** None.

**6.4 Audit Committee report**

**Audit Committee Report**

To: E.SUN Financial Holding Company

The 2020 consolidated financial statements of E.SUN Financial Holding Company ("the Company") have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies", "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Guidelines Governing the Preparation of Financial Reports by Securities Firms", "Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants", "International Financial Reporting Standards", "International Accounting Standards", "IFRIC Interpretations" and "SIC Interpretations" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. CPA Chen Yin Chou and CPA Yang Chen Hsiu of Deloitte & Touche have been appointed by the Company to audit the consolidated financial statements. After reviewing the financial statements, the Audit Committee has found them to meet the requirements of the applicable laws and guidelines. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Security and Exchange Law and submitted along with the consolidated financial statements of the Company for the Board's approval.

  
Ryh-Yan Chang  
Convener  
Audit Committee  
E.SUN Financial Holding Company

Date: March 9, 2021

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



LIN CHUN LIANG

### 7.1 Financial status

Unit: NT\$ thousand

Item	Year	2020	2019	Difference	
				Amount	%
Cash and Cash Equivalents (Note 1)		54,640,670	43,023,628	11,617,042	27
Deposits at CBC and loans to peer banks (Note 2)		121,080,836	85,555,267	35,525,569	42
Financial assets at fair value through profit or loss (Note 3)		715,809,282	519,648,673	196,160,609	38
Available-for-sale financial assets-Net		-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (Note 4)		263,902,860	215,878,199	48,024,661	22
Debt Instrument Investments Measured at Amortized Cost (Note 5)		16,465,798	12,599,698	3,866,100	31
Investments in Notes and Bonds with Resale Agreement (Note 6)		2,300,196	4,971,085	(2,670,889)	(54)
Receivables-net		116,686,211	113,150,366	3,535,845	3
Current income tax assets (Note 7)		106,412	7,200	99,212	1,378
Assets Held for Sale-net (Note 8)		-	158,036	(158,036)	(100)
Loans and advances-net		1,620,374,068	1,444,322,101	176,051,967	12
Held-to-Maturity Financial Assets-Net		-	-	-	-
Other Financial Assets-Net (Note 9)		6,235,133	8,039,483	(1,804,350)	(22)
Investment property-Net		1,827,047	1,853,907	(26,860)	(1)
Property, plant, and equipment-net		33,290,884	33,351,444	(60,560)	-
Intangible assets-Net		6,167,861	6,188,674	(20,813)	-
Deferred tax assets (Note 10)		1,842,000	1,456,489	385,511	26
Other assets-Net (Note 11)		7,847,214	4,972,910	2,874,304	58
Right-of-use asset-Net		3,168,210	3,181,031	(12,821)	-
Total asset		2,971,744,682	2,498,358,191	473,386,491	19
Deposits from CBC and peer banks		54,968,986	57,903,786	(2,934,800)	(5)
Funds borrowed from the Central Bank and other banks (Note 12)		8,044,340	-	8,044,340	-
Financial liabilities at fair value through profit and loss		70,441,442	59,630,516	10,810,926	18
Notes and Bonds Issued under Repurchase Agreement (Note 13)		11,305,248	7,228,239	4,077,009	56
Commercial papers payable-net		3,257,632	3,681,576	(423,944)	(12)
Payables		33,872,856	29,184,083	4,688,773	16
Current tax liabilities (Note 14)		830,714	1,899,196	(1,068,482)	(56)
Deposits and remittances (Note 15)		2,491,467,253	2,082,984,629	408,482,624	20
Bonds payable		39,970,000	38,070,000	1,900,000	5
Other loans (Note 16)		1,213,342	381,356	831,986	218
Liability provisions (Note 17)		1,159,384	656,223	503,161	77
Other financial liabilities (Note 18)		64,583,767	35,167,492	29,416,275	84
Deferred tax liabilities		1,422,381	1,306,719	115,662	9
Lease liability		3,275,399	3,177,727	97,672	3
Other Liabilities		4,331,361	3,905,549	425,812	11
Total Liabilities		2,790,144,105	2,325,177,091	464,967,014	20
Common Stock		125,671,000	116,195,000	9,476,000	8
Total capital surpluses		25,350,214	24,965,734	384,480	2
Total retained earnings		30,304,168	31,697,756	(1,393,588)	(4)
Other equity (Note 19)		143,010	199,431	(56,421)	(28)
Non-controlling shareholders		132,185	123,179	9,006	7
Total equity		181,600,577	173,181,100	8,419,477	5
Total liabilities and equity		2,971,744,682	2,498,358,191	473,386,491	19

Note:

- Mainly due to increases in due from banks, resulting in increases in cash and cash equivalents.
- Mainly due to the increase of deposit reserves.
- Mainly due to the increase of negotiable certificates of deposits.
- Mainly due to the increase of bank debentures and corporate bonds.
- Mainly due to increases in bonds issued by foreign institutions.
- Mainly due to the purchase of securities under resell agreements.
- Mainly due to the increase of prepaid income tax.
- Mainly due to the sale of assets held for sale.
- Mainly due to a decrease in deposits to industry peers.
- Mainly due to the increases of financial instruments at fair value through profit or loss leading to increases in deferred income tax assets.
- Mainly due to increases of refundable deposits and payments collecting from underwriting business.
- The difference was mainly due to refinancing from central bank for the purpose of funding the secured loan to SMEs during the pandemic period.
- Mainly due to increases of notes and bonds issued under repurchase agreement.
- Mainly due to decreases in net profit before tax, leading to decreases in income from tax.
- Mainly due to increases of deposits of demand and savings.
- Mainly due to the increase of short-term borrowings.
- Mainly due to increases of provision for possible losses on financing commitments and employee benefits.
- Mainly due to the increase of principal of structured products.
- Mainly due to the decrease of unrealized gains on investments in equity instruments at fair value through other comprehensive income.
- The 2020 financial status is based on financial statements issued by a CPA for the current year.

7.2 Financial Performance

Unit: NT\$ thousand

Item	Year	2020	2019	Change amount	Percentage (%) of change
Net interest income		21,338,518	19,871,069	1,467,449	7
Non-interest net revenue		34,910,526	34,651,549	258,977	1
Allowance for bad debt expenses and guarantee liabilities(Note 1)		(3,225,752)	(1,598,078)	(1,627,674)	102
Operating expenses		(32,494,200)	(29,854,264)	(2,639,936)	9
Net Profit before Tax for On-going Business Departments		20,529,092	23,070,276	(2,541,184)	(11)
Income Tax (Expense) Benefit		(2,481,236)	(2,949,766)	468,530	(16)
Net Profit after Tax for On-going Business Departments		18,047,856	20,120,510	(2,072,654)	(10)
Other comprehensive income (Note 2)		(1,024,968)	138,758	(1,163,726)	(839)
Total comprehensive income for the current period(Note 3)		17,022,888	20,259,268	(3,236,380)	(16)

Note:

1. Mainly due to credit extensions which caused the increase of provision for possible losses on loans.

2. Mainly due to the economic environment, leading to increases in revaluation losses for equity instruments at fair value through other comprehensive income compared to the previous period.

7.3 Cash Flow

7.3.1 Cash liquidity analysis for the past two year

Unit: %

Item	Year	2020	2019	Percentage (%) increase (decrease)
Cash flow ratio (%) (Note 1)		9.35	5.64	66
Cash flow adequacy ratio (%)		116.75	120.58	(3)
Cash reinvestments ratio (%) (Note 2)		0.56	0.05	(1,020)

Note:

1. The cash flow ratio was higher in 2020 than 2019, mainly due to the increase of deposits and remittances, which caused increase in cash flow of operating activities.

2. The cash reinvestment ratio was higher in 2020 than in 2019, mainly due to the increase in cash flow of operating activities and current assets.

7.3.2 Cash liquidity analysis for the next year

Unit: NT\$ thousand

Cash balance at beginning of period [1]	Expected annual net cash flow from operating activities [2]	Expected cash outflow For the year [3]	Expected cash surplus (deficit) [1]+[2]+[3]	Remedial actions For expected cash deficit	
				Investment plan	Financing plan
70,065,700	16,720,161	(186,200)	86,972,061	-	-

1. Analysis of cash flow change for the year

(1). Operating activities: Expected annual net cash flow from operating activities was NT\$16,720,161 thousand.

(2). Investing activities: Expected annual net cash flow was NT\$(3,777,016) thousand.

(3). Financing activities: Expected annual net cash flow was NT\$3,963,216 thousand.

2. Liquidity contingency plan and liquidity analysis: None.

7.4 Impact of significant capital expenditures on finances

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

7.4.2 Expected benefits: None.

7.5 2020 reinvestment policy, main reasons for profits or losses, improvement plan, and investment in the coming year

7.5.1 2020 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’ssubsidiaries 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 2020 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

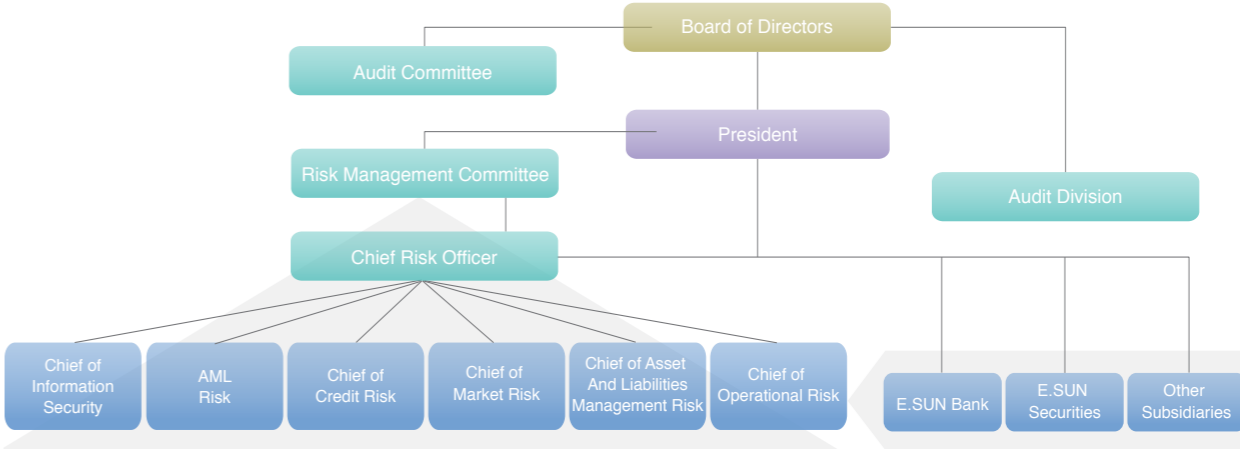
The goal of the Company’s risk management is to ensure the safety of assets, enhance customer service quality, increase shareholder value, and achieve the goal of rationalization of risk and compensation. The development of business must uphold the highest guiding principles of risk management: safety 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 with 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 risk, operational risk, money laundering risk, countering the financing of terrorism risk, liquidity risk, and other risk. Comprehensively enhance the quality of risk management.

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



E.SUN FHC's Risk Management Organizational Framework

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

(1) Routine Disclosures

I. Strategies and Procedures

(I) Credit Risk Management

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

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

#### (II) Market Risk Management

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

#### (III) Operational Risk Management

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

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

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

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

#### (V) Information Security Risk

- a.The establishment of a bank-wide information security management system and determination of relevant information security management standards and procedures in accordance with the "E.SUN FHC Information Security Policy" has ensured the confidentiality, integrity, and availability of key information throughout the company, and provides an important basis for information security management.
- b.The Bank's information security management is based on international standards and complies with domestic and foreign information security laws and regulations. E.SUN Bank has obtained the Information Security Management System (ISMS) ISO/IEC 27001: 2013 certification, BS 10012: 2017 certification, and PCI DSS certification.

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

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

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

#### (I) Credit Risk Management

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

#### (II) Market Risk Management

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

#### (III) Operational Risk Management

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

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

The Company and its subsidiaries comply with regulations of the financial competent authority to implement the anti-money laundering and counter terrorism financing control. E.SUN conducts transaction monitoring with the assistant of IT system and staff's professional judgment in accordance with typologies of the authorities of Taiwan. If any suspicious

transaction or activity detected, the dedicated unit should report it to the financial investigation bureau through independent computer and ensure data security.Subsidiary, E.SUN Bank has successively optimized various functional modules of the system, including adding new system monitoring of suspected money laundering conditions to expand monitoring objects and business scope, adjusting monitoring logic and parameter thresholds, etc., to strengthen monitoring benefits. Besides, the company adopts external database and sanction lists published by international authoritative organizations in the filtering system to conduct name screening. The company prohibits to establish relationship with objects whose name is listed on sanction list and will perform enhanced due diligence and obtain senior management approval before a high risk customer on-boarding.

(V) Information Security Risk

- a. Assessing and identifying information security risk (Security risk can be mitigated through defining the SOP and operational guidelines to control potential threats and vulnerabilities, planning risk assessment, implementing control mechanisms, following audit review and taking improving action. A summary of how these steps are taken is as follows PDCA) :
- (a) Plan: Conduct a risk assessment of control mechanisms already in place to identify information security threats and vulnerabilities.

(b) Do: Use the assessment as the basis for installing and implementing a better-rounded control regime.

(c) Check: Conduct routine internal audits to ensure the effectiveness of the information security management system; enforce effective information security management through rigorous double-checking by executives.

(d) Act: Use the audits as the basis for taking corrective and preventive action, introducing a further-improved control regime, and conducting employee training with regard to information security.

b. Reporting line

(a) Bank:

The Bank's dedicated unit responsible for the planning and implementation of information security matters. "Information Security Management Division" performs the bank-wide information security governance and information security risk mitigation, and all bank units cooperate in implementation.

(b) E.SUN Security:

According to E.SUN FHC Information Security Policy,we formed a dedicated team under the Information Technology Division for the planning and implementation of information security matters in all business units.

(c) Financial Holding Company:

The Company has established the "Information Security Management Committee" to review information security management policies at subsidiaries. The Company's chief information security officer serves as the chairperson of this committee, and representatives of subsidiaries' chief information officers serve as committee members. The Information Security Management Committee meets once each quarter, and the general manager presides at these meetings. The committee also meets once each month at a working group conference, which supervises and reviews the state of the Company's information security management and discusses information security issues.

(d) Board of directors:

After the Information Security Management Division has reviewed the overall state of information security implementation during the previous year, the chief information security officer, general auditor, general manager, and chairman shall jointly sign and issue a statement concerning the overall implementation of information security, which is presented to the board within 3 months after the end of the accounting year.

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

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

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

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

(I) E.SUN Bank

2020.12.31 Unit : NT\$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	175,428,993	29,426
Public Sector (Non-central government)	6,123,854	98,527
Banks (including multilateral development banks and CCP)	269,651,480	8,982,607
Corporate (including securities and insurance companies)	464,531,128	34,526,617
Retail exposures	198,124,131	10,693,117
Real Estate	1,081,792,741	44,852,741
Equity Investments	1,036,454	82,916
Capital requirements for banks'equity investments in funds	0	0
Other Assets	54,421,224	3,226,764
Total	2,251,110,005	102,492,715

(II) E.SUN Securities

Unit : NT\$ thousand

Item	December 31,2020		December 31,2019	
	Market value	Risk Equivalent	Market value	Risk Equivalent
Margin trading amount	6,780,102	169,503	6,183,871	154,602
Securities loan	1,076,298	26,907	1,158,965	28,974
Securities Brokerage	26,478,919	707,756	11,260,991	302,281
General transaction amount	505,178	40,414	428,484	34,279

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

(I) E.SUN Bank

2020.12.31 Unit : NT\$ thousand

Risk Type	Capital Charged
Interest rate risk	4,318,588
Equity Securities risk	1,339,013
FX risk	330,085
Commodity Risk	8,473
Option based on simple method	0
Total	5,996,159

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

(II) E.SUN Securities

Unit : NT\$ thousand

Risk Type	December 31,2020		December 31,2019	
	Market value	Risk Equivalent	Market value	Risk Equivalent
General positions				
Interest Rate risk	493,929	23,340	548,280	44,499
Equity Securities risk	869,690	185,823	940,605	194,115
FX risk	1,267,043	50,682	302,946	24,288
Total	2,630,662	259,845	1,791,831	262,902

III. Liquidity Risk

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

## (I) E.SUN Bank

2020.12.31 Unit:NT\$ thousand

TWD Maturity Term Structure Analysis							
	Total	Remaining Period to Maturity					
		0~10 Days	11~30 Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	2,448,831,778	344,703,588	299,351,504	149,592,376	155,542,547	193,849,860	1,305,791,903
Main capital outflow on maturity	2,842,099,491	109,238,336	207,374,677	382,804,737	299,536,324	519,960,283	1,323,185,134
Gap	(393,267,713)	235,465,252	91,976,827	(233,212,361)	(143,993,777)	(326,110,423)	(17,393,231)

Note: The figures refer to the amount of TWD position in the whole bank.

2020.12.31 Unit:USD\$ thousand

USD Maturity Term Structure Analysis						
	Total	Remaining Period to Maturity				
		0~30 Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	42,481,080	11,662,662	9,746,837	4,425,030	5,236,198	11,410,353
Main capital outflow on maturity	50,066,649	12,207,491	11,545,415	9,832,924	13,142,825	3,337,994
Gap	(7,585,569)	(544,829)	(1,798,578)	(5,407,894)	(7,906,627)	8,072,359

Note:

1: The figures refer to the amount of USD position in the whole bank

2: If the assets in overseas branches account for more than 10% of the whole bank, supplementary disclosure information should provide supplementary disclosure information.

## (II) E.SUN Securities

2020.12.31 Unit:NT\$ thousand

December 31,2019	Total	Remaining Period to Maturity				
		0~30Days	31~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year
Assets	21,667,621	12,603,964	371,996	961,705	1,084,230	6,645,726
Liabilities	21,667,621	13,151,851	146,007	193,632	102,566	8,073,565
Gap	-	(547,887)	225,989	768,073	981,664	(1,427,839)
Cumulative gap	-	(547,887)	(321,898)	446,175	1,427,839	-

## IV. Operational risk

## (I) E.SUN Bank

Unit:NT\$ thousand

Year	Gross Income	Capital Charged
2018	46,475,795	
2019	51,170,247	
2020	50,167,827	
Total	147,813,869	9,686,390

## (II) E.SUN Securities

Unit:NT\$ thousand

Year	Gross Income	Capital Charged
2019	1,419,405	
2019	1,470,569	
2020	2,251,474	
Total	5,141,448	308,487

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

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

- Taiwan is a member of the Asia/Pacific Group on Money Laundering (APG). In order to re-establish cash flow order, and enhance both the public and private institution prevention of money laundering, strengthen Taiwan's anti-money laundering situation, and improve the international legal system collaboration, the Authority of Taiwan amended the Anti-Money Laundering Law on December 28, 2016 in line with the forty recommendations of the Financial Action Task Force (FATF) and international agreements and legislation. The Anti-Money Laundering Law was put into effect on June 28, 2017 and then amended on November 7, 2018. The Financial Supervisory Commission also established "Regulations Governing Anti-Money Laundering of Financial Institutions" according to the law.
- In order to actively conduct and implement AML/CFT work, E.SUN revised "Anti-Money Laundering and Countering Terrorist Financing Policy of E.SUN Financial Holding Company and its Subsidiaries" on April 24, 2020. Subsidiary, E.SUN Bank has revised the "Guidelines of Anti Money Laundering and Combating the financing of terrorism of E.SUN Bank" on May 25, 2020. Subsidiary, E.SUN Securities also revised the "Guidelines of Anti Money Laundering

and Combating the Financing of Terrorism of E.SUN Securities", "Guidelines of Anti Money Laundering and Combating the financing of terrorism of E.SUN Securities and its concurrent futures business" on April 22, 2020 and the "E.SUN Securities Anti Money Laundering and Combating the financing of terrorism of E.SUN Security" was revised to facilitate the use of RBA methods to confirm customers' identities and ongoing review mechanisms, and to verify the shareholder structures and actual beneficial owner of institutional or trust customers in accordance with the structure of three lines of defense and to confirm the effectiveness of our plan.

## (2) Trust 2.0 (Comprehensive Trust)

- In order to enhance trust service functions and develop comprehensive trust business, the FSC promotes the Trust 2.0 "Comprehensive Trust" promotion plan which will integrate various financial products, build friendly residence, aging in place, assist asset management, ensure economic security, cross-industry alliance, fulfill diversified needs, integrate securitization tools, and develop multiple markets.
- Subsidiary E.SUN Bank has established a trust 2.0 promotion working group, which will expand the bank's service contacts, provide customized trust services such as social care, economic safety and consumer protection to consumer, also organize trusts seminar promotion on different customer groups. Internally, E.SUN Bank will promote the training and reward mechanism for the licenses of "family trust planning consultant" and "senior financial planning consultant" to comprehensively enhance the trust profession.

## (3)"Directions Governing the Scope, Procedures and Other Items on the Reporting of Material Contingencies by Financial Institutions" and "Directions Governing the Scope, Procedure and Other Items on the Reporting of Material Contingencies for Insurance Agents and Insurance Brokers"

- On November 16, 2020, the FSC has amended the "Directions Governing the Scope, Procedures and Other Items on the Reporting of Material Contingencies by Financial Institutions" to adjust the scope of notifications on major incidents and banks that concurrently operate insurance agents or insurance brokers. When critical contingency occurs, shall be handled in accordance with the "Directions Governing the Scope, Procedures and Other Items on the Reporting of Material Contingencies by Financial Institutions".
- Subsidiary E.SUN Bank has completed the revision of internal regulations in accordance with external regulations, and has established standard procedures for emergency response and crisis management. If there are emergencies, abnormal occurrences and critical contingencies, the emergency response mechanism will active and a good internal notification mechanism will be established.

## (4) Follow up on execution of the Volcker Rule.

On January 1, 2021, the Volcker Rule amendment came into effect. The main revisions include: (1) Set the applicable threshold for financial institutions, adopting a step-by-step management method; (2) Adjust the definition of trading account; (3) Add financial instruments that can be used for liquidity management; (4) Exemption for proprietary trading (SOTUS) applicable conditions; (5) Applicable conditions of regulated fund exemptions (SOTUS). In the future, E.SUN Bank will conduct a review of relevant management regulations to comply with the US regulatory situation.

## (5) 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.

In order to identify and respond to the risk of LIBOR exit, the subsidiary E.SUN Bank established a LIBOR transposition response team to deal with the product conversion, contract revision, communication between customers and investors, system and process adjustments, taxation, evaluation model and financial affairs related to the domestic and foreign unit operations of subsidiary E.SUN Bank.

The transposition response team regularly tracks the progress of the entire bank and adjusts the schedule in a timely manner based on the requirements of the competent authorities of various countries and the actual business operation status of the subsidiary E.SUN Bank, and reports the relevant progress to the management to ensure the successful progress of the overall transposition plan.

## (6) Margin Requirement

In response of Global Financial Crisis in 2008, the Group of Twenty (G20) initiated a reform in 2009 to reduce the systemic risk and enhance the risk capacity in OTC derivative, which require by different types of instrument and notional amount. For Non-centrally cleared OTC derivative would require margin movement which include Variation margin and Initial Margin. According to the different implement phases,E.SUN will imply the initial margin in September 2022.

## (7) Common Reporting Standard(CRS)

- I. The Ministry of Finance has promulgated "Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions" on November 16, 2017. Subsidiaries included E.SUN Bank and E.SUN Securities have conducted due diligence on new individual and entity accounts since 2019, and will report to the tax authorities the information of each reportable account and undocumented account in respect of a previous calendar year by the end of June 2020. The review and report procedures for lower value accounts and existing real accounts will be completed by the end of June 2021.
- II. The overseas Branches and Subsidiaries of E.SUN Bank, such as China, Hong Kong, Singapore, Japan and Australia have signed tax treaties, and consultants have been appointed to assist in importing project planning. Hong Kong, Singapore and Japan will implement the new account review process in January 2017 (Australia branches and Mainland China subsidiaries also implemented the new account review process in July 2017), completed the review of existing high value accounts before the end of 2017, completed the first declaration in May 2020, and completed other existing accounts review by the end of 2020. In the first half of 2021, it is plan to cooperate with the project consultants to conduct a practical inspection and improvement or summary report on the overseas branch of subsidiary E.SUN Bank to ensure that the implementation of the aforementioned work items meets the local regulations.

### 7.6.4 Effect of developments in science and technology as well as industrial changes on the E. SUN FHC's finance and operation, and countermeasures:

Information security has become a crucial component of risk management because of the rapid development of FinTech. To strengthen our information security , the Company and its subsidiaries have deployed various protection mechanisms,, including intrusion prevention/detection systems, web application firewalls (WAF), data loss prevention (DLP) tools, distributed denial of service (DDoS) and advanced persistent threat (APT) defense systems, etc.

Before implementing new technologies, requirements review and architecture consultation are conducted respectively by the requirements management team systems architects team. A thorough assessment, based on the 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 bank's finances and business due to the recent technological and market changes.

### 7.6.5 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 2020, E.SUN FHC was included as a constituent stock in the Dow Jones Sustainability Index (DJSI), and won its 13th consecutive Taiwan's Excellence in Corporate Social Responsibility Award from Commonwealth Magazine. Both E.SUN Bank and E.SUN Securities received 5th consecutive after Wealth Magazine's newly-added Financial Technology Applications Innovation Award. Also, it is the second year that the Company won the No.1 in the Taiwan Banking Industry, the world-renowned banker magazine "The Banker", "the world's top 500 bank brand value", and Asiamoney magazine, "the best corporate social responsibility bank in Taiwan". 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 has zero trust for the operational processes and zero tolerance for the risk, and no business can be considered beyond the risk. E.SUN Bank has actively strengthened its operating procedures. In order to enhance the moving value of customers, the Bank has set up a customer services division and established a comprehensive customer service management system to improve service quality management, to actively create temperature-friendly customer service and wonderful customer experience, and to provide products and services that are closer to customer needs.

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

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

None.

### 7.6.7 Business concentration risks and countermeasures:

#### (1) Business concentration

The Company continue 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.

#### (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.

### 7.6.8 Impact of the transfer of stakes held by directors, supervisors or major shareholders holding stakes over 1 %, possible risks and countermeasures:

As of the end of 2020, no directors, supervisors or major shareholders with a stake of over 1% transferred stakes to another party.

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

As of the end of 2020, there is no significant change in ownership.

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

### 7.6.11 Other major risks and countermeasures:

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

## 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



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### 8.1 Information of affiliated companies

#### 8.1.1 Operation reports of affiliated enterprises

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

2020.12.31 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	95,241,000	Corporate Banking, Consumer Banking, wealth management, Treasury, Foreign Exchange, Credit Card
E.SUN Securities Co., Ltd.	2000.08.02	6F, No.158, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	4,000,000	Underwriting, brokering, dealing securities and operating in broker- age of futures
E.SUN Venture Capital Co., Ltd.	2002.10.07	6F, No.115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	3,300,000	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	135,000	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

2020.12.31 Unit: NT\$ thousand

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Profit after tax	EPS (NT\$)
E.SUN Commercial Bank, Ltd.	95,241,000	2,886,420,244	2,708,762,961	177,657,283	16,464,910	1.73
E.SUN Securities Co., Ltd.	4,000,000	21,624,978	15,872,935	5,752,043	790,492	1.98
E.SUN Venture Capital Co., Ltd.	3,300,000	4,142,539	63,453	4,079,086	913,372	2.77
E.SUN Securities Investment Consulting Co., Ltd.	50,000	82,056	23,814	58,242	25	0.01
Union Commercial Bank Public Limited Corporation	2,408,026	25,337,323	21,469,246	3,868,077	260,274	3,253
URE Land Holding Co., Ltd.	30	450,707	410,965	39,742	7,064	7,064
BankPro E-Service Technology Co., Ltd.	135,000	630,485	207,955	422,530	57,224	4.24
E.SUN Bank (China), Ltd.	10,038,248	58,251,947	49,289,333	8,962,614	107,994	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, 2020. Assets and liabilities of Union Commercial Bank Public Limited Corporation converted to NTD at the average exchange rates over 2020.
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

2021.03.27 Unit: thousand shares, %

Company	Occupation	Name/representative	Shareholding	
			Share	Percentage
E.SUN Commercial Bank, Ltd.	Chairman	E.SUN Financial Holding Co. Ltd. Joseph N.C. Huang	9,524,100	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		
	Director	E.SUN Financial Holding Co. Ltd. Ben Chen		
E.SUN Securities Co., Ltd.	Chairman	E.SUN Financial Holding Co. Ltd. Yi-Hsin Tseng	400,000	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	330,000	100
	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. Tien-Ying Huang		
	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	100
	Director	E.SUN Securities Co., Ltd. Daniel Tsai		
	Director	E.SUN Securities Co., Ltd. Wen-Li Kuo		
	Supervisor	E.SUN Securities Co., Ltd. Yi-Hao Su		

Company	Occupation	Name/representative	Shareholding	
			Share	Percentage
Union Commercial Bank Public Limited Corporation	Chairman	E.SUN Commercial Bank, Ltd. Mao-Chin Chen	80	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 Pha lin		
	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		
	Director	Che-I Chen		
BankPro E-Service Technology Co., Ltd.	Chairman	E.SUN Commercial Bank, Ltd. David Chen	8,325	61.67
	Director and president	E.SUN Commercial Bank, Ltd. Ivan Chiu		
	Director	E.SUN Commercial Bank, Ltd. Shih-Chen Huang		
	Director	E.SUN Commercial Bank, Ltd. Bruce Lee		
	Director	E.SUN Commercial Bank, Ltd. Lu-Erh Chuang	1,800	13.33
	Director	Financial Information Service Co.,Ltd. Stone Fang		
	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. Joseph N.C. Huang	-	-
	Director and president	E.SUN Commercial Bank, Ltd. Chung-Jen Tsao		
	Director	E.SUN Commercial Bank, Ltd. Cheng-Chou Hsu		
	Director	E.SUN Commercial Bank, Ltd. Magi Chen		
	Director	E.SUN Commercial Bank, Ltd. Chun-Yu Lin		
	Independent Director	E.SUN Commercial Bank, Ltd. Ryh-Yan Chang		
	Independent Director	E.SUN Commercial Bank, Ltd. Chuan-Hsing Huang		
	Independent Director	E.SUN Commercial Bank, Ltd. Jinsong Tan		
	Independent Director	E.SUN Commercial Bank, Ltd. Fanmin Kong		
	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):

Internal or external information show that the debtor is unlikely to pay its creditors.

When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

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

E.SUN Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectable, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC

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

##### (2) Impairment of tangible and intangible assets other than goodwill

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

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

##### (3) Goodwill

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

For impairment test purposes, goodwill is allocated to each CGU that benefits from the synergy of a business combination.

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

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

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

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

(1) Endorsement/guarantee provided: None.

(2) Financing provided: None.

(3) Derivative transactions: Please refer to the note of financial statement: financial instruments.

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

**8.5 Any Events in 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:** None.

## Appendix



YANG SHU HUI

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2020 and 2019 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, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, E.SUN Financial Holding Company, Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

E.SUN FINANCIAL HOLDING COMPANY, LTD.

By



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YUNG-JEN HUANG  
Chairman

March 11, 2021

## **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, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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, 2020 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, 2020, the net amount of discounts and loans of the Company represented approximately 55% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of E.SUN Commercial Bank, Ltd. (E.SUN Bank), a subsidiary of ESFHC, complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of E.SUN Bank, please refer to Notes 4, 5 and 14 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, 2020 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 provision for possible losses on credit assets; we tested the completeness of the loan assets.
3. We assessed that the loans of E.SUN Bank were classified in accordance with the definition of the Regulations.
4. We calculated the required provision of allowance for possible losses on loans of E.SUN Bank in order to assess whether it complied with the Regulations.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 54,640,670	2	\$ 43,023,628	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7 and 40)	121,080,836	4	85,555,267	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	715,809,282	24	519,648,673	21
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 43)	263,902,860	9	215,878,199	9
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 40 and 43)	16,465,798	1	12,599,698	1
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	2,300,196	-	4,971,085	-
RECEIVABLES, NET (Notes 4, 12 and 39)	116,686,211	4	113,150,366	5
CURRENT TAX ASSETS (Notes 4 and 36)	106,412	-	7,200	-
ASSETS HELD FOR SALE, NET (Notes 4 and 13)	-	-	158,036	-
DISCOUNTS AND LOANS, NET (Notes 4, 14, 39 and 40)	1,620,374,068	55	1,444,322,101	58
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	6,235,133	-	8,039,483	-
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	1,827,047	-	1,853,907	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	33,290,884	1	33,351,444	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 18)	3,168,210	-	3,181,031	-
INTANGIBLE ASSETS, NET (Notes 4 and 19)	6,167,861	-	6,188,674	-
DEFERRED TAX ASSETS (Notes 4 and 36)	1,842,000	-	1,456,489	-
OTHER ASSETS, NET (Notes 4, 18, 20 and 29)	<u>7,847,214</u>	<u>-</u>	<u>4,972,910</u>	<u>-</u>
TOTAL	<u>\$ 2,971,744,682</u>	<u>100</u>	<u>\$ 2,498,358,191</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	\$ 54,968,986	2	\$ 57,903,786	2
DUE TO THE CENTRAL BANK AND OTHER BANKS	8,044,340	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 26)	70,441,442	3	59,630,516	3
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10 and 22)	11,305,248	1	7,228,239	-
COMMERCIAL PAPER ISSUED, NET (Note 23)	3,257,632	-	3,681,576	-
PAYABLES (Notes 24 and 39)	33,872,856	1	29,184,083	1
CURRENT TAX LIABILITIES (Notes 4 and 36)	830,714	-	1,899,196	-
DEPOSITS AND REMITTANCES (Notes 25 and 39)	2,491,467,253	84	2,082,984,629	83
BOND PAYABLES (Note 26)	39,970,000	1	38,070,000	2
OTHER BORROWINGS (Note 27)	1,213,342	-	381,356	-
PROVISIONS (Notes 4, 28 and 29)	1,159,384	-	656,223	-
OTHER FINANCIAL LIABILITIES (Notes 16 and 30)	64,583,767	2	35,167,492	2
LEASE LIABILITIES (Notes 4 and 18)	3,275,399	-	3,177,727	-
DEFERRED TAX LIABILITIES (Notes 4 and 36)	1,422,381	-	1,306,719	-
OTHER LIABILITIES (Note 31)	<u>4,331,361</u>	<u>-</u>	<u>3,905,549</u>	<u>-</u>
Total liabilities	<u>2,790,144,105</u>	<u>94</u>	<u>2,325,177,091</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC				
Capital stock				
Common stock	<u>125,671,000</u>	<u>4</u>	<u>116,195,000</u>	<u>5</u>
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	21,967,730	1	21,583,250	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>25,350,214</u>	<u>1</u>	<u>24,965,734</u>	<u>1</u>
Retained earnings				
Legal reserve	13,078,728	-	11,068,215	-
Special reserve	164,235	-	164,235	-
Unappropriated earnings	<u>17,061,205</u>	<u>1</u>	<u>20,465,306</u>	<u>1</u>
Total retained earnings	<u>30,304,168</u>	<u>1</u>	<u>31,697,756</u>	<u>1</u>
Other equity	<u>143,010</u>	<u>-</u>	<u>199,431</u>	<u>-</u>
Total equity attributable to owners of ESFHC	181,468,392	6	173,057,921	7
NON-CONTROLLING INTERESTS	<u>132,185</u>	<u>-</u>	<u>123,179</u>	<u>-</u>
Total equity	<u>181,600,577</u>	<u>6</u>	<u>173,181,100</u>	<u>7</u>
TOTAL	<u>\$ 2,971,744,682</u>	<u>100</u>	<u>\$ 2,498,358,191</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 32 and 39)	\$ 36,089,321	64	\$ 41,263,631	75	(13)
INTEREST EXPENSE (Notes 4, 32 and 39)	<u>(14,750,803)</u>	<u>(26)</u>	<u>(21,392,562)</u>	<u>(39)</u>	(31)
NET INTEREST	<u>21,338,518</u>	<u>38</u>	<u>19,871,069</u>	<u>36</u>	7
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 33 and 39)	19,831,103	35	18,725,133	34	6
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 34)	12,327,602	22	15,306,337	28	(19)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,928,603	3	1,092,762	2	76
Foreign exchange gains (losses), net (Note 4)	450,867	1	(770,449)	(1)	159
Reversal of impairment losses (impairment losses) on assets (Notes 4 and 16)	(16,066)	-	4,710	-	(441)
Other noninterest gains, net (Note 4)	<u>388,417</u>	<u>1</u>	<u>293,056</u>	<u>1</u>	33
Total net revenues and gains other than interest	<u>34,910,526</u>	<u>62</u>	<u>34,651,549</u>	<u>64</u>	1
TOTAL NET REVENUES	<u>56,249,044</u>	<u>100</u>	<u>54,522,618</u>	<u>100</u>	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)	<u>(3,225,752)</u>	<u>(6)</u>	<u>(1,598,078)</u>	<u>(3)</u>	102

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29, 35 and 39)					
Employee benefits	\$ (14,216,281)	(25)	\$ (12,779,300)	(24)	11
Depreciation and amortization	(3,442,951)	(6)	(3,317,609)	(6)	4
General and administrative	<u>(14,834,968)</u>	<u>(27)</u>	<u>(13,757,355)</u>	<u>(25)</u>	8
Total operating expenses	<u>(32,494,200)</u>	<u>(58)</u>	<u>(29,854,264)</u>	<u>(55)</u>	9
INCOME BEFORE INCOME TAX	20,529,092	36	23,070,276	42	(11)
INCOME TAX EXPENSE (Notes 4 and 36)	<u>(2,481,236)</u>	<u>(4)</u>	<u>(2,949,766)</u>	<u>(5)</u>	(16)
NET INCOME FOR THE YEAR	<u>18,047,856</u>	<u>32</u>	<u>20,120,510</u>	<u>37</u>	(10)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 36):					
Remeasurement of defined benefit plans	(306,696)	(1)	292,764	-	(205)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(594,833)	(1)	(131,554)	-	352
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(8,750)	-	409,064	1	(102)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>10,329</u>	<u>-</u>	<u>(3,044)</u>	<u>-</u>	439
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(899,950)</u>	<u>(2)</u>	<u>567,230</u>	<u>1</u>	(259)

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 36):					
Exchange differences on the translation of financial statements of foreign operations	\$ (957,715)	(2)	\$ (967,049)	(2)	(1)
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	783,364	2	373,499	1	110
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>49,333</u>	-	<u>165,078</u>	-	(70)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(125,018)</u>	-	<u>(428,472)</u>	(1)	(71)
Other comprehensive income (loss) for the year, net of income tax	<u>(1,024,968)</u>	(2)	<u>138,758</u>	-	(839)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,022,888</u>	<u>30</u>	<u>\$ 20,259,268</u>	<u>37</u>	(16)
NET INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 18,026,592	32	\$ 20,105,129	37	(10)
Non-controlling interests	<u>21,264</u>	-	<u>15,381</u>	-	38
	<u>\$ 18,047,856</u>	<u>32</u>	<u>\$ 20,120,510</u>	<u>37</u>	(10)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 17,001,757	30	\$ 20,244,626	37	(16)
Non-controlling interests	<u>21,131</u>	-	<u>14,642</u>	-	44
	<u>\$ 17,022,888</u>	<u>30</u>	<u>\$ 20,259,268</u>	<u>37</u>	(16)

(Continued)

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

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

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	<b>2020</b>		<b>2019</b>		<b>Percentage Increase (Decrease)</b>
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>%</b>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 37)					
Basic	<u>\$ 1.43</u>		<u>\$ 1.60</u>		
Diluted	<u>\$ 1.43</u>		<u>\$ 1.60</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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of ESFHC						Other Equity			Non-controlling Interests (Notes 4 and 38)	Total Equity
	Capital Stock (Note 38)		Capital Surplus (Notes 4 and 38)	Retained Earnings (Notes 4, 9 and 38)			Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 9)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)		
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2019	10,828,900	\$ 108,289,000	\$ 24,710,706	\$ 9,361,366	\$ 164,235	\$ 17,102,179	\$ (540,844)	\$ 848,690	\$ 78,956	\$ 115,812	\$ 160,130,100
Effect of retrospective application	-	-	-	-	-	25,846	-	-	-	-	25,846
BALANCE AT JANUARY 1, 2019 AS APPLIED RETROSPECTIVELY	10,828,900	108,289,000	24,710,706	9,361,366	164,235	17,128,025	(540,844)	848,690	78,956	115,812	160,155,946
Appropriation of 2018 earnings											
Legal reserve	-	-	-	1,706,849	-	(1,706,849)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,688,367)	-	-	-	-	(7,688,367)
Stock dividends	769,950	7,699,500	-	-	-	(7,699,500)	-	-	-	-	-
Issuance of common stock from employees' compensation	20,650	206,500	255,028	-	-	-	-	-	-	-	461,528
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(7,275)	(7,275)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	32,223	-	(32,223)	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	747	-	-	(747)	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	20,105,129	-	-	-	15,381	20,120,510
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	293,898	(775,569)	752,722	(131,554)	(739)	138,758
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,399,027	(775,569)	752,722	(131,554)	14,642	20,259,268
BALANCE AT DECEMBER 31, 2019	11,619,500	116,195,000	24,965,734	11,068,215	164,235	20,465,306	(1,316,413)	1,569,189	(53,345)	123,179	173,181,100
Appropriation of 2019 earnings											
Legal reserve	-	-	-	2,010,513	-	(2,010,513)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,191,766)	-	-	-	-	(9,191,766)
Stock dividends	926,000	9,260,000	-	-	-	(9,260,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	21,600	216,000	384,480	-	-	-	-	-	-	-	600,480
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(12,125)	(12,125)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(664,477)	-	664,477	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	2,892	-	-	(2,892)	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	18,026,592	-	-	-	21,264	18,047,856
Other comprehensive income (loss) for the year ended December 31 2020, net of income tax	-	-	-	-	-	(306,829)	(772,986)	649,813	(594,833)	(133)	(1,024,968)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	17,719,763	(772,986)	649,813	(594,833)	21,131	17,022,888
BALANCE AT DECEMBER 31, 2020	12,567,100	\$ 125,671,000	\$ 25,350,214	\$ 13,078,728	\$ 164,235	\$ 17,061,205	\$ (2,089,399)	\$ 2,883,479	\$ (651,070)	\$ 132,185	\$ 181,600,577

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 20,529,092	\$ 23,070,276
Adjustments for:		
Depreciation expenses	2,787,307	2,698,912
Amortization expenses	655,644	618,697
Expected credit losses/bad-debt expenses	3,175,679	1,545,708
Gains on financial assets and liabilities at fair value through profit or loss	(12,327,602)	(15,306,337)
Interest expense	14,750,803	21,392,562
Interest revenue	(36,089,321)	(41,263,631)
Dividend income	(360,957)	(386,034)
Provision for losses on guarantees	49,804	50,988
Salary expenses on share-based payments	518,777	601,387
Gains on disposal of properties and equipment	(1,526)	(52,141)
Losses on disposal of intangible assets	-	21
Gains on disposal of assets held for sale	(173,592)	-
Gains on disposal of investments	(1,567,646)	(706,728)
Impairment losses (reversal of impairment losses) on non-financial assets	(630)	704
Others	9,607	10,993
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(28,705,429)	(6,580,307)
Financial assets at fair value through profit or loss	(162,981,789)	(18,137,793)
Financial assets at fair value through other comprehensive income	(46,464,409)	(32,384,764)
Investments in debt instruments at amortized cost	(4,076,817)	(4,516,329)
Receivables	(4,257,641)	(19,622,172)
Discounts and loans	(178,340,103)	(113,243,466)
Other financial assets	1,804,409	5,602,895
Other assets	(1,368,528)	59,645
Deposits from the Central Bank and other banks	(2,934,800)	(14,319,234)
Financial liabilities at fair value through profit or loss	(16,917,798)	(9,358,822)
Securities sold under repurchase agreements	4,077,009	(5,298,550)
Payables	6,291,632	(9,204)
Deposits and remittances	408,482,624	196,290,648
Provision for employee benefits	(13,327)	(15,790)
Provisions	(820)	-
Other financial liabilities	25,780,916	10,539,998
Other liabilities	440,254	1,429,270
Cash used in operations	(7,229,178)	(17,288,598)
Interest received	43,819,965	50,238,583
Dividend received	442,630	462,785
Interest paid	(17,418,901)	(22,495,393)
Income tax paid	(3,840,779)	(2,753,808)
Net cash generated from operating activities	15,773,737	8,163,569

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of assets held for sale	\$ 334,178	\$ -
Payments for properties and equipment	(1,963,191)	(2,849,593)
Proceeds from disposal of properties and equipment	19,845	106,739
Decrease in operating deposits	15,000	-
Increase in settlement fund	(329)	(3,591)
Decrease in settlement fund	6,199	10,521
Increase in refundable deposits	(1,591,956)	-
Decrease in refundable deposits	-	516,412
Payments for intangible assets	(381,627)	(516,210)
Payments for right-of-use assets	(430)	(381)
Increase in other assets	<u>(912)</u>	<u>(382)</u>
Net cash used in investing activities	<u>(3,563,223)</u>	<u>(2,736,485)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	848,371	-
Decrease in short-term borrowings	-	(10,000)
Increase in due to the Central Bank and other banks	8,044,340	-
Increase in commercial paper issued	-	1,012,907
Decrease in commercial paper issued	(424,867)	-
Proceeds from issue of corporate bonds	-	4,000,000
Repayments of corporate bonds	-	(3,800,000)
Proceeds from issue of bank debentures	7,000,000	3,000,000
Repayments of bank debentures	(5,100,000)	(7,780,000)
Proceeds from long-term borrowings	2,851	-
Increase in financial liabilities designated as at fair value through profit or loss	-	309,100
Decrease in financial liabilities designated as at fair value through profit or loss	-	(310,060)
Increase in guarantee deposits received	3,635,359	-
Decrease in guarantee deposits received	-	(391,648)
Repayments of the principal portion of lease liabilities	(1,063,280)	(1,053,259)
Cash dividends paid	(9,191,766)	(7,688,367)
Cash dividends paid to non-controlling interests	<u>(12,125)</u>	<u>(7,275)</u>
Net cash generated from (used in) financing activities	<u>3,738,883</u>	<u>(12,718,602)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(183,104)</u>	<u>1,817,254</u>
		(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 15,766,293	\$ (5,474,264)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>54,299,407</u>	<u>59,773,671</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 70,065,700</u>	<u>\$ 54,299,407</u>
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019		
Cash and cash equivalents in the consolidated balance sheets	\$ 54,640,670	\$ 43,023,628
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	13,124,834	6,304,694
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>2,300,196</u>	<u>4,971,085</u>
Cash and cash equivalents at the end of the year	<u>\$ 70,065,700</u>	<u>\$ 54,299,407</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

E.SUN Financial Holding Company, Ltd. (ESFHC) was established by E.SUN Commercial Bank, Ltd. (E.SUN Bank), E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. (E.SUN Securities) through a share swap on January 28, 2002 based on the Financial Holding Companies Law and related regulations in the Republic of China (ROC). The 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 Law 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 Law and Trust Law of the ROC. As of December 31, 2020, 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, 2020 and 2019, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,400 and 8,894, respectively. For the years ended December 31, 2020 and 2019, the average number of employees of ESBC, UCB and BankPro was 886 and 773, respectively.

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

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

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

The board of directors of ESFHC, in their meeting on March 11, 2021, approved and authorized the consolidated financial statements for issue.

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

- a. Influences of the Company initially applied 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 Financial Supervisory Commission (FSC)

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

### Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"

The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Company applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. Not yet applied new IFRSs endorsed by the FSC for application starting from 2021

<b>The New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
<ul style="list-style-type: none"> <li>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”</li> </ul> <p>“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.</p> <p>Changes in the basis for determining contractual cash flows as a result of <u>interest rate benchmark reform</u></p> <p>The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities 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.</p>	

Except for the above impact, the Company assessed the application of other amendments would not have any material impact on the Company’s financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<b>The New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

- Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Basis of consolidation

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

The accounting policies of ESFHC and subsidiaries are consistent.

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

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

d. Foreign-currency transactions

Foreign-currency transactions of ESFHC and E.SUN Securities, ESVC are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Losses or gains resulting from the application of prevailing exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the period of settlement. The period-end balances of foreign-currency monetary assets and liabilities are restated at the prevailing exchange rates, and the resulting differences are recorded as credits or charges to current income.

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

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

e. Current and noncurrent assets and liabilities

Since the operating cycle in the financial holding company and banking industry cannot be reasonably identified, accounts included in the financial statements of ESFHC, E.SUN Bank, UCB and ESBC are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by their liquidity.

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

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

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the banking industry accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity.

f. Cash and cash equivalents

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

g. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i. Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 43.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

iii. Investments in debt instruments at FVTOCI

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

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

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts 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.

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

## 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.

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. Assets held for sale

Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

l. 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).

m. 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.

n. 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.

o. 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.

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

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

## 2) The Company as lessee

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

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

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

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

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

The Company negotiates with the lessor for rent concessions as a direct consequence of the COVID-19 to change the lease payments originally due by June 30, 2021, which results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to rent concessions for buildings lease contracts, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in depreciation of right-of-use assets in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

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.

p. 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.

q. Intangible assets other than goodwill

1) Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of the asset useful lives, residual values, and amortization method, with the effect of any changes in estimate accounted for on a prospective basis. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero. Effect of any changes in estimate accounted for on a prospective basis.

2) Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition

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

r. Impairment of property and equipment, right-of-use assets 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 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.

s. 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.

t. 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.

u. 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.

v. 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.

### w. 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.

### x. 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 on unappropriated earnings is provided for 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.

### y. 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.

**z. Government grants**

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

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

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

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

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

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

### Estimated impairment of loans

The provision for impairment of loans is based on assumptions about risk of default and expected loss rates. 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	
	2020	2019
Cash on hand	\$ 15,071,006	\$ 18,307,385
Checks for clearing	2,619,519	2,235,915
Due from banks	36,905,775	22,482,739
Cash in transit	<u>63,000</u>	<u>-</u>
	54,659,300	43,026,039
Less: Allowance for possible losses	<u>(18,630)</u>	<u>(2,411)</u>
	<u>\$ 54,640,670</u>	<u>\$ 43,023,628</u>

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2020 and 2019 are shown in the consolidated statements of cash flows.

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

	December 31	
	2020	2019
Deposit reserves - account A	\$ 35,157,341	\$ 22,540,210
Deposit reserves - account B	51,528,140	42,010,879
Reserves for deposits - foreign currency deposits	641,475	542,034
Due from the Central Bank - other	17,521,906	13,454,596
Deposit in the Central Bank - deposits of government agencies	7,239	4,917
Call loans to banks	<u>16,323,194</u>	<u>7,032,905</u>
	121,179,295	85,585,541
Less: Allowance for possible losses	<u>(98,459)</u>	<u>(30,274)</u>
	<u>\$ 121,080,836</u>	<u>\$ 85,555,267</u>

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

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

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

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

	December 31	
	2020	2019
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>		
Negotiable certificates of deposits	\$ 421,811,630	\$ 274,066,671
Commercial paper	111,602,799	76,452,039
Treasury bills	15,842,449	8,970,725
Corporate bonds	82,888,149	77,312,400
Bank debentures	55,581,196	67,042,684
Overseas government bonds	-	148,823
Stock	4,298,755	3,590,807
Overseas mutual funds	352,302	371,806
Operating securities - dealing department	301,672	666,525
Operating securities - underwriting department	231,743	243,853
Beneficial certificates	-	170,456
Taiwan depositary receipts	-	1,518
Currency swap contracts	9,594,092	4,634,534
Interest rate swap contracts	12,079,630	4,879,493
Currency option contracts	489,042	592,864
Forward contracts	154,340	295,111
Futures exchange margins	198,928	164,751
Non-deliverable forward contracts	46,874	7,977
Cross-currency swap contracts	335,176	30,267
Metal commodity swap contracts	<u>505</u>	<u>5,369</u>
	<u>\$ 715,809,282</u>	<u>\$ 519,648,673</u>
<u>Held-for-trading financial liabilities</u>		
Currency swap contracts	\$ 12,690,333	\$ 7,833,585
Interest rate swap contracts	6,443,971	1,754,580
Currency option contracts	630,408	600,624
Forward contracts	264,486	227,051
Cross-currency swap contracts	71,092	3,925
Non-deliverable forward contracts	35,663	4,374
Metal commodity swap contracts	1,898	1,182
Credit default swap contracts	<u>134</u>	<u>156</u>
	<u>20,137,985</u>	<u>10,425,477</u>
<u>Financial liabilities designated as at fair value through profit or loss</u>		
Bank debentures (Note 26)	50,303,457	48,974,699
Structured products	<u>-</u>	<u>230,340</u>
	<u>50,303,457</u>	<u>49,205,039</u>
	<u>\$ 70,441,442</u>	<u>\$ 59,630,516</u>

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

The contract (nominal) amounts of derivative transactions by ESFHC as of December 31, 2020 and 2019 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, 2020 and 2019, respectively, were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Currency swap contracts	\$ 984,461,105	\$ 880,410,246
Interest rate swap contracts	615,849,017	479,685,565
Currency option contracts	79,864,437	118,125,683
Forward contracts	18,796,767	29,877,972
Non-deliverable forward contracts	7,180,003	2,152,229
Cross-currency swap contracts	17,013,677	2,324,807
Metal commodity swap contracts	85,075	154,235
Credit default swaps	58,460	74,718

The open positions of futures transactions of E.SUN Bank as of December 31, 2020 and 2019, respectively, were as follows:

<b>December 31, 2020</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amounts or Premium Paid (Charged)</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	41	\$ 154,097	\$ 154,369
	Commodity futures	Sell	34	162,038	169,328
<b>December 31, 2019</b>					
<b>Items</b>	<b>Products</b>	<b>Open Position</b>		<b>Contract Amounts or Premium Paid (Charged)</b>	<b>Fair Values</b>
		<b>Buy/Sell</b>	<b>Number of Contracts</b>		
Futures contracts	Commodity futures	Buy	50	\$ 99,044	\$ 100,142
	Commodity futures	Sell	51	165,006	169,538

As of December 31, 2020 and 2019, the amounts of futures exchange margins receivable held by E.SUN Securities were \$168,768 thousand and \$144,406 thousand, respectively.

The open position of futures and option transactions of E.SUN Securities as of December 31, 2020 and 2019 were as follows:

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

		December 31, 2019			
Items	Products	Open Position		Contract Amounts or Premium Paid (Charged)	Fair Values
		Buy/Sell	Number of Contracts		
Futures contracts	Stock Index Futures	Sell	73	\$ 7,207	\$ 7,196
	Single Stock Futures	Sell	1	683	681

The gains or losses resulting from the futures and option contracts for the years ended December 31, 2020 and 2019 of E.SUN Securities were as follows:

	2020		2019	
	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions	Gains (Losses) on Futures Contracts	Gains (Losses) on Option Transactions
Realized - non-hedge	\$ 42,547	\$ -	\$ 17,882	\$ (3,435)
Unrealized - non-hedge	146	-	(43)	7
Realized - hedged	-	-	(5,212)	-
Unrealized - hedged	-	-	102	-
	<u>\$ 42,693</u>	<u>\$ -</u>	<u>\$ 12,729</u>	<u>\$ (3,428)</u>

Gains (losses) on stock warrants issued by E.SUN Securities in 2019 were as follows:

	For the Year Ended December 31, 2019
Gains on changes in value of stock warrants issued liabilities	\$ 43,890
Losses on changes in value of stock warrants repurchased	(38,102)
Gains on exercise stock warrants before expired	675
Gains on stock warrants expired	<u>268</u>
	<u>\$ 6,731</u>

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

	December 31	
	2020	2019
Investments in equity instruments at FVTOCI	\$ 9,377,128	\$ 8,057,694
Investments in debt instruments at FVTOCI	<u>254,525,732</u>	<u>207,820,505</u>
	<u>\$ 263,902,860</u>	<u>\$ 215,878,199</u>

a. Investments in equity instruments at FVTOCI

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Listed shares and emerging stocks	\$ 8,062,853	\$ 6,790,271
Unlisted shares	<u>1,314,275</u>	<u>1,267,423</u>
	<u>\$ 9,377,128</u>	<u>\$ 8,057,694</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 2020 and 2019, the Company sold shares of stocks for \$2,873,640 thousand and \$479,282 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized loss of \$664,477 thousand and unrealized gain of \$32,223 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividends income of \$360,957 thousand and \$386,034 thousand were recognized in profit or loss for the years ended December 31, 2020 and 2019, respectively. The dividends related to investments held at the end of the reporting period were \$332,990 thousand and \$377,549 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Bank debentures	\$ 122,689,738	\$ 106,686,396
Government bonds	72,235,130	62,686,326
Corporate bonds	52,362,566	34,344,796
Overseas bonds	6,179,000	2,562,519
Negotiable certificates of deposit	858,233	1,508,450
Discounted note	<u>201,065</u>	<u>32,018</u>
	<u>\$ 254,525,732</u>	<u>\$ 207,820,505</u>

1) As of December 31, 2020 and 2019, the investments in debt instruments at FVTOCI, which amounted to \$12,153,396 thousand and \$7,026,815 thousand, respectively, had been sold under repurchase agreements.

2) Refer to Note 43 for information relating to their credit risk management and impairment.

3) Refer to Note 40 for information relating to investments in debt instruments at FVTOCI pledged as security.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2020	2019
Overseas bonds	\$ 11,418,794	\$ 8,880,623
Bank debentures	4,375,794	3,189,062
Corporate bonds	573,000	455,804
Overseas certificates of deposits	<u>99,785</u>	<u>75,283</u>
	16,467,373	12,600,772
Less: Allowance for impairment losses	<u>(1,575)</u>	<u>(1,074)</u>
	<u>\$ 16,465,798</u>	<u>\$ 12,599,698</u>

- a. As of December 31, 2019, the investments in debt instruments at amortized cost, which amounted to \$431,211 thousand, had been sold under repurchase agreements.
- b. Refer to Note 43 for information relating to their credit risk management and impairment.
- c. Refer to Note 40 for information relating to investments in debt instruments at amortized cost pledged as security.

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for \$2,300,196 thousand and \$4,971,085 thousand under resell agreements as of December 31, 2020 and 2019 would subsequently be sold for \$2,300,509 thousand and \$4,973,492 thousand, respectively.

## 12. RECEIVABLES, NET

	December 31	
	2020	2019
Receivables on credit cards	\$ 82,028,666	\$ 83,522,275
Accounts receivable factored without recourse	10,909,402	12,910,583
Margin loans receivable	6,363,310	5,623,084
Accrued interest	3,639,808	4,463,752
Accounts receivable	3,519,170	1,871,867
Settlements receivable	4,651,650	2,477,891
Acceptances	1,701,757	1,258,156
Securities business money lending	1,076,728	1,159,395
Settlement consideration	2,350,261	-
Others	<u>2,294,954</u>	<u>1,849,534</u>
	118,535,706	115,136,537
Less: Allowance for possible losses	<u>(1,849,495)</u>	<u>(1,986,171)</u>
	<u>\$ 116,686,211</u>	<u>\$ 113,150,366</u>

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

For the year ended December 31, 2020

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

For the year ended December 31, 2019

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, 2019	\$ 111,346	\$ 22,734	\$ 1,050,336	\$ 1,184,416	\$ 877,982	\$ 2,062,398
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(307)	1,014	(707)	-	-	-
Credit-impaired financial assets	(1,111)	(6,991)	8,102	-	-	-
12-month ECL	10,710	(6,495)	(4,215)	-	-	-
Derecognition of financial assets in the reporting period	(7,287)	(8,647)	(61,627)	(77,561)	-	(77,561)
New financial assets purchased or originated	18,374	784	16,827	35,985	-	35,985
Difference of impairment loss under regulations	-	-	-	-	299,954	299,954
Write-offs	-	-	(542,846)	(542,846)	-	(542,846)
Recovery of written-off receivables	-	-	449,241	449,241	-	449,241
Change in model or risk parameters	(35,925)	7,051	(168,195)	(197,069)	-	(197,069)
Change in exchange rates or others	(32)	1	(32,757)	(32,788)	(11,143)	(43,931)
Balance at December 31, 2019	<u>\$ 95,768</u>	<u>\$ 9,451</u>	<u>\$ 714,159</u>	<u>\$ 819,378</u>	<u>\$ 1,166,793</u>	<u>\$ 1,986,171</u>

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

For the year ended December 31, 2020

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

For the year ended December 31, 2019

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2019	\$ 92,283,510	\$ 196,948	\$ 3,032,461	\$ 95,512,919
Transfers to				
Lifetime ECL	(162,069)	164,216	(2,147)	-
Credit-impaired financial				
assets	(637,529)	(65,007)	702,536	-
12-month ECL	63,992	(51,604)	(12,388)	-
Derecognition of financial				
assets in the reporting				
period	(32,740,875)	(72,480)	(221,474)	(33,034,829)
New financial assets				
purchased or originated	53,053,975	44,037	115,794	53,213,806
Write-offs	-	-	(542,846)	(542,846)
Change in exchange rates or				
others	<u>(9,996)</u>	<u>(115)</u>	<u>(2,402)</u>	<u>(12,513)</u>
Balance at December 31, 2019	<u>\$ 111,851,008</u>	<u>\$ 215,995</u>	<u>\$ 3,069,534</u>	<u>\$ 115,136,537</u>

### 13. ASSETS HELD FOR SALE, NET

	December 31, 2019
Land	\$ 109,459
Buildings	<u>48,577</u>
	<u>\$ 158,036</u>

For effective management, on December 27, 2019, the board of directors of E.SUN Bank approved a disposal of freehold properties, and the related assets have transferred to assets held for sale. No impairment loss was recognized on the classification of the properties as held for sale. The registration of transfer of ownership has been completed in January 2020. Please refer to Table 9 for related information.

### 14. DISCOUNTS AND LOANS, NET

	December 31	
	2020	2019
Loans		
Short-term	\$ 289,538,356	\$ 298,091,260
Medium-term	389,645,712	350,595,376
Long-term	958,176,513	808,910,883
Overdue loans	2,303,655	2,228,167
Bills negotiated and discounts	<u>1,371,972</u>	<u>2,362,138</u>
	1,641,036,208	1,462,187,824
Less: Allowance for possible losses	(20,608,721)	(17,739,287)
Less: Adjustment of premium or discount	<u>(53,419)</u>	<u>(126,436)</u>
	<u>\$ 1,620,374,068</u>	<u>\$ 1,444,322,101</u>

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

As of December 31, 2020 and 2019, the loan and credit balances of E.SUN Bank, for which the accrual of interest revenues was discontinued, amounted to \$2,303,655 thousand and \$1,944,481 thousand, respectively. The unrecognized interest revenues on these loans and credits of E.SUN Bank were \$37,163 thousand and \$39,951 thousand for the years ended December 31, 2020 and 2019, respectively.

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

#### For the year ended December 31, 2020

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	\$ 1,062,925	\$ 373,445	\$ 3,817,631	\$ 5,254,001	\$ 12,485,286	\$ 17,739,287
Changes of financial assets recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(4,966)	17,211	(12,245)	-	-	-
Credit-impaired financial assets	(20,149)	(99,248)	119,397	-	-	-
12-month ECL	129,899	(91,484)	(38,415)	-	-	-
Derecognition of financial assets in the reporting period	(396,848)	(126,048)	(963,403)	(1,486,299)	-	(1,486,299)
New financial assets purchased or originated	1,445,579	51,502	480,205	1,977,286	-	1,977,286
Difference of impairment loss under regulations	-	-	-	-	(127,128)	(127,128)

(Continued)

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
Write-offs	\$ -	\$ -	\$ (842,233)	\$ (842,233)	\$ -	\$ (842,233)
Recovery of written-off credits	-	-	982,622	982,622	-	982,622
Change in model or risk parameters	1,326,655	967,528	188,466	2,482,649	-	2,482,649
Change in exchange rates or others	(6,860)	(488)	(3,523)	(10,871)	(106,592)	(117,463)
Balance at December 31, 2020	<u>\$ 3,536,235</u>	<u>\$ 1,092,418</u>	<u>\$ 3,728,502</u>	<u>\$ 8,357,155</u>	<u>\$ 12,251,566</u>	<u>\$ 20,608,721</u>

(Concluded)

### For the year ended December 31, 2019

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, 2019	\$ 821,079	\$ 92,835	\$ 3,829,950	\$ 4,743,864	\$ 12,121,889	\$ 16,865,753
Changes of financial assets recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(3,884)	88,010	(84,126)	-	-	-
Credit-impaired financial assets	(1,560)	(22,632)	24,192	-	-	-
12-month ECL	184,480	(9,440)	(175,040)	-	-	-
Derecognition of financial assets in the reporting period	(320,904)	(31,412)	(406,904)	(759,220)	-	(759,220)
New financial assets purchased or originated	551,589	31,254	412,026	994,869	-	994,869
Difference of impairment loss under regulations	-	-	-	-	403,620	403,620
Write-offs	-	-	(1,625,507)	(1,625,507)	-	(1,625,507)
Recovery of written-off credits	-	-	1,066,086	1,066,086	-	1,066,086
Change in model or risk parameters	(161,078)	224,963	783,517	847,402	-	847,402
Change in exchange rates or others	(6,797)	(133)	(6,563)	(13,493)	(40,223)	(53,716)
Balance at December 31, 2019	<u>\$ 1,062,925</u>	<u>\$ 373,445</u>	<u>\$ 3,817,631</u>	<u>\$ 5,254,001</u>	<u>\$ 12,485,286</u>	<u>\$ 17,739,287</u>

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

### For the year ended December 31, 2020

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

For the year ended December 31, 2019

<b>Gross Carrying Amount</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2019	\$ 1,336,155,309	\$ 4,832,002	\$ 9,283,403	\$ 1,350,270,714
Transfers to				
Lifetime ECL	(2,393,292)	2,660,938	(267,646)	-
Credit-impaired financial assets	(2,424,086)	(957,501)	3,381,587	-
12-month ECL	1,177,782	(611,369)	(566,413)	-
Derecognition of financial assets in the reporting period	(552,068,575)	(2,069,139)	(2,562,631)	(556,700,345)
New financial assets purchased or originated	669,372,459	392,332	695,869	670,460,660
Write-offs	-	-	(1,625,507)	(1,625,507)
Change in exchange rates or others	(208,261)	(1,581)	(7,856)	(217,698)
Balance at December 31, 2019	<u>\$ 1,449,611,336</u>	<u>\$ 4,245,682</u>	<u>\$ 8,330,806</u>	<u>\$ 1,462,187,824</u>

The bad-debt expenses and provision for losses on commitments and guarantees for the years ended December 31, 2020 and 2019 were as follows:

	<b>2020</b>	<b>2019</b>
Provision (reversal of provision) for possible losses on due from banks	\$ 16,965	\$ (4,032)
Provision (reversal of provision) for possible losses on call loans to other banks	70,203	(10,485)
Provision for possible losses on receivables	76,016	61,309
Provision for possible losses on discounts and loans	2,846,508	1,486,671
Reversal of provision for possible losses on receivables-on-demand not originated from loans	(15,402)	-
Provision for possible losses on guarantees	49,804	50,988
Provision for possible losses on financing commitments	<u>181,658</u>	<u>13,627</u>
	<u>\$ 3,225,752</u>	<u>\$ 1,598,078</u>

The FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions. As of December 31, 2020 and 2019, E.SUN Bank was in compliance with the FSC's provision requirement for both type of credit assets.

# **15. OTHER FINANCIAL ASSETS, NET**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Receivables-on-demand not originated from loans	\$ 203,628	\$ 218,850
Less: Allowance for possible losses	<u>(203,628)</u>	<u>(218,850)</u>
Receivables-on-demand not originated from loans, net	-	-
Due from banks	4,986,818	7,174,238
Guarantee deposits received on futures contracts	<u>1,248,315</u>	<u>865,245</u>
	<u>\$ 6,235,133</u>	<u>\$ 8,039,483</u>

Guarantee deposits received on futures contracts were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deposits in bank	\$ 757,786	\$ 461,503
Deposits held by futures commission merchants as a clearing member	<u>490,529</u>	<u>403,742</u>
	<u>\$ 1,248,315</u>	<u>\$ 865,245</u>
Guarantee deposits received on futures contracts	\$ 1,248,315	\$ 865,245
Less: Commission revenue	(535)	(427)
Futures transaction tax	(187)	(128)
Temporary receipts	<u>(896)</u>	<u>(411)</u>
Customers' equity accounts - futures (Note 30)	<u>\$ 1,246,697</u>	<u>\$ 864,279</u>

Due from banks were collateral for loans from other financial institution, deposits for operating reserve, and time deposits with maturities longer than three months.

#### 16. INVESTMENT PROPERTIES, NET

		<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Land	\$ 203,085	\$ 203,085	
Buildings	<u>1,623,962</u>	<u>1,650,822</u>	
	<u>\$ 1,827,047</u>	<u>\$ 1,853,907</u>	
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance, January 1, 2020	\$ 203,110	\$ 1,818,625	\$ 2,021,735
Net exchange difference	<u>-</u>	<u>25,139</u>	<u>25,139</u>
	<u>\$ 203,110</u>	<u>\$ 1,843,764</u>	<u>\$ 2,046,874</u>
Balance, December 31, 2020			
Balance, January 1, 2019	\$ 191,970	\$ 1,872,362	\$ 2,064,332
Net exchange difference	-	(62,071)	(62,071)
Reclassification	<u>11,140</u>	<u>8,334</u>	<u>19,474</u>
Balance, December 31, 2019	<u>\$ 203,110</u>	<u>\$ 1,818,625</u>	<u>\$ 2,021,735</u>
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2020	\$ (25)	\$ (167,803)	\$ (167,828)
Depreciation expenses	-	(48,694)	(48,694)
Net exchange difference	<u>-</u>	<u>(3,305)</u>	<u>(3,305)</u>
Balance, December 31, 2020	<u>\$ (25)</u>	<u>(219,802)</u>	<u>\$ (219,827)</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Balance, January 1, 2019	\$ (4)	\$ (115,910)	\$ (115,914)
Depreciation expenses	-	(50,716)	(50,716)
Impairment losses	(21)	(683)	(704)
Net exchange difference	-	5,467	5,467
Reclassification	<u>-</u>	<u>(5,961)</u>	<u>(5,961)</u>
Balance, December 31, 2019	<u>\$ (25)</u>	<u>\$ (167,803)</u>	<u>\$ (167,828)</u> (Concluded)

Investment properties (except for land) are depreciated through 25 to 50 years on a straight-line basis.

As of December 31, 2020 and 2019, the fair values of investment properties were \$2,685,742 thousand and \$2,737,799 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Rental income from investment properties	\$ 31,215	\$ 47,822
Direct operating expenses of investment properties that generate rental income	(49,315)	(51,334)
Direct operating expenses of investment properties that do not generate rental income	<u>(574)</u>	<u>(580)</u>
	<u>\$ (18,674)</u>	<u>\$ (4,092)</u>

Lease agreements on premises occupied by other companies and 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, 2020 and 2019, refundable deposits on these leases totaled \$12,253 thousand and \$12,268 thousand, respectively (part of guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Year 1	\$ 46,938	\$ 48,784
Year 2	17,155	44,770
Year 3	10,222	15,402
Year 4	9,652	8,552
Year 5	<u>1,430</u>	<u>232</u>
	<u>\$ 85,397</u>	<u>\$ 117,740</u>

## 17. PROPERTIES AND EQUIPMENT, NET

	December 31	
	2020	2019
<u>Carrying amount</u>		
Land	\$ 14,554,054	\$ 14,578,440
Buildings	9,866,670	10,290,885
Computers	2,876,149	2,645,296
Transportation equipment	431,600	337,986
Miscellaneous equipment	1,437,037	1,435,187
Prepayments for properties and equipment	<u>4,125,374</u>	<u>4,063,650</u>
	<u>\$ 33,290,884</u>	<u>\$ 33,351,444</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
<u>Cost</u>							
Balance, January 1, 2020	\$ 14,578,440	\$ 14,972,783	\$ 6,529,045	\$ 877,535	\$ 3,933,228	\$ 4,063,650	\$ 44,954,681
Addition	-	124,928	790,936	96,755	197,702	750,769	1,961,090
Disposal	(8,895)	(28,572)	(823,043)	(75,144)	(174,216)	-	(1,109,870)
Net exchange difference	(15,491)	(24,478)	(4,424)	(2,995)	(26,879)	(660)	(74,927)
Reclassification and others	-	45,477	134,532	70,329	98,163	(688,385)	(339,884)
Balance, December 31, 2020	<u>\$ 14,554,054</u>	<u>\$ 15,090,138</u>	<u>\$ 6,627,046</u>	<u>\$ 966,480</u>	<u>\$ 4,027,998</u>	<u>\$ 4,125,374</u>	<u>\$ 45,391,090</u>
Balance, January 1, 2019	\$ 14,743,743	\$ 14,795,088	\$ 6,061,055	\$ 876,590	\$ 3,676,239	\$ 3,032,117	\$ 43,184,832
Addition	-	386,355	744,142	47,099	226,489	1,390,960	2,795,045
Disposal	(38,712)	(44,035)	(272,778)	(44,542)	(74,747)	(286)	(475,100)
Net exchange difference	(5,992)	(58,999)	(8,009)	(2,112)	(16,918)	492	(91,538)
Reclassification and others	(120,599)	(105,626)	4,635	500	122,165	(359,633)	(458,558)
Balance, December 31, 2019	<u>\$ 14,578,440</u>	<u>\$ 14,972,783</u>	<u>\$ 6,529,045</u>	<u>\$ 877,535</u>	<u>\$ 3,933,228</u>	<u>\$ 4,063,650</u>	<u>\$ 44,954,681</u>

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2020	\$ -	\$ (4,681,898)	\$ (3,883,749)	\$ (539,549)	\$ (2,498,041)	\$ (11,603,237)
Disposal	-	23,882	821,854	74,146	161,960	1,081,842
Depreciation expenses	-	(568,587)	(692,276)	(72,060)	(267,117)	(1,600,040)
Net exchange difference	-	3,135	3,274	2,354	12,237	21,000
Reclassification and others	-	-	-	229	-	229
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ (5,223,468)</u>	<u>\$ (3,750,897)</u>	<u>\$ (534,880)</u>	<u>\$ (2,590,961)</u>	<u>\$ (12,100,206)</u>
Balance, January 1, 2019	\$ -	\$ (4,223,385)	\$ (3,524,523)	\$ (523,688)	\$ (2,308,716)	\$ (10,580,312)
Disposal	-	30,545	272,038	44,382	73,263	420,228
Depreciation expenses	-	(550,097)	(636,628)	(61,623)	(294,437)	(1,542,785)
Net exchange difference	-	4,987	5,364	1,380	8,505	20,236
Reclassification and others	-	56,052	-	-	23,344	79,396
Balance, December 31, 2019	<u>\$ -</u>	<u>\$ (4,681,898)</u>	<u>\$ (3,883,749)</u>	<u>\$ (539,549)</u>	<u>\$ (2,498,041)</u>	<u>\$ (11,603,237)</u>

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

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	1 to 20 years

## 18. LEASE ARRANGEMENTS

### a. Right-of-use assets, net

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Buildings	\$ 3,160,720	\$ 3,169,650
Office equipment	1,429	4,313
Transportation equipment	<u>6,061</u>	<u>7,068</u>
	<u>\$ 3,168,210</u>	<u>\$ 3,181,031</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 1,171,125</u>	<u>\$ 1,569,399</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 1,130,550	\$ 1,099,773
Office equipment	2,862	2,037
Transportation equipment	<u>5,161</u>	<u>3,601</u>
	<u>\$ 1,138,573</u>	<u>\$ 1,105,411</u>

Except for the additions and depreciation recognized above, the Company had no significant sublease and impairment on right-of-use assets during the year ended December 31, 2020 and 2019.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Carrying amounts	<u>\$ 3,275,399</u>	<u>\$ 3,177,727</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Buildings	0.80%-7.50%	0.80%-7.50%
Office equipment	0.80%-2.98%	0.80%-2.98%
Transportation equipment	0.66%-7.50%	0.66%-7.50%

### c. Material lease-in activities and terms

The Company has entered into certain lease contracts with other companies or individuals for the business halls and office space that are required to be rented for operating activities. Rentals are calculated based on the actual number of rented flats and are payable monthly, quarterly or semi-annually. As of December 31, 2020 and 2019, refundable deposits on these leases totaled \$700,789 thousand and \$689,393 thousand, respectively.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	\$ 23,703	\$ 26,731
Expenses relating to low-value asset leases	\$ 137	\$ 364
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 117	\$ -
Total cash outflow for leases	\$ (1,087,183)	\$ (1,078,956)

The Company leases certain land, buildings, transportation equipment and other equipment which 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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Goodwill	\$ 4,442,843	\$ 4,475,005
Computer software	1,200,916	1,153,103
Banking licenses	454,791	480,362
Core deposits	19,157	21,869
Developed technology	32,836	38,309
Customer relationship	17,318	20,026
	<u>\$ 6,167,861</u>	<u>\$ 6,188,674</u>

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Banking Licenses</b>	<b>Core Deposits</b>	<b>Developed Technology</b>	<b>Customer Relationship</b>	<b>Total</b>
Balance, January 1, 2020	\$ 4,475,005	\$ 1,153,103	\$ 480,362	\$ 21,869	\$ 38,309	\$ 20,026	\$ 6,188,674
Separate acquisition	-	321,309	-	-	-	-	321,309
Amortization expenses	-	(643,135)	-	(2,712)	(5,473)	(2,708)	(654,028)
Disposal	-	(3)	-	-	-	-	(3)
Reclassification	-	369,732	-	-	-	-	369,732
Net exchange difference	(32,162)	(90)	(25,571)	-	-	-	(57,823)
Balance, December 31, 2020	<u>\$ 4,442,843</u>	<u>\$ 1,200,916</u>	<u>\$ 454,791</u>	<u>\$ 19,157</u>	<u>\$ 32,836</u>	<u>\$ 17,318</u>	<u>\$ 6,167,861</u>
Balance, January 1, 2019	\$ 4,487,444	\$ 1,047,338	\$ 490,253	\$ 24,581	\$ 43,782	\$ 22,734	\$ 6,116,132
Separate acquisition	-	515,361	-	-	-	-	515,361
Amortization expenses	-	(604,511)	-	(2,712)	(5,473)	(2,708)	(615,404)
Disposal	-	(21)	-	-	-	-	(21)
Reclassification	-	197,469	-	-	-	-	197,469
Net exchange difference	(12,439)	(2,533)	(9,891)	-	-	-	(24,863)
Balance, December 31, 2019	<u>\$ 4,475,005</u>	<u>\$ 1,153,103</u>	<u>\$ 480,362</u>	<u>\$ 21,869</u>	<u>\$ 38,309</u>	<u>\$ 20,026</u>	<u>\$ 6,188,674</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	
	2020	2019
Refundable deposits, net	\$ 5,656,006	\$ 4,063,420
Operating deposits and settlement funds	544,064	564,934
Prepayments	279,025	159,100
Defined benefit asset (Note 29)	41,130	56,631
Collection of securities underwriting	988,443	-
Others	<u>338,546</u>	<u>128,825</u>
	<u>\$ 7,847,214</u>	<u>\$ 4,972,910</u>

## 21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2020	2019
Call loans from banks	\$ 48,209,147	\$ 52,667,432
Deposits from Chunghwa Post Co., Ltd.	2,376,177	2,476,177
Call loans from the Central Bank	1,425,500	1,505,650
Banks overdrafts	279,960	307,435
Deposits from banks	2,654,434	921,328
Deposits from the Central Bank	<u>23,768</u>	<u>25,764</u>
	<u>\$ 54,968,986</u>	<u>\$ 57,903,786</u>

## 22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for \$11,305,248 thousand and \$7,228,239 thousand under repurchase agreements as of December 31, 2020 and 2019, respectively, would subsequently be purchased for \$11,327,432 thousand and \$7,242,042 thousand, respectively.

## 23. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were \$3,258,000 thousand and \$3,683,000 thousand, and the annual discount rates were from 0.31%-0.37% and 0.43%-0.70%, as of December 31, 2020 and 2019, respectively. These financial instruments were accepted and guaranteed by financial institutions.

## 24. PAYABLES

	December 31	
	2020	2019
Checks for clearing	\$ 2,619,519	\$ 2,235,915
Accrued interest	2,320,602	3,770,089
Accrued expenses	5,427,211	5,015,266
Accounts payable	3,846,631	2,425,783
Factored accounts payable	3,015,413	2,961,570
Settlements payable	6,905,218	2,243,822
Acceptances	1,699,850	1,261,333
Payable on credit cards	1,211,765	2,132,136
Payables for short-sale transactions	1,151,262	1,007,500
Deposits on short-sale transactions	1,088,786	906,186
Tax payable	342,395	336,628
Collections payable	487,202	326,551
Others	<u>3,757,002</u>	<u>4,561,304</u>
	<u>\$ 33,872,856</u>	<u>\$ 29,184,083</u>

## 25. DEPOSITS AND REMITTANCES

	December 31	
	2020	2019
Deposits		
Checking	\$ 16,701,024	\$ 14,148,389
Demand	733,435,600	507,000,506
Savings - demand	652,174,941	552,703,970
Time	724,826,259	682,333,242
Negotiable certificates of deposits	48,717,952	10,240,026
Savings - time	296,620,946	304,253,481
Treasury deposits	12,128,338	11,390,086
Remittances	<u>6,862,193</u>	<u>914,929</u>
	<u>\$ 2,491,467,253</u>	<u>\$ 2,082,984,629</u>

## 26. BOND PAYABLES

	December 31	
	2020	2019
Bank debentures	\$ 33,970,000	\$ 32,070,000
ESFHC's unsecured corporate bonds - first issue in 2016	900,000	900,000
ESFHC's unsecured corporate bonds - second issue in 2016	1,100,000	1,100,000
ESFHC's unsecured corporate bonds - first issue in 2019	<u>4,000,000</u>	<u>4,000,000</u>
	<u>\$ 39,970,000</u>	<u>\$ 38,070,000</u>

On September 22, 2016, ESFHC made a first issue of unsecured corporate bonds with aggregate face value of \$900,000 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 0.75%.

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%.

To enhance ESFHC's working capital and repay its debt, ESFHC's board of directors approved the issuance of unsecured corporate bonds amounting to NT\$3,000,000 thousand on November 13, 2020. ESFHC is going to apply for the approval of this issuance to the FSC.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	\$ 2,720,000	\$ 2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,500,000	3,500,000
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	1,500,000	2,300,000
Subordinated bonds issued on August 28, 2013; 1.75% interest payable annually; principal repayable on maturity (7 years after the issue date).	-	2,700,000
Two types of subordinated bonds issued on December 19, 2013; interest rate at (a) 1.75% for type A bond and (b) 1.85% for type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for type A bond and 7 years for type B bond after the issue date).	-	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).	3,500,000	3,500,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	5,000,000	5,000,000
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,750,000	3,750,000

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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 April 24, 2018; interest rate at 0.66%; interest payable annually; principal repayable on maturity (2 years after the issue date).	-	1,100,000
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	3,000,000	3,000,000
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; E.SUN Bank may redeem the bond after 5 years and one month from the issue date	4,000,000	-
Bonds issued on March 19, 2020; interest rate at 0.58%; interest payable annually; principal repayable on maturity (5 years after the issue date).	<u>3,000,000</u>	<u>-</u>
	<u>\$ 33,970,000</u>	<u>\$ 32,070,000</u> (Concluded)

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	\$ 3,344,667	\$ 3,358,391
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	2,425,960	2,445,112
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,486,664	2,487,231
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	1,343,691	1,360,100
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,460,385	9,365,842
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	7,940,241	7,825,900
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	3,425,553	3,320,111
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	3,171,793	2,929,904
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	3,020,275	2,881,861
Unsecured USD-denominated bonds issued on May 19, 2017	2,079,022	2,049,648
Unsecured USD-denominated bonds issued on November 21, 2017	4,662,317	4,477,071
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	<u>6,942,889</u>	<u>6,473,528</u>
	<u>\$ 50,303,457</u>	<u>\$ 48,974,699</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.

On March 13, 2019, E.SUN Bank issued unsecured bank debentures amounting to US\$10,000 thousand with a 10-year maturity and with a 3.8% interest payable annually on March 13. In accordance with the terms of the bank debentures, E.SUN Bank may either redeem the bonds at an agreed-upon price after three months from the issue date and each three months afterward, or make bond repayments on the maturity date. E.SUN Bank redeemed the bonds amounting to US\$10,000 thousand on September 13, 2019 under the terms of issuance.

To hedge against its exposure to interest rate risk due to the issuance of the above bank debentures, E.SUN Bank entered into interest rate swap (IRS) contracts, which are measured at fair value. The changes in fair value of the IRS contracts are recognized in profit or loss. To eliminate an accounting mismatch, E.SUN Bank also designated the bank debentures as at fair value through profit or loss.

To support business sustainable development and the government's green finance policy, E.SUN Bank's board of director approved on August 14, 2020, the issuance of unsecured bank debentures amounting to NT\$10 billion (or foreign currency equivalent) with no more than 40 years to maturity. E.SUN Bank is going to apply for the approval of the issuance to the FSC.

As of the date of the consolidated financial statements were authorized for issue, there is no available bank debentures remained unissued.

## 27. OTHER BORROWINGS

	December 31			
	2020		2019	
	Amount	%	Amount	%
Short-term borrowings	\$ 868,371	1.54-4.50	\$ 20,000	1.25
Long-term borrowings	<u>344,971</u>	2.47-4.89	<u>361,356</u>	4.29-4.51
	<u>\$ 1,213,342</u>		<u>\$ 381,356</u>	

## 28. PROVISIONS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Provision for losses on financing commitment	\$ 507,068	\$ 328,837
Provision for employee benefits	288,610	10,918
Provision for losses on guarantees	317,319	269,086
Others	<u>46,387</u>	<u>47,382</u>
	<u><b>\$ 1,159,384</b></u>	<u><b>\$ 656,223</b></u>

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

### For the year ended December 31, 2020

	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2020	\$ 177,119	\$ 700	\$ 3,204	\$ 181,023	\$ 416,900	\$ 597,923
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(25)	32	(7)	-	-	-
Credit-impaired financial instruments	(70)	(151)	221	-	-	-
12-month ECL	4,806	(3,812)	(994)	-	-	-
Derecognition of financial instruments in the reporting period	(40,020)	-	-	(40,020)	-	(40,020)
New financial instruments purchased or originated	220,206	154	1,022	221,382	-	221,382
Difference of impairment loss under regulations	-	-	-	-	(14,321)	(14,321)
Change in model or risk parameters	59,877	4,762	(218)	64,421	-	64,421
Change in exchange rates or others	<u>46</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>(5,044)</u>	<u>(4,998)</u>
Balance at December 31, 2020	<u><b>\$ 421,939</b></u>	<u><b>\$ 1,685</b></u>	<u><b>\$ 3,228</b></u>	<u><b>\$ 426,852</b></u>	<u><b>\$ 397,535</b></u>	<u><b>\$ 824,387</b></u>

### For the year ended December 31, 2019

	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL (Credit- impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2019	\$ 244,518	\$ 1,620	\$ 2,703	\$ 248,841	\$ 286,555	\$ 535,396
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(190)	190	-	-	-	-
Credit-impaired financial instruments	(101)	(30)	131	-	-	-
12-month ECL	1,576	(1,426)	(150)	-	-	-
Derecognition of financial instruments in the reporting period	(71,400)	(126)	(60)	(71,586)	-	(71,586)
New financial instruments purchased or originated	94,210	90	456	94,756	-	94,756
Difference of impairment loss under regulations	-	-	-	-	132,135	132,135
Change in model or risk parameters	(91,196)	382	124	(90,690)	-	(90,690)
Change in exchange rates or others	<u>(298)</u>	<u>-</u>	<u>-</u>	<u>(298)</u>	<u>(1,790)</u>	<u>(2,088)</u>
Balance at December 31, 2019	<u><b>\$ 177,119</b></u>	<u><b>\$ 700</b></u>	<u><b>\$ 3,204</b></u>	<u><b>\$ 181,023</b></u>	<u><b>\$ 416,900</b></u>	<u><b>\$ 597,923</b></u>

## 29. POST-EMPLOYMENT BENEFIT PLAN

### a. Defined contribution plan

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

The Company recognized expenses of \$423,902 thousand and \$352,216 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019, 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 2021 with the approval of Department of Labor, Taipei City Government.

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

The pension fund is managed by the Bureau and the Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay post-employment benefits for employees who conform to post-employment requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 2,390,180	\$ 2,100,020
Fair value of plan assets	<u>(2,142,700)</u>	<u>(2,145,733)</u>
Deficit	247,480	(45,713)
Net defined benefit asset (part of other assets)	<u>41,130</u>	<u>56,631</u>
Net defined benefit liability (part of provision for employee benefits)	<u>\$ 288,610</u>	<u>\$ 10,918</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2019	<u>\$ 2,018,978</u>	<u>\$ (1,755,234)</u>	<u>\$ 263,744</u>
Service cost			
Current service cost	22,866	-	22,866
Net interest expense (income)	<u>21,879</u>	<u>(19,207)</u>	<u>2,672</u>
Recognized in profit or loss	<u>44,745</u>	<u>(19,207)</u>	<u>25,538</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(446,609)	(446,609)
Actuarial loss - changes in financial assumptions	91,446	-	91,446
Actuarial loss - experience adjustments	<u>62,399</u>	<u>-</u>	<u>62,399</u>
Recognized in other comprehensive income	<u>153,845</u>	<u>(446,609)</u>	<u>(292,764)</u>
Contributions from the employer	<u>-</u>	<u>(30,926)</u>	<u>(30,926)</u>
Benefits paid	<u>(117,548)</u>	<u>106,243</u>	<u>(11,305)</u>
Balance at December 31, 2019	<u>2,100,020</u>	<u>(2,145,733)</u>	<u>(45,713)</u>
Service cost			
Current service cost	22,041	-	22,041
Net interest expense (income)	<u>15,609</u>	<u>(16,076)</u>	<u>(467)</u>
Recognized in profit or loss	<u>37,650</u>	<u>(16,076)</u>	<u>21,574</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(41,125)	(41,125)
Actuarial loss - changes in financial assumptions	242,987	-	242,987
Actuarial loss - experience adjustments	<u>104,834</u>	<u>-</u>	<u>104,834</u>
Recognized in other comprehensive income	<u>347,821</u>	<u>(41,125)</u>	<u>306,696</u>
Contributions from the employer	<u>-</u>	<u>(35,077)</u>	<u>(35,077)</u>
Benefits paid	<u>(95,311)</u>	<u>95,311</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 2,390,180</u>	<u>\$ (2,142,700)</u>	<u>\$ 247,480</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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	0.30%-0.35%	0.70%-0.80%
Expected rates of return on plan assets	0.35%	0.75%-0.80%
Expected rates of future salary increase	2.50%-3.00%	2.50%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)		
0.25% increase	<u>\$ (73,794)</u>	<u>\$ (66,439)</u>
0.25% decrease	<u>\$ 76,878</u>	<u>\$ 69,282</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 73,231</u>	<u>\$ 66,638</u>
0.25% decrease	<u>\$ (70,756)</u>	<u>\$ (64,304)</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, 2020 and 2019, the expected contributions to the plan for the next year were \$404,811 thousand and \$28,827 thousand, respectively; the average durations of the defined benefit obligation were 9 to 15.64 years and 10 to 16.49 years, respectively.

### 30. OTHER FINANCIAL LIABILITIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Principal of structured products	\$ 58,136,417	\$ 32,737,919
Guarantee deposits received	5,200,653	1,565,294
Customers' equity accounts - futures	<u>1,246,697</u>	<u>864,279</u>
	<u>\$ 64,583,767</u>	<u>\$ 35,167,492</u>

### 31. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Advance receipts	\$ 2,795,440	\$ 3,260,701
Deferred revenue	542,513	617,711
Collection of securities underwriting	988,382	-
Others	<u>5,026</u>	<u>27,137</u>
	<u>\$ 4,331,361</u>	<u>\$ 3,905,549</u>

### 32. NET INTEREST

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest revenue		
From discounts and loans	\$ 29,302,841	\$ 32,493,890
From investments	3,738,008	4,869,220
From revolving interests of credit cards	2,039,056	2,068,075
From due from banks and call loans to banks	809,026	1,471,055
Others	<u>200,390</u>	<u>361,391</u>
	<u>36,089,321</u>	<u>41,263,631</u>
Interest expense		
From deposits	(12,746,781)	(18,189,769)
From due to the Central Bank and other banks	(730,040)	(1,782,263)
From issuing bonds payable	(624,292)	(665,661)
From lease liabilities	(40,498)	(39,091)
Others	<u>(609,192)</u>	<u>(715,778)</u>
	<u>(14,750,803)</u>	<u>(21,392,562)</u>
	<u>\$ 21,388,518</u>	<u>\$ 19,871,069</u>

### 33. SERVICE FEE AND COMMISSION INCOME, NET

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Service fee and commission income		
From credit cards	\$ 9,136,490	\$ 8,248,684
From insurance	3,184,029	3,763,871
From trust business	5,780,658	4,502,702
From loans	1,341,544	1,452,505
From brokerage	1,935,067	1,108,056
Others	<u>2,407,743</u>	<u>2,259,435</u>
	<u>23,785,531</u>	<u>21,335,253</u>
Service charge and commission expenses		
From agency	(1,385,761)	(930,570)
From credit cards	(1,041,976)	(275,265)
From cross - bank transactions	(346,726)	(352,969)
From computer processing	(343,387)	(319,421)
Others	<u>(836,578)</u>	<u>(731,895)</u>
	<u>(3,954,428)</u>	<u>(2,610,120)</u>
	<u>\$ 19,831,103</u>	<u>\$ 18,725,133</u>

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

	For the Year Ended December 31, 2020				
	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	\$ 79,585	\$ 7,231,893	\$ 15,629,773	\$ 17,849,281	\$ 40,790,532
Held-for-trading financial liabilities	-	-	(9,379,935)	(14,709,055)	(24,088,990)
Financial liabilities designated as at fair value through profit or loss	-	(2,152,862)	2,307	(2,223,385)	(4,373,940)
	<u>\$ 79,585</u>	<u>\$ 5,079,031</u>	<u>\$ 6,252,145</u>	<u>\$ 916,841</u>	<u>\$ 12,327,602</u>
	For the Year Ended December 31, 2019				
	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	\$ 83,021	\$ 8,516,445	\$ 15,364,527	\$ 10,986,311	\$ 34,950,304
Held-for-trading financial liabilities	-	-	(6,425,266)	(6,496,389)	(12,921,655)
Financial liabilities designated as at fair value through profit or loss	-	(2,213,149)	(3,624)	(4,505,539)	(6,722,312)
	<u>\$ 83,021</u>	<u>\$ 6,303,296</u>	<u>\$ 8,935,637</u>	<u>\$ (15,617)</u>	<u>\$ 15,306,337</u>

### 35. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2020	2019
Employee benefits		
Salaries	\$ 12,107,088	\$ 10,886,166
Insurance	755,958	716,317
Excessive interest from preferential rates	194,525	189,054
Post-employment benefits	445,476	377,754
Others	713,234	610,009
Depreciation expenses	2,787,307	2,698,912
Amortization expenses	655,644	618,697

Under the Articles of Incorporation of ESFHC, ESFHC accrued employees' compensation and remuneration of directors at the rates from 2.0% to 5.0% (2.7% prior to June 14, 2019) 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, 2020 and 2019, the employees' compensation were \$519,477 thousand and \$601,383 thousand, respectively; and the remuneration of directors were \$132,000 thousand and \$113,300 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, 2020 and 2019 that have been approved by ESFHC's board of directors on March 11, 2021 and March 12, 2020, respectively, were as follows:

	2020	2019
Employees' compensation - cash	\$ 2,522	\$ 204
Employees' compensation - stock	507,000	600,480
Remuneration of directors - cash	73,000	113,300

ESFHC announced the distribution of 19,500 thousand shares and 21,600 thousand shares as employees' compensation for 2020 and 2019, respectively, which were determined by the closing price (NT\$26 and NT\$27.80) 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, 2019 and 2018, respectively, were resulted from a change in the accounting estimate. The differences recognized in profit or loss for 2020 and 2019, respectively, were as follows:

	2019		2018	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved by ESFHC's board of directors	<u>\$ 600,684</u>	<u>\$ 113,300</u>	<u>\$ 463,527</u>	<u>\$ 111,800</u>
Amounts recognized in the consolidated financial statements	<u>\$ 601,383</u>	<u>\$ 113,300</u>	<u>\$ 463,523</u>	<u>\$ 131,000</u>

Information on the approved amounts of employees' compensation and remuneration of directors is available at the website of the TWSE (<http://emops.twse.com.tw>).

### 36. INCOME TAX

Under Article 49 of the Financial Holding Company Act, a financial holding company (FHC) can elect to file consolidated income tax returns for the regular corporate income tax as well as the income tax on undistributed earnings for FHC and its domestic subsidiaries if the FHC holds more than 90% of the domestic subsidiaries' outstanding shares in the entire tax year; for other taxation issues, ESFHC and domestic subsidiaries should conduct separately.

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

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

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
Current year	\$ 2,825,665	\$ 3,697,760
Additional income tax on unappropriated earnings	501	15,200
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Prior year's adjustments		
Share-based payment	\$ -	\$ (382,280)
Others	<u>(133,073)</u>	<u>(148,165)</u>
	<u>2,693,093</u>	<u>3,182,515</u>
Deferred tax		
Current year	<u>(211,857)</u>	<u>(232,749)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,481,236</u>	<u>\$ 2,949,766</u> (Concluded)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit before tax from continuing operations	<u>\$ 20,529,092</u>	<u>\$ 23,070,276</u>
Income tax expense calculated at the statutory rate (20%)	\$ 4,105,818	\$ 4,614,055
Nondeductible expenses in determining taxable income	88,678	122,090
Tax-exempt income	(1,786,035)	(1,426,491)
Additional income tax on unappropriated earnings	501	15,200
Land value increment tax	2,963	408
Unrecognized deductible temporary differences	169,627	(129,514)
Effect of different tax rate of overseas branches operating in other jurisdictions	47,186	293,918
Adjustments for prior year's income tax	(133,073)	(530,445)
Others	<u>(14,429)</u>	<u>(9,455)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,481,236</u>	<u>\$ 2,949,766</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
In respect of the current year		
Income tax relating to items that will not be reclassified subsequently to profit or loss		
Fair value changes of financial assets in equity instruments at fair value through other comprehensive income	\$ (10,383)	\$ 3,509
Remeasurement of defined benefit plans	54	(465)
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	(184,518)	(191,410)
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	<u>135,185</u>	<u>26,332</u>
Income tax benefit recognized in other comprehensive income	<u>\$ (59,662)</u>	<u>\$ (162,034)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Prepaid taxes	\$ 106,412	\$ 7,200
Current tax liabilities		
Income tax payable	\$ 830,714	\$ 1,899,196

d. Deferred tax assets and liabilities

Movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Difference</b>	<b>Others</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>						
Temporary differences						
Financial instruments at fair value through profit or loss	\$ 725,253	\$ 221,569	\$ -	\$ 173	\$ -	\$ 946,995
Allowance for possible losses	124,043	31,865	-	(521)	-	155,387
Payable for annual leave	87,052	21,202	-	-	-	108,254
Other liabilities	42,316	(13,060)	-	-	-	29,256
Exchange differences on foreign operations	330,308	-	184,518	-	-	514,826
Payable for long-term compensation of employees	24,151	8,673	-	-	-	32,824
Government grant revenues	20,084	(594)	-	271	-	19,761
Unearned revenues	12,366	2,779	-	(907)	-	14,238
Others	17,782	3,091	(54)	(360)	-	20,459
	1,383,355	275,525	184,464	(1,344)	-	1,842,000
Unused loss carryforward	73,134	(72,271)	-	(863)	-	-
	<u>\$ 1,456,489</u>	<u>\$ 203,254</u>	<u>\$ 184,464</u>	<u>\$ (2,207)</u>	<u>\$ -</u>	<u>\$ 1,842,000</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Financial instruments at fair value through profit or loss	\$ 515,772	\$ (915)	\$ -	\$ -	\$ -	\$ 514,857
Financial instruments at fair value through other comprehensive income	79,034	-	124,802	(243)	-	203,593
Intangible assets	603,148	-	-	-	-	603,148
Unrealized foreign exchange gains	22,037	5,574	-	(111)	-	27,500
Provision of land value increment tax	83,171	(13,089)	-	-	-	70,082
Others	3,557	(173)	-	(183)	-	3,201
	<u>\$ 1,306,719</u>	<u>\$ (8,603)</u>	<u>\$ 124,802</u>	<u>\$ (537)</u>	<u>\$ -</u>	<u>\$ 1,422,381</u>

For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Difference</b>	<b>Others</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>						
Temporary differences						
Financial instruments at fair value through profit or loss	\$ 518,136	\$ 207,121	\$ -	\$ (4)	\$ -	\$ 725,253
Financial instruments at fair value through other comprehensive income	34,551	-	(34,551)	-	-	-
Allowance for possible losses	171,731	(45,082)	-	(2,606)	-	124,043
Payable for annual leave	72,934	14,118	-	-	-	87,052
Other liabilities	46,318	(4,002)	-	-	-	42,316
Exchange differences on foreign operations	138,898	-	191,410	-	-	330,308

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Others	Closing Balance
Payable for long-term compensation of employees	6,220	17,931	-	-	-	24,151
Government grant revenues	-	20,784	-	(700)	-	20,084
Unearned revenues	-	12,757	-	(391)	-	12,366
Others	15,374	2,063	465	(120)	-	17,782
	1,004,162	225,690	157,324	(3,821)	-	1,383,355
Unused loss carryforward	94,274	(19,395)	-	(1,745)	-	73,134
	<u>\$ 1,098,436</u>	<u>\$ 206,295</u>	<u>\$ 157,324</u>	<u>\$ (5,566)</u>	<u>\$ -</u>	<u>\$ 1,456,489</u>
<b>Deferred tax liabilities</b>						
Temporary differences						
Financial instruments at fair value through profit or loss	\$ 544,351	\$ (28,579)	\$ -	\$ -	\$ -	\$ 515,772
Financial instruments at fair value through other comprehensive income	84,144	-	(4,710)	(400)	-	79,034
Intangible assets	603,148	-	-	-	-	603,148
Unrealized foreign exchange gains	22,359	(305)	-	(17)	-	22,037
Provision of land value increment tax	83,987	(816)	-	-	-	83,171
Others	404	3,246	-	(93)	-	3,557
	<u>\$ 1,338,393</u>	<u>\$ (26,454)</u>	<u>\$ (4,710)</u>	<u>\$ (510)</u>	<u>\$ -</u>	<u>\$ 1,306,719</u>

(Concluded)

e. Unrecognized deferred tax assets:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deductible temporary difference	<u>\$ 4,613,194</u>	<u>\$ 4,142,056</u>

f. The years which income tax returns have been assessed by the tax authorities were as follows:

<b>ESFHC</b>	<b>E.SUN Bank</b>	<b>E.SUN Securities</b>	<b>ESIB</b>	<b>ESVC</b>
2015	2015	2015	2015; 2016 (a current final report on total business income)	2015

- g. In 2017 and prior years, the parent company ESFHC issued shares to the employees of the subsidiaries (including E.SUN Bank, ESIB, E.SUN Securities and ESVC) and the subsidiaries accounted for the shares as salary expenses on share-based payments. However, the subsidiaries excluded the salary expenses on share-based payments in their respective income tax returns to comply with the guidelines of the Ministry of Finance of the ROC (MOF) issued on April 20, 2011 and recognized the additional taxes derived from such transactions. On December 28, 2018, the MOF issued guidelines stating that if a company compensates the services of the employees of its subsidiary by issuing new shares or giving its own shares or other equity instruments, and the subsidiary measures and recognizes expenses for the services of the employees during the vesting period, the subsidiary can then recognize the expenses as salary expenses in the income tax returns. The above subsidiaries believe the MOF guidelines on December 28, 2018 are applicable to the shares issued by ESFHC to the employees of the subsidiaries, and the shares should be accounted for as salary expenses in their respective income tax returns. Accordingly, the above subsidiaries has filed an administrative remedy or applied for tax authority's review and reassessment of the tax returns from 2010 to 2017 in view of the December 28, 2018 guidelines. Based on the current examination of tax authorities, the Company assessed that the tax authorities will approve the deduction of the relevant salary expenses in these years, and recognized the estimated income tax impact. In addition, the deduction of the relevant salary expenses of 2010 to 2015 (except for 2013) has been approved by the tax authorities. While the final result of the remaining years is subject to the examination of the taxation administration. The above subsidiaries will continue to follow through the development of the issues and evaluate the impact on their taxation.

### 37. EARNINGS PER SHARE

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

	<b>Amount (Numerator)</b>	<b>Shares (Denominator in Thousands)</b>	<b>Earnings Per Share (Dollars)</b>
<u>For the year ended December 31, 2020</u>			
Basic earnings per share	\$ 18,026,592	12,562,910	<u>\$ 1.43</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>24,522</u>	
Diluted earnings per share	<u>\$ 18,026,592</u>	<u>12,587,432</u>	<u>\$ 1.43</u>
<u>For the year ended December 31, 2019</u>			
Basic earnings per share	\$ 20,105,129	12,541,041	<u>\$ 1.60</u>
Effect of dilutive common shares:			
Employees' compensation	<u>-</u>	<u>26,014</u>	
Diluted earnings per share	<u>\$ 20,105,129</u>	<u>12,567,055</u>	<u>\$ 1.60</u>

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

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31, 2019</b>	
	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 1.73</u>	<u>\$ 1.60</u>
Diluted earnings per share	<u>\$ 1.73</u>	<u>\$ 1.60</u>

ESFHC can elect to distribute compensation to employees by stock or by cash. If the compensation is in the form of cash or shares, ESFHC should presume that the entire amount of the compensation will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding to be used in calculating diluted earnings per share (EPS) if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the compensation by the closing price of the shares on the balance sheet date. The dilutive effects of the potential shares need to be included in the calculation of diluted EPS until the number of shares to be distributed to employees resolved in the following year.

### 38. EQUITY

#### a. Capital stock

##### Common stock

	December 31	
	2020	2019
Authorized number of shares (in thousands)	<u>15,000,000</u>	<u>15,000,000</u>
Authorized capital	<u>\$ 150,000,000</u>	<u>\$ 150,000,000</u>
Number of shares issued (in thousands)	<u>12,567,100</u>	<u>11,619,500</u>
Common stock issued	<u>\$ 125,671,000</u>	<u>\$ 116,195,000</u>

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

In 2019, the stockholders of ESFHC resolved to use \$7,699,500 thousand from the 2018 unappropriated earnings as stock bonus to stockholders and \$461,528 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 790,600 thousand shares, were approved by the FSC. The issuance was approved by the Ministry of Economic Affairs (MOEA).

In 2020, the stockholders of ESFHC resolved to use \$9,260,000 thousand from the 2019 unappropriated earnings as stock bonus to stockholders and \$600,480 thousand from the compensation to employees by stock. The appropriations and compensation, which were a total of 947,600 thousand shares, were approved by the FSC. The issuance was approved by the 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, 2020, ESFHC issued 503 thousand units (equal to 12,562 thousand shares) because of capital increase, the deposit agents reissued 5,453 thousand units (equal to 136,331 thousand shares), and the GDS holders had canceled 20,684 thousand units (equal to 517,090 thousand shares). Therefore, the outstanding GDSs were 72 thousand units, which were equal to 1,803 thousand shares, or 0.0143% 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, 2020, 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	1,141,798
Additional paid-in capital from ESFHC's share issuance in excess of par value	10,562,422
Share-based payment for the subscription for ESFHC's new shares by the employees of ESFHC and its subsidiaries	<u>672,153</u>
	30,399,103

#### Uses

Remuneration of directors and supervisors and bonus to employees by subsidiaries	(156,458)
Issuance of ESFHC's stock dividends in 2002	(1,800,000)
Offset of deficit in 2003	(3,091,451)
Difference between par value and issue price for the issuance of common stock from bonus to employees in 2009	<u>(980)</u>
	<u>\$ 25,350,214</u>

#### c. Special reserve

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

d. Appropriation of earnings

Under the ESFHC's Articles of Incorporation, where the ESFHC made profit in a fiscal year, the profit shall be first utilized for paying all taxes, offsetting deficit of previous years, setting aside a legal reserve and special reserve in accordance with related regulations, setting aside a special reserve if needed, and then any remaining profit together with reversal of special reserve and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

Under ESFHC's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen ESFHC's financial structure. This policy is also intended to improve ESFHC's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. However, when dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT\$0.10.

Under the Company Act, legal reserve should be appropriated 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 (such as exchange differences on the translation of financial statements of foreign operations and unrealized gain or loss on financial assets at fair value through other comprehensive income). The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. Afterward, if there is any reversal of the decrease in other stockholders' equity, ESFHC is allowed to appropriating retained earnings from the reversal amount.

The appropriations of earnings for 2019 and 2018 that were approved in the stockholders' meetings on June 12, 2020 and June 14, 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 2,010,513	\$ 1,706,849		
Cash dividends	9,191,766	7,688,367	\$0.791	\$0.710
Stock dividends	9,260,000	7,699,500	0.797	0.711

The appropriation of earnings for 2020 had been proposed by ESFHC's board of directors on March 11, 2021. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,705,818	
Cash dividends	7,665,931	\$0.610
Stock dividends	7,680,000	0.610

The appropriation of earnings for 2020 are subject to the resolution of the stockholders' meeting. Information on earnings appropriation or deficit offsetting is available at the website of the Taiwan Stock Exchange (<http://emops.twse.com.tw>).

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance, January 1	\$ 123,179	\$ 115,812
Cash dividends distributed by subsidiary	(12,125)	(7,275)
Attributable to non-controlling interests:		
Net income	21,264	15,381
Exchange differences on the translation of financial statements of foreign operations	(211)	(71)
Remeasurement of defined benefit plans	<u>78</u>	<u>(668)</u>
Balance, December 31	<u>\$ 132,185</u>	<u>\$ 123,179</u>

### 39. RELATED-PARTY TRANSACTIONS

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

a. Related parties

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

b. Significant transactions between the Company and related parties

1) Loans and deposits

a) Loans

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2020</u>				
Key management	\$ 482,152	\$ 379,459	\$ 3,034	
Others	<u>3,491,204</u>	<u>2,638,442</u>	<u>30,740</u>	
	<u>\$ 3,973,356</u>	<u>\$ 3,017,901</u>	<u>\$ 33,774</u>	0.80-1.85
For the year ended <u>December 31, 2019</u>				
Key management	\$ 294,480	\$ 248,103	\$ 3,651	
Others	<u>2,545,479</u>	<u>2,383,904</u>	<u>33,506</u>	
	<u>\$ 2,839,959</u>	<u>\$ 2,632,007</u>	<u>\$ 37,157</u>	1.07-2.10

b) Deposits

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2020</u>				
Key management	\$ 804,558	\$ 593,697	\$ 1,554	
Others	<u>2,770,041</u>	<u>1,313,750</u>	<u>15,580</u>	
	<u>\$ 3,574,599</u>	<u>\$ 1,907,447</u>	<u>\$ 17,134</u>	0-6.34
For the year ended <u>December 31, 2019</u>				
Key management	\$ 951,300	\$ 754,983	\$ 3,031	
Others	<u>2,209,043</u>	<u>1,446,589</u>	<u>17,912</u>	
	<u>\$ 3,160,343</u>	<u>\$ 2,201,572</u>	<u>\$ 20,943</u>	0-6.62

Note: The sum of the respective highest balances of each account for the years ended December 31, 2020 and 2019.

2) There were no directors as credit guarantors as of December 31, 2020 and 2019, respectively.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
3) Interest receivable (part of receivables)		
Key management	\$ 224	\$ 129
Others	<u>1,358</u>	<u>1,410</u>
	<u>\$ 1,582</u>	<u>\$ 1,539</u>
4) Interest payable (part of payables)		
Key management	\$ 160	\$ 681
Others	<u>1,199</u>	<u>1,572</u>
	<u>\$ 1,359</u>	<u>\$ 2,253</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>

5) Donation (part of general and administrative expenses)

Others - E.SUN Volunteer & Social Welfare Foundation	<u>\$ 56,566</u>	<u>\$ 46,921</u>
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The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity.

- 6) E.SUN Volunteer & Social Welfare Foundation entrusted some properties to E.SUN Bank. E.SUN Bank charged \$352 thousand and \$269 thousand (part of service fee and commission income, net) accordingly for the years ended December 31, 2020 and 2019, 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 Law, except for consumer loans and government loans, credits extended by E.SUN Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

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

1) E.SUN Bank

a) Loans

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Revenue</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2020</u>				
Subsidiaries	\$ 2,594,410	\$ 2,394,840	\$ 2,932	
Key management	467,292	369,459	2,944	
Others	<u>3,435,374</u>	<u>2,593,295</u>	<u>30,208</u>	
	<u>\$ 6,497,076</u>	<u>\$ 5,357,594</u>	<u>\$ 36,084</u>	0.80-1.85
For the year ended <u>December 31, 2019</u>				
Subsidiaries	\$ 2,529,492	\$ 2,529,492	\$ 35,599	
Sister companies	103,000	-	3	
Key management	279,766	236,219	3,544	
Others	<u>2,496,379</u>	<u>2,338,787</u>	<u>32,838</u>	
	<u>\$ 5,408,637</u>	<u>\$ 5,104,498</u>	<u>\$ 71,984</u>	1.07-3.44

b) Deposits

	<b>Highest Balance (Note)</b>	<b>Ending Balance</b>	<b>Interest Expense</b>	<b>Ending Interest Rate (%)</b>
For the year ended <u>December 31, 2020</u>				
ESFHC	\$ 10,847,191	\$ 789,220	\$ 1,076	
Subsidiaries	68,501	10,770	55	
Sister companies	9,118,617	3,153,000	9,937	
Key management	798,306	588,354	1,544	
Others	<u>2,753,857</u>	<u>1,311,627</u>	<u>15,568</u>	
	<u>\$ 23,586,472</u>	<u>\$ 5,852,971</u>	<u>\$ 28,180</u>	0-6.34
For the year ended <u>December 31, 2019</u>				
ESFHC	\$ 11,845,965	\$ 467,249	\$ 3,500	
Subsidiaries	94,747	18,669	172	
Sister companies	3,883,345	1,765,635	10,724	
Key management	944,386	752,526	3,023	
Others	<u>2,180,811</u>	<u>1,430,647</u>	<u>17,887</u>	
	<u>\$ 18,949,254</u>	<u>\$ 4,434,726</u>	<u>\$ 35,306</u>	0-6.62

Note: The sum of the respective highest balances of each account for the years ended December 31, 2020 and 2019.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
c) Call loans to banks (part of due from the Central Bank and call loans to other banks)		
ESBC	<u>\$ 7,403,580</u>	<u>\$ 7,692,134</u>
d) Consolidated tax return receivables (part of current tax assets)		
ESFHC	<u>\$ 154,487</u>	<u>\$ 305,758</u>
e) Due to banks (part of deposits from the Central Bank and other banks)		
ESBC	<u>\$ 798,280</u>	<u>\$ -</u>
f) Accounts Payable (part of payables)		
Sister companies	<u>\$ 95,031</u>	<u>\$ 180,859</u>
g) Remuneration of directors (part of payables)		
ESFHC	<u>\$ 95,000</u>	<u>\$ 120,000</u>

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
h) Consolidated tax return payables (part of current tax liabilities)		
ESFHC	\$ <u>267,809</u>	\$ <u>1,358,166</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
i) Interest revenue from call loans to banks		
ESBC	\$ <u>101,319</u>	\$ <u>207,021</u>
j) Others (part of employee benefits and general and administrative expenses)		
ESFHC	\$ 81,000	\$ 120,000
Subsidiaries	2,733	1,288
Sister companies	<u>10,000</u>	<u>10,333</u>
	\$ <u>93,733</u>	\$ <u>131,621</u>

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates for savings deposits given to managers of E.SUN Bank are the same as the interest rates of employees' savings deposits within a certain amount.

Under the Banking Law, except for consumer loans and government loans, credits extended by E.SUN Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

## 2) E.SUN Securities

- a) Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of December 31, 2020 and 2019, respectively, were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deposits	\$ <u>340,788</u>	\$ <u>220,063</u>
Financial asset at amortized cost - current	\$ <u>184,785</u>	\$ <u>341,017</u>
Deposits - futures exchange margins	\$ <u>341,993</u>	\$ <u>290,638</u>
Restricted assets - current	\$ <u>214,000</u>	\$ <u>214,000</u>
Operating deposits	\$ <u>435,000</u>	\$ <u>450,000</u>
Deposits - settlements	\$ <u>297,721</u>	\$ <u>86,389</u>
Deposits - collection of securities underwriting	\$ <u>988,443</u>	\$ <u>-</u>

- b) E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to \$4,000,000 thousand as of December 31, 2020 and 2019, respectively. For this overdraft, E.SUN Securities provided time deposits and real estate to E.SUN Bank as collaterals. Other financial institutions provided guarantee for the overdraft. As of December 31, 2020 and 2019, there was no overdraft amount.
- c) For its business needs, E.SUN Securities applied for a short-term loan up to \$200,000 thousand from E.SUN Bank. The balances and interest expense for the short-term loan were as follows:

	<b>Highest Balances</b>	<b>Ending Balances</b>	<b>Ending Interest Rate (%)</b>	<b>Interest Expense</b>
For the year ended December 31, 2019	\$ 40,000	\$ -	-	\$ 3

- d) Consolidated tax return payables (part of current tax liabilities)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
ESFHC	<u>\$ 144,499</u>	<u>\$ 43,721</u>

3) ESVC

Deposits each amounting to more than \$100,000 thousand in E.SUN Bank as of December 31, 2020 and 2019, respectively, were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deposits - E.SUN Bank	<u>\$ 285,332</u>	<u>\$ 98,565</u>

d. Compensation of key management

The compensation of the directors and other key management for the years ended December 31, 2020 and 2019 are summarized as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Salaries and other short-term employment benefits	\$ 397,228	\$ 311,389
Post-employment benefits	2,636	2,901
Interest arising from the employees' preferential rates in excess of normal rates	<u>475</u>	<u>488</u>
	<u>\$ 400,339</u>	<u>\$ 314,778</u>

#### 40. PLEDGED ASSETS

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Financial assets at fair value through profit or loss (face value)	\$ 24,200,000	\$ 24,200,000
Investments in debt instruments at amortized cost (face value)	3,041,785	2,912,639
Investments in debt instruments at fair value through other comprehensive income (face value)	<u>3,389,804</u>	<u>1,099,170</u>
	<u>\$ 30,631,589</u>	<u>\$ 28,211,809</u>

As of December 31, 2020 and 2019, the foregoing bonds and securities, with aggregate face value of \$19,200,000 thousand at each period end, 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, 2020 and 2019, respectively. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

- b. To expand its capital sourcing and enhance its liquidity position, E.SUN Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. The information on the securities and loans pledged by the Branch for this access was as follows:

	<b>(In Thousands of U.S. Dollars)</b>	
<b>Date</b>	<b>Pledged Amount</b>	<b>Collateral Value</b>
December 31, 2020	<u>\$ 111,000</u>	<u>\$ 100,863</u>
December 31, 2019	<u>\$ 26,000</u>	<u>\$ 18,958</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, 2020, up to \$10,000,000 thousand in E.SUN Bank's deposit reserves - account B were provided as collaterals to the Central Bank in accordance with the relevant regulations.
- d. As of December 31, 2020, UCB has provided US\$35,090 thousand due from the National Bank of Cambodia as collaterals for guarantees of both loan and settlement accounts in the National Bank of Cambodia in accordance with relevant regulations.

#### 41. CONTINGENCIES AND COMMITMENTS

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

- a. E.SUN Bank

As of December 31, 2020, 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 \$8,680,147 thousand, and the remaining unpaid amount was approximately \$4,968,035 thousand.

b. Union Commercial Bank (UCB)

As of December 31, 2020, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately \$652,592 thousand, and the remaining unpaid amount was approximately \$9,990 thousand.

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

As of December 31, 2020, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately \$74,308 thousand, and the remaining unpaid amount was approximately \$41,160 thousand.

**42. E.SUN BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES**

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Year Ended December 31			
	2020		2019	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash and cash equivalents and other financial assets - due from banks	\$ 30,605,463	1.14	\$ 36,247,959	2.04
Call loans to banks	23,970,675	0.75	22,949,202	1.86
Due from the Central Bank	46,840,594	0.23	42,118,455	0.34
Financial assets mandatorily classified as at fair value through profit or loss - bonds	149,909,846	3.52	138,273,472	4.72
Financial assets mandatorily classified as at fair value through profit or loss - bills	410,845,597	0.45	341,892,830	0.58
Securities purchased under resell agreements	3,486,261	0.34	236,166	0.54
Accounts receivable factored without recourse	6,816,733	1.66	7,805,140	3.09
Discounts and loans	1,511,824,109	1.78	1,370,657,253	2.23
Receivables on credit cards	31,183,417	6.49	30,233,384	6.80
Debt instruments at fair value through other comprehensive income	216,747,172	1.50	185,140,206	2.27
Investments in debt instruments at amortized cost	13,241,732	1.31	9,969,352	2.12
<u>Interest-bearing liabilities</u>				
Deposits from the Central Bank and other banks	73,018,824	0.89	76,581,752	2.24
Due to the Central Bank and other banks	4,265,859	0.10	-	-
Financial liabilities at fair value through profit or loss	42,449,331	5.06	45,102,474	4.95

(Continued)

	For the Year Ended December 31			
	2020		2019	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Securities sold under repurchase agreements	\$ 9,599,959	0.34	\$ 7,402,514	1.28
Demand deposits	586,232,952	0.08	455,533,002	0.20
Savings - demand deposits	593,383,713	0.09	544,321,248	0.18
Time deposits	670,636,442	1.22	616,316,091	2.03
Savings - time deposits	306,396,903	0.89	310,198,054	1.05
Negotiable certificates of deposits	16,384,748	0.65	9,098,920	1.70
Bank debentures	36,169,180	1.56	34,174,219	1.69
Principal of structured products	44,858,003	0.64	26,592,328	1.07
Lease liabilities	2,612,792	0.80	2,416,279	0.80

(Concluded)

### 43. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments that are not measured at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31			
	2020		2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 16,465,798	\$ 16,521,979	\$ 12,599,698	\$ 12,636,705
<u>Financial liabilities</u>				
Bond payables	39,970,000	42,239,087	38,070,000	39,070,410

#### Fair value hierarchy as of December 31, 2020

	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 16,521,979	\$ 16,521,979	\$ -	\$ -
<u>Financial liabilities</u>				
Bond payables	42,239,087	-	42,239,087	-

Fair value hierarchy as of December 31, 2019

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Investments in debt instruments at amortized cost	\$ 12,636,705	\$ 12,636,705	\$ -	\$ -
<u>Financial liabilities</u>				
Bond payables	39,070,410	-	39,070,410	-

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

- b. The valuation techniques and assumptions the Company uses for determining fair values were as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. The fair value of the unlisted stocks held by the Company is determined by using market approach or asset approach.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values of these two types of contracts are provided by counterparties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for payments. As of December 31, 2020 and 2019, the discount rates used ranged from 0.170% to 0.793% and from 0.266% to 1.006%, respectively, for the New Taiwan dollar and from 0.050% to 1.408% and from 1.645% to 2.043%, 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, 2020 and 2019, were as follows:

	<b>December 31, 2020</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 22,898,587	\$ 198,928	\$ 22,699,659	\$ -
Equity instruments	4,877,235	2,779,940	-	2,097,295
Debt instruments	138,662,449	2,966,441	135,696,008	-
Others	549,371,011	114,133	549,256,878	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	9,377,128	8,062,853	-	1,314,275
Debt instruments	254,525,732	121,387,803	133,137,929	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	20,137,985	-	20,137,985	-
Financial liabilities designated as at fair value through profit or loss	50,303,457	-	50,303,457	-
	<b>December 31, 2019</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ 10,610,366	\$ 164,751	\$ 10,445,615	\$ -
Equity instruments	4,274,098	2,189,085	-	2,085,013
Debt instruments	144,708,560	197,819	144,510,741	-
Others	360,055,649	566,214	359,489,435	-
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments	8,057,694	6,790,271	-	1,267,423
Debt instruments	207,820,505	106,682,466	101,138,039	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	10,425,477	-	10,425,477	-
Financial liabilities designated as at fair value through profit or loss	49,205,039	-	49,205,039	-

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.

Since the quoted price in active market is available, the Company had transferred the domestic bonds acquired from underwriting business from Level 2 to Level 1 during the year ended December 31, 2020. There were no significant transfers between Level 1 and Level 2 for the year ended December 31, 2019.

d. Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2020

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2020	\$ 2,085,013	\$ 1,267,423
Valuation recognized in profit or loss	583,880	-
Valuation recognized in other comprehensive income	-	46,960
Acquisitions	259,445	-
Disposal	(162,606)	(108)
Transfers out of Level 3 (Note)	<u>(668,437)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 2,097,295</u>	<u>\$ 1,314,275</u>
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>\$ 101,022</u>	

For the year ended December 31, 2019

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2019	\$ 1,626,182	\$ 1,179,363
Valuation recognized in profit or loss	141,388	-
Valuation recognized in other comprehensive income	-	81,054
Acquisitions	376,627	10,000
Disposal	(43,259)	-
Capital reduction and cash distribution	-	(2,520)
Capital reduction in shares exchange	474	(474)
Transfers out of Level 3 (Note)	<u>(16,399)</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 2,085,013</u>	<u>\$ 1,267,423</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>\$ 164,809</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, 2020

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs And Fair Value</b>
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 1,212,799	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	884,496	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	1,239,793	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	66,279	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-30%; 5%-10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	8,203	Income approach	Lack of liquidity discount	30%	The higher the lack of liquidity, the lower the fair value is

December 31, 2019

	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Input</b>	<b>Range (Weighted-average)</b>	<b>The Relation Between Inputs And Fair Value</b>
Financial assets at fair value through profit or loss					
Investments in equity instruments	\$ 1,257,798	Market approach	Lack of liquidity discount	-%-30%	The higher the lack of liquidity, the lower the fair value is
	827,215	Asset approach	Lack of liquidity discount; allowance of minority interest	-%-20%; 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	1,223,993	Market approach	Lack of liquidity discount	10%-30%	The higher the lack of liquidity, the lower the fair value is
	34,900	Asset approach	Lack of liquidity discount; allowance of minority interest	10%-40%; 10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is
	8,530	Income approach	Lack of liquidity discount	20%	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 the parameter changes by 10%, the effects on profit or loss or other comprehensive income for the current period are as follow:

December 31, 2020

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Year</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 209,730	\$ (209,730)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	131,428	(131,428)

December 31, 2019

	<b>Changes in Fair Value Reflected in Profit or Loss for the Current Year</b>		<b>Changes in Fair Value Reflected in Other Comprehensive Income for the Current Year</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through profit or loss Investments in equity instruments	\$ 208,501	\$ (208,501)	\$ -	\$ -
Financial assets at fair value through other comprehensive income Investments in equity instruments	-	-	126,742	(126,742)

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Difference between carrying amounts and the amounts due on maturity		
Fair value	\$ 50,303,457	\$ 49,205,039
Amounts due on maturity	<u>45,711,540</u>	<u>47,430,012</u>
	<u>\$ 4,591,917</u>	<u>\$ 1,775,027</u>

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

Accumulated amount of change

As of December 31, 2020

\$ 651,070

As of December 31, 2019

\$ 53,345

The change in fair value of bank debentures and structured products 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 and structured products 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, 2020 and 2019, ESFHC does not conduct any businesses involves currencies different from its functional currency.

The influence of the fluctuations in exchange rates for foreign-currency assets and liabilities on profit or loss is limited; thus, ESFHC expects the risk from exchange rate fluctuations to be immaterial.

c) Credit risk

To maintain good asset quality, ESFHC's subsidiaries have established independent credit review divisions and set up fair credit approval processes. ESFHC and subsidiaries also set up management policies and requirements of counterparties' credit rating, default risk, settlement risk, and risk concentration pertaining products, industries, and affiliates.

d) Liquidity risk

ESFHC set up the "Liquidity Risk Management Guideline of E.SUN Financial Holding Company" as the guideline for liquidity risk management. It monitors and asks ESFHC and subsidiaries to maintain appropriate liquidity, payment ability, financial stability, and to improve urgent situation handling ability. ESFHC and subsidiaries also follow the requirements of authorities, adopt numeral management, and compile cash flow gap analysis report regularly. Additionally, ESFHC and subsidiaries set up liquidity risk management index and monitor it strictly.

2) E.SUN Bank and its subsidiaries

a) Risk management

E.SUN Bank established the Risk Management Division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for E.SUN Bank.

b) Credit risk

Credit risk refers to E.SUN Bank and its subsidiaries' exposure to financial losses due to inability of customers or counterparties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off-balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risk falls within the acceptable range, E.SUN Bank and its subsidiaries have stipulated in the Guidelines for Credit Risk Management that for all the products provided and businesses conducted, including all on- and off-balance sheet transactions in the banking and trading books, E.SUN Bank and its subsidiaries should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, E.SUN Bank and its subsidiaries ensure compliance with all applicable rules and regulations and identify relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., E.SUN Bank and its subsidiaries also require the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with E.SUN Bank and its subsidiaries' risk management policies and guidelines.

The measurement and management of credit risks from E.SUN Bank and its subsidiaries' main businesses are as follows:

i. Loans and credit card business (including loan commitment and guarantees)

On each reporting date, E.SUN Bank and its subsidiaries assess the change in the default risk of financial assets, as well as consider reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situation, credit investigation result, announcement of dishonored checks and negotiation of the debts from other financial institutions, or the debtor has reorganized or is likely to reorganize to determine whether the credit risk has increased significantly.

E.SUN Bank and its subsidiaries adopt the 12-month ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

E.SUN Bank and its subsidiaries consider both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability of 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. E.SUN Bank and its subsidiaries periodically review forward-looking macroeconomic information and timely adjusts "PD" for impact of factors such as the COVID-19.

E.SUN Bank and its subsidiaries estimate the account balance based on the ways in repayment, and consider the possible survival rate to calculate the EAD. In addition, E.SUN Bank and its subsidiaries estimate the 12-month ECLs and lifetime ECLs of loan commitments by considering the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime based on the guidelines issued by the Bank's Association and Basel Accords to determine the amount of "EAD" for calculating expected credit losses.

E.SUN Bank and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days, or the credit investigation appears to be abnormal, E.SUN Bank and its subsidiaries determine that the financial assets are defaulted and credit-impaired.

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectable. E.SUN Bank and its subsidiaries also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, E.SUN Bank and its subsidiaries rate credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, E.SUN Bank and its subsidiaries have developed a credit rating model for clients. E.SUN Bank and its subsidiaries review the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credit and residential mortgage, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

E.SUN Bank and its subsidiaries classify the credit qualities of corporate loans as strong, medium and weak.

E.SUN Bank and its subsidiaries evaluate the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, E.SUN Bank and its subsidiaries annually conduct validity test and back testing on the models using data on customers' actual defaults.

ii. Due from and call loans to other banks

E.SUN Bank and its subsidiaries evaluate the credit status of counterparties before deals are closed. E.SUN Bank and its subsidiaries grant different limits to the counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

iii. Investments in debt instruments and derivatives

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

December 31, 2020

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 252,614,603	\$ 16,467,373	\$ 269,081,976
Less: Allowance for impairment loss	<u>(71,696)</u>	<u>(1,575)</u>	<u>(73,271)</u>
Amortized cost	252,542,907	<u>\$ 16,465,798</u>	269,008,705
Adjustment to fair value	<u>1,795,959</u>		<u>1,795,959</u>
	<u>\$ 254,338,866</u>		<u>\$ 270,804,664</u>

December 31, 2019

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 206,860,164	\$ 12,600,772	\$ 219,460,936
Less: Allowance for impairment loss	<u>(56,329)</u>	<u>(1,074)</u>	<u>(57,403)</u>
Amortized cost	206,803,835	<u>\$ 12,599,698</u>	219,403,533
Adjustment to fair value	<u>1,016,670</u>		<u>1,016,670</u>
	<u>\$ 207,820,505</u>		<u>\$ 220,420,203</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, 2020

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	-%-0.25%	\$ 269,081,976

December 31, 2019

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	-%-0.18%	\$ 219,460,936

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, 2020

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECL)</u>
<b>Allowance for Impairment Loss</b>	
Balance at January 1, 2020	\$ 57,403
New financial assets purchased	33,025
Derecognition	(16,507)
Change in model or risk parameters	122
Change in exchange rates or others	<u>(772)</u>
Balance at December 31, 2020	<u>\$ 73,271</u>

For the year ended December 31, 2019

	<u><b>Credit Rating</b></u> <u><b>Performing</b></u> <u><b>(12-month</b></u> <u><b>ECL)</b></u>
<b>Allowance for Impairment Loss</b>	
Balance at January 1, 2019	\$ 60,187
New financial assets purchased	27,844
Derecognition	(22,756)
Change in model or risk parameters	(10,502)
Change in exchange rates or others	<u>2,630</u>
Balance at December 31, 2019	<u>\$ 57,403</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, 2020

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,272,959,941	\$ 156,606	\$ 19,074,252	\$ -	\$ 1,292,190,799
Allowance for possible losses	(421,939)	(1,685)	(3,228)	-	(426,852)
Difference of impairment loss under regulations	-	-	-	(397,535)	(397,535)
	<u>\$ 1,272,538,002</u>	<u>\$ 154,921</u>	<u>\$ 19,071,024</u>	<u>\$ (397,535)</u>	<u>\$ 1,291,366,412</u>

December 31, 2019

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	\$ 1,099,574,959	\$ 231,625	\$ 2,326,596	\$ -	\$ 1,102,133,180
Allowance for possible losses	(177,119)	(700)	(3,204)	-	(181,023)
Difference of impairment loss under regulations	-	-	-	(416,900)	(416,900)
	<u>\$ 1,099,397,840</u>	<u>\$ 230,925</u>	<u>\$ 2,323,392</u>	<u>\$ (416,900)</u>	<u>\$ 1,101,535,257</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, 2020

		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	\$ 2,609,208	\$ -	\$ -	\$ -	\$ -
Other	39,567	-	-	-	-
Discounts and loans	8,238,531	4,328,179	-	-	4,328,179

December 31, 2019

	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	\$ 2,566,508	\$ -	\$ -	\$ -	\$ -
Other	494,850	1,521	-	-	1,521
Discounts and loans	8,330,806	4,351,308	-	-	4,351,308

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			
	2020		2019	
	Amount	%	Amount	%
Natural person	\$ 828,583,073	50	\$ 715,870,408	49
Manufacturing	302,958,374	18	281,787,658	19
Finance, insurance and real estate	167,374,463	10	144,284,587	10

Credit Risk Profile by Regions	December 31			
	2020		2019	
	Amount	%	Amount	%
Domestic	\$ 1,420,878,973	87	\$ 1,233,585,018	84

Credit Risk Profile by Collaterals	December 31			
	2020		2019	
	Amount	%	Amount	%
Unsecured	\$ 399,459,492	24	\$ 386,098,015	26
Secured				
Real estate	1,082,599,716	66	936,944,001	64

Some financial assets held by E.SUN Bank and its subsidiaries, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have rather high credit ratings.

The credit quality of discounts and loans evaluation on a 12-month expected credit loss basis were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Credit rating		
Strong	\$ 889,058,344	\$ 784,321,191
Medium	699,310,944	632,935,456
Weak	<u>40,114,730</u>	<u>32,354,689</u>
Carrying value	1,628,484,018	1,449,611,336
Allowance for possible losses	<u>(3,536,235)</u>	<u>(1,062,925)</u>
	<u><b>\$ 1,624,947,783</b></u>	<u><b>\$ 1,448,548,411</b></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 Taiwan GreTai Securities Market or Emerging Stock Market and stock index futures in Taiwan; the instruments exposed to interest rate risk mainly include bonds and interest rate derivatives such as the fixed-for-floating interest rate swap; and the instruments exposed to exchange rate risk mainly include the consolidated positions of the investment held by E.SUN Bank and its subsidiaries, such as the derivatives denominated in foreign currency and foreign-currency bonds.

E.SUN Bank monitors the market risk positions and the tolerable loss of E.SUN Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors. E.SUN Bank has set up market risk information systems to effectively monitor the management of amount limits on financial instruments, to evaluate the profit and loss, to conduct sensitivity analysis, stress test and calculation of value at risk (VaR), etc. The result is reported in the meetings of risk management and to the board of directors as their reference for making managerial decisions.

E.SUN Bank and its subsidiaries mainly divide the positions exposed to market risks into investment portfolios held for trading and investment portfolios not held for trading. The portfolios are monitored by the Risk Management Division, and the management results are reported regularly to the board of directors and the supervisors of each division.

The business units and the risk management units both identify market risk factors for E.SUN Bank and its subsidiaries' exposed positions in order to measure market risks. Market risk factors refer to the factors that affect interest rates, exchange rates and values of held financial instruments such as equity securities, etc. E.SUN Bank and its subsidiaries analyze the impact of risk factors on their holding positions, profit 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.

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, 2020

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2020</b>
<u>By risk type</u>				
Currency	\$ 3,223,971	\$ 1,989,772	\$ 4,108,441	\$ 3,243,184
Interest	5,243,051	3,700,329	6,952,590	5,727,202
Equity	402,932	175,387	672,918	672,918
Risk diversification	<u>(3,871,450)</u>	-	-	<u>(4,174,418)</u>
Total risk exposure	<u>\$ 4,998,504</u>			<u>\$ 5,468,886</u>

For the year ended December 31, 2019

<b>Historical Values at Risk (99%, 10-day)</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>December 31, 2019</b>
<u>By risk type</u>				
Currency	\$ 2,514,865	\$ 1,000,480	\$ 3,607,735	\$ 2,221,621
Interest	1,756,118	339,009	4,443,074	3,817,952
Equity	169,938	24,263	332,437	289,848
Risk diversification	<u>(1,030,351)</u>	-	-	<u>(2,380,754)</u>
Total risk exposure	<u>\$ 3,410,570</u>			<u>\$ 3,948,667</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 2020 and 2019 were 35.84% and 30.55%, 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, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 41,977,252	\$ 10,665,356	\$ 1,516,729	\$ 809,649	\$ -	\$ 54,968,986
Due to the Central Bank and other banks	-	8,044,340	-	-	-	8,044,340
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	523,330	45,188,210	45,711,540
Securities sold under repurchase agreements	9,158,366	1,203,256	965,810	-	-	11,327,432
Payables	20,940,060	995,627	395,298	427,341	100,505	22,858,831
Deposits and remittances	935,095,060	241,610,977	229,107,360	387,240,913	700,039,728	2,493,094,038
Bank debentures	-	1,300,000	-	-	32,670,000	33,970,000
Lease liabilities	94,511	110,842	263,880	469,871	2,284,405	3,223,509
Other items of cash outflow on maturity	6,500,520	3,682,178	934,496	431,642	53,005,256	64,554,092

December 31, 2019	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	\$ 36,037,226	\$ 19,723,614	\$ 1,440,525	\$ 702,421	\$ -	\$ 57,903,786
Nonderivative financial liabilities at fair value through profit or loss	56	434	-	552,754	46,876,769	47,430,013
Securities sold under repurchase agreements	4,914,184	1,383,002	740,700	204,156	-	7,242,042
Payables	16,316,421	908,117	911,803	1,547,448	3,599,029	23,282,818
Deposits and remittances	776,302,076	178,061,697	196,266,445	320,018,479	613,492,539	2,084,141,236
Bank debentures	-	-	1,900,000	3,200,000	26,970,000	32,070,000
Lease liabilities	81,137	145,256	264,958	445,143	2,284,736	3,221,230
Other items of cash outflow on maturity	6,031,991	1,550,378	197,182	313,194	26,595,504	34,688,249

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 amount

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	\$ 27,979	\$ 2,732	\$ -	\$ 4,961	\$ -	\$ 35,672

December 31, 2019	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	\$ -	\$ 3,283	\$ 1,092	\$ -	\$ -	\$ 4,375

ii. Derivative financial liabilities to be settled at gross amounts

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	\$ 353,885,823	\$ 296,490,649	\$ 159,581,874	\$ 184,385,038	\$ 10,019,268	\$1,004,362,652
Cash inflow	352,375,337	295,321,301	160,015,531	184,489,181	9,902,027	1,002,103,377
Interest derivatives						
Cash outflow	(3,500,037)	(2,451,103)	(2,502,707)	(4,593,968)	19,963,075	6,915,260
Cash inflow	4,180,153	2,760,649	3,221,266	5,580,570	45,301,118	61,043,756
Total cash outflow	350,385,786	294,039,546	157,079,167	179,791,070	29,982,343	1,011,277,912
Total cash inflow	356,555,490	298,081,950	163,236,797	190,069,751	55,203,145	1,063,147,133
Net cash outflow (inflow)	\$ (6,169,704)	\$ (4,042,404)	\$ (6,157,630)	\$ (10,278,681)	\$ (25,220,802)	\$ (51,869,221)

December 31, 2019	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	\$ 280,286,489	\$ 369,992,774	\$ 157,283,843	\$ 99,707,199	\$ 4,797,724	\$ 912,068,029
Cash inflow	279,726,483	368,802,972	156,801,088	100,021,865	4,810,829	910,163,237
Interest derivatives						
Cash outflow	496,012	1,421,615	628,708	907,206	27,280,795	30,734,336
Cash inflow	898,560	1,396,543	757,665	871,983	40,682,808	44,607,559
Total cash outflow	280,782,501	371,414,389	157,912,551	100,614,405	32,078,519	942,802,365
Total cash inflow	280,625,043	370,199,515	157,558,753	100,893,848	45,493,637	954,770,796
Net cash outflow (inflow)	\$ 157,458	\$ 1,214,874	\$ 353,798	\$ (279,443)	\$ (13,415,118)	\$ (11,968,431)

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, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 443,893	\$ 1,750,566	\$ 1,701,169	\$ 6,702,697	\$ 34,271,321	\$ 44,869,646
Credit card commitments	118,185	21,111	47,363	264,204	470,523,610	470,974,473
Letters of credit issued and yet unused	1,445,159	5,181,479	1,374,154	412,180	1,483	8,414,455
Other guarantees	4,320,472	6,792,798	2,412,244	14,241,758	5,594,172	33,361,444

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	\$ 364,421	\$ 257,285	\$ 1,252,524	\$ 6,275,169	\$ 36,834,577	\$ 44,983,976
Credit card commitments	3,650,249	2,796,165	6,787,742	11,777,916	410,329,530	435,341,602
Letters of credit issued and yet unused	1,888,621	4,829,870	1,489,203	567,121	1,643,771	10,418,586
Other guarantees	2,880,814	5,498,737	4,320,652	11,195,598	5,026,600	28,922,401

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, 2020					
Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Associated Financial Liabilities	Fair Value of Net Position
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	\$ 12,153,396	\$ 11,305,248	\$ 12,153,396	\$ 11,305,248	\$ 848,148

December 31, 2019					
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	\$ 7,026,815	\$ 6,800,123	\$ 7,026,815	\$ 6,800,123	\$ 226,692
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	431,211	428,116	436,261	428,116	8,145

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, 2020

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Received	
Derivatives	\$ 22,898,587	\$ -	\$ 22,898,587	\$ (10,465,309)	\$ (5,892,275)	\$ 6,541,003
Resell agreements	2,300,419	-	2,300,419	(2,300,419)	-	-
Settlements	6,008	(1,650)	4,358	-	-	4,358
	<u>\$ 25,205,014</u>	<u>\$ (1,650)</u>	<u>\$ 25,203,364</u>	<u>\$ (12,765,728)</u>	<u>\$ (5,892,275)</u>	<u>\$ 6,545,361</u>

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	\$ 20,137,985	\$ -	\$ 20,137,985	\$ (10,465,309)	\$ (4,087,457)	\$ 5,585,219
Repurchase agreements	11,308,940	-	11,308,940	(11,308,940)	-	-
Settlements	52,814	(29,010)	23,804	-	-	23,804
	<u>\$ 31,499,739</u>	<u>\$ (29,010)</u>	<u>\$ 31,470,729</u>	<u>\$ (21,774,249)</u>	<u>\$ (4,087,457)</u>	<u>\$ 5,609,023</u>

December 31, 2019

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	\$ 10,610,366	\$ -	\$ 10,610,366	\$ (4,536,685)	\$ (2,228,912)	\$ 3,844,769
Resell agreements	4,971,680	-	4,971,680	(4,971,680)	-	-
Settlements	<u>6,275</u>	<u>(2,448)</u>	<u>3,827</u>	<u>-</u>	<u>-</u>	<u>3,827</u>
	<u>\$ 15,588,321</u>	<u>\$ (2,448)</u>	<u>\$ 15,585,873</u>	<u>\$ (9,508,365)</u>	<u>\$ (2,228,912)</u>	<u>\$ 3,848,596</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	\$ 10,425,477	\$ -	\$ 10,425,477	\$ (4,536,685)	\$ (2,738,441)	\$ 3,150,351
Repurchase agreements	7,234,754	-	7,234,754	(7,234,754)	-	-
Settlements	<u>32,968</u>	<u>(11,642)</u>	<u>21,326</u>	<u>-</u>	<u>-</u>	<u>21,326</u>
	<u>\$ 17,693,199</u>	<u>\$ (11,642)</u>	<u>\$ 17,681,557</u>	<u>\$ (11,771,439)</u>	<u>\$ (2,738,441)</u>	<u>\$ 3,171,677</u>

#### 44. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM INTERCOMPANY SHARING OF RESOURCES

Under cooperation arrangements, E.SUN Bank and E.SUN Securities shared some equipment and operating sites; thus, related expenses were allocated as follows:

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
For the year ended <u>December 31, 2020</u>				
Others	<u>\$ 325</u>	<u>\$ 650</u>	<u>\$ 975</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied
For the year ended <u>December 31, 2019</u>				
Others	<u>\$ 528</u>	<u>\$ 930</u>	<u>\$ 1,458</u>	Utilities - 50% each Building maintenance fee - based on space actually occupied

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Revenue	<u>\$ 3,837</u>	<u>\$ 3,947</u>
Expense	<u>\$ 93,139</u>	<u>\$ 67,247</u>

#### **45. CAPITAL MANAGEMENT**

ESFHC's objective of capital management is to sustain the eligible capital of the Group at an amount that meets the requirements for legal capital and minimum group capital adequacy ratio (CAR). To ensure that there is sufficient capital to undertake a variety of risks, ESFHC assesses the risk portfolios by their characteristics. The calculation of group eligible capital and minimum requirement of legal capital is in conformity with the rules enacted by the authorities.

Financial Management Division manages Group CAR. The Financial Management Division ensures that ESFHC's group CAR meets both its internal requirements and external requirements by the authorities, and the timely report to the authorities every half year. ESFHC has set up a warning signal mechanism that gives alarm when the CAR falls below the standard, and asks relevant units to bring up improvement strategies to deal with it.

Under the Financial Holding Company Act and related regulations, ESFHC should maintain a group CAR at no lower than 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted, and the authorities may discipline ESFHC, depending on the situation.

The Banking Law and related regulations require that E.SUN Bank maintains both stand-alone and consolidated ratios of regulatory capital to risk-weighted assets (including ratio of the common equity to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and capital adequacy ratio) should comply with the minimum ratio requested by authorities.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations. The CARs of E.SUN Securities were 331% and 436% as of December 31, 2020 and 2019, respectively.

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

**46. E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES' ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

a. E.SUN Bank's asset quality: Table 4 (attached).

b. E.SUN Bank's concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2020				December 31, 2019		
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 Other activities auxiliary to financial service activities not elsewhere classified	\$ 9,820,456	5.53	Group C Air transport	\$ 10,809,126	6.32
2	Group B Manufacture of other electronic parts and components not elsewhere classified	8,313,005	4.68	Group A Other activities auxiliary to financial service activities not elsewhere classified	9,086,810	5.32
3	Group C Air transport	8,273,310	4.66	Group D Activities of head offices	7,418,394	4.34
4	Group D Activities of head offices	6,888,566	3.88	Group B Manufacture of other electronic parts and components not elsewhere classified	6,788,382	3.97
5	Group E Manufacture of electronic passive devices	6,814,764	3.84	Group H Manufacture of computers	6,262,888	3.66
6	Group F Real estate activities for sale and rental with own or leased property	5,828,145	3.28	Group K Manufacture of computers	4,439,575	2.60
7	Group G Real estate development	5,527,771	3.11	Group L Wired telecommunications activities	4,297,400	2.51
8	Group H Manufacture of computers	5,487,723	3.09	Group I Wholesale of computers, computer peripheral equipment and software	4,207,850	2.46
9	Group I Wholesale of computers, computer peripheral equipment and software	4,720,957	2.66	Group M Manufacture of edible vegetable and animal oils and fats	4,186,546	2.45
10	Group J Other holding companies	4,367,883	2.46	Group E Manufacture of integrated circuits	4,131,034	2.42

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, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,785,776,454	\$ 65,674,821	\$ 85,272,799	\$ 131,460,676	\$ 2,068,184,750
Interest rate-sensitive liabilities	1,432,001,698	60,808,236	99,812,199	87,199,479	1,679,821,612
Interest rate sensitivity gap	353,774,756	4,866,585	(14,539,400)	44,261,197	388,363,138
Net worth					149,067,460
Ratio of interest rate-sensitive assets to liabilities					123.12
Ratio of interest rate sensitivity gap to net worth					260.53

December 31, 2019

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,432,546,938	\$ 73,102,274	\$ 53,155,640	\$ 113,333,084	\$ 1,672,137,936
Interest rate-sensitive liabilities	380,050,796	845,093,636	71,186,193	56,752,750	1,353,083,375
Interest rate sensitivity gap	1,052,496,142	(771,991,362)	(18,030,553)	56,580,334	319,054,561
Net worth					144,925,187
Ratio of interest rate-sensitive assets to liabilities					123.58
Ratio of interest rate sensitivity gap to net worth					220.15

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, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,451,973	\$ 653,834	\$ 251,516	\$ 2,213,351	\$ 16,570,674
Interest rate-sensitive liabilities	21,754,001	2,502,288	3,011,604	1,765,415	29,033,308
Interest rate sensitivity gap	(8,302,028)	(1,848,454)	(2,760,088)	447,936	(12,462,634)
Net worth					304,178
Ratio of interest rate-sensitive assets to liabilities					57.07
Ratio of interest rate sensitivity gap to net worth					(4,097.15)

December 31, 2019

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,432,612	\$ 891,096	\$ 352,331	\$ 1,193,211	\$ 15,869,250
Interest rate-sensitive liabilities	17,156,573	3,352,727	2,792,439	1,479,951	24,781,690
Interest rate sensitivity gap	(3,723,961)	(2,461,631)	(2,440,108)	(286,740)	(8,912,440)
Net worth					520,022
Ratio of interest rate-sensitive assets to liabilities					64.04
Ratio of interest rate sensitivity gap to net worth					(1,713.86)

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, 2020	December 31, 2019
Return on total assets	Before income tax	0.75	0.96
	After income tax	0.66	0.84
Return on equity	Before income tax	11.57	13.84
	After income tax	10.17	12.07
Net income ratio		32.09	36.90

2) E.SUN Financial Holding Company, Ltd.

Unit: %

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	9.60	11.37
	After income tax	9.72	11.49
Return on equity	Before income tax	10.05	11.95
	After income tax	10.17	12.07
Net income ratio		98.99	99.34

3) E.SUN Bank

Unit: %

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	0.71	0.97
	After income tax	0.62	0.84
Return on equity	Before income tax	10.76	13.78
	After income tax	9.45	11.94
Net income ratio		32.09	38.12

4) E.SUN Securities

Unit: %

Items		December 31, 2020	December 31, 2019
Return on total assets	Before income tax	5.36	3.63
	After income tax	4.32	3.11
Return on equity	Before income tax	17.72	9.67
	After income tax	14.28	8.27
Net income ratio		33.49	27.57

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenues.

Note 4: Income before (after) income tax represents income from January to each period-end date.

e. E.SUN Bank's maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

December 31, 2020

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,448,831,778	\$ 344,703,588	\$ 299,351,504	\$ 149,592,376	\$ 155,542,547	\$ 193,849,860	\$ 1,305,791,903
Main capital outflow on maturity	2,842,099,491	109,238,336	207,374,677	382,804,737	299,536,324	519,960,283	1,323,185,134
Gap	(393,267,713)	235,465,252	91,976,827	(233,212,361)	(143,993,777)	(326,110,423)	(17,393,231)

December 31, 2019

	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	\$ 2,033,364,576	\$ 269,158,394	\$ 176,105,824	\$ 155,647,997	\$ 154,782,050	\$ 154,829,054	\$ 1,122,841,257
Main capital outflow on maturity	2,442,160,886	111,107,130	127,513,682	376,619,972	273,927,762	366,397,174	1,186,595,166
Gap	(408,796,310)	158,051,264	48,592,142	(220,971,975)	(119,145,712)	(211,568,120)	(63,753,909)

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, 2020

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 42,481,080	\$ 11,662,662	\$ 9,746,837	\$ 4,425,030	\$ 5,236,198	\$ 11,410,353
Main capital outflow on maturity	50,066,649	12,207,491	11,545,415	9,832,924	13,142,825	3,337,994
Gap	(7,585,569)	(544,829)	(1,798,578)	(5,407,894)	(7,906,627)	8,072,359

December 31, 2019

	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	\$ 37,023,841	\$ 9,964,160	\$ 10,399,306	\$ 4,636,702	\$ 2,323,236	\$ 9,700,437
Main capital outflow on maturity	41,008,958	10,083,026	10,707,788	7,529,734	8,935,512	3,752,898
Gap	(3,985,117)	(118,866)	(308,482)	(2,893,032)	(6,612,276)	5,947,539

Note: The above amounts included only U.S. dollar amounts held by E.SUN Bank.

## 47. E.SUN BANK'S TRUST BUSINESS UNDER THE TRUST LAW

- 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, 2020 and 2019

Trust Assets	2020	2019	Trust Liabilities	2020	2019
Cash in banks	\$ 5,366,156	\$ 4,764,892	Accounts payable		
Investments	270,827,820	248,321,601	on administrative	\$ 2	\$ -
Receivables	-	250	expense		
Real estate	3,578,841	2,644,847	Accounts payable		
Securities under			on securities		
custody	<u>557,862,049</u>	<u>514,582,278</u>	under custody	557,862,049	514,582,278
			Trust capital		
			Cash	274,243,585	252,516,063
			Securities	2,535,035	1,821,726
			Real estate	3,198,696	2,251,921
			Reserves and		
			accumulated		
			deficit	(8,172,277)	(9,878,042)
			Net income	<u>7,967,776</u>	<u>9,019,922</u>
Total assets	<u>\$ 837,634,866</u>	<u>\$ 770,313,868</u>	Total liabilities	<u>\$ 837,634,866</u>	<u>\$ 770,313,868</u>

**Trust Property List**  
**December 31, 2020 and 2019**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash in E.SUN Bank	\$ 5,364,307	\$ 4,758,403
Cash in other banks	1,849	6,489
Stocks	9,279,372	7,369,589
Mutual funds	227,981,262	212,011,278
Bonds	24,215,511	23,755,366
Structured products	9,155,149	5,149,976
Beneficial certificates pending settlement	196,526	35,392
Receivables	-	250
Real estate	3,578,841	2,644,847
Securities under custody	<u>557,862,049</u>	<u>514,582,278</u>
	<u>\$ 837,634,866</u>	<u>\$ 770,313,868</u>

**Statements of Income on Trust Accounts**  
**For the Years Ended December 31, 2020 and 2019**

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Revenues</u>		
Interest	\$ 12,285	\$ 18,665
Cash dividend	11,069,408	9,411,227
Realized capital gain - common stocks	268	70
Unrealized capital gain - common stocks	44,775	29,417
Property gain	6,069,775	3,146,537
Realized capital gain - bonds	1,628,532	1,553,114
Realized capital gain - mutual funds	920,807	662,119
Other revenues	11,235	-
Revenues from beneficial certificates	16,592	5,596
Revenues from rent for stocks	<u>301</u>	<u>455</u>
Total revenues	<u>19,773,978</u>	<u>14,827,200</u>
<u>Expenses</u>		
Management fees	322,403	119,386
Supervisor fees	30	60
Service fees	5,340	210
Property loss	11,131,539	5,509,097
Income tax	762	1,285
Tax expenditures	12,772	10,540
Other expenses	30,182	12,533
Realized capital loss - common stocks	210	64
Realized capital loss - mutual funds	302,267	144,530
Unrealized capital loss - common stocks	<u>697</u>	<u>9,573</u>
Total expenses	<u>11,806,202</u>	<u>5,807,278</u>
Net income	<u>\$ 7,967,776</u>	<u>\$ 9,019,922</u>

b. Nature of trust business operations under the Trust Law: Note 1.

#### 48. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the year ended December 31, 2020

				Non-cash Changes		
	Opening Balance	Cash Inflows (Outflows)	New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	Closing Balance
Due to the Central Bank and other banks	\$ -	\$ 8,044,340	\$ -	\$ -	\$ -	\$ 8,044,340
Short-term borrowings	20,000	848,371	-	-	-	868,371
Commercial paper issued	3,681,576	(424,867)	-	-	923	3,257,632
Bond payables	38,070,000	1,900,000	-	-	-	39,970,000
Long-term borrowings	361,356	2,851	-	-	(19,236)	344,971
Financial liabilities designated as at fair value through profit or loss-bank debentures	48,974,699	-	-	2,804,631	(1,475,873)	50,303,457
Guarantee deposits received	1,565,294	3,635,359	-	-	-	5,200,653
Lease liabilities	<u>3,177,727</u>	<u>(1,063,280)</u>	<u>1,170,695</u>	<u>-</u>	<u>(9,743)</u>	<u>3,275,399</u>
	<u>\$ 95,850,652</u>	<u>\$ 12,942,774</u>	<u>\$ 1,170,695</u>	<u>\$ 2,804,631</u>	<u>\$ (1,503,929)</u>	<u>\$ 111,264,823</u>

For the year ended December 31, 2019

				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
Short-term borrowings	\$ 30,000	\$ (10,000)	\$ -	\$ -	\$ -	\$ 20,000
Commercial paper issued	2,669,356	1,012,907	-	-	(687)	3,681,576
Bond payables	42,650,000	(4,580,000)	-	-	-	38,070,000
Long-term borrowings	369,094	-	-	-	(7,738)	361,356
Financial liabilities designated as at fair value through profit or loss-bank debentures	44,258,039	(960)	-	4,620,435	97,185	48,974,699
Guarantee deposits received	1,956,942	(391,648)	-	-	-	1,565,294
Lease liabilities	<u>2,733,999</u>	<u>(1,053,259)</u>	<u>1,559,933</u>	<u>-</u>	<u>(62,946)</u>	<u>3,177,727</u>
	<u>\$ 94,667,430</u>	<u>\$ (5,022,960)</u>	<u>\$ 1,559,933</u>	<u>\$ 4,620,435</u>	<u>\$ 25,814</u>	<u>\$ 95,850,652</u>

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

Please refer to Table 5 (attached).

## **50. BUSINESS SEGMENT FINANCIAL INFORMATION**

Please refer to Table 6 (attached).

## **51. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT**

Please refer to Table 14 (attached).

## **52. E.SUN SECURITIES' FINANCIAL RATIOS OF FUTURES BUSINESS**

The financial ratios of E.SUN Securities complied with the requirements of the Regulations Governing Futures Commission Merchants. Please refer to Table 16 (attached).

## **53. FUTURES BROKERAGE AND DEALING BUSINESS RISK**

### **a. Futures brokerage business**

Customers have to deposit an initial margin at a percentage of the amount of transaction when entering into futures contracts with the futures department of E.SUN Securities. Customers' gains or losses result from the leverage on the margin deposits. For the protection of E.SUN Securities from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures contracts. When the customers' margin accounts fall below an agreed level (the maintenance margin), E.SUN Securities will ask its customers to deposit additional margins immediately. If the customers fail to do so, E.SUN Securities settles their position by making offsets against their contracts.

### **b. Futures dealing business**

E.SUN Securities has to deposit an initial margin at a percentage of the amount of transaction when dealing with futures contracts. In addition, E.SUN Securities has to deposit an initial margin at a percentage of the amount of transaction when dealing with put option contracts. E.SUN Securities reevaluates daily the margin accounts on the basis of the market prices of the outstanding futures and option contracts. When the margin accounts fall below an agreed level (the maintenance margin), E.SUN Securities will deposit additional margins immediately or settle its position by making offsets against its contracts.

## **54. ADDITIONAL DISCLOSURES**

Following are additional disclosures for ESFHC and its investees:

### **a. Significant transactions and b. investees:**

- 1) Financing provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 2) Endorsement/guarantee provided: ESFHC, E.SUN Bank, UCB and ESBC - not applicable; investee - none.
- 3) Marketable securities held: ESFHC, E.SUN Bank, UCB, ESBC and E.SUN Securities - not applicable; investee - Table 7 (attached).

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital (ESFHC, E.SUN Bank, UCB and ESBC disclosed its investments acquired or disposed of): E.SUN Securities - not applicable; ESFHC and investee - none.
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: Table 8 (attached).
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Table 9 (attached).
  - 7) Financial asset securitization: None.
  - 8) Allowance of service fees to related parties amounting to at least NT\$5 million: None.
  - 9) Sale of nonperforming loans by subsidiaries: None.
  - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Table 10 (attached).
  - 11) Related information and proportionate share in investees: Table 15 (attached).
  - 12) Derivative transactions: Notes 8 and 43 to the consolidated financial statements.
  - 13) Other significant transactions that may affect the decisions of users of financial reports: None.
- c. Investment in Mainland China:
- The information on major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at year-end, the remitted investment profits and the limit on the amount of investment in Mainland China is shown in Table 11 (attached).
- d. Business relationship and significant transactions among the parent company and subsidiaries: Table 12 (attached).
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholder - Table 17 (attached).

## 55. OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company's reportable segments are as follows:

- a. Corporate banking unit, which handles corporate loans, foreign exchange business, and financial banking operations, etc.;
- b. Individual banking unit, which handles residential mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;
- c. Overseas branches and subsidiaries, including overseas branches and subsidiaries' business; and
- d. Others, including other performance units except for the above operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenues, expenses and related information of the Company's reportable segments were as follows:

(In Millions of New Taiwan Dollars)

	<b>For the Year Ended December 31, 2020</b>				
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Overseas Branches and Subsidiaries</b>	<b>Others</b>	<b>Total</b>
Net interest revenues (expenses)	<u>\$ 9,474</u>	<u>\$ 14,624</u>	<u>\$ 4,736</u>	<u>\$ (7,495)</u>	<u>\$ 21,339</u>
Total net revenues	\$ 21,194	\$ 26,326	\$ 7,129	\$ 1,600	\$ 56,249
Bad-debt expenses and provision for losses on commitments and guarantees	(30)	(975)	(626)	(1,595)	(3,226)
Operating expenses	<u>(5,400)</u>	<u>(16,533)</u>	<u>(2,593)</u>	<u>(7,968)</u>	<u>(32,494)</u>
Income (loss) before income tax	<u>\$ 15,764</u>	<u>\$ 8,818</u>	<u>\$ 3,910</u>	<u>\$ (7,963)</u>	<u>\$ 20,529</u>
	<b>For the Year Ended December 31, 2019</b>				
	<b>Corporate Banking Unit</b>	<b>Individual Banking Unit</b>	<b>Overseas Branches and Subsidiaries</b>	<b>Others</b>	<b>Total</b>
Net interest revenues (expenses)	<u>\$ 11,463</u>	<u>\$ 15,163</u>	<u>\$ 4,710</u>	<u>\$ (11,465)</u>	<u>\$ 19,871</u>
Total net revenues (expenses)	\$ 24,101	\$ 26,036	\$ 7,616	\$ (3,231)	\$ 54,522
Bad-debt expenses and provision for losses on commitments and guarantees	(203)	(766)	(114)	(515)	(1,598)
Operating expenses	<u>(5,097)</u>	<u>(15,470)</u>	<u>(2,465)</u>	<u>(6,822)</u>	<u>(29,854)</u>
Income (loss) before income tax	<u>\$ 18,801</u>	<u>\$ 9,800</u>	<u>\$ 5,037</u>	<u>\$ (10,568)</u>	<u>\$ 23,070</u>

**TABLE 1**

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

**CONSOLIDATED ENTITIES  
DECEMBER 31, 2020 AND 2019**

**Entities Included in the Consolidated Financial Statements**

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2020	December 31, 2019	
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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

**Loans**

December 31, 2020

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2020 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	127	\$ 60,863	\$ 35,530	\$ 35,530	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	384	2,487,176	2,052,206	2,052,206	-	Land and buildings	None
Other loans	Others	1,253,162	930,165	930,165	-	Land, buildings and plant	None

December 31, 2019

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2019 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	122	\$ 57,293	\$ 36,797	\$ 36,797	\$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	347	2,066,114	1,746,154	1,746,154	-	Land and buildings	None
Other loans	Others	1,002,726	849,056	849,056	-	Land, buildings and plant	None

Note: The sum of the respective highest balances of each account for the years ended December 31, 2020 and 2019.

**TABLE 3****E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES****INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT  
DECEMBER 31, 2020 AND 2019  
(In Thousands)**

	December 31					
	2020			2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 19,435,765	28.5100	\$ 554,113,660	\$ 18,362,376	30.1130	\$ 552,946,228
CNY	16,447,881	4.3858	72,137,116	13,969,545	4.3244	60,409,900
AUD	4,834,027	21.9930	106,314,756	3,530,344	21.1060	74,511,440
Non-monetary items						
USD	467,083	28.5100	13,316,536	147,357	30.1130	4,437,361
CNY	2,839,989	4.3858	12,455,624	134,878	4.3244	583,266
AUD	2,082	21.9930	45,789	1,600	21.1060	33,770
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 32,606,578	28.5100	\$ 929,613,539	\$ 27,546,071	30.1130	\$ 829,494,836
CNY	25,804,607	4.3858	113,173,845	19,671,226	4.3244	85,066,250
AUD	2,724,312	21.9930	59,915,794	2,412,311	21.1060	50,914,236
Non-monetary items						
USD	283,350	28.5100	8,078,309	105,812	30.1130	3,186,317
CNY	43,473	4.3858	190,664	7,985	4.3244	34,530
AUD	2,578	21.9930	56,698	11,171	21.1060	235,775

**TABLE 4**

**E.SUN COMMERCIAL BANK, LTD.**

**ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES**  
**DECEMBER 31, 2020 AND 2019**  
(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2020					December 31, 2019				
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		\$ 946,794	\$ 409,753,709	0.23	\$ 4,599,080	485.75	\$ 659,391	\$ 358,135,126	0.18	\$ 3,938,068	597.23
	Unsecured		729,640	365,610,752	0.20	4,529,362	620.77	382,117	353,745,178	0.11	4,044,903	1,058.55
Consumer banking	Residential mortgage (Note 4)		353,016	460,277,809	0.08	6,764,149	1,916.10	544,801	374,517,165	0.15	5,405,010	992.11
	Cash card		-	1,163	-	220	-	38	1,574	2.41	682	1,794.74
	Small-scale credit loans (Note 5)		655,547	121,251,280	0.54	1,524,198	232.51	574,822	109,785,585	0.52	1,305,273	227.07
	Other (Note 6)	Secured	359,958	244,315,399	0.15	2,550,436	708.54	493,072	230,341,488	0.21	2,336,780	473.92
		Unsecured	214	1,641,714	0.01	17,815	8,324.77	7,932	1,774,000	0.45	18,974	239.21
Loan			3,045,169	1,602,851,826	0.19	19,985,260	656.29	2,662,173	1,428,300,116	0.19	17,049,690	640.44
			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			92,477	81,905,399	0.11	1,008,403	1,090.44	162,890	82,770,749	0.20	972,824	597.23
Accounts receivable factored without recourse (Note 7)			-	10,290,562	-	132,733	-	-	12,462,591	-	164,791	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			7,415					9,834				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			28,911					43,986				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,221,840					1,239,949				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,658,823					1,582,474				

- 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, 2020 AND 2019

## 1. ESFHC's financial statements

## E.SUN Financial Holding Company, Ltd.

Balance Sheets  
December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars)

Assets	2020	2019	Liabilities and Equity	2020	2019
Cash and cash equivalents	\$ 766,453	\$ 491,892	Payables	\$ 778,508	\$ 836,702
Financial assets at fair value through other comprehensive income	110,252	80,600	Current tax liabilities	683,804	1,927,455
Receivables	107,992	124,229	Corporate bonds payable	6,000,000	6,000,000
Current tax assets	422,597	1,419,966	Provisions	-	7,863
Investments under the equity method	187,495,513	179,691,026	Lease liabilities	158,164	161,748
Property and equipment, net	7,819	12,558	Total liabilities	7,620,476	8,933,768
Right-of-use assets	155,789	160,545			
Intangible assets	-	1,684	Equity		
Deferred tax assets	6,273	5,625	Capital stock	125,671,000	116,195,000
Other assets	16,180	3,564	Capital surplus	25,350,214	24,965,734
			Retained earnings	30,304,168	31,697,756
			Other equity	143,010	199,431
			Total equity	181,468,392	173,057,921
Total	\$ 189,088,868	\$ 181,991,689	Total	\$ 189,088,868	\$ 181,991,689

(Continued)

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

**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2020 and 2019**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020	2019
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 18,171,466	\$ 20,191,151
Other revenues and gains	<u>97,730</u>	<u>137,768</u>
Total revenues and gains	<u>18,269,196</u>	<u>20,328,919</u>
Expenses and losses		
Operating expenses	396,918	335,510
Other expenses and losses	<u>59,549</u>	<u>90,965</u>
Total expenses and losses	<u>456,467</u>	<u>426,475</u>
Income before income tax	17,812,729	19,902,444
Income tax benefit	<u>213,863</u>	<u>202,685</u>
Net income for the year	18,026,592	20,105,129
Other comprehensive income (loss)	<u>(1,024,835)</u>	<u>139,497</u>
Total comprehensive income for the year	<u>\$ 17,001,757</u>	<u>\$ 20,244,626</u>
Earnings per share (New Taiwan dollars)		
Basic	<u>\$ 1.43</u>	<u>\$ 1.60</u>
Diluted	<u>\$ 1.43</u>	<u>\$ 1.60</u>

(Continued)

E.SUN Financial Holding Company, Ltd.

Statements of Changes in Equity  
For the Years Ended December 31, 2020 and 2019  
(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 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, 2019	10,828,900	\$ 108,289,000	\$ 24,710,706	\$ 9,361,366	\$ 164,235	\$ 17,102,179	\$ (540,844)	\$ 848,690	\$ 78,956	\$ 160,014,288
Effect of retrospective application	-	-	-	-	-	25,846	-	-	-	25,846
BALANCE AT JANUARY 1, 2019 AS APPLIED RETROSPECTIVELY	10,828,900	108,289,000	24,710,706	9,361,366	164,235	17,128,025	(540,844)	848,690	78,956	160,040,134
Appropriation of 2018 earnings										
Legal reserve	-	-	-	1,706,849	-	(1,706,849)	-	-	-	-
Cash dividends	-	-	-	-	-	(7,688,367)	-	-	-	(7,688,367)
Stock dividends	769,950	7,699,500	-	-	-	(7,699,500)	-	-	-	-
Issuance of common stock from employees' compensation	20,650	206,500	255,028	-	-	-	-	-	-	461,528
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	32,223	-	(32,223)	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	747	-	-	(747)	-
Net income for the year ended December 31, 2019	-	-	-	-	-	20,105,129	-	-	-	20,105,129
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	293,898	(775,569)	752,722	(131,554)	139,497
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,399,027	(775,569)	752,722	(131,554)	20,244,626
BALANCE AT DECEMBER 31, 2019	11,619,500	116,195,000	24,965,734	11,068,215	164,235	20,465,306	(1,316,413)	1,569,189	(53,345)	173,057,921
Appropriation of 2019 earnings										
Legal reserve	-	-	-	2,010,513	-	(2,010,513)	-	-	-	-
Cash dividends	-	-	-	-	-	(9,191,766)	-	-	-	(9,191,766)
Stock dividends	926,000	9,260,000	-	-	-	(9,260,000)	-	-	-	-
Issuance of common stock from employees' compensation	21,600	216,000	384,480	-	-	-	-	-	-	600,480
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(664,477)	-	664,477	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	2,892	-	-	(2,892)	-
Net income for the year ended December 31, 2020	-	-	-	-	-	18,026,592	-	-	-	18,026,592
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(306,829)	(772,986)	649,813	(594,833)	(1,024,835)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	17,719,763	(772,986)	649,813	(594,833)	17,001,757
BALANCE AT DECEMBER 31, 2020	12,567,100	\$ 125,671,000	\$ 25,350,214	\$ 13,078,728	\$ 164,235	\$ 17,061,205	\$ (2,089,399)	\$ 2,883,479	\$ (651,070)	\$ 181,468,392

(Continued)

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

**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**  
**(In Thousands of New Taiwan Dollars)**

	2020	2019
Cash flows from operating activities		
Income before income tax	\$ 17,812,729	\$ 19,902,444
Adjustments for:		
Depreciation and amortization expenses	12,225	16,179
Interest expense	59,546	90,966
Interest revenue	(1,075)	(6,944)
Dividend income	(2,205)	(2,151)
Salary expenses on share-based payments	1,826	12,337
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(18,171,466)	(20,191,151)
Net changes in operating assets and liabilities		
Receivables	16,237	(17,745)
Other assets	(988)	(300)
Payables	23,509	2,688
Provision for employee benefits	<u>(1,767)</u>	<u>(1,574)</u>
Cash used in operating activities	(251,429)	(195,251)
Interest received	1,075	6,944
Dividend received	9,813,924	7,750,553
Interest paid	(56,850)	(85,351)
Income tax refund (paid)	<u>(33,067)</u>	<u>144,896</u>
Net cash generated from operating activities	<u>9,473,653</u>	<u>7,621,791</u>
Cash flows from investing activities		
Payments for properties and equipment	(1,046)	-
Increase in refundable deposits	<u>-</u>	<u>(90)</u>
Net cash used in investing activities	<u>(1,046)</u>	<u>(90)</u>
Cash flows from financing activities		
Proceeds from issue of corporate bonds	-	4,000,000
Repayment of corporate bonds	-	(3,800,000)
Repayments of the principal portion of lease liabilities	(6,280)	(6,016)
Cash dividends paid to owners of ESFHC	<u>(9,191,766)</u>	<u>(7,688,367)</u>
Net cash used in financing activities	<u>(9,198,046)</u>	<u>(7,494,383)</u>
Net increase in cash and cash equivalents	274,561	127,318
Cash and cash equivalents at the beginning of the year	<u>491,892</u>	<u>364,574</u>
Cash and cash equivalents at the end of the year	<u>\$ 766,453</u>	<u>\$ 491,892</u>

(Continued)

2. Subsidiaries' condensed balance sheets

**E.SUN Commercial Bank, Ltd.**

**Condensed Balance Sheets  
December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2020</b>	<b>2019</b>	<b>Liabilities and Equity</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 48,738,895	\$ 36,594,820	<u>Liabilities</u>		
Due from the Central Bank and call loans to other banks	113,766,540	84,563,587	Deposits from the Central Bank and other banks	\$ 49,650,698	\$ 54,796,530
Financial assets at fair value through profit or loss	710,861,278	515,290,476	Due to the Central Bank and other banks	8,044,340	-
Financial assets at fair value through other comprehensive income			Financial liabilities at fair value through profit or loss	70,250,867	59,620,612
Investments in debt instruments at amortized cost	249,639,113	203,207,198	Securities sold under repurchase agreements	11,305,248	6,372,008
Securities purchased under resell agreements	15,377,331	11,528,075	Payables	22,080,632	22,345,616
Receivables, net	2,300,196	4,971,085	Current tax liabilities	417,702	1,634,865
Current tax assets	100,552,105	102,330,053	Deposits and remittances	2,446,666,723	2,043,956,870
Assets held for sale, net	254,992	307,126	Bank debentures	33,970,000	32,070,000
Discounts and loans, net	-	158,036	Other financial liabilities	58,086,738	31,049,971
Investments under the equity method, net	1,582,840,048	1,411,123,990	Provisions	1,138,350	622,010
Other financial assets, net	13,116,416	12,842,026	Lease liabilities	2,624,186	2,578,995
Properties and equipment, net	3,538,640	4,826,328	Deferred tax liabilities	1,402,754	1,285,611
Right-of-use assets, net	30,243,219	30,110,788	Other liabilities	<u>3,124,723</u>	<u>3,675,993</u>
Investment properties, net	2,535,933	2,593,792	Total liabilities	<u>2,708,762,961</u>	<u>2,260,009,081</u>
Intangible assets, net	481,472	484,203	<u>Equity</u>		
Deferred tax assets	4,902,754	4,863,337	Capital stock	95,241,000	90,481,000
Other assets, net	1,621,724	1,207,747	Capital surplus	26,394,914	25,894,945
	<u>5,649,588</u>	<u>3,965,549</u>	Retained earnings	55,542,067	54,137,758
			Other equity	<u>479,302</u>	<u>445,432</u>
			Total equity	<u>177,657,283</u>	<u>170,959,135</u>
Total	<u>\$ 2,886,420,244</u>	<u>\$ 2,430,968,216</u>	Total	<u>\$ 2,886,420,244</u>	<u>\$ 2,430,968,216</u>

(Continued)

**E.SUN Securities Co., Ltd.**

**Condensed Balance Sheets  
December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2020</b>	<b>2019</b>	<b>Liabilities and Equity</b>	<b>2020</b>	<b>2019</b>
Current assets	\$ 17,912,702	\$ 11,143,417	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	842,059	1,225,240			
Financial assets at fair value through other comprehensive income	844,072	477,989	Current liabilities	\$ 15,743,108	\$ 9,620,061
Investments in debt instruments at amortized cost	726,075	887,307	Noncurrent liabilities	<u>129,827</u>	<u>40,970</u>
Investments under the equity method	58,242	59,634	Total liabilities	<u>15,872,935</u>	<u>9,661,031</u>
Properties and equipment	312,375	343,873			
Right-of-use assets	178,815	71,272	<u>Equity</u>		
Investment properties	13,108	13,339			
Intangible assets	41,487	45,399	Capital stock	4,000,000	4,000,000
Deferred tax assets	34,249	37,230	Capital surplus	103,687	87,125
Other noncurrent assets	<u>661,794</u>	<u>678,031</u>	Retained earnings	1,708,769	1,228,907
			Other equity	<u>(60,413)</u>	<u>5,668</u>
			Total equity	<u>5,752,043</u>	<u>5,321,700</u>
Total	<u>\$ 21,624,978</u>	<u>\$ 14,982,731</u>	Total	<u>\$ 21,624,978</u>	<u>\$ 14,982,731</u>

**E.SUN Venture Capital Co., Ltd.**

**Condensed Balance Sheets  
December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>2020</b>	<b>2019</b>	<b>Liabilities and Equity</b>	<b>2020</b>	<b>2019</b>
Current assets	\$ 285,476	\$ 58,147	<u>Liabilities</u>		
Financial assets at fair value through profit or loss	3,681,696	3,123,637			
Financial assets at fair value through other comprehensive income	147,000	205,578	Current liabilities	\$ 28,130	\$ 26,020
Other financial assets	-	50,000	Noncurrent liabilities	<u>35,323</u>	<u>29,796</u>
Properties and equipment	212	212	Total liabilities	<u>63,453</u>	<u>55,816</u>
Right-of-use assets	23,009	23,703			
Intangible assets	4,500	-	<u>Equity</u>		
Deferred tax assets	414	403			
Other noncurrent assets	<u>232</u>	<u>232</u>	Capital stock	3,300,000	3,093,000
			Capital surplus	80,942	80,522
			Retained earnings	1,069,186	549,445
			Other equity	<u>(371,042)</u>	<u>(316,871)</u>
			Total equity	<u>4,079,086</u>	<u>3,406,096</u>
Total	<u>\$ 4,142,539</u>	<u>\$ 3,461,912</u>	Total	<u>\$ 4,142,539</u>	<u>\$ 3,461,912</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, 2020 and 2019  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2020	2019
Interest revenue	\$ 33,307,197	\$ 38,648,775
Less: Interest expense	<u>(13,743,938)</u>	<u>(20,400,566)</u>
Net interest	19,563,259	18,248,209
Net revenues and gains other than interest	<u>31,752,442</u>	<u>33,275,939</u>
Total net revenues	51,315,701	51,524,148
Bad-debt expenses and provision for losses on commitments and guarantees	(3,042,182)	(1,541,891)
Operating expenses	<u>(29,510,565)</u>	<u>(27,311,181)</u>
Income before income tax	18,762,954	22,671,076
Income tax expense	<u>(2,298,044)</u>	<u>(3,028,129)</u>
Net income for the year	16,464,910	19,642,947
Other comprehensive income (loss)	<u>(947,887)</u>	<u>79,275</u>
Total comprehensive income for the year	<u>\$ 15,517,023</u>	<u>\$ 19,722,222</u>
Earnings per share		
Basic	<u>\$ 1.73</u>	<u>\$ 2.06</u>

**E.SUN Securities Co., Ltd.**

**Condensed Statements of Comprehensive Income  
For the Years Ended December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	2020	2019
Income	\$ 2,456,033	\$ 1,612,068
Service charge	(174,272)	(111,075)
Employee benefit expenses	(775,830)	(555,650)
Share of profit of subsidiaries accounted for using equity method	25	1,210
Operating expenses	(617,990)	(509,235)
Other profits and losses	<u>93,443</u>	<u>66,771</u>
Income before income tax	981,409	504,089
Income tax expense	<u>(190,917)</u>	<u>(72,886)</u>
Net income for the year	790,492	431,203
Other comprehensive income (loss)	<u>(65,911)</u>	<u>7,753</u>
Total comprehensive income for the year	<u>\$ 724,581</u>	<u>\$ 438,956</u>
Earnings per share		
Basic	<u>\$ 1.98</u>	<u>\$ 1.08</u>

(Continued)

**E.SUN Venture Capital Co., Ltd.**

**Condensed Statements of Comprehensive Income**  
**For the Years Ended December 31, 2020 and 2019**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	2020	2019
Operating revenue	\$ 944,797	\$ 191,827
Operating costs	-	(36,616)
Operating expenses	<u>(27,214)</u>	<u>(15,997)</u>
Operating income	917,583	139,214
Non-operating income and expenses	<u>(2,400)</u>	<u>678</u>
Income before income tax	915,183	139,892
Income tax expense	<u>(1,811)</u>	<u>(25,629)</u>
Net income for the year	913,372	114,263
Other comprehensive income (loss)	<u>(58,727)</u>	<u>10,741</u>
 Total comprehensive income for the year	 <u>\$ 854,645</u>	 <u>\$ 125,004</u>
 Earnings per share		
Basic	 <u>\$ 2.77</u>	 <u>\$ 0.35</u>
		(Concluded)

**TABLE 6****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**
**BUSINESS SEGMENT FINANCIAL INFORMATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2020

<b>Business Segment</b> <b>Items</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
Net interest revenues (expenses)	\$ 21,106,588	\$ 289,163	\$ (57,233)	\$ 21,338,518
Net revenues and gains other than interest	31,997,637	1,968,130	944,759	34,910,526
Total net revenues	53,104,225	2,257,293	887,526	56,249,044
Bad-debt expenses and provision for losses on commitments and guarantees	(3,240,639)	14,887	-	(3,225,752)
Operating expenses	(30,700,751)	(1,372,670)	(420,779)	(32,494,200)
Income before income tax	19,162,835	899,510	466,747	20,529,092
Income tax benefit (expense)	(2,502,362)	(190,917)	212,043	(2,481,236)
Net income	16,660,473	708,593	678,790	18,047,856

For the year ended December 31, 2019

<b>Business Segment</b> <b>Items</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Consolidated</b>
Net interest revenues (expenses)	\$ 19,671,370	\$ 284,396	\$ (84,697)	\$ 19,871,069
Net revenues and gains other than interest	33,289,309	1,201,990	160,250	34,651,549
Total net revenues	52,960,679	1,486,386	75,553	54,522,618
Bad-debt expenses and provision for losses on commitments and guarantees	(1,603,019)	4,941	-	(1,598,078)
Operating expenses	(28,454,274)	(1,046,943)	(353,047)	(29,854,264)
Income (loss) before income tax	22,903,386	444,384	(277,494)	23,070,276
Income tax benefit (expense)	(3,053,793)	(72,886)	176,913	(2,949,766)
Net income (loss)	19,849,593	371,498	(100,581)	20,120,510

TABLE 7

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

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(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, 2020				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
E.SUN Venture Capital Co., Ltd.	<u>Stock</u>							
	TaiMed Biologics Co., Ltd.	-	Financial assets at fair value through profit or loss	424	\$ 35,658	0.17	\$ 35,658	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	195	2,339	0.46	2,339	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	477	39,954	0.79	39,954	
	Ledlink Optics, Inc.	-	Financial assets at fair value through profit or loss	90	2,492	0.19	2,492	
	Xu Yuan Packing Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	878	8,417	1.60	8,417	
	OBI Pharma, Inc.	-	Financial assets at fair value through profit or loss	234	32,474	0.12	32,474	
	Enterex International Limited	-	Financial assets at fair value through profit or loss	1,251	11,447	1.13	11,447	
	Uniflex Technology Inc.	-	Financial assets at fair value through profit or loss	611	9,374	0.39	9,374	
	Tanvex BioPharma Inc.	-	Financial assets at fair value through profit or loss	2,255	84,343	0.85	84,343	
	Kham Inc.	-	Financial assets at fair value through profit or loss	399	19,925	1.33	19,925	
	Eurocharm Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	211	22,683	0.32	22,683	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	626	34,618	0.66	34,618	
	Chien Shing Harbour Service Co., Ltd.	-	Financial assets at fair value through profit or loss	1,335	39,917	1.65	39,917	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	194	30,259	0.16	30,259	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	482	83,627	0.37	83,627	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	1,323	39,690	0.73	39,690	
	Oneness Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,150	277,242	0.31	277,242	
	World known MFG (Cayman) Limited	-	Financial assets at fair value through profit or loss	1,443	53,680	4.26	53,680	
	Amulaire Thermal Technology, Inc.	-	Financial assets at fair value through profit or loss	103	5,686	0.12	5,686	
	Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	273	15,834	1.30	15,834	
	AMPACS Corporation	-	Financial assets at fair value through profit or loss	212	27,555	0.19	27,555	
	Epoch Chemtronics Corp.	-	Financial assets at fair value through profit or loss	1,890	80,795	5.55	80,795	
	Wieson Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	1,891	13,861	2.84	13,861	
	Jason's Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	249	6,272	1.56	6,272	
	Tekho Marine Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	1,808	17,572	8.97	17,572	
	Remotek Corporation	-	Financial assets at fair value through profit or loss	506	5,079	0.73	5,079	
	9splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	89	2,320	0.32	2,320	
	CHO Pharma Inc.	-	Financial assets at fair value through profit or loss	7,224	178,870	3.93	178,870	
	Twoway Communications Inc.	-	Financial assets at fair value through profit or loss	600	6,054	0.74	6,054	
	Brighten Optix Co., Ltd.	-	Financial assets at fair value through profit or loss	100	14,070	0.45	14,070	
	Evergreen Steel Corp.	-	Financial assets at fair value through profit or loss	1,000	46,060	0.25	46,060	
	Mutual-Tek Industries Co., Ltd.	-	Financial assets at fair value through profit or loss	600	6,318	0.73	6,318	
	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through profit or loss	38	11,939	0.30	11,939	
	Taiwan Advanced Nanotech Inc.	-	Financial assets at fair value through profit or loss	1,500	380,895	7.09	380,895	
	3D Global Biotech Inc.	-	Financial assets at fair value through profit or loss	2,000	96,379	3.71	96,379	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Gogogro Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	1,429	\$ 309,783	0.59	\$ 309,783	
	IKALA Global Online Corp.	-	Financial assets at fair value through profit or loss	18,040	31,180	1.56	31,180	
	BioResource International, Inc. (preferred stock)	-	Financial assets at fair value through profit or loss	815	39,200	4.93	39,200	
	Transound Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	10,760	3.40	10,760	
	Natural Polymer International Corporation	-	Financial assets at fair value through profit or loss	591	16,706	2.36	16,706	
	VPON Ltd.	-	Financial assets at fair value through profit or loss	1,186	-	0.98	-	
	AMARYLLO INC.	-	Financial assets at fair value through profit or loss	290	2,396	1.98	2,396	
	Arrowspan Inc.	-	Financial assets at fair value through profit or loss	264	-	1.36	-	
	Acepodia, Inc.	-	Financial assets at fair value through profit or loss	3,928	70,260	7.96	70,260	
	Ansun Biopharma, Inc.	-	Financial assets at fair value through profit or loss	673	29,691	0.18	29,691	
	Winking Entertainment Ltd.	-	Financial assets at fair value through profit or loss	2,935	23,683	5.02	23,683	
	Vpon Holding Inc.	-	Financial assets at fair value through profit or loss	265	33,510	0.81	33,510	
	Solidlite Co., Ltd.	-	Financial assets at fair value through profit or loss	2,867	10,627	13.07	10,627	
	Orgchem Technologies Inc.	-	Financial assets at fair value through profit or loss	1,220	19,682	2.35	19,682	
	Prince Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	400	10,557	1.21	10,557	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets at fair value through profit or loss	293	-	0.77	-	
	Vactronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,433	37,955	4.88	37,955	
	Arclite Optronics Corporation	-	Financial assets at fair value through profit or loss	643	-	8.25	-	
	Air-Bag Packing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	7,070	4.00	7,070	
	Vizionfocus Inc.	-	Financial assets at fair value through profit or loss	3,500	121,676	7.00	121,676	
	Caremed Supply Inc.	-	Financial assets at fair value through profit or loss	1,418	51,837	6.69	51,837	
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,880	10,160	9.84	10,160	
	ICP Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	734	10,696	2.35	10,696	
	Fashionguide Co., Ltd.	-	Financial assets at fair value through profit or loss	324	6,131	1.93	6,131	
	Excetek Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	651	5,522	3.69	5,522	
	Advanced Material Systems Corporation	-	Financial assets at fair value through profit or loss	1,164	13,330	4.20	13,330	
	XPEC Art Center Inc.	-	Financial assets at fair value through profit or loss	49	1,787	0.39	1,787	
	Brim Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	1,100	16,621	1.87	16,621	
	Amaran Biotechnology, Inc.	-	Financial assets at fair value through profit or loss	378	9,309	0.47	9,309	
	ACHB Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	333	16,383	3.55	16,383	
	Sam Lam Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,700	-	6.07	-	
	Exploit Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	42	-	0.51	-	
	Mesotek Corporation	-	Financial assets at fair value through profit or loss	446	-	3.62	-	
	Chuan Shih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	2,250	-	5.79	-	
	Starchips Technology Inc.	-	Financial assets at fair value through profit or loss	56	-	0.93	-	
	Auria Solar Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	-	0.57	-	
	Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss	2,724	-	2.75	-	
	Suntek Precision Corp.	-	Financial assets at fair value through profit or loss	1,117	-	2.93	-	
	Tera Xtal Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	206	-	0.11	-	
	Robospark Technology Inc.	-	Financial assets at fair value through profit or loss	670	-	2.72	-	
	Tapollop Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	666	-	8.67	-	
	Applied Green Light Taiwan, Inc.	-	Financial assets at fair value through profit or loss	96	-	2.04	-	
	Win Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,122	56,629	2.47	56,629	
	MontJade Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000	15,344	4.55	15,344	
	Msscrops Co., Ltd.	-	Financial assets at fair value through profit or loss	1,260	59,841	3.21	59,841	
	King Point Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	900	28,095	2.28	28,095	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Huimin Environmental Tech Corporation	-	Financial assets at fair value through profit or loss	1,000	\$ 30,000	3.14	\$ 30,000	
	AP Biosciences Inc.	-	Financial assets at fair value through profit or loss	500	27,500	2.22	27,500	
	KHL Investment Advisors Ltd.	-	Financial assets at fair value through profit or loss	6,022	136,551	5.95	136,551	
	KHL II Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	5,000	55,560	5.00	55,560	
	KHL IV Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	9,500	105,403	2.86	105,403	
	Taishan Buffalo Investment Co., Ltd.	-	Financial assets at fair value through profit or loss	100,000	87,149	2.15	87,149	
	KHL V Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss	7,133	67,112	4.76	67,112	
	Beyond Innovation Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,776	8,631	5.26	8,631	
	MCM Stamping Co., Ltd.	-	Investments in equity instruments at FVTOCI	600	4,553	1.90	4,553	
	Crowningtek Inc.	-	Investments in equity instruments at FVTOCI	1,140	513	9.12	513	
	Fuho Technology Co., Ltd.	-	Investments in equity instruments at FVTOCI	389	5,262	1.40	5,262	
	Mercury Electronic Industrial Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,000	25,314	12.18	25,314	
	Awin Diamond Technology Corporation	-	Investments in equity instruments at FVTOCI	1,500	16,043	14.72	16,043	
	WeForce Co., Ltd.	-	Investments in equity instruments at FVTOCI	158	1,417	0.89	1,417	
	Danotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	1,500	5,087	3.22	5,087	
	Biodenta Corporation	-	Investments in equity instruments at FVTOCI	6	-	0.06	-	
	UUPON Inc.	-	Investments in equity instruments at FVTOCI	182	1,380	2.75	1,380	
	Procrystal Technology Company Limited	-	Investments in equity instruments at FVTOCI	3,360	-	2.69	-	
	Life + Co., Ltd.	-	Investments in equity instruments at FVTOCI	2,975	5,992	9.02	5,992	
	Asia Carbons & Technology Inc.	-	Investments in equity instruments at FVTOCI	-	-	-	-	
	Vision Application Tech Corp.	-	Investments in equity instruments at FVTOCI	782	-	5.28	-	
	Topray Mems Inc.	-	Investments in equity instruments at FVTOCI	975	1,714	2.36	1,714	
	Gama Pay Co., Ltd.	-	Investments in equity instruments at FVTOCI	3,214	19,105	5.36	19,105	
	Pet Pharm Biotech Co., Ltd.	-	Investments in equity instruments at FVTOCI	314	1,100	2.02	1,100	
	O'Pay Electronic Payment Co., Ltd.	-	Investments in equity instruments at FVTOCI	334	2,263	0.33	2,263	
	Celestial Talent Limited	-	Investments in equity instruments at FVTOCI	1,457	42,978	2.42	42,978	
	Shanghai Vpon Ltd.	-	Investments in equity instruments at FVTOCI	38,615	-	8.93	-	
	<u>Foreign fund</u>							
	Delos Capital Fund	-	Financial assets at fair value through profit or loss	8,045	185,623	7.63	185,623	
	Delos Capital Fund 2	-	Financial assets at fair value through profit or loss	6,737	166,679	7.46	166,679	

(Concluded)

TABLE 8

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, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Property	Transaction Date	Transaction Amount	Payment Term/Payment Status	Counterparty	Nature of Relationship	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Union Commercial Bank Plc.	Construction of new building for the operation of UCB's head office	2014.12.18 2018.07.04 2019.06.06	US\$ 25,027 thousand (Note 1)	US\$24,720 thousand has been paid as of December 31, 2020	LBL International	-	-	-	-	\$ -	Negotiation	For the operation of UCB's head office	None
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation in Kaohsiung	2018.11.09 2019.11.28	\$ 745,300 (Note 2)	\$166,223 has been paid as of December 31, 2020	Chun Yuan Construction Co., Ltd.	-	-	-	-	-	Tender	For the operation of the branch of E.SUN Bank	None
	Construction of new building for the head office of E.SUN Commercial Bank, Ltd.	2018.11.09	6,392,400	\$3,196,200 has been paid as of December 31, 2020	Kindom Construction Corp.	-	-	-	-	-	Appraisal	For relocating the head office of E.SUN Bank	None

Note 1: The initial transaction amount was US\$21,835 thousand and additional decoration amount of US\$3,192 thousand.

Note 2: The initial transaction amount was \$707,000 thousand and additional amount of \$38,300 thousand.

**TABLE 9**

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

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name	Property	Transaction Date	Acquisition Date	Carrying Value	Transaction Amount	Receipt Terms/ Receipt Status	Gain (Loss) on Disposal	Counterparty	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
E.SUN Commercial Bank, Ltd.	Zhong Zheng Building	2019.12.27	2004.11.25	\$ 158,036	\$ 340,000	\$ 340,000	\$ 173,592	Highwealth Construction Corp.	-	To comply with regulations and for effective management of freehold properties	Appraisal	None

**TABLE 10**

**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, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	\$ 362,809 (Notes 1 and 2)	-	\$ -	-	\$ -	\$ -

Note 1: The receivables come from remuneration of directors and receivables related to consolidated tax returns.

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

**TABLE 11**

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

**INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					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	\$ 107,994	\$ 8,962,614	\$ -

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
\$9,758,742 (Note 1)	\$9,758,742 (Note 1)	\$106,678,836

(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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Transound Electronics (Dongguan) Co., Ltd.	Innovation, R&D, manufacture and selling in new electronic components, and establish R&D institution	\$ 227,834	Invest in Mainland China through the third-party company (Note 3)	\$ 30,000	\$ -	\$ -	\$ 30,000 (Note 1)	(Note 4)	3.40	\$ -	(Note 5)	\$ -
Shanghai Vpon Ltd.	Data analysis and developing software	204,079	Direct investment	38,615	-	-	38,615 (Note 1)	(Note 4)	8.93	-	-	-
Sichuan Clover Biopharmaceuticals Co., Ltd.	Genetic engineering, medicine discovery and developing biotechnological reagent	433,301	Invest in Mainland China through the third-party company (Note 3)	-	27,589	-	27,589 (Note 1)	(Note 4)	0.64	-	(Note 5)	-
Shanghai Winking Entertainment Co., 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	471,918	Invest in Mainland China through the third-party company (Note 3)	-	23,683	-	23,683 (Note 1)	(Note 4)	4.86	-	(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	15,705	Invest in Mainland China through the third-party company (Note 3)	-	10,989	-	10,989 (Note 1)	(Note 4)	0.63	-	(Note 5)	-

(Continued)

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 4)
\$184,739 (Note 1)	\$193,001 (Note 1)	\$2,447,452

Note 1: Translation into New Taiwan dollars at the spot rates on the dates of investment outflow from Taiwan.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the larger of 60% of E.SUN Bank's net asset value or 60% of E.SUN Bank's consolidated net asset value.

Note 3: The investments in mainland China through a third-party company

- a. Invested in Transound Electronics (Dongguan) Co., Ltd. through Transound Electronics Co., Ltd.
- b. Invested in Sichuan Clover Biopharmaceuticals Co., Ltd. through Delos Capital Fund II, LP.
- c. Invested in Shanghai Winking Entertainment Co., Ltd. through Winking Entertainment Ltd.
- d. Invested in Eccogene (Shanghai) Co., Ltd. through Delos Capital Fund II, LP that has not declared yet.

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 Yangzhou Enterex Auto Parts Manufacturing Co., Ltd., Yangzhou Enterex Industrial Co., Ltd., Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through the investment in Enterex International Limited(Cayman) which has been listed on the Taiwan Stock Exchange on October 16, 2014; refer to its financial report for the information.

Note 7: 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 8: 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 12****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, 2020****(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	\$ 766,453	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	766,453	Note 4	0.03
0	E.SUN Financial Holding Company, Ltd.	E.SUN Securities Co., Ltd.	a	Receivable on consolidated tax returns	144,499	Note 4	0.00
2	E.SUN Securities Co., Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	144,499	Note 4	0.00
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivable on consolidated tax returns	267,809	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payable on consolidated tax returns	267,809	Note 4	0.01
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Payable on consolidated tax returns	154,487	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Receivable on consolidated tax returns	154,487	Note 4	0.01
2	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	525,573	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	525,573	Note 4	0.02
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents	285,332	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	285,332	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Commercial Bank, Ltd. (China) Ltd.	c	Due from the Central Bank and call loans to other banks	7,403,580	Note 4	0.25
4	E.SUN Commercial Bank, Ltd. (China) Ltd.	E.SUN Commercial Bank, Ltd.	c	Deposits from the Central Bank and other banks	7,403,580	Note 4	0.25
1	E.SUN Commercial Bank, Ltd.	Union Commercial Bank Plc.	c	Discount and loans	2,394,840	Note 4	0.08
5	Union Commercial Bank Plc.	E.SUN Commercial Bank, Ltd.	c	Other financial liabilities	2,394,840	Note 4	0.08
1	E.SUN Commercial Bank, Ltd.	E.SUN Commercial Bank, Ltd. (China) Ltd.	c	Deposits from the Central Bank and other banks	798,280	Note 4	0.03

(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 (%)
4	E.SUN Commercial Bank, Ltd. (China) Ltd.	E.SUN Commercial Bank, Ltd.	c	Due from the Central Bank and call loans to other banks	\$ 798,280	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Commercial Bank, Ltd. (China) Ltd.	c	Interest revenues	101,319	Note 4	0.18
4	E.SUN Commercial Bank, Ltd. (China) Ltd.	E.SUN Commercial Bank, Ltd.	c	Interest expenses	101,319	Note 4	0.18

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 13****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****CAPITAL ADEQUACY RATIO  
DECEMBER 31, 2020 AND 2019**

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

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2020			December 31, 2019		
	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.		\$ 181,462,119	\$ 187,893,545		\$ 173,050,612	\$ 180,072,522
E.SUN Commercial Bank, Ltd.	100	230,997,435	155,105,034	100	225,229,332	161,743,250
E.SUN Securities Co., Ltd.	100	4,830,373	2,187,821	100	4,377,258	1,505,640
E.SUN Venture Capital Co., Ltd.	100	4,079,086	2,071,202	100	3,406,096	1,730,833
Deduction		(203,923,589)	(187,605,765)		(197,642,829)	(179,771,626)
Total		217,445,424	159,651,837		208,420,469	165,280,619
Group capital adequacy ratio		136.20			126.10	

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, 2020	December 31, 2019
Common stock	\$ 125,671,000	\$ 116,195,000
Capital instruments, which conform to the terms of bank's other Tier 1 capital	-	-
Other preferred stocks and subordinated debts	-	-
Capital collected in advance	-	-
Capital surplus	25,350,214	24,965,734
Legal reserve	13,078,728	11,068,215
Special reserve	164,235	164,235
Cumulative earnings	17,061,205	20,465,306
Equity adjustments	143,010	199,431
Less: Capital deduction	6,273	7,309
Total eligible capital	181,462,119	173,050,612

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, 2020		
				Standalone	Consolidated	
Eligible capital	Common equity		\$	167,478,087	\$	169,746,710
	Other Tier 1 capital			24,486,398		27,972,199
	Tier 2 capital			39,032,950		46,734,557
	Eligible capital			230,997,435		244,453,466
Risk-weighted assets	Credit risk	Standardized approach		1,281,158,937		1,339,559,309
		Internal ratings-based approach		-		-
		Securitization		-		-
	Operational risk	Basic indicator approach		-		-
		Standardized approach/alternative standardized approach		121,079,875		125,793,513
		Advanced measurement approach		-		-
	Market risk	Standardized approach		74,951,988		81,222,275
		Internal model approach		-		-
	Risk-weighted assets			1,477,190,800		1,546,575,097
	Capital adequacy ratio (%)				15.64	
Ratio of common equity capital to risk-weighted assets (%)				11.34		10.98
Ratio of Tier 1 capital to risk-weighted assets (%)				13.00		12.78
Ratio of leverage (%)				6.28		6.32

(Unit: In Thousands of New Taiwan Dollars, %)

Items			Year	December 31, 2019	
				Standalone	Consolidated
Eligible capital	Common equity		\$	161,585,961	\$ 163,736,378
	Other Tier 1 capital			20,353,674	23,782,500
	Tier 2 capital			43,289,697	50,462,950
	Eligible capital			225,229,332	237,981,828
Risk-weighted assets	Credit risk	Standardized approach		1,395,412,290	1,460,785,074
		Internal ratings-based approach		-	-
		Securitization		-	-
	Operational risk	Basic indicator approach		-	-
		Standardized approach/alternative standardized approach		82,085,088	85,599,525
		Advanced measurement approach		-	-
	Market risk	Standardized approach		62,914,525	70,789,300
		Internal model approach		-	-
	Risk-weighted assets			1,540,411,903	1,617,173,899
Capital adequacy ratio (%)				14.62	14.72
Ratio of common equity capital to risk-weighted assets (%)				10.49	10.12
Ratio of Tier 1 capital to risk-weighted assets (%)				11.81	11.60
Ratio of leverage (%)				7.02	7.06

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 14****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT  
DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars, %)**December 31, 2020

<b>Name</b>	<b>Total Amounts of Credits, Endorsement or Other Transactions</b>	<b>Percentage of ESFHC's Equity</b>
1. Same person or same juridical person		
Central Bank of the Republic of China (ROC)	\$ 421,987,309	232.54
Ministry of Finance, ROC	82,493,129	45.46
Tai Power Co., Ltd.	18,939,775	10.44
Taiwan Railways Administration, MOTC	15,003,219	8.27
Societe Generale	14,787,634	8.15
Credit Agricole	13,920,922	7.67
Corsair Finance Jersey International Ltd.	13,143,824	7.24
JP Morgan Structured Products B.V.	12,730,987	7.02
BNP Paribas S.A.	11,800,900	6.50
BPCE SA	11,280,133	6.22
Taiwan Semiconductor Manufacturing Co., Ltd.	11,063,582	6.10
Morgan Stanley	10,982,395	6.05
Citi Bank	10,755,321	5.93
HSBC Bank Plc.	10,008,790	5.52
NATWEST Group Plc.	9,955,408	5.49
Anshin Real Estate Management Company	9,315,456	5.13
Cathay Financial Holdings Co., Ltd.	7,699,218	4.24
World Peace Industrial Co., Ltd.	7,518,535	4.14
CPC Corporation, Taiwan	7,494,049	4.13
Goldman Sachs International	7,397,524	4.08
United Bank of Switzerland	7,020,210	3.87
Mizuho Financial Group	5,945,089	3.28
YFG Shopping	5,828,145	3.21
IRIS SPV Plc.	5,729,028	3.16
Wells Fargo Capital Finance	5,701,034	3.14
Kaohsiung City Government	5,584,450	3.08
JP Morgan Chase Bank	5,557,305	3.06
Fubon Financial Holdings Co., Ltd.	5,500,117	3.03
Nan Ya Plastic Co., Ltd.	5,427,532	2.99
Nomura Securities Co., Ltd.	5,413,380	2.98
Malayan Banking Berhad	5,380,847	2.97
JPMorgan Chase Bank, Taipei	5,194,733	2.86

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Taiwan Mobile Co., Ltd. Taiwan Water Corporation Chong Hong Construction Co., Ltd. Quanta Computer Inc. Taiwan Cooperative Financial Holding Co., Ltd. China Development Bank Uni-President Enterprises Corp. Formosa Plastics Corporation HSBC Bank (Taiwan) The Bank of Tokyo - Mitsubishi Formosa Chemicals & Fiber Corporation Westpac Banking First Financial Holding Co., Ltd. Banco Bilbao Vizcaya Argentaria Hon Hai Precision Co., Ltd. Commonwealth Bank of Australia Luminis Limited Synnex Technology International Corporation LANI Finance Limited Internationale Nederlanden Groep N.V. EMERALDBAY SA. Monetary Authority of Singapore Sumitomo Mitsui Banking Corporation The Export-Import Bank of the Republic of China Wells Fargo Bank Formosa Ha Tinh (Cayman) Limited Standard Chartered Export-Import Bank of Korea Eternal Materials Co., Ltd. National Australia Bank Eva Airway Corporation Taiwan Cement Corporation Credit Suisse LIBRETTO CAPITAL Plc.	\$ 5,132,044 4,998,609 4,950,680 4,803,483 4,597,541 4,458,290 4,439,130 4,355,047 4,307,391 4,235,951 4,215,212 4,182,399 3,996,255 3,979,720 3,911,170 3,880,700 3,841,058 3,784,374 3,741,998 3,676,808 3,512,681 3,474,065 3,453,088 3,407,409 3,395,938 3,381,286 3,311,538 3,250,175 3,240,801 3,201,968 3,187,500 3,079,903 3,026,761 3,021,811	2.83 2.75 2.73 2.65 2.53 2.46 2.45 2.40 2.37 2.33 2.32 2.30 2.20 2.19 2.16 2.14 2.12 2.09 2.06 2.03 1.94 1.91 1.90 1.88 1.87 1.86 1.82 1.79 1.79 1.76 1.76 1.70 1.67 1.67
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprise in which the principal or his/her spouse is the responsible person  Zhang Lee Wang Chen Liu Gao	      9,321,410 5,030,322 4,238,905 3,643,673 3,492,236 3,260,801	      5.14 2.77 2.34 2.01 1.92 1.80

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Liu Zhuo	\$ 3,069,169 3,051,937	1.69 1.68
3. Same affiliate		
HSBC Group	15,742,504	8.68
Societe Generale Group	15,318,842	8.44
Fubon Group	14,854,490	8.19
Credit Agricole Group	14,154,254	7.80
TSMC Group	13,063,593	7.20
BNP Paribas S.A. Group	11,974,114	6.60
Sinyi Realty Inc. Group	10,956,081	6.04
Citi Bank Group	10,794,230	5.95
JPMorgan Chase & Co.	10,752,039	5.93
Formosa Plastics Group	10,577,178	5.83
Hon Hai Group	9,709,672	5.35
WPG Group	9,634,831	5.31
Wells Fargo & Company Group	9,096,972	5.01
Walsin Lihwa Group	9,076,827	5.00
Cathay Group	8,900,624	4.90
Evergreen Group	8,710,903	4.80
UBS AG Group	7,039,010	3.88
Taiwan Cooperative Financial Holding Group	6,492,391	3.58
Uni-President Group	6,491,895	3.58
Far Eastern New Century Group	6,196,447	3.41
First Financial Holding Group	5,974,660	3.29
Mizuho Financial Group	5,952,859	3.28
Chong Hong Construction Group	5,683,451	3.13
Quanta Computer Group	5,487,723	3.02
Ruentex Industries Group	5,238,259	2.89
Mitac-synnex Group	5,205,320	2.87
Formosa Chemicals & Fibre Group	4,992,540	2.75
Tokyo-Mitsubishi UFJ Group	4,256,235	2.35
Tcc Group	4,222,513	2.33
Sumitomo Mitsui Banking Group	4,058,128	2.24
Kinpo Group	4,047,307	2.23
Roya Golden Eagle Group	3,902,252	2.15
Oisda Group	3,845,157	2.12
Internationale Nederlanden Group	3,777,804	2.08
Eternal Materials Group	3,553,895	1.96
Standard Chartered Group	3,407,809	1.88
ASE Group	3,406,806	1.88
Hungtai Group	3,249,377	1.79
Chicony Technology Group	3,040,993	1.68
Deutsche Bank AG Group	3,021,138	1.66
New deantronics Group	3,019,169	1.66

(Continued)

December 31, 2019

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1. Same person or same juridical person		
Central Bank of the Republic of China (ROC)	\$ 274,446,238	158.59
Ministry of Finance, ROC	65,757,941	38.00
Societe Generale	15,381,195	8.89
Tai Power Co., Ltd.	14,055,774	8.12
Corsair Finance Jersey International Ltd.	13,366,425	7.72
Credit Agricole	13,053,784	7.54
JP Morgan Structured Products B.V.	11,940,277	6.90
Citi Bank	11,792,529	6.81
CPC Corporation, Taiwan	10,474,193	6.05
BPCE SA	10,385,491	6.00
Royal Bank Of Scotland	10,015,340	5.79
HSBC Bank Plc.	9,631,543	5.57
BNP Paribas	9,486,103	5.48
World Peace Industrial Co., Ltd.	8,569,505	4.95
Goldman Sachs International	8,485,123	4.90
Anshin Real Estate Management Company	7,381,810	4.27
Bank of America Corp.	6,753,305	3.90
Morgan Stanley	6,568,444	3.80
JP Morgan Chase Bank	6,411,010	3.70
Wells Fargo Capital Finance	6,031,795	3.49
Mizuho Bank	5,994,862	3.46
Kaohsiung City Government	5,899,110	3.41
Quanta Computer Inc.	5,796,951	3.35
IRIS SPV Plc.	5,749,897	3.32
YFG Shopping	5,593,090	3.23
LIBRETTO CAPITAL Plc.	5,289,428	3.06
Formosa Plastics Corporation	5,078,063	2.93
Malayan Banking Berhad	5,019,530	2.90
Taiwan Cooperative Financial Holding Co., Ltd.	4,998,555	2.89
Taiwan Railways Administration, MOTC	4,987,223	2.88
Morgan Stanley Finance LLC	4,855,867	2.81
Nan Ya Plastic Co., Ltd.	4,787,600	2.77
Cathay Financial Holdings Co., Ltd.	4,654,615	2.69
WESTPAC	4,269,222	2.47
MUFG Bank, Ltd.	4,261,598	2.46
The Export-Import Bank Of Korea	4,008,421	2.32
Eva Airway Corporation	3,959,876	2.29
Nomura Holdings, Inc.	3,935,440	2.27
Formosa Ha Tinh (Cayman) Limited	3,824,351	2.21
Taiwan Cooperative Bank	3,707,540	2.14
Bank of New Zealand	3,703,835	2.14
The Export-Import Bank of the Republic of China	3,703,180	2.14
Commonwealth Bank of Australia	3,683,883	2.13

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Banco Bilbao Vizcaya Argentaria UBS AG Eternal Materials Co., Ltd. Formosa Chemicals & Fiber Corporation US Government HSBC Bank (Taiwan) Hon Hai Precision Co., Ltd. Industrial and Commercial Bank of China Douro Finance B.V. Earls Eight Limited	\$ 3,637,695 3,607,996 3,493,607 3,463,191 3,459,406 3,287,775 3,098,850 3,077,684 3,031,900 3,010,346	2.10 2.08 2.02 2.00 2.00 1.90 1.79 1.78 1.75 1.74
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprise in which the principal or his/her spouse is the responsible person		
Zhang Liu	7,388,190 4,038,328	4.27 2.33
3. Same affiliate		
Societe Generale and related parties Credit Agricole Corporation & Investment Bank and related parties HSBC Bank and related parties Citi Bank and related parties Morgan Stanley And Co. Int. Plc. Formosa Plastics Corp., Ltd. and related parties Eva Airway Corporation and related parties WPG Holdings Limited and related parties Groupe BPCE and related parties Sinyi Realty Inc. and related parties BNP Paribas S.A. and related parties Taiwan Cooperative Financial Holding Co., Ltd. and related parties Wells Fargo Bank, National Association and related parties Hon Hai Precision Co., Ltd. and related parties Fubon Group and related parties Bank of America Corp. and related parties Quanta Computer Inc. and related parties Mizuho Financial Group, Inc. and related parties Cathay Financial Holdings Co., Ltd. and related parties China Steel Corporation and related parties Nan Ya Plastic Co., Ltd. and related parties Far Eastern New Century Corporation and related parties Mitac-synnex Group and related parties Ruentex Industries Ltd. and related parties Tokyo-Mitsubishi UFJ, Ltd. and related parties Oisda Corporation and related parties	15,385,347 13,100,130 12,919,318 11,795,226 11,424,311 10,874,816 10,845,866 10,507,345 10,392,035 10,177,524 9,592,146 8,706,096 8,089,944 7,904,665 7,639,141 6,753,780 6,546,451 5,998,131 5,696,917 5,040,765 4,801,778 4,792,145 4,434,744 4,346,814 4,346,710 4,318,684	8.89 7.57 7.47 6.82 6.60 6.28 6.27 6.07 6.00 5.88 5.54 5.03 4.67 4.57 4.41 3.90 3.78 3.47 3.29 2.91 2.77 2.77 2.56 2.51 2.51 2.50

(Continued)

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
Chicony Technology Co. and related parties	\$ 4,214,905	2.44
Roya Golden Eagle and related parties	4,186,546	2.42
Walsin Lihwa Corporation and related parties	4,131,034	2.39
Formosa Chemicals & Fibre Corporation and related parties	4,029,064	2.33
UBS AG and related parties	3,617,870	2.09
Eternal Materials Co., Ltd. and related parties	3,608,073	2.08
Uni-President Enterprise Co. and related parties	3,389,254	1.96

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD.

THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	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	\$ 177,661,597	\$ 16,467,036	9,524,100	-	9,524,100	100.00	3
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	5,752,043	790,492	400,000	-	400,000	100.00	3
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	4,081,873	913,938	330,000	-	330,000	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 16

E.SUN SECURITIES CO., LTD.

FINANCIAL RATIOS OF FUTURES BUSINESS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

Requirement: The Regulations Governing Futures Commission Merchants.

Rule No.	Formula	December 31, 2020		December 31, 2019		Standard	Status of Compliance with Standard (Met/Unmet)
		Formula	Ratio	Formula	Ratio		
17	Equities	1,151,663	190.17	1,088,040	218.31	≥ 1	Met
	Total liabilities minus customers' equity accounts - Futures	(1,252,753-1,246,697)		(869,263-864,279)			
17	Current assets	2,127,415	1.70	1,654,884	1.90	≥ 1	Met
	Current liabilities	1,252,753		869,263			
22	Equities	1,151,663	123.17%	1,088,040	116.37%	≥ 60%	Met
	Capital stock	935,000		935,000		≥ 40%	
22	Adjusted net capital	1,104,920	274.43%	1,016,887	404.51%	≥ 20%	Met
	Client and proprietary account	402,629		251,389		≥ 15%	

**TABLE 17****E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS****DECEMBER 31, 2020**

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, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Cash on hand	\$ 15,071,006
Checks for clearing	2,619,519
Due from banks	36,905,775
Cash in transit	<u>63,000</u>
	54,659,300
Less: Allowance for possible losses	<u>(18,630)</u>
	<u>\$ 54,640,670</u>

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

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

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

Financial Instrument Items	Summary	Shares	Face Value	Interest Rate (%)	Cost	Fair Value		Change in Fair Values Resulting from Credit Risk Variations
						Unit Price	Amount	
<u>Financial assets mandatorily classified as at fair value through profit or loss</u>								
Negotiable certificates of deposits (Note)	2021.01.04-2022.12.19	-	\$ 420,970,000	0.0800-0.6750	\$ 420,970,000		\$ 421,811,630	\$ -
Commercial paper	2021.01.04-2021.07.13	-	111,665,600	0.1800-1.5500	111,571,530		111,602,799	-
Treasury bills	2021.05.12-2021.12.13	-	15,854,000	0.1400-0.1730	15,837,174		15,842,449	-
Corporate bonds	2021.06.23-2031.07.20	-	82,160,060	0.0000-7.0000	82,158,663		82,888,149	-
Bank debentures	2021.01.25-2035.07.08	-	55,672,415	1.0000-9.9600	55,673,990		55,581,196	-
Stock		246,572	-		3,782,491		4,298,755	-
Overseas mutual funds		-	-		454,243		352,302	-
Operating securities - dealing department		-	-		297,597		301,672	-
Operating securities - underwriting department		-	-		196,571		231,743	-
Currency swap contracts		-	-		-		9,594,092	-
Interest rate swap contracts		-	-		-		12,079,630	-
Currency option contracts		-	-		444,794		489,042	-
Forward contracts		-	-		-		154,340	-
Futures exchange margins		-	-		205,945		198,928	-
Non-deliverable forward contracts		-	-		-		46,874	-
Cross-currency swap contracts		-	-		-		335,176	-
Metal commodity swap contracts		-	-		-		505	-
					<u>\$ 691,592,998</u>		<u>\$ 715,809,282</u>	

Note: The negotiable certificates of deposits, with aggregate face value of \$19,200,000 thousand and \$5,000,000 thousand, had been provided as collaterals for day-term overdraft and foreign currency call loans from the Central Bank to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS).

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF DISCOUNTS AND LOANS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Short-term loans	
Short-term loans	\$ 139,714,226
Short-term secured loans	148,465,038
Secured overdrafts	242,205
Accounts receivable financing	520,771
Overdrafts	596,116
	<u>289,538,356</u>
Medium-term loans	
Medium-term loans	265,965,856
Medium-term secured loans	123,679,856
	<u>389,645,712</u>
Long-term loans	
Long-term loans	99,613,985
Long-term secured loans	858,562,528
	<u>958,176,513</u>
Overdue loans	<u>2,303,655</u>
Bills negotiated and discounts	
Export bills negotiated	1,133,769
Import bills negotiated	238,203
	<u>1,371,972</u>
	1,641,036,208
Less: Allowance for possible losses	(20,608,721)
Adjustment of premium or discount	<u>(53,419)</u>
Net amount	<u>\$ 1,620,374,068</u>

Note: The amount of US\$18,000 thousand had been provided as collaterals at the Discount Window of the Federal Reserve Bank of San Francisco.

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

**DETAILED SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

**DECEMBER 31, 2020**

**(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		212,896			\$ 8,094,474	\$ -		\$ 9,377,128	
Negotiable certificates of deposit	Expire on 2021.10.22 to 2023.08.16		\$ 855,302	0.9184-1.0710	854,762	(238)		858,233	
Bank debentures (Note 2)	Expire on 2021.02.19 to 2036.02.18		121,568,184	0.4000-9.3200	121,489,761	(44,550)		122,689,738	
Government bonds (Note 3)	Expire on 2021.02.13 to 2040.12.29		71,056,700	0.1250-5.0000	72,094,078	-		72,235,130	
Corporate bonds	Expire on 2021.01.23 to 2047.04.05		51,750,273	0.3600-8.7000	52,030,957	(26,908)		52,362,566	
Discounted Notes	Expire on 2021.01.04 to 2021.05.19		-	3.2000-3.7000	200,718	-		201,065	
Overseas bonds (Note 4)	Expire on 2022.12.04 to 2032.05.24		5,608,071	0.2535-4.1000	<u>6,127,556</u>	<u>-</u>		<u>6,179,000</u>	
					<u>\$ 260,892,306</u>	<u>\$ (71,696)</u>		<u>\$ 263,902,860</u>	

Note 1: The book value that amounted to \$12,153,396 thousand had been sold under repurchase agreements.

Note 2: Among the bank debentures, face value of \$2,651,430 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 \$310,000 thousand had been posted as the reserve fund of the trust business; face value of \$50,000 thousand had been provided as operating deposits for the bills houses; face value of \$55,000 thousand had been deposited as the margin of custodian agreement; and face value of \$72,300 thousand had been lodged with the courts.

Note 4: Among the overseas bonds, face value of \$131,574 thousand had been provided as collaterals for day-term and overnight overdraft to comply with the clearing system requirement of the banks in Hong Kong.

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

**DETAILED SCHEDULE OF INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Bond Items	Summary	Unit	Face Value	Interest Rate (%)	Allowance for Impairment Losses	Unamortized Premium (Discount)	Book Value
Overseas bonds (Note 1)	Expire on 2021.01.14 to 2025.11.30		\$ 11,427,216	0.0000-2.5000	\$ -	\$ (8,422)	\$ 11,418,794
Overseas certificates of deposits (Note 2)	Expire on 2021.01.29		99,785	0.5480	(40)	-	99,745
Bank debentures	Expire on 2023.02.25 to 2027.09.14		4,381,533	0.9410-3.3300	(1,475)	(5,739)	4,374,319
Corporate bonds	Expire on 2023.07.16 to 2026.01.10		<u>571,319</u>	1.1051-3.2500	<u>(60)</u>	<u>1,681</u>	<u>572,940</u>
			<u>\$ 16,479,853</u>		<u>\$ (1,575)</u>	<u>\$ (12,480)</u>	<u>\$ 16,465,798</u>

Note 1: Among the overseas bonds, face value of \$2,942,000 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 2: Overseas certificates of deposits had been pledged as reserves to the Bank of California.

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF OTHER FINANCIAL ASSETS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>	<b>Note</b>
Receivables-on-demand not originated from loans	\$ 203,628	
Less: Allowance for possible losses	<u>(203,628)</u>	
Receivables-on-demand not originated from loans, net	-	
Due from banks (Note)	4,986,818	
Guarantee deposits received on futures contracts	<u>1,248,315</u>	
	<u>\$ 6,235,133</u>	

Note: The amount of \$3,070,060 thousand had been provided as collaterals for day-term overdraft of CNY to comply with the clearing system requirement of the foreign currency; the amount of \$438,580 thousand is time deposits with maturities longer than three months; the amount of \$30,000 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, 2020  
(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	\$ 14,578,440	\$ -	\$ 8,895	\$ -	\$ (15,491)	\$ 14,554,054
Buildings	14,972,783	124,928	28,572	45,477	(24,478)	15,090,138
Computers	6,529,045	790,936	823,043	134,532	(4,424)	6,627,046
Transportation equipment	877,535	96,755	75,144	70,329	(2,995)	966,480
Miscellaneous equipment	<u>3,933,228</u>	<u>197,702</u>	<u>174,216</u>	<u>98,163</u>	<u>(26,879)</u>	<u>4,027,998</u>
Total cost	<u>40,891,031</u>	<u>\$ 1,210,321</u>	<u>\$ 1,109,870</u>	<u>\$ 348,501</u>	<u>\$ (74,267)</u>	<u>41,265,716</u>
Less: Accumulated depreciation and impairment						
Buildings	4,681,898	\$ 568,587	\$ 23,882	\$ -	\$ (3,135)	5,223,468
Computers	3,883,749	692,276	821,854	-	(3,274)	3,750,897
Transportation equipment	539,549	72,060	74,146	(229)	(2,354)	534,880
Miscellaneous equipment	<u>2,498,041</u>	<u>267,117</u>	<u>161,960</u>	<u>-</u>	<u>(12,237)</u>	<u>2,590,961</u>
Total accumulated depreciation and impairment	<u>11,603,237</u>	<u>\$ 1,600,040</u>	<u>\$ 1,081,842</u>	<u>\$ (229)</u>	<u>\$ (21,000)</u>	<u>12,100,206</u>
Prepayments for properties and equipment	<u>4,063,650</u>	<u>\$ 750,769</u>	<u>\$ -</u>	<u>\$ (688,385)</u>	<u>\$ (660)</u>	<u>4,125,374</u>
Property and equipment, net	<u>\$ 33,351,444</u>					<u>\$ 33,290,884</u>

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

**DETAIL SCHEDULE OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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						
Buildings	\$ 4,240,896	\$ 1,166,935	\$ 433,235	\$ 2,743	\$ (21,393)	\$ 4,955,946
Office equipment	6,284	-	-	-	63	6,347
Transportation equipment	<u>10,269</u>	<u>4,190</u>	<u>908</u>	<u>-</u>	<u>445</u>	<u>13,996</u>
Total cost	<u>4,257,449</u>	<u>\$ 1,171,125</u>	<u>\$ 434,143</u>	<u>\$ 2,743</u>	<u>\$ (20,885)</u>	<u>4,976,289</u>
Accumulated depreciation						
Buildings	1,071,246	\$ 1,130,550	\$ 414,632	\$ 4,222	\$ 3,840	1,795,226
Office equipment	1,971	2,862	-	-	85	4,918
Transportation equipment	<u>3,201</u>	<u>5,161</u>	<u>866</u>	<u>-</u>	<u>439</u>	<u>7,935</u>
Total accumulated depreciation	<u>1,076,418</u>	<u>\$ 1,138,573</u>	<u>\$ 415,498</u>	<u>\$ 4,222</u>	<u>\$ 4,364</u>	<u>1,808,079</u>
	<u>\$ 3,181,031</u>					<u>\$ 3,168,210</u>

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

**DETAILED SCHEDULE OF COMMERCIAL PAPER ISSUED**

**DECEMBER 31, 2020**

**(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.	Grand Bills	2021.01.06	0.33	\$ 100,000	\$ 4	\$ 99,996
	Sunny Bank	2021.01.13	0.32	160,000	17	159,983
	Sunny Bank	2021.01.15	0.36	270,000	37	269,963
	Sunny Bank	2021.01.05	0.34	76,000	3	75,997
	Union Bank of Taiwan	2021.01.12	0.32	144,000	14	143,986
	Taipei Fubon Bank	2021.01.20	0.31	400,000	64	399,936
	Taipei Fubon Bank	2021.01.19	0.31	300,000	46	299,954
	Hua Nan Commercial Bank	2021.01.06	0.34	100,000	5	99,995
	Hua Nan Commercial Bank	2021.01.11	0.32	300,000	26	299,974
	Hua Nan Commercial Bank	2021.01.22	0.34	166,000	32	165,968
	KGI Bank	2021.01.08	0.32	300,000	18	299,982
	Taishin International Bank	2021.01.07	0.34	190,000	11	189,989
	Taishin International Bank	2021.01.14	0.33	200,000	23	199,977
	Taishin International Bank	2021.01.15	0.33	200,000	25	199,975
	Dah Chung Bills	2021.01.21	0.37	80,000	16	79,984
	Dah Chung Bills	2021.01.21	0.37	52,000	11	51,989
	China Bills Finance	2021.01.04	0.33	70,000	2	69,998
	China Bills Finance	2021.01.12	0.31	150,000	14	149,986
				<u>\$ 3,258,000</u>	<u>\$ 368</u>	<u>\$ 3,257,632</u>

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

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

**DECEMBER 31, 2020**

**(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					\$ 12,690,333	
Interest rate swap contracts					6,443,971	
Currency option contracts					630,408	
Forward contracts					264,486	
Cross-currency swap contracts					71,092	
Non-deliverable forward contracts					35,663	
Metal commodity swap contracts					1,898	
Credit default swap contracts					134	
					<u>20,137,985</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.	\$ 2,423,350	-	\$ 138.0183	3,344,667	\$ (20,549)
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.	2,423,350	4.97	100.1077	2,425,960	(75,586)
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.	1,796,130	-	138.4457	2,486,664	(13,501)
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.	1,225,930	5.10	109.6059	1,343,691	(25,691)
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	Issued on January 22, 2016 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.	6,842,400	-	138.2612	9,460,385	(85,235)

(Continued)

Financial Instrument Items	Summary	Face Value	Interest Rate (%)	Fair Value		Change in Fair Values Resulting from Credit Risk Variations
				Unit Price	Amount	
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	Issued on January 22, 2016 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	\$ 6,842,400	5.10	\$ 116.0447	\$ 7,940,241	\$ (36,796)
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.	2,708,450	-	126.4765	3,425,553	(55,656)
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.	2,708,450	4.41	117.1073	3,171,793	(20,226)
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.	2,565,900	4.85	117.7082	3,020,275	(41,911)
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.	1,710,600	-	121.5376	2,079,022	(32,252)
Unsecured USD-denominated bonds issued on November 21, 2017	Issued on November 21, 2017 with a 30-year maturity in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and every single years afterward, or make bond repayments on the maturity date.	3,848,850	-	121.1353	4,662,317	(102,793)
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	Issued on February 12, 2018 with interest payable annually on July 1 under certain interest payment conditions in accordance with the terms of the bank debentures and with the approval of the authorities, E.SUN Bank may redeem all the bonds after 15 years from the issue date.	5,702,000	4.75	121.7623	<u>6,942,889</u>	(84,123)
					<u>50,303,457</u>	
					<u>\$ 70,441,442</u>	

(Concluded)

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF DEPOSITS AND REMITTANCES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Checking deposits	
Cashier's checks	\$ 13,425,452
Checking deposits	<u>3,275,572</u>
	<u>16,701,024</u>
Demand deposits	
Demand deposits	338,514,999
Foreign currency demand deposits	394,910,682
Others (Note)	<u>9,919</u>
	<u>733,435,600</u>
Savings - demand deposits	
Savings - demand deposits	647,906,274
Bank employee demand savings deposits	<u>4,268,667</u>
	<u>652,174,941</u>
Time deposits	
Time deposits	231,458,904
Foreign currency time deposits	<u>493,367,355</u>
	<u>724,826,259</u>
Negotiable certificates of deposits	<u>48,717,952</u>
Savings - time deposits	
Withdrawals of interest savings	205,083,951
Round-amount savings	91,386,366
Others (Note)	<u>150,629</u>
	<u>296,620,946</u>
Treasury deposits	<u>12,128,338</u>
Remittances	
Remittances outstanding	6,860,964
Outward remittances	<u>1,229</u>
	<u>6,862,193</u>
	<u>\$ 2,491,467,253</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, 2020**  
**(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 2016	Hua Nan Commercial Bank, Ltd.	2016.9.22	September 22 in each year	Fixed interest rate 0.75%	\$ 900,000	\$ -	\$ 900,000	Repay on the maturity date	Unsecured	
Unsecured corporate bonds - second issue in 2016	Hua Nan Commercial Bank, Ltd.	2017.1.20	January 20 in each year	Fixed interest rate 1.10%	1,100,000	-	1,100,000	Repay on the maturity date	Unsecured	
Unsecured corporate bonds - first issue in 2019	Hua Nan Commercial Bank, Ltd.	2019.1.14	January 14 in each year	Fixed interest rate 0.95%	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>	Repay on the maturity date	Unsecured	
					<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>			
Bank debentures										
Subordinated bonds - Second issue in, 2012 (matures after 10 years)	None	2012.6.28	June 28 in each year	Fixed interest rate 1.68%	2,720,000	-	2,720,000	Repay on the maturity date	Unsecured	
Subordinated bonds - third issue in 2012	None	2012.8.27	August 27 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	8,000,000	4,500,000	3,500,000	Repay on the maturity date	Unsecured	
Subordinated bonds - first issue in 2013	None	2013.5.24	May 24 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	2,300,000	800,000	1,500,000	Repay on the maturity date	Unsecured	
Subordinated bonds - first issue in 2014	None	2014.3.7	March 7 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	3,500,000	-	3,500,000	Repay on the maturity date	Unsecured	
Subordinated bonds - first issue in 2015	None	2015.4.30	April 30 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	5,000,000	-	5,000,000	Repay on the maturity date	Unsecured	
Subordinated bonds - second issue in 2015	None	2015.9.29	September 29 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	3,750,000	-	3,750,000	Repay on the maturity date	Unsecured	
Subordinated bonds - second issue in 2018	None	2018.3.30	March 30 in each year	Two types of subordinated bonds; fixed interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond (type A bond matures after 7 years and type B bond matures after 10 years).	4,000,000	-	4,000,000	Repay on the maturity date	Unsecured	
Bonds - second issue in 2019 (matures after 3 years)	None	2019.8.13	August 13 in each year	Fixed interest rate 0.65%	3,000,000	-	3,000,000	Repay on the maturity date	Unsecured	
Noncumulative perpetual subordinated bonds - first issue in 2020	None	2020.1.8	July 1 in each year	Fixed interest rate 1.45%	4,000,000	-	4,000,000	E.SUN Bank may redeem the bond after 5 years and one month from the issue date	Unsecured	
Bonds - second issue in 2020 (matures after 5 years)	None	2020.3.19	March 19 in each year	Fixed interest rate 0.58%	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	Repay on the maturity date	Unsecured	
					<u>39,270,000</u>	<u>5,300,000</u>	<u>33,970,000</u>			
					<u>\$ 45,270,000</u>	<u>\$ 5,300,000</u>	<u>\$ 39,970,000</u>			

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF LEASE LIABILITIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Description</b>	<b>Lease Term</b>	<b>Discount Rate (%)</b>	<b>Balance, End of Year</b>	<b>Note</b>
Buildings		2009.07.16-2030.12.01	0.80%-7.50%	\$ 3,274,464	
Transportation equipment		2019.01.01-2023.05.31	0.66%-7.50%	671	
Office equipment		2017.05.01-2023.09.30	0.80%-2.98%	<u>264</u>	
				<u>\$ 3,275,399</u>	

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF INTEREST REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Interest revenue from discounts and loans	
From long-term loan interest	\$ 14,128,785
From medium-term loan interest	9,184,369
From short-term loan interest	5,638,959
Others (Note)	<u>350,728</u>
	<u>29,302,841</u>
Interest revenue from investments	
From financial assets at fair value through other comprehensive income	3,524,224
From investments in debt instruments at amortized cost	<u>213,784</u>
	<u>3,738,008</u>
Interest revenue from due from other banks and call loans to banks	
Interest revenue due from banks	524,738
Interest revenue due from the Central Bank	138,483
From call loans to banks	<u>145,805</u>
	<u>809,026</u>
Interest revenue from revolving interests of credit cards	<u>2,039,056</u>
Others (Note)	<u>200,390</u>
	<u>\$ 36,089,321</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, 2020****(In Thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Interest expense from deposits	
From time deposits	\$ 8,754,145
From withdrawals of interest savings	1,887,941
From savings - demand deposits	547,739
From round-amount savings	798,564
From demand deposits	689,323
Others (Note)	69,069
	<u>12,746,781</u>
Interest expense from issuing bonds payable	
From bank debentures	567,442
From corporate bonds	56,850
	<u>624,292</u>
Interest expense from due to the Central Bank and other banks	
From call loans from Central Bank and other banks	727,224
From others due to the Central Bank	2,770
From banks overdrafts	46
	<u>730,040</u>
Interest expense from securities sold under repurchase agreements	<u>76,489</u>
Interest expense from deposits due to the Central Bank and other banks	
From deposits from Chunghwa Post Co., Ltd.	21,706
Others (Note)	22,710
	<u>44,416</u>
Lease liabilities interest expense	<u>40,498</u>
Others (Note)	<u>488,287</u>
	<u>\$ 14,750,803</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, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Service fee and commission income	
From credit cards	\$ 9,136,490
From insurance	3,184,029
From trust business	5,780,658
From loans	1,341,544
From brokerage	1,935,067
Others (Note)	<u>2,407,743</u>
	<u>23,785,531</u>
Service charge and commission expenses	
From agency	(1,385,761)
From credit cards	(1,041,976)
From cross - bank transactions	(346,726)
From computer processing	(343,387)
Others (Note)	<u>(836,578)</u>
	<u>(3,954,428)</u>
Service fee and commission income, net	<u>\$ 19,831,103</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, 2020  
(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)	\$ 379,194	\$ 644,292	\$ 1,023,486
Negotiable certificates of deposits (including interest income)	1,334,920	157,515	1,492,435
Overseas mutual funds	-	(60,354)	(60,354)
Commercial paper (including interest income)	432,761	(22,693)	410,068
Treasury bills (including interest income)	85,785	9,193	94,978
Overseas bonds (including interest income)	31,432	(260)	31,172
Bank debentures (including interest income)	2,572,603	(183,662)	2,388,941
Corporate bonds (including interest income)	2,856,708	538,641	3,395,349
Metal commodity swap contracts	41,606	(4,859)	36,747
Currency swap contracts	6,668,410	8,717,423	15,385,833
Forward contracts	2,181,069	(153,255)	2,027,814
Interest rate swap contracts	5,620,300	7,544,130	13,164,430
Currency option contracts	224,713	235,706	460,419
Cross-currency swap contracts	28,314	385,106	413,420
Taiwan stock index futures contracts	42,547	146	42,693
Non-deliverable forward contracts	347,676	39,449	387,125
Selling securities - underwriting department	67,206	(867)	66,339
Others	26,007	3,630	29,637
	<u>22,941,251</u>	<u>17,849,281</u>	<u>40,790,532</u>
Financial liabilities at fair value through profit or loss			
Bank debentures (including interest expense)	(2,151,262)	(2,210,312)	(4,361,574)
Metal commodity swap contracts	(30,456)	(716)	(31,172)
Currency swap contracts	(2,559,515)	(8,858,583)	(11,418,098)
Interest rate swap contracts	(4,609,506)	(5,037,469)	(9,646,975)
Currency option contracts	(338,769)	(377,191)	(715,960)
Forward contracts	(1,421,438)	(27,576)	(1,449,014)
Cross-currency swap contracts	(73,676)	(375,843)	(449,519)
Non-deliverable forward contracts	(346,575)	(31,700)	(378,275)
Others	707	(13,050)	(12,343)
	<u>(11,530,490)</u>	<u>(16,932,440)</u>	<u>(28,462,930)</u>
	<u>\$ 11,410,761</u>	<u>\$ 916,841</u>	<u>\$ 12,327,602</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, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Dividend income	\$ 360,956
Bank debentures	561,470
Government bonds	896,465
Corporate bonds	57,582
Overseas bonds	<u>52,130</u>
	<u>\$ 1,928,603</u>

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

**DETAILED SCHEDULE OF FOREIGN EXCHANGE GAINS (LOSSES)**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
General exchange gain	<u>\$ 450,867</u>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF REVERSAL OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES) ON ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Impairment losses on investments in debt instruments at fair value through other comprehensive income	\$ (16,201)
Impairment losses on investments in debt instruments at amortized cost	(495)
Reversal of impairment losses on other assets	<u>630</u>
	<u>\$ (16,066)</u>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF OTHER NONINTEREST GAINS, NET  
FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Net sales revenue	\$ 135,012
Rental revenue	43,224
Net gains on disposal of property	168,546
Others	<u>41,635</u>
	<u>\$ 388,417</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, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Provision for possible losses on due from banks	\$ 16,965
Provision for possible losses on call loans to other banks	70,203
Provision for possible losses on receivables	76,016
Provision for possible losses on discounts and loans	2,846,508
Reversal of provision for possible losses on receivables-on-demand not originated from loans	(15,402)
Provision for possible losses on guarantees	49,804
Provision for possible losses on financing commitments	<u>181,658</u>
	<u>\$ 3,225,752</u>

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

**DETAILED SCHEDULE OF EMPLOYEE BENEFITS EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Items	Amount			Total	Note
	Employee Benefits Expenses	Other Noninterest Gains, Net	Other Operating and Administrative Expenses		
Salaries	\$ 11,921,193	\$ 215,103	\$ -	\$ 12,136,296	
Insurance	755,958	16,378	-	772,336	
Remuneration of directors	187,129	-	-	187,129	
Excessive interest from preferential rates	194,525	-	-	194,525	
Post-employment benefits	445,476	8,826	-	454,302	
Others (Note 1)	<u>712,000</u>	<u>6,818</u>	<u>45,064</u>	<u>763,882</u>	
	<u>\$ 14,216,281</u>	<u>\$ 247,125</u>	<u>\$ 45,064</u>	<u>\$ 14,508,470</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, 2020 and 2019, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 9,400 and 8,894, of which the average number of directors who did not concurrently act as an employee was both 12. For the years ended December 31, 2020 and 2019, the average number of employees of ESBC, UCB and BankPro was 886 and 773, respectively, of which the average number of directors who did not concurrently act as an employee was both 9.

Note 3: For the years ended December 31, 2020 and 2019, the average amount of employee benefits expenses of the Company was \$1,395 thousand and \$1,338 thousand, respectively; and the average amount of salary expenses of the Company was \$1,182 thousand and \$1,132 thousand, respectively.

Note 4: The percentage of change in annual average amount of salary expenses of the Company was 4.42%.

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, 2020 and 2019, the amount of remuneration of the supervisor was \$1,327 thousand and \$274 thousand, respectively.

Note 6: The Company's compensation policies:

a. Remuneration of directors

- 1) The remuneration policies: Remuneration of directors is regulated in the Company's Articles of Incorporation and the director remuneration policy. The remuneration is approved by the board of directors and reported in the shareholders meeting of respective companies.
- 2) Criteria and portfolios: The remuneration includes base remuneration, bonus and allowance.
- 3) Procedures for determining remuneration: Besides the remuneration policy noted above, remuneration granted by industry peers is also taken into account.
- 4) Correlation with business performance: Remuneration is closely tied to the level of individual directors' participation and contribution to the Company's operations, personal performance, the Company's overall performance, future risk and the usual peer level. The Company shall refrain from inducing directors to act in excess of its risk appetite simply to pursue higher remuneration.

(Continued)

b. Compensation of senior managers and employees

1) ESFHC and domestic subsidiaries

	<b>ESFHC and Banking Subsidiaries</b>	<b>Securities, Venture and Other Subsidiaries</b>
Salary structure	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>Employees: the criteria and structure of fixed salary is based on duty of position.</p> <p>Senior managers: the criteria and structure of fixed salary is based on professional qualification and also consider pay level of peer industry.</p> <p>Variable salaries are based on the companies' operations, provisional performance and personal performance.</p>	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>Employees: the criteria and structure of fixed salary is based on duty of position.</p> <p>Senior managers: the criteria and structure of fixed salary is based on professional qualification and also consider pay level of peer industry.</p> <p>Variable salaries are based on the companies' operations, provisional performance and personal performance.</p>
Procedures for determining compensation	<p>Employees: policies, systems, standards and structures of compensation policy are drafted based on business operation, pay level of industry peer, duty of position and personal performance, and are subject to the approval of general manager.</p> <p>Senior managers: policies, systems, standards and structures of compensation policy are reviewed by the remuneration committee and are subject to the resolution of the board of directors.</p>	<p>Employees: policies, systems, standards and structures of compensation policy are drafted based on business operation, pay level of industry peer, duty of position and personal performance, and will be approved by general manager.</p> <p>Senior managers: policies, systems, standards and structures of compensation policy are reviewed by parent company and are subject to the approval of chairman.</p>
Correlation with risk	<p>In light of correlation with future risk and in compliance with reward deferral mechanism regulated in guidelines for long-term incentives, bonus may be deferred given or given in manner of equity.</p> <p>If there is any event of major risk that might put threat to undermine corporate reputation, management deficiencies and abuses of various sorts, the company should cut down or not give bonus in that year and may withdraw long-term incentives for the period.</p>	<p>If there is any event of major risk that might put threat to undermine corporate reputation, management deficiencies and abuses of various sorts, the company should cut down or not give bonus.</p>

(Continued)

2) Overseas subsidiaries

	<b>Union Commercial Bank PLC.</b>	<b>E.SUN Bank (China), Ltd.</b>
Salary structure	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>The criteria and structure of fixed salary is based on duty of position, local standard of living and pay level of local peer industry.</p> <p>Variable salaries are based on the company's operations, market condition, provisional performance and personal performance.</p>	<p>Including fixed salary, variable salaries and other substantive incentive measures.</p> <p>To establish a stable and competitive pay level, compensation is determined in consideration of the company's operations, budget for bonus and pay level of local peer industry.</p> <p>Fixed salary is based on duty of position and professional qualification. Variable salaries are based on the company's operations, provisional performance, personal performance and correlation with future risk, etc.</p>
Procedures for determining compensation	<p>Compensation policies are stipulated in consideration of strategy of company, scarcity in market, duty of position and comprehensive performance. Compensation policies will be reviewed yearly and subject to the approval of general manager.</p> <p>Senior managers will be first reviewed by general manager and the compensation policies are subject to the approval of chairman.</p>	<p>Compensation policies are stipulated by president in consideration of business operation, performance objectives, total number of employees, structures, competitiveness in labor market and risk, etc.</p> <p>Compensation policies, systems, standards and structures of senior managers are reviewed by the remuneration committee and are subject to the resolution of the board of directors.</p>
Correlation with risk	<p>If there is any event of major risk that might put threat to undermine corporate reputation, Human Resources Arbitration Committee will cut down bonus based on the severity of the actions</p>	<p>Bonus related to business performance given to senior managers and staff members who have significant influence on risk is deferred when the personnel exceeds certain amount of risk.</p> <p>If there is any event of major risk that might put threat to undermine corporate reputation, management deficiencies and abuses of various sorts, the company has right to recover all/part of bonus given and cease payment.</p>

(Concluded)

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF DEPRECIATION AND AMORTIZATION EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Depreciation expense	
Property and equipment	\$ 1,600,040
Investment properties	48,694
Right-of-use assets	<u>1,138,573</u>
	2,787,307
Amortization expense	<u>655,644</u>
	<u>\$ 3,442,951</u>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES****DETAILED SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Business marketing expenses	\$ 5,219,227
Tax expenditures	2,184,277
Software services expenses	1,061,320
Research expenses on a consign basis	878,291
Others (Note)	<u>5,491,853</u>
	<u>\$ 14,834,968</u>

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



★★★★★

Listed in DJSI for the 7th consecutive year  
Best in Taiwan's banking industry

《DJSI》

★★★★★

Rated AA for the 4th consecutive year  
Constituent of MSCI ESG Leader Index  
Best rating in Taiwan's financial industry

《MSCI》

★★★★★

National Sustainable Development Award  
National Enterprise Environmental Protection Award  
《Executive Yuan》

## Embracing hope, moving forward together

We appreciate your support, recognition, and companionship. On the road to Sustainable development, we look forward to creating a hopeful future with you.

### E.SUN was honored with over 130 awards in 2020.

- Best Bank in Taiwan (Global Finance)
- Best Performing Bank in Taiwan and Global Top 10 Most Valuable Credit Card Brand (The Banker)
- Received over 20 awards in Taiwan Banking and Finance Best Practice Awards, the best in Taiwan's financial industry (Taiwan Academy of Banking and Finance)
- 13th time winner of CSR Award (CommonWealth Magazine)
- The only FHC ranked top 5% in the Corporate Governance Evaluation for the 6th consecutive year (TWSE)
- Award of Best Companies to Work for in Asia and Most Caring Companies Award (HR Asia)
- Top 10 Most Sustainable Company Award for the 6th consecutive year and ranked No.1 in service industry in 2020 (Taiwan Institute for Sustainable Energy)
- Best FHC CSR Award for the 7th consecutive year and Award of FinTech Innovative Application in Banking for the 5th consecutive year (Wealth Magazine)

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
Head Office Business Department	+886 2 2719 1313	SinBan District Branch	+886 2 2954 1313	Changhua Branch	+886 4 728 1313
Customer Service Division	+886 2 2175 1313	Guangfu Branch	+886 2 2957 1313	Yuanlin Branch	+886 4 836 1313
International Banking Department / OBU	+886 2 2175 1313	Sanhe Branch	+886 2 2280 1313	Douliou Branch	+886 5 532 1313
Trust Department	+886 2 2175 1313	Sanchung Branch	+886 2 2984 1313	Chiayi Branch	+886 5 223 1313
Insurance Agency Department	+886 2 2175 1313	Er-Chong Branch	+886 2 2278 1313	East Chiayi Branch	+886 5 216 1313
Credit Card and Payment Division	+886 2 2182 1313	East Sanchung Branch	+886 2 2971 1313	Puzih Branch	+886 5 379 1313
Nanching East Road Branch	+886 2 2760 1313	Tucheng Branch	+886 2 2274 1313	Tainan Branch	+886 6 241 1313
Chengjhong Branch	+886 2 2389 1313	South Tucheng Branch	+886 2 2267 1313	East Tainan Branch	+886 6 289 1313
Chengtung Branch	+886 2 2504 1313	Shulin Branch	+886 2 8675 1313	Yanhang Branch	+886 6 253 1313
Hsinyi Branch	+886 2 8789 1313	Hueilong Branch	+886 2 2689 1313	Jinhua Branch	+886 6 291 1313
Nanshan Plaza Branch	+886 2 2722 8913	Wugu Branch	+886 2 2290 1313	Annan Branch	+886 6 357 1313
Keelung Road Branch	+886 2 2378 1313	Sindian Branch	+886 2 2916 1313	Yungkang Branch	+886 6 201 1313
Tienmu Branch	+886 2 2835 1313	Beixin Branch	+886 2 8911 1313	South Yungkang Branch	+886 6 313 1313
Minsheng Branch	+886 2 2509 1313	Sanxia Branch	+886 2 8970 6613	Chiali Branch	+886 6 721 1313
Songjiang Branch	+886 2 2562 1313	Lujhou Branch	+886 2 2848 1313	Rende Branch	+886 6 270 6613
Fuhsing Branch	+886 2 2771 1313	Xinzhuang Fuduxin Branch	+886 2 2297 1313	Sinying Branch	+886 6 656 8813
Tunnan Branch	+886 2 2754 1313	Xizhi Branch	+886 2 2647 6613	Kaohsiung Branch	+886 7 336 1313
Changchun Branch	+886 2 2546 1313	East Linkuo Branch	+886 2 2606 9813	Lingya Branch	+886 7 716 1313
Chungshan Branch	+886 2 2537 1313	Taoyuan Branch	+886 3 332 1313	Gianjhen Branch	+886 7 761 1313
Neihu Branch	+886 2 2659 1313	Yiwen Branch	+886 3 357 1313	Chihshien Branch	+886 7 235 1313
Chenggong Branch	+886 2 2791 8813	South Taoyuan Branch	+886 3 337 1313	Zuoying Branch	+886 7 559 1313
Songshan Branch	+886 2 3765 1313	Taoyin Branch	+886 3 375 1313	Nanzih Branch	+886 7 364 1313
Heping Branch	+886 2 2362 1313	Linkou Branch	+886 3 396 1313	North Kaohsiung Branch	+886 7 350 1313
Minquan Branch	+886 2 2568 1313	Nankan Branch	+886 3 352 1313	Dachang Branch	+886 7 341 1313
Jhonglun Branch	+886 2 2731 1313	Bade Branch	+886 3 367 1313	Chengcing Branch	+886 7 386 1313
Daan Branch	+886 2 2755 1313	Jhongli Branch	+886 3 427 1313	Siaogang Branch	+886 7 807 1313
NTU Branch	+886 2 2368 1313	Lisin Branch	+886 3 492 1313	Fongshan Branch	+886 7 743 1313
Guting Branch	+886 2 2364 1313	Zhongyuan Branch	+886 3 428 1313	Gangshan Branch	+886 7 621 1313
Beitou Branch	+886 2 2895 1313	Yangmei Branch	+886 3 488 1313	Linyuan Branch	+886 7 643 1313
Donghu Branch	+886 2 2632 1313	Hsinchu Branch	+886 3 523 1313	Houjhuang Branch	+886 7 702 1313
Xinhu Branch	+886 2 8791 6613	Guanghua Branch	+886 3 533 1313	Pingtung Branch	+886 8 733 1313
Ruiguang Branch	+886 2 2797 8813	JhuBei Branch	+886 3 554 1313	Donggang Branch	+886 8 835 1313
Shilin Branch	+886 2 2834 1313	Lioujia Branch	+886 3 658 9013	Keelung Branch	+886 2 2427 1313
Mujha Branch	+886 2 2936 1313	Juke Branch	+886 3 564 1313	Luodong Branch	+886 3 957 1313
Jhongsiao Branch	+886 2 8772 1313	Sinfong Branch	+886 3 557 1313	Hualien Branch	+886 3 831 1313
Dongmen Branch	+886 2 2321 1313	Jhunan Branch	+886 3 746 1313	Taitung Branch	+886 89 36 1313
Jiancheng Branch	+886 2 2556 1313	Toufen Branch	+886 3 768 3313	Penghu Branch	+886 6 927 1313
Nangang Branch	+886 2 2789 1313	Houlung Branch	+886 3 773 1313	Los Angeles Branch	+1 626 810 2400
Renai Branch	+886 2 2708 1313	Taichung Branch	+886 4 2254 1313	Hong Kong Branch	+852 3405 6168
Taipei Branch	+886 2 2507 1313	Wunsin Branch	+886 4 2291 1313	Singapore Branch	+65 6533 1313
Hsinchuang Branch	+886 2 2202 1313	Dadun Branch	+886 4 2320 1313	Sydney Branch	+61 2 9295 1399
North Hsinchuang Branch	+886 2 2997 1313	Beitun Branch	+886 4 2241 6813	Brisbane Branch	+61 7 3033 8813
Sinshu Branch	+886 2 2203 1313	Nantun Branch	+886 4 2380 1313	Tokyo Branch	+81 3 6213 1301
Shwangho Branch	+886 2 2923 1313	Situn Branch	+886 4 2461 1313	Dong Nai (Vietnam) Branch	+84 251 367 1313
Yonghe Branch	+886 2 2949 1313	Wuquan Branch	+886 4 2377 1313	Hanoi (Vietnam) Representative Office	+84 24 3555 1313
Jixian Branch	+886 2 8283 1313	Daya Branch	+886 4 2568 1313	Yangon (Vietnam) Branch	+95 1 9345 186 190
Yung An Branch	+886 2 8921 1313	Fongyuan Branch	+886 4 2512 1313	E.SUN Bank (China)	+86 755 8898 1313
Jhonghe Branch	+886 2 2222 1313	Taiping Branch	+886 4 2270 8813	Shenzhen Branch	+86 755 8360 1313
Liancheng Branch	+886 2 8228 1313	Jhonggong Branch	+886 4 2350 8913	Guangzhou Branch	+86 20 6199 1313
Nanshijiao Branch	+886 2 2942 8813	Wurih Branch	+886 4 2260 8813	Dongguan Branch	+86 769 2868 1313
Taihe Branch	+886 2 2242 1313	Shalu Branch	+886 4 2662 1813	Dongguan Changan Sub-branch	+86 769 2330 8813
Banciao Branch	+886 2 8257 1313	Dali Branch	+886 4 2418 1313	Union Commercial Bank Plc	+855 2391 1313
Puchain Branch	+886 2 2963 1313	Caotun Branch	+886 4 9238 1313		

### E.SUN Securities Co., Ltd.

Headquarters	+886 2 5556 1313	Taoyuan Branch	+886 3 336 6813
Brokerage HQ	+886 2 2713 1313	Hsinchu Branch	+886 3 666 9913
Nanching East Road Branch	+886 2 2765 1313	Taichung Branch	+886 4 2258 9913
Taida Branch	+886 2 8369 1313	Dali Branch	+886 4 2407 9813
Chengjhong Branch	+886 2 2382 1313	Chiayi Branch	+886 5 216 9913
Shinlin Branch	+886 2 2833 1313	Tainan Branch	+886 6 269 9913
Shwangho Branch	+886 2 8923 1313	Kaohsiung Branch	+886 7 397 1313
Hsinchuang Branch	+886 2 2998 1313	Zuoying Branch	+886 7 558 6613
Banciao Branch	+886 2 2951 9913		

### E.SUN Venture Capital Co., Ltd.

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### E.SUN Culture and Education Foundation

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### E.SUN Volunteer Foundation

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